

FAMILY SERVICE UNIT SCOTLAND
(A Company Limited by Guarantee)

KNOWN AS CIRCLE

REPORT and FINANCIAL STATEMENTS

For the year ended 31 March 2021

**FAMILY SERVICE UNIT SCOTLAND
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Legal and administrative information

Key Management Personnel

Directors

Grant Sugden, Chair
Wendy Paterson (appointed 06/09/10, resigned 27/07/20)
Jacqui Gillies
Nickola Paul
Jane Scott
Cameron Wyllie
Romy Langeland
Beata Burkinshaw
Garry Luke, Treasurer
Helen McCann

Company Secretary

Mark Kennedy, Chief Executive

Associate Advisors

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

Registered Office and Operating Address

18 West Pilton Park
Edinburgh
EH4 4EJ

Auditors

Whitelaw Wells
Chartered Accountants and Statutory Auditor
9 Ainslie Place
Edinburgh
EH3 6AT

Bankers

CAF Bank Ltd 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	Shawbrook Bank Lutea House Warley Hill Business Park The Drive, Great Warley Brentwood Essex, CM13 3BE
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Solicitors

Lindsays
Caledonian Exchange
19A Canning Street
Edinburgh
EH3 8HE

Employment Law Advisors

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

Operating name: Circle

Charity number: SC037181

Company number: SC296943

**FAMILY SERVICE UNIT SCOTLAND
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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Directors submit their report together with the financial statements for the year ended 31 March 2021.

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 substance 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
- Pregnant mothers affected by substance use
- Fathers in their role as parents
- Young people who are using substances

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 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)

FOR THE YEAR ENDED 31 MARCH 2021

The charity's areas of activity are described below.

Circle Edinburgh provides the following services:

- Harbour Project supports families with children affected by parental drug and alcohol use. This is a partnership with CrossReach's Sunflower Garden, with Circle offering whole family support and Sunflower Garden offering therapeutic support to children and young people. There is also one post that supports young people affected by their own, or their families', drug use, as well as a Fathers' post that works to promote the positive involvement of fathers in their children's development.
- Haven Project is based in Muirhouse and provides whole family support on an outreach basis and centre based work which includes parenting groups and crèches as well as individual and group support to fathers. This project works with families with children under 12.
- ISSEP Project is based in West Pilton linking 5th and 6th year pupils with primary aged children. The mentoring service runs after school in term time and aims to improve educational attainment and social skills of the children involved.
- Pupil Equity Fund post is commissioned by two primary schools, Craigentenny and St. Ninian's who decided to use this Scottish Government initiative to fund a Family Outreach Worker. They have committed to this until August 2022.
- Placements for social work students, who experience a rich mix of learning opportunities. (Practice Learning.)

Circle West Lothian provides the following services:

- Project which supports families with children in West Lothian who are affected by parental drug and alcohol use. This service is commissioned by the West Lothian Alcohol and Drug Partnership.

Circle East and Midlothian provides the following services:

- Project which supports families with children in East Lothian who are affected by parental drug and alcohol use.
- Project that supports pregnant women and new mothers in East and Midlothian affected by substance use and their families.
- Family inclusion project that works across sectors and in partnership with families to develop family centred practice that recognises and promotes the rights and wishes of families.
- Children's Resilience Project providing additional wellbeing support for children including therapeutic direct work and group work.

Circle Families Affected by Imprisonment (FABI) provides the following services:

- Project that identifies and supports men in HMP Addiewell who are fathers and have children affected by parental drug and alcohol use and who are returning to their families and communities in West Lothian and North and South Lanarkshire. The service also provides community based support to the fathers and their families.
- Shine National Women's Mentoring PSP is a partnership between SACRO (the lead partner) Circle, Venture Trust, Turning Point, Access to Industry, Barnardo's, Apex and The Wise Group. Circle's role is to provide throughcare to mothers in prison, and on liberation, and their families. The Shine service is funded by the Scottish Government.
- Women's Outreach Team is funded by The Henry Smith Charity and works in North and South Lanarkshire. It is a partnership between Circle and Addictions Support & Counselling and is a service for women involved in the criminal justice system that have received either a Community Payback Order or Electronic Monitoring as an alternative to imprisonment.
- Caledonian System Project supports families affected by domestic abuse and is a partnership between South Lanarkshire Council, Circle and Women's Aid South Lanarkshire. It is funded by the Scottish Government.

Grant Giving

The charity makes grants to support their charitable objectives. Grants are made to other institutions when the charity is lead partner on a project.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance from April 2020 to March 2021

During the last year, the coronavirus pandemic has touched all our lives in ways we could not have imagined. It has had incalculable impacts on the families that benefit from our services, our staff team, the charity, and society more widely. During the past year Circle's priority has been to limit the impact of the coronavirus pandemic on the families we work with, our staff team, and the communities where we work. To achieve this, we have had to innovate our approach, devise safe ways of delivering services and support the wellbeing and resilience of our staff.

Despite the challenges in the last year, our team of front-line family outreach workers and project managers have continued to work in a committed and innovative way to ensure families have been able to access support that is appropriate and that meets their needs and expectations. This has resulted in families being better able to cope with school closures, financial hardship and other challenges exacerbated by the pandemic restrictions.

To better support families affected by the pandemic we have modified our services, making more use of technology and outdoor activities, to maintain contact with families and create supportive networks around them. We have continued to provide positive outcomes for families across a range of indicators, helping them to achieve more, and to feel more nurtured, responsible, and included.

Our fundraising, business management team and Board have worked together with funders to ensure that all our vital services continued to operate throughout the year and beyond, and that our staff team were adequately supported to carry out their work. Fundraising activity ensured that we had a slight increase in turnover for the year, with a record year for unrestricted fundraising which allowed us to better support families through the pandemic.

During this financial year we have:

- continued to provide vital outreach services to families across central Scotland that were most chronically affected by the COVID-19 pandemic. This has involved our staff teams being even more committed and resilient in devising innovative ways to support families either remotely or in a safe way face-to-face
- secured new funding for our Haven Project in Edinburgh. This comprised of grants from The Pilgrim Trust and Scottish Children's Lottery Chance to Flourish Fund. This has provided additional resources for family outreach and group work allowing us to meet increased demand created by the pandemic.
- worked in partnership with SHE Scotland and Edinburgh College to deliver the new Full Circle Ambassador training programme. This project was designed to enable a group of parents to build confidence and be more involved in supporting other parents in the local community, through accessing education and training opportunities.
- established a new Children's Resilience Project in our East Lothian service that will bring additional support for children affected by a range of challenges, including parental drug or alcohol use. The project aims to improve mental health and wellbeing, resilience and confidence for this particularly vulnerable group. This project is funded through Scottish Government to address the effects on young people's and children's mental health brought about by the pandemic.
- secured funding from The Promise Partnership to build capacity within the organisation to ensure that our services are built around the needs of children and families who are involved with the care system. We will use this funding to consult with families on development of our services, carry out creative participation projects, access training for staff, and drive practice improvement. These activities will ensure that the voices of families are included at management and Board level within the organisation.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

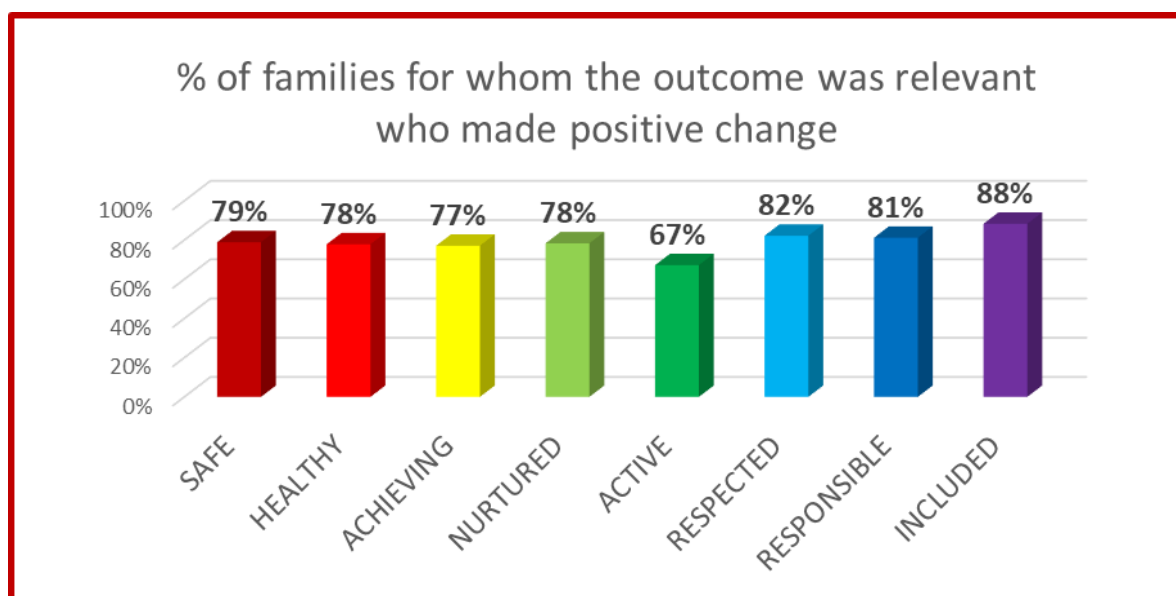
Achievements and performance from April 2020 to March 2021 (continued)

- run a new 24-week group work programme with funding from The Tampon Tax for our projects in South and North Lanarkshire. This was delivered remotely during the pandemic helping to reduce social isolation for families and children. The themes of the programme were: Healthy Lives (nutrition, sleep, exercise and budgeting), Managing Stress and Anxiety (emotions, unhelpful thinking, coping strategies, holistic therapies, mindfulness), Harm Reduction (harmful behaviour, mood, relapse prevention and safety), and Parenting (families, GIRFEC, SHANARRI, safety and play). Also included were school holiday activities for children.
- organised our largest ever fundraising event, the DARED challenge. This event is a virtual running event that takes place in June and involves participants doing a run, of either 5 kilometres or one mile, every day of the month to raise money for Circle's work. In June 2020 we had over 300 participants in the event and £36,000 was raised to fund Circle's work with families.

Between April 2020 and March 2021 Circle provided whole family support on an outreach basis to **524** families. Those families consisted of **820** children, **604** parents and **12** kinship carers.

To demonstrate how our work strengthens families Circle staff record the work that they do using the GIRFEC national framework consisting of eight overarching outcomes, using the recognised 'SHANARRI' framework to evidence "journey travelled" for the families. Each outcome has a number of indicators and each project records against indicators relevant to that project and the families they are working with.

The following table represents the percentage of families, for whom service has ended in the year and for whom the outcome was relevant, who have made positive change against that outcome. Service ended for 256 families over 2020-2021, of which 212 had outcomes recorded. Despite the myriad of challenges families faced, which were exacerbated by the pandemic, outcomes remain positive across all indicators.



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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance from April 2020 to March 2021 (continued)

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

In normal years we fundraise to pay for seasonal trips during the Easter, summer, and October school breaks for the families we work with. This has always provided much needed fun days for families and helps make positive memories and experiences for the children. This year we had to take a different approach to engaging children and families in fun activities. Through a combination of using online get-togethers and outdoor local events, we succeeded in providing fun activities for children and respite for parents, where opportunities to relax together as a family were limited. These included:

- online family activity groups including baking, cooking, growing and creative activities. All these groups involved us delivering ingredients and equipment to family homes and the activity taking place online
- family walks and picnics
- online Halloween parties
- online Christmas parties
- Christmas card design competition (judged by our patron David Tennant)
- summer programmes of activities for children
- growing vegetables at home project

We also used various COVID-19 related crisis funds to provide over 800 wellbeing and activity packs and back to school packs that were delivered to families across our projects. These helped families to deal with the stress and financial hardship associated with lockdown.

In December 2020, with donations of toys and gifts from Cash4Kids, Glasgow Spirit of Christmas, Inverleith St. Serf's Church, Pilrig St. Paul's Church and St. Mary's Church in Hamilton, we were able to ensure that all children and young people had gifts to open at Christmas. The Salvation Army again provided much needed food parcels.

Circle continued to provide practice learning opportunities for social work students from universities across Scotland. The students are supervised by staff who are Practice Teachers, and we make every effort to immerse them in our strengths-based and solution-focused work. Between April 2020 and March 2021 Circle hosted 15 student placements. The social work students came from the universities of Edinburgh, Stirling and Dundee, Napier University and The Open University.

Between April 2020 and March 2021 Circle held three Staff Development Days, via Zoom, for the whole staff team. Acknowledging the challenging circumstances staff have been working under in the last year, content for the days focused on working in a safe way, and mental wellbeing, including managing stress and anxiety both in, and out of the workplace. External inputs included: Wellbeing and Self Care given by Amanda Leith (a coach and stress management consultant from Hunky Dory Life) and Digital Safeguarding presented by Jess McBeath (Online Safety Expert). The Staff Development Days also provided a much-needed opportunity for our whole organisation to come together, discuss challenges, learn from one another, and build cohesion across our geographically dispersed teams.

Continuing the theme of listening to and supporting our team, we carried out a Staff Wellbeing Survey. The survey was carried out anonymously and was completed by all staff. The findings were overall very positive while also highlighting some challenges for us in the coming year. Staff, overall, felt supported in their roles and that they were provided with adequate training. They also felt they had good relationships with their colleagues and managers, and that we provided the right amount of information and support on mental health. Areas for improvement were identified as internal communication and development opportunities. We will take the learning from the survey forward and look to build on the learning in the coming year.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance from April 2020 to March 2021 (continued)

In our drive to improve staff wellbeing further we also introduced an Employee Assistance Programme that can be accessed by all staff and their families. The programme is provided by Health Assured. It offers telephone or face-to-face counselling, financial advice, advice on health and nutrition, and online wellbeing resources and apps.

Circle retained our focus on staff development during the pandemic. The increasing complexity and challenges faced by the families we support means we need to continually upskill to ensure positive outcomes.

During the year, a further five members of our team were accredited in the Parenting Under Pressure (PuP) programme. The overarching aim of PuP is to help parents facing adversity develop positive and secure relationships with their children. Within this strength-based approach, the family environment becomes more nurturing and less conflictual and both parents and children learn to self-regulate their behaviour. We now have a total of 16 PuP Practitioners across the organisation's services. We also trained a second PuP supervisor during the year to further support the work with families.

Despite the challenging circumstances, Circle's fundraising and finances had a strong year. We succeeded in sustaining funding for all our key projects and had a record year for unrestricted fundraising to support our work with children and families and strengthen our overall financial position.

We continue to appreciate and value the support of all our funders, donors, and all who took part in fundraising events. It is this continued dedication to Circle's work that allows us to work towards our vision for all children to be safe, happy, healthy, and nurtured in a stable family environment which helps them to achieve their potential. We extend heartfelt thanks to the following for their support during a very challenging time:

Baillie Gifford	The Hunter Foundation
The Cattanach Trust	JTH Charitable Trust
Chance to Flourish	KPE4
The City of Edinburgh Council	Muirhouse Housing Association
Co-op Fund	The National Lottery Community Fund
Cordis Charitable Trust	The Pilgrim Trust
Corra Foundation	The Robertson Trust
Craigentinny Primary School	R S Macdonald
East Lothian Council	The Scottish Government
Edinburgh Alcohol and Drugs Partnership	South Lanarkshire Council
Forth Cash for Kids	St Ninian's Primary School
Forth Valley Alcohol and Drugs Partnership	The Sir Tom Farmer Foundation
Foundation Scotland	The Sir Walter Scott Trust
The Henry Smith Charity	The Tampon Tax Fund
HMP Addiewell	West Lothian Alcohol and Drugs Partnership
Hugh Stenhouse Foundation	

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance from April 2020 to March 2021 (continued)

In January 2021, the Management team and Board held a virtual Away Day. The themes for the day were our shared ambitions for the organisation, strengthening our management structure, pandemic recovery and greater Board involvement in Circle's projects. A theme that emerged on the day was the need for continued consultation on organisational structure and direction. It was agreed to set up a Board and Management Working Group that would have the purpose of identifying next steps in strengthening our management structure and mitigating risks from the pandemic.

Between April 2020 and March 2021 one Trustee, Wendy Paterson, resigned from the Board. Wendy had been a long-standing trustee (2010 - 2020) and had brought a wealth of experience and knowledge from her background in Social Work Education. We extend thanks for all Wendy's wise council and commitment over the years and wish her well for the future.

COVID-19 impact on services

During the year, the COVID-19 pandemic continued to create significant challenges for Circle in delivering vital services to children and families that have been disproportionately affected, and in supporting our staff team. Families with younger children were particularly impacted by the lockdown restrictions, and the closure of services such as schools, nurseries and other supports. Despite the challenging circumstances Circle continued to provide vital services to some of the most vulnerable families across central Scotland.

Since the start of the pandemic restrictions, all project staff and managers, and most of the core services team, worked remotely. The transition to remote working was, for the most part, seamless and staff adapted quickly. All project staff and managers already had laptop computers and remote access to all files and resources. Circle's in-house IT support has been invaluable during the transition.

Family outreach services have kept in constant contact with families helping them to manage their situations by ensuring they have the support they need. There has been a lot of innovative remote working with children and families including use of video conferencing platforms and social media. Meetings have taken place in outdoor or other safe settings. Where wellbeing concerns mean face-to-face contact is necessary, we have rigidly followed Scottish Government guidelines for Family Support and Social Work practice. We have updated our guidance as restrictions have eased or been tightened. Our offices have been thoroughly risk assessed with safe seating plans and all necessary PPE.

As restrictions eased, we re-commenced outdoor socially distanced meetings and activities with families and other beneficiaries of our services and limited indoor work with families and children. We will continue to work diligently to support families during the pandemic while following government guidelines and minimising risk to our service users and staff.

Our group work services, for families, children and fathers, have moved online with groups meeting via video conferencing platforms. The focus with families involved in group work has been to support them in their own homes.

Circle will continue to follow government guidelines as we emerge from lockdown, innovating and modifying services to continue supporting families while taking account of risks to staff and families. Any return to normal working will be phased and will have all the necessary protections in place to ensure the safety of staff and families. To this end we are carrying out ongoing risk assessments of all premises and practices.

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

Circle took part in the Scottish Government Working Group on Developing a Whole Family Approach and Family Inclusive practice for families affected by parental substance use. Angela Gentile presented to the group on Circle's "Think Family Act Family" project, which tested the efficacy of whole family approaches.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance from April 2020 to March 2021 (continued)

Circle also took part, with Scottish Families Affected by Alcohol and Drugs, All in the Family and Action for Children, in a consultation with families on the draft principles for whole family support produced by the working group. The families' inputs were collated into a report entitled "Ask the Family" and contributed to subsequent drafts of the practice principles.

With funding from the Corra Foundation's Challenge Fund, Circle undertook a study into family rights and inclusion for families affected by substance use in East Lothian. The project set out to map what the barriers are that families affected by substance use face in accessing services and the solutions those families need from the community and the services that support them. Conversations took place with families, third sector partners and statutory services in East Lothian. The findings were published in a report called "Conversations for Change". The full report is available on Circle's website: <https://circle.scot/families/family-rights-and-inclusion/>.

Financial Review

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

The Directors are satisfied with the financial performance for the year to 31 March 2021, particularly given the difficult financial context in which we are currently operating.

Investment Policy

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

Principal Funding Sources

The principal funding sources for the charity are by way of grant and contract income from The City of Edinburgh Council, West Lothian Council, Scottish Government and payments from universities for practice placements for student social workers. The charity is also receiving one- to three-year grants from a number of large trusts and foundations including Corra Foundation, The Robertson Trust, Henry Smith Charity, The Cattanach Trust and the National Lottery Community Fund. The charity has benefited hugely from personal donations and personal trusts. In the last year we have also been successful in raising funds from events.

COVID-19 finance and fundraising risk management.

The Directors and management of Circle are extremely mindful of the threat to our financial stability posed by the COVID-19 pandemic. While close monitoring and forecasting are part of our regular governance and management structures, we are conscious that increased vigilance will be necessary in the coming year and beyond.

Circle has procedures, structures and tools in place to closely monitor income and expenditure. These include the following:

- Monthly Budget and Fundraising meeting - at this meeting monthly budget updates are presented and each funding stream is analysed with appropriate plans put in place to mitigate risk. Costs for each project are considered and sources of future funding are identified, and plans are put in place to reduce costs in line with loss of income.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Financial Review (continued)

- Board Finance and Fundraising Sub-Committee - the scope of the sub-committee is to provide governance and oversight of financial and fundraising management and to provide assurance to the Board of Circle. The responsibilities of the group are to review annual budget, quarterly management reports and financial review, quarterly monitoring of fundraising performance, oversee annual fundraising strategic plan, oversight of pension schemes and provision, any other financial issues which may arise with implications for the organisation.
- Funding situation report - this is presented to each Board meeting and outlines each project funding stream to assesses the level of risk using a RAG risk scale. Where risks are identified actions are decided and assigned as part of the Board minutes.

Current income streams COVID-19 risk assessment

Restricted Income

The majority of Circle's income is restricted and from statutory sources and given to carry out particular projects, or pieces of work, over defined time periods. While most of this restricted income is from statutory sources, such as government or local authorities, there is also a portion of restricted funding that comes from charitable trusts. At this point none of this income has been affected by the pandemic and will remain in place for the time specified in the original agreements and contracts. Below is a summary of our major funding streams and the timelines associated with them:

Haven Project: Funded with a grant from City of Edinburgh Council. This income is guaranteed at this level until July 2023.

West Lothian Project: Funded with a tender from West Lothian Alcohol and Drug Partnership (ADP). This contract has been extended to 31 March 2022.

Harbour Project: Funded by a tender from City of Edinburgh Council ADP. This contract currently runs to 31 March 2022.

East Lothian Project: Funded by a grant from The National Lottery Community Fund, a grant from Mid and East Lothian ADP and a grant from East Lothian Council Children and Families. This funding currently runs to 31 March 2022.

Shine Project: Circle are a partner in a Scottish Government funded PSP. This funding is reviewed annually by the Scottish Government and the current award runs to 31 March 2022. We fully expect this funding to be renewed next year. Were it not to be renewed, we would have no ongoing costs associated with the project.

Smaller Projects: Circle have a range of smaller projects carrying out discreet pieces of work funded by a range of charitable trusts and statutory sources. In common with the above major projects all of these are time-bound and where we are not able to renew funding, the projects will end and costs will be cut in line with this. All of these funding streams and associated costs are reviewed monthly at our budget and fundraising meeting and appropriate plans put in place to raise funding and/or mitigate costs.

Unrestricted Income

During the course of the year Circle will be in receipt of unrestricted income. This comes from a range of sources including charitable trusts, individual donors and fundraising events. In 2020/21 this amounted to 10.5% of Circle's total income. This money is normally used for discretionary charitable activities and core cost funding.

Circle employs an Income Generation Manager who takes a lead on unrestricted fundraising, and we have a fundraising strategy and action plan which is updated annually. In 2020/21 we generated a significant surplus in unrestricted funding that contributed to an increase in the organisation's unrestricted reserves. This meant we entered 2021/22 in a stronger financial position.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Financial Review (continued)

We are extremely mindful of the discretionary nature of this income and the potential for it to be negatively affected by the COVID-19 pandemic or the wider economic environment. To mitigate any risk, we are closely monitoring income this year and taking steps to sustain fundraising activity, such as bringing in increased fundraising capacity.

Reserves Policy

The Directors' long-term aim is to ensure the charity builds up general funds equivalent to three months' running expenses for the total organisation. At current levels of activity that is equivalent to £375,355. The Directors consider this level of reserves is one which is prudent considering the level and extent of risk associated with funding streams which the charity is required to manage. Our current unrestricted reserves figure sits at £335,233. The Directors continue to closely monitor the gap between the target and actual reserves while also continuing to seek grants and donations. Restricted reserves at the year-end amounted to £102,796, giving a total reserves figure at 31 March 2021 of £438,029.

Pension Fund

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

The Directors consider it essential to maintain a close focus on the impact of continued deficits in the pension fund on the balance sheet and costs of the organisation.

Principal risks and uncertainties

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

Circle has a range of key policies in place which include HR, Health & Safety, Finance and Professional Practice. These are regularly reviewed with our HR & Employment Law advisors and the Board.

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 register 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 ongoing funding. The Directors keep the position under constant review; where funding sources look likely to end we take action to mitigate the impact, including making redundancies where required. We are also constantly seeking to investigate new sources of funding.

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

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

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Financial Review (continued)

Plans for Future Periods

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

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

- Project funding - where the current income associated with a project is insufficient to cover the total cost and where the project is thus required to demonstrate that action is in hand to address this position.
- Quality assurance and sustainability – the charity will continue efforts to generate funds to cover organisation costs. These include the costs of central support systems such as finance, payroll, HR and IT support, and 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.

Structure, Governance and Management

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

Governing Document

Family Service Unit Scotland is a company limited by guarantee governed by its Memorandum and Articles of Association dated 10 February 2006 (revised July 2014). It is registered as a Scottish charity with OSCR. The Board is the governing body of Family Service Unit Scotland. The members of the Board are both Directors of the Company and trustees of the charity. Family Service Unit Scotland is known as Circle.

Appointment of Directors

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

Director induction and training

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

Organisation

The Board of Directors, which must have a minimum of six members and a maximum of 12 members, governs the charity. The Board is required to meet no fewer than four times per year and is currently meeting on a two-monthly basis. There is one sub-committee, a Finance and Fundraising Sub-committee, which meets on quarterly 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.

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Structure, Governance and Management (continued)

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.

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.

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Statement of Directors' Responsibilities (continued)

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.



GARRY LUKE
Treasurer, Board of Directors

26/07/2021

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS

FOR THE YEAR ENDED 31 MARCH 2021

Opinion on financial statements

We have audited the financial statements of Family Service Unit Scotland for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Opinion

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 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006, the Charities and Trustees Investment (Scotland) Act 2005 and the Charity Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Director's report and from the requirements to prepare a strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 13, the Directors (who are also the trustees of the charitable company for the purposes of charitable law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

We have been appointed 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 the Acts and relevant regulations made or having effect thereunder.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS (continued)

FOR THE YEAR ENDED 31 MARCH 2021

From enquiries of those charged with governance, it was determined that the risk of material misstatement from fraud was low with little scope for fraud to occur. Our audit testing is designed to detect material misstatements from fraud where there is not high level collusion.

Our audit testing was designed to detect material misstatements from other irregularities that result from error where there is not high level concealment of the error. In this regard the following audit work was undertaken: applicable laws and regulations were reviewed and discussed with management; senior management meeting minutes were reviewed; internal controls were reviewed; and journals were reviewed. From this audit testing it was determined that the risk of material misstatement in this regard was low.

We tested a sample of income and expenditure transactions designed to identify any irregularities as a result of simple mistakes or human error. From this audit testing it was determined that the risk of material misstatement in this regard was low.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

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



**Kevin Cattanach
Senior Statutory Auditor
For and on behalf of Whitelaw Wells, Statutory Auditors
9 Ainslie Place
Edinburgh
EH3 6AT**

3 August 2021

Whitelaw Wells 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 2021

	Notes	Un- Restricted Funds £	Restricted Funds £	Total 2021 £	Un- Restricted Funds £	Restricted Funds £	Total 2020 £
Income from:							
Donations		165,951	52,760	218,711	130,721	10,849	141,570
Charitable activities	3	-	1,493,080	1,493,080	20,000	1,311,960	1,331,960
Investments							
- bank interest		2,484	-	2,484	2,714	-	2,714
Total income		168,435	1,545,840	1,714,275	153,435	1,322,809	1,476,244
Expenditure							
Raising funds	4	16,924	-	16,924	15,039	-	15,039
Charitable activities							
- costs	5	9,866	1,506,899	1,516,765	7,956	1,412,964	1,420,920
- pension scheme adjustment	20	(32,268)	-	(32,268)	(11,220)	-	(11,220)
Total expenditure		(5,478)	1,506,899	1,501,421	11,775	1,412,964	1,424,739
Net income/(expenditure)		173,913	38,942	212,855	141,660	(90,155)	51,505
Fund Transfers	15	(28,183)	28,183	-	(66,778)	66,778	-
Net movement in funds for the year		145,730	67,125	212,855	74,882	(23,377)	51,505
Reconciliation of funds							
Fund balances brought forward at 1 April	15,16	189,503	35,671	225,174	114,621	59,048	173,669
Fund balances carried forward at 31 March	15,16	335,233	102,796	438,029	189,503	35,671	225,174

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derives from continuing activities.

The notes on pages 21 to 31 form part of these financial statements.

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

BALANCE SHEET

As at 31 March 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Tangible assets	10		14,747		13,691
Current assets					
Debtors	11	117,656		130,984	
Cash at bank and in hand		561,193		489,148	
		-----		-----	
		678,849		620,132	
Liabilities: amounts due within one year	12	82,379		179,904	
		-----		-----	
Net current assets			596,470		440,228
			-----		-----
Total assets less current liabilities			611,217		453,919
Liabilities: amounts due after more than one year	14		173,188		228,745
			-----		-----
Net assets			438,029		225,174
			=====		=====
Funds					
Unrestricted funds	16		335,233		189,503
Restricted funds	15		102,796		35,671
			-----		-----
			438,029		225,174
			=====		=====

These financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) 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 26/07/2021 and are signed on their behalf by:


 Garry Luke, Director


 Grant Sugden, Director

Company No. SC296943

The notes on pages 21 to 31 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 2021

	Notes	2021 £	2020 £
Cash used in operating activities	21	83,238	(58,377)
		-----	-----
Cash flows from investing activities			
Bank interest income		2,484	2,714
Purchase of fixed assets		(13,677)	(11,580)
		-----	-----
Cash used in investing activities		(11,193)	(8,866)
		-----	-----
Increase in cash and cash equivalents in the year		72,045	(67,243)
Cash and cash equivalents at the beginning of the year		489,148	556,391
		-----	-----
Cash and cash equivalents at the end of the year		561,193	489,148
		=====	=====

Analysis of cash and cash equivalents

Cash at bank – current accounts	9,024	2,312
Cash at bank – term deposits	552,169	486,836
	-----	-----
	561,193	489,148
	=====	=====

Analysis of Changes in Net Debt

	2020 £	Cash flows £	2021 £
Cash and cash equivalents	489,148	72,045	561,193
Total net debt	489,148	72,045	561,193
	-----	-----	-----
	489,148	72,045	561,193
	=====	=====	=====

The notes on pages 21 to 31 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 2021

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 and principal place of business 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 2019) - (Charities SORP (FRS 102), and the Companies Act 2006.

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

Going Concern

The financial statements have been prepared on a going concern basis. The Directors have assessed the charitable company's ability to continue as a going concern and have reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements and consider that there are no material uncertainties relating to going concern. The Directors have additionally addressed going concern in the light of Covid 19 and do not consider that it affects the company's ability to continue as a going concern.

Significant judgements and estimation uncertainty

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

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

(i) Useful economic lives of tangible assets

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

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.

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

2. Accounting policies (continued)

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.

Grants payable

Grants payable are payments made to third parties in the furtherance of the charitable objects of the charity. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. Grant awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the charity.

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.

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.

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

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

2. Accounting policies (continued)

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. Charitable activities and donations income	Charitable Activities	Donations	Restricted Total 2021	Restricted Total 2020
	£	£	£	£
Support for families in the early years	224,316	34,816	259,133	234,644
Support for families with children affected by substance use	886,990	14,214	901,204	699,415
Support for families with children affected by parental imprisonment	311,774	3,730	315,504	318,750
Developmental Activities	70,000	-	70,000	70,000
	-----	-----	-----	-----
	1,493,080	52,760	1,545,840	1,322,809
	=====	=====	=====	=====
4. Cost of raising funds			2021	2020
			£	£
Other fundraising costs			16,924	15,039
			=====	=====
5. Charitable activities	Direct Costs	Support Costs	Total 2021	Total 2020
	£	£	£	£
Restricted				
Support for families in the early years	219,115	30,094	249,209	232,527
Support for families with children affected by substance use	747,922	98,318	846,240	738,201
Support for families with children affected by parental imprisonment	293,403	47,603	341,006	390,082
Developmental Activities	62,811	7,633	70,444	52,154
	-----	-----	-----	-----
	1,323,251	183,648	1,506,899	1,412,964
	=====	=====	=====	=====

The following grants were made to organisations in 2021:-

Name	Amount	Purpose
	£	
CrossReach	106,002	Support for families affected by substance use

FAMILY SERVICE UNIT SCOTLAND
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NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

5. Charitable activities (continued)	Pension Deficit Costs	Support Costs	Total 2021	Total 2020
	£	£	£	£
Unrestricted				
Support for families in the early years	(5,298)	1,648	(3,650)	(501)
Support for families with children affected by parental substance use	(17,288)	5,322	(11,966)	(1,730)
Support for families with children affected by parental imprisonment	(8,324)	2,478	(5,846)	(925)
Developmental Activities	(1,358)	418	(940)	(108)
	-----	-----	-----	-----
	(32,268)	9,866	(22,402)	(3,264)
	=====	=====	=====	=====

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

6. Support Costs	Wages and Salaries	Profes- sional Costs	Total 2021	Total 2020
	£	£	£	£
Restricted				
Support for families in the early years	28,750	3,492	32,242	31,944
Support for families with children affected by parental substance use	93,813	11,276	105,089	102,816
Support for families with children affected by parental imprisonment	45,173	5,250	50,423	54,235
Developmental Activities	7,367	886	8,253	7,877
	-----	-----	-----	-----
	175,103	20,904	196,007	196,872
	=====	=====	=====	=====

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

7. Governance costs	2021	2020
	£	£
Auditor's remuneration - audit services	4,080	4,260
Directors' liability insurance	672	672
	-----	-----
	4,752	4,932
	=====	=====

8. Net income	2021	2020
	£	£
This is stated after charging:		
Rentals payable in respect of operating leases – land and buildings	31,786	30,974
	=====	=====

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

For the year ended 31 March 2021

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

	2021	2020
	£	£
Wages and salaries	1,038,625	1,020,864
Social security costs	76,221	84,284
Pension costs – annual employer contributions and discounting	81,497	95,158
Remeasurement adjustments – defined benefit scheme	(32,268)	(11,220)
Redundancy payments	-	-
Staff travel costs and pension advice fees	16,506	43,890
	-----	-----
	1,180,581	1,232,976
	=====	=====

No individual employees earned £60,000 or more, excluding employer pension contributions, during the year (2020: £Nil). None of the Directors were remunerated for their duties as Directors during the year. Out of pocket expenses totalling £Nil (2020: £Nil) were reimbursed during the year in respect of Directors.

The key management personnel of the charitable company comprise the Directors and the Chief Executive. The total employee benefits of the key management personnel of the charitable company during the year, including employer's National Insurance contributions, were £54,332 (2020: £58,998).

The average number of employees during the period was 42 (2020: 40):

Chief Executive - 1
 Project Managers - 7
 Family Outreach Workers - 31
 Administration staff - 3

10. Tangible fixed Assets	Computer & Telephone Equipment
	£
Cost	
At 1 April 2020	59,601
Additions	13,677
Disposals	(25,067)

At 31 March 2021	48,211

Accumulated depreciation	
At 1 April 2020	45,910
Charge for year	12,621
Disposals	(25,067)

At 31 March 2021	33,464

Net book value	
At 31 March 2021	14,747
	=====
At 31 March 2020	13,691
	=====

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

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

11. Debtors	2021	2020
	£	£
Other debtors	106,498	117,531
Prepayments	11,158	13,453
	-----	-----
	117,656	130,984
	=====	=====

The aggregate of financial assets that are measured at amortised cost is £42,459 (2020: £38,811).

12. Liabilities: amounts falling due within one year	2021	2020
	£	£
Trade creditors	12,698	11,017
Other creditors and accruals	17,700	8,602
Other taxes and social security costs	22,415	22,840
Pension costs accrued	-	-
Pension deficit reduction plan payments (Note 20)	29,566	29,627
Deferred income (Note 13)	-	107,818
	-----	-----
	82,379	179,904
	=====	=====

The aggregate of financial liabilities measured at amortised cost are £12,698 (2020: £11,017).

13. Deferred income

	2021	2020
	£	£
Harbour	-	6,666
Early Years Mid and East Lothian	-	69,930
Shine PSP	-	27,077
Haven	-	4,145
	-----	-----
	-	107,818
	=====	=====

14. Liabilities: amounts falling due after more than one year	2021	2020
	£	£
Pension deficit reduction plan payments (Note 20)	173,188	228,745
	=====	=====

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15. Restricted funds - 2021	Brought Forward	Incoming Resources	Resources Expended	Transfer of funds	Carried Forward
	£	£	£	£	£
West Lothian	-	159,422	(159,942)	521	-
Harbour	3,960	526,170	(538,755)	8,625	-
Haven	8,355	236,001	(226,238)	-	18,118
Practice Teaching	6,303	23,132	(22,972)	(6,463)	-
Shine PSP	-	315,504	(341,006)	25,500	-
East and Midlothian Family Support	15,865	215,612	(147,543)	-	83,934
Children with Learning Disabilities	47	-	-	-	47
Infrastructure	1,141	70,000	(70,443)	-	697
	-----	-----	-----	-----	-----
	35,671	1,545,841	(1,506,899)	28,183	102,796
	=====	=====	=====	=====	=====
Restricted funds - 2020	£	£	£	£	£
West Lothian	-	154,625	(158,271)	3,646	-
Harbour	25,796	404,144	(425,980)	-	3,960
Haven	6,050	216,976	(214,671)	-	8,355
Practice Teaching	4,326	17,688	(15,691)	-	6,303
Shine PSP	-	318,751	(386,550)	67,799	-
East and Midlothian Family Support	22,579	140,645	(147,359)	-	15,865
Children with Learning Disabilities	297	-	(250)	-	47
Infrastructure	-	70,000	(64,192)	(4,667)	1,141
	-----	-----	-----	-----	-----
	59,048	1,322,809	(1,412,964)	66,778	35,671
	=====	=====	=====	=====	=====

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. A transfer from unrestricted reserves of £521 was made to cover the fund's deficit in 2020/21.

Harbour

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

A transfer from unrestricted reserves of £8,625 was made to cover the fund's deficit in 2020/21.

Haven

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

Practice Teaching

Provides placements to universities for their social work students.

A surplus of £6,643 was transferred into unrestricted funds at the year end. This transfer was authorised by the Chief Executive.

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15. Restricted funds (continued)

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. A transfer from unrestricted reserves of £25,500 was made to cover the fund's deficit in 2020/21.

East and Midlothian Family Support

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

Children with Learning Disabilities

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

Infrastructure

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

16. Unrestricted Funds	Brought Forward	Income	Expenditure	Transfer	Carried Forward
	£	£	£	£	£
General unrestricted funds	189,503	168,435	5,478	(28,183)	335,233
	=====	=====	=====	=====	=====

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

17. Analysis of net assets between funds	Fixed Assets	Net Current Assets	Due after More than One year	2021 Total
	£	£	£	£
Unrestricted funds	-	508,421	(173,188)	335,233
Restricted funds	14,747	88,049	-	102,796
	-----	-----	-----	-----
	14,747	596,470	(173,188)	438,029
	=====	=====	=====	=====
		Net Current Assets	Due after More than One year	2020 Total
		£	£	£
Unrestricted funds	-	418,248	(228,745)	189,503
Restricted funds	13,691	21,980	-	35,671
	-----	-----	-----	-----
	13,691	440,228	(228,745)	225,174
	=====	=====	=====	=====

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For the year ended 31 March 2021

18. Financial commitments

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

	2021	2020
	£	£
Within one year - Rental charges for 18 West Pilton Park	2,024	2,024
- Photocopier lease charges	2,788	
Within 1 to 2 years - Photocopier lease charges	697	

19. Related party transactions

There were no related party transactions in the current or previous year.

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.

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.

NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

20. Pension scheme (continued)

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

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

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

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

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

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

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

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2016. This actuarial valuation showed assets of £60.45m, liabilities of £85.30m and a deficit of £24.86m.

A full actuarial valuation for the scheme was again carried out at 30 September 2019. This valuation showed assets of £79m, liabilities of £93.9m and a deficit of £14.9m. To eliminate this funding shortfall, the Trustee asked the participating employers to pay additional contributions to the scheme as follows:

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NOTES to the FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2021

20. Pension scheme (continued)

Deficit contributions

From 1 April 2021 to 30 September 2027 a total of £1,530,000 per annum (payable monthly and increasing by 3% each year on 1 April) is payable by the participating employers (Circle's share is £29,566 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.

	2021	2020
	£	£
Present value of provision	202,289	257,910
	=====	=====
Reconciliation of opening and closing provisions	2021	2020
	£	£
Provision at start of period	257,910	293,502
Unwinding of discount factor	6,274	4,392
Deficit contribution paid	(29,627)	(28,764)
Remeasurements – impact of any change in assumptions and amendments to contribution schedule	(32,268)	(11,220)
	-----	-----
Provision at end of period	202,289	257,910
	=====	=====
Assumptions	2021	2020
	% pa	% pa
Rate of discount	0.98	2.58
	=====	=====

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

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

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

	2021	2020
	£	£
Net movement in funds	212,855	51,507
Add back depreciation charge	12,621	9,272
Deduct interest income shown in investing activities	(2,484)	(2,714)
Decrease/(Increase) in debtors	13,328	(36,174)
(Decrease)/increase in creditors	(153,082)	(80,268)
	-----	-----
Net cash used in by operating activities	83,238	(58,377)
	=====	=====