

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

**KNOWN AS CIRCLE**

**REPORT and FINANCIAL STATEMENTS**

**For the year ended 31 March 2022**

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

**Key Management Personnel**

**Directors**

Grant Sugden, Chair  
Jacqui Gillies  
Nickola Paul  
Jane Scott  
Cameron Wyllie  
Romy Langeland (retired 26 July 2021)  
Beata Burkinshaw  
Garry Luke, Treasurer  
Helen McCann  
Louise Dickson (co-opted 29 November 2021)

**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 2022**

The Directors submit their report together with the financial statements for the year ended 31 March 2022.

**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 Future Periods section of this Report.

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**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

The charity's principal 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 family's 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 (Inter School Social Education Project) is based in West Pilton linking 5<sup>th</sup> and 6<sup>th</sup> 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 use this Scottish Government initiative to fund a Family Outreach Worker.
- Bwell Together is a consortium of agencies in North West Edinburgh led by Circle. The project works with primary and secondary schools to improve mental health of children, young people, and families.
- 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 (ADP).
- Project that provides support to improve mental health and wellbeing for children, young people and families, as part of the Roots consortium.

**Circle East Lothian** provides the following services:

- Project which supports families in East Lothian who are affected by parental drug and alcohol use.
- Project that supports pregnant women and new mothers in East Lothian affected by substance use, and their 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:

- Addiewell 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 (Public Social Partnership) 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 The National Lottery Community Fund and operates in North and South Lanarkshire. It is a partnership between Circle and Recovery Scotland and is a service for women, and their children, facing a range of challenges including being involved in the criminal justice system, being victims of domestic abuse, having mental or physical health issues or suffering the wider effects of poverty and exclusion.
- 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 2022**

**Achievements and performance from April 2021 to March 2022**

We are delighted to share the progress that we have made in the last year despite a sometimes-difficult operating environment. Though circumstances remained difficult, as the ongoing pandemic continued to create challenges for the children and families that we work alongside, our priority remained providing services that enable the healthy development of children and families. To achieve this our project teams have continued to work in a skilled and empathetic way to ensure families' needs are met.

The continuing economic uncertainty, which has seen more families fall into poverty, has highlighted the need for services that invest in and support families' progress. To meet this need Circle have pursued a strategy of growth that will ensure that more families across central Scotland will have the support they need to live happy and healthy lives. The success of a range of funding applications and partnership agreements have led to substantial growth across services and localities during the year. This will allow us to broaden and innovate services while always keeping true to our whole family approach.

Circle know that families are best placed to find their own solutions to the challenges they face and are experts by experience. To facilitate the participation of families and children into the services we provide, and our broader organisation, we have consulted widely this year with parents and children. We have involved them in devising a participation strategy, which recognises their rights and preferences. We have also included them in reframing Circle's core values and how the services we provide can better meet their needs and strengthen wellbeing.

Our fundraising and finance teams have worked to ensure that we continue to strengthen the financial position of the organisation to ensure that we can continue to provide services across central Scotland. We have had another successful year financially, and for the third year in a row will record a small surplus on operating activities.

During the financial year 2021/22 we have:

- developed a refreshed set of values for Circle in partnership and consultation with our families, staff, and trustees. This process helped us identify what is unique and important about Circle as an organisation, and our work, to the people that know us best. The resulting values agreed upon were Inclusion, Empathy, Commitment, Empowerment and Growth. We look forward to living these values in all we do in the coming years.
- led a group of partner agencies on the development of the BWell Together consortium in North West Edinburgh to provide support with mental health and wellbeing to children, young people, and families. We are proud to be collaborating with our partners, Stepping Stones North Edinburgh, Intercultural Youth, Pilton Youth and Children's Project, Granton Youth, Muirhouse Youth Development Group, and Wester Hailes Youth Agency. The consortium works closely with high schools across the locality to improve the emotional wellbeing of children, young people, and their families.
- submitted three successful funding applications to the Scottish Government's Drugs Mission Fund which is aimed at reducing tragic and avoidable drug deaths and reducing harm from addictions. This is allowing us to add five new staff to the organisation who will provide peer support groupwork, whole family support and children's resilience support to families affected by parental drug use across Edinburgh, East Lothian and West Lothian.
- doubled the size of our Women's Outreach Team in North and South Lanarkshire through a successful application to The National Lottery Improving Lives Fund, matched by new funding from Charles Hayward Foundation. This gives us increased capacity to deliver vital support for women and families affected by imprisonment, domestic abuse, mental health issues and the wider effects of poverty, by providing one-to-one counselling and whole family support.
- secured a three-year funding extension from West Lothian ADP for our Children Affected by Parental Substance Use Project in West Lothian. This extension will allow Circle to continue delivering this vital service and provides an opportunity to build upon the strong links we have with families and partners in West Lothian.

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

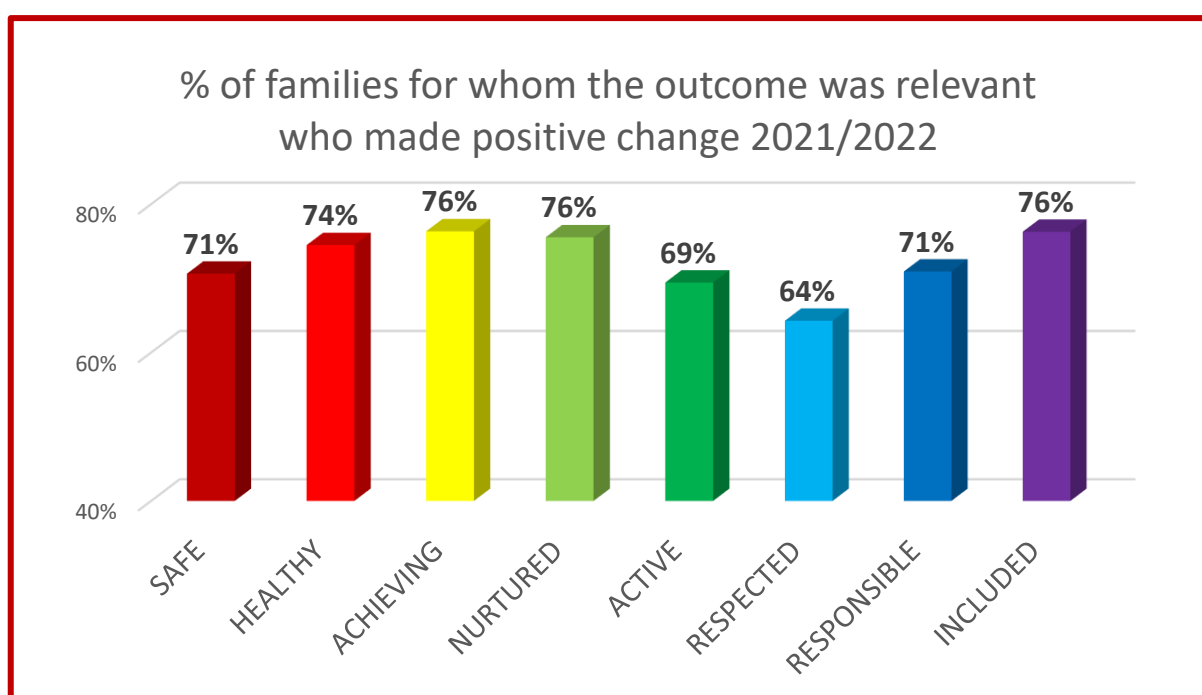
**Achievements and performance from April 2021 to March 2022 (continued)**

- developed a service, in partnership with Cyrenians and East Lothian Council Homelessness Services, to support families and young people who are at risk of becoming homeless. The service will provide whole family support and mediation to reduce the number of families becoming homeless and experiencing the disruption to children's wellbeing, education, and health that housing crises can lead to.

Between April 2021 and March 2022 Circle provided whole family support on an outreach basis to **474** families. Those families consisted of **720** children, **537** parents and **13** 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 <sup>1</sup>SHANARRI framework to evidence 'journey travelled' for the families. Each outcome consists of 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 213 families over 2021-2022, of which 154 had outcomes recorded. Despite the myriad of challenges families faced, which were exacerbated by the ongoing pandemic, outcomes remain positive across all indicators.



**Participation**

To ensure that children and families are at the centre of all we do, we create opportunities for families to participate in the development of policies, values, and services. We are acutely aware that to properly support families to find their own solutions it is necessary to give voice to their thoughts, concerns, and aspirations.

This year we involved families in the creation of a new participation strategy for Circle. This strategy creates a framework that recognises the need to involve families in a meaningful and respectful way in the development of services and policy across the organisation. This strategy will contribute to our commitment to implement The Promise and UNCRC.

<sup>1</sup> 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 2022**

**Achievements and performance from April 2021 to March 2022 (continued)**

We also consulted with families in developing a new set of values, to define and guide our work going forward. We asked families what they thought were the defining characteristics and values of Circle's work and staff, and these views formed the basis on which the values were developed with additional input from the staff in project teams, and trustees.

Our SHANARRI Safari Project included parents and children in discussion on what wellbeing meant to them. The scope of the consultation was to make the GIRFEC and SHANARRI outcomes framework more meaningful for families. This led to us introducing new family friendly language into co-producing support plans based on the wellbeing indicators. Both families and staff feel this has improved the process for gathering the views of families on the challenges they face. The results of this consultation will also inform the outcomes framework in our new case management system, which will allow us to more accurately demonstrate how the work strengthens families.

**Development**

To fulfil our commitment to contribute to the knowledge base of the social work and social care workforce Circle have 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 the students in Circle's strengths-based, solution-focussed approach. Between April 2021 and March 2022 Circle hosted five student placements. The social work students came from The University of Edinburgh, University of Stirling and Edinburgh Napier University.

We maintained our focus on staff development and training during the year. The increasing complexity of the challenges faced by the families we work alongside means we need to constantly upskill to keep pace with developments in policy and practice.

Between April 2021 and March 2022 Circle held four Staff Development Days, via Zoom, for the whole staff team. In line with wider practice developments, the training at the staff development days included a training input from Tidal Training on Mental Health Awareness; and linked to our commitment to keep The Promise, we had an input from Who Cares? Scotland on Supporting Individuals with Care Experience. One day was given over to staff consultation on organisational values and staff wellbeing. The Staff Development Days also provided a much-needed opportunity for our whole organisation to come together (virtually), discuss challenges, learn from one another, and build cohesion across our geographically dispersed teams.

During the year, a further five members of our team were accredited in the Parents 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 strengths-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 21 PuP Practitioners across the organisation's services.

Staff across the organisation have also taken part in Trauma Awareness Training at Level 1; and two managers have gained accreditation to deliver Trauma Informed Training.

***Circle are 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. This working group produced a report titled 'Improving Holistic Family Support – Towards a Whole Family Approach and Family Inclusive Practice'. This process was informed by Circle's previous work in this area including our 'Think Family, Act Family' Project and 'Conversations for Change' publication. Angela Gentile, our East Lothian Project Manager, contributed a chapter to the final report which was published in December 2021.

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**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

**Achievements and performance from April 2021 to March 2022 (continued)**

**Fundraising**

Though the wider environment remains challenging, and there is an increased level of competition for funding of every type, Circle's fundraising team had a successful year. We succeeded in sustaining funding for all our key projects and had a good 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:

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

**Trustees**

Between April 2021 and March 2022 one trustee, Romy Langeland, resigned from the Board. Romy brought a wealth of experience and knowledge from her background in social work management and leadership and here experience of academia and the voluntary sector. We extend thanks for all Romy's valuable input as a trustee at Circle.

We also recruited one new co-opted trustee, Louise Dickson, to the board during the year. Louise brings a wealth of experience from the Social Care sector, where she has worked since 2002. She specialises in leading organisational change projects, include culture change, and HR Strategy. We welcome Louise to the board and look forward to working together productively in the coming years.

**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.



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**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

**Achievements and performance from April 2021 to March 2022 (continued)**

The Directors are satisfied with the financial performance for the year to 31 March 2022, particularly given the difficult financial context in which we continue to operate.

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, East 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, R S Macdonald, Cattanach Trust, Charles Hayward Foundation 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.

Finance and fundraising risk management.

The Directors and management of Circle are extremely mindful of the threat to our financial stability posed by the current funding environment and the aftermath of the CovidCOVID-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 have 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.
- 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 budgets, quarterly management reports and financial reviews, quarterly monitoring of fundraising performance, oversee annual fundraising strategic plan, oversight of pension schemes and provision, and any other financial issues which may arise with implications for the organisation.
- Income Risk Register - this is presented at 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 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. 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 through a tender from West Lothian Alcohol and Drug Partnership (ADP). This contract has been extended to 31 March 2025.

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

**Financial Review (continued)**

**Harbour Project:** Funded through a tender from City of Edinburgh Council ADP. This contract currently runs to 31 March 2023.

**East Lothian Project:** Funded by a grant from Mid and East Lothian Drug and Alcohol Partnership (MELDAP) and a grant from East Lothian Council Children and Families. This funding currently runs to 31 March 2023. There is also an award from Corra Foundation that runs to March 2027.

**Shine Project:** Circle are a partner in a Scottish Government funded PSP (Public Social Partnership). This funding is reviewed annually by the Scottish Government and the current award runs to 31 March 2024 when this service will be re-tendered.

**Smaller Projects:** Circle have a range of smaller projects conducting 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 2021/22 this amounted to 7.5% of Circle's total income. This money is normally used for discretionary charitable activities and core cost funding.

Circle employ 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 2021/22 we generated a significant surplus in unrestricted funding that contributed to an increase in the organisation's unrestricted reserves. This meant we entered 2022/23 in a stronger financial position.

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 £390,875. 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 £407,181. This figure exceeds the target figure by £16,306. Restricted reserves at the year-end amounted to £69,590, giving a total reserves figure at 31 March 2022 of £476,771.

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 were 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.

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**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

**Financial Review (continued)**

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 have 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

**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.

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**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

**Structure, Governance and Management (continued)**

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 a 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.

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;

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**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2022**

**Structure, Governance and Management (continued)**

- 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.



**GARRY LUKE**  
**Treasurer, Board of Directors**

25 July 2022

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS AND MEMBERS**

**FOR THE YEAR ENDED 31 MARCH 2022**

**Opinion on financial statements**

We have audited the financial statements of Family Service Unit Scotland for the year ended 31 March 2022 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 2022, 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 2022**

**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 11 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 2022**

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](http://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 Cattnach  
Senior Statutory Auditor  
For and on behalf of Whitelaw Wells, Statutory Auditors  
9 Ainslie Place  
Edinburgh  
EH3 6AT**

25 July 2022

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 2022**

	Notes	Un- Restricted Funds £	Restricted Funds £	Total 2022 £	Un- Restricted Funds £	Restricted Funds £	Total 2021 £
<b>Income from:</b>							
Donations	3	141,861	10,115	151,976	165,951	52,760	218,711
Charitable activities	3	-	1,448,910	1,448,910	-	1,493,080	1,493,080
Investments							
– bank interest		1,356	-	1,356	2,484	-	2,484
<b>Total income</b>		<b>143,217</b>	<b>1,459,025</b>	<b>1,602,242</b>	<b>168,435</b>	<b>1,545,840</b>	<b>1,714,275</b>
<b>Expenditure</b>							
Raising funds	4	18,800	-	18,800	16,924	-	16,924
Charitable activities							
- costs	5	6,643	1,545,278	1,551,921	9,866	1,506,899	1,516,765
- pension scheme adjustment	19	(7,220)	-	(7,220)	(32,268)	-	(32,268)
<b>Total expenditure</b>		<b>18,223</b>	<b>1,545,278</b>	<b>1,563,501</b>	<b>(5,478)</b>	<b>1,506,899</b>	<b>1,501,421</b>
<b>Net income/(expenditure)</b>		<b>124,994</b>	<b>(86,253)</b>	<b>38,741</b>	<b>173,913</b>	<b>38,942</b>	<b>212,855</b>
Fund Transfers	14	(53,046)	53,046	-	(28,183)	28,183	-
Net movement in funds for the year		71,948	(33,207)	38,741	145,730	67,125	212,855
<b>Reconciliation of funds</b>							
Fund balances brought forward at 1 April	14,15	335,233	102,796	438,029	189,503	35,671	225,174
Fund balances carried forward at 31 March	14,15	407,181	69,590	476,771	335,233	102,796	438,029

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 19 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 2022**

	Notes	£	2022 £	£	2021 £
<b>Fixed assets</b>					
Tangible assets	10		12,119		14,747
<b>Current assets</b>					
Debtors	11	99,545		117,656	
Cash at bank and in hand		576,689		561,193	
		-----		-----	
			676,234		678,849
<b>Liabilities:</b> amounts due within one year	12	73,894		82,379	
		-----		-----	
Net current assets			602,340		596,470
			-----		-----
<b>Total assets less current liabilities</b>			614,459		611,217
<b>Liabilities:</b> amounts due after more than one year	13		137,688		173,188
			-----		-----
<b>Net assets</b>			476,771		438,029
			=====		=====
<b>Funds</b>					
Unrestricted funds	15		407,181		335,233
Restricted funds	14		69,590		102,796
			-----		-----
			476,771		438,029
			=====		=====

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 25/07/2022 and are signed on their behalf by:

  
 Garry Luke, Director

  
 Grant Sugden, Director

Company No. SC296943

The notes on pages 19 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 2022**

	Notes	2022 £	2021 £
<b>Cash generated from operating activities</b>	20	22,497	83,238
		-----	-----
<b>Cash flows from investing activities</b>			
Bank interest income		1,356	2,484
Purchase of fixed assets		(8,357)	(13,677)
		-----	-----
Cash used in investing activities		(7,001)	(11,193)
		-----	-----
Increase in cash and cash equivalents in the year		15,496	72,045
<b>Cash and cash equivalents at the beginning of the year</b>		561,193	489,148
		-----	-----
<b>Cash and cash equivalents at the end of the year</b>		576,689	561,193
		=====	=====
 <b>Analysis of cash and cash equivalents</b>			
Cash at bank – current accounts		1,564	9,024
Cash at bank – term deposits		575,125	552,169
		-----	-----
		576,689	561,193
		=====	=====

**Analysis of Changes in Net Debt**

	2021 £	Cash flows £	2022 £
Cash and cash equivalents	561,189	15,500	576,689
Total net debt	561,189	15,500	576,689
	-----	-----	-----
	561,189	15,500	576,689
	=====	-----	=====

The notes on pages 19 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 2022**

**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 2022**

**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.

<b>3. Charitable activities and donations income</b>	<b>Charitable Activities</b>	<b>Donations</b>	<b>Restricted Total 2022</b>	<b>Restricted Total 2021</b>
	£	£	£	£
Support for families in the early years	229,494	50	229,544	259,133
Support for families with children affected by substance use	788,381	6,949	795,330	901,204
Support for families with children affected by parental imprisonment	304,720	3,116	307,836	315,504
Developmental Activities	126,315	-	126,315	70,000
	-----	-----	-----	-----
	1,448,910	10,115	1,459,025	1,545,841
	=====	=====	=====	=====
<b>4. Cost of raising funds</b>			<b>2022</b>	<b>2021</b>
			£	£
Other fundraising costs			18,800	16,924
			=====	=====
<b>5. Charitable activities</b>	<b>Direct Costs</b>	<b>Support Costs</b>	<b>Total 2022</b>	<b>Total 2021</b>
	£	£	£	£
<b>Restricted</b>				
Support for families in the early years	217,008	36,494	253,502	249,209
Support for families with children affected by substance use	745,741	115,391	861,132	846,240
Support for families with children affected by parental imprisonment	290,097	51,023	341,120	341,006
Developmental Activities	78,930	10,594	89,524	70,444
	-----	-----	-----	-----
	1,331,776	213,502	1,545,278	1,506,899
	=====	=====	=====	=====

The following grants were made to organisations in 2022:

<b>Name</b>	<b>Amount</b>	<b>Purpose</b>
	£	
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 2022**

<b>5. Charitable activities (continued)</b>	<b>Pension Deficit Costs</b>	<b>Support Costs</b>	<b>Total 2022</b>	<b>Total 2021</b>
	£	£	£	£
<b>Unrestricted</b>				
Support for families in the early years	(1,232)	1,139	(93)	(3,650)
Support for families with children affected by parental substance use	(3,899)	3,573	(326)	(11,966)
Support for families with children affected by parental imprisonment	(1,736)	1,620	(116)	(5,846)
Developmental Activities	(353)	311	(42)	(940)
	-----	-----	-----	-----
	(7,220)	6,643	(577)	(22,402)
	=====	=====	=====	=====

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.

<b>6. Support Costs</b>	<b>Wages and Salaries</b>	<b>Profes- sional Costs</b>	<b>Total 2022</b>	<b>Total 2021</b>
	£	£	£	£
<b>Restricted</b>				
Support for families in the early years	34,795	3,772	38,567	32,242
Support for families with children affected by parental substance use	110,148	11,831	121,979	105,089
Support for families with children affected by parental imprisonment	49,060	5,364	54,424	50,423
Developmental Activities	9,986	1,031	11,017	8,253
	-----	-----	-----	-----
	203,989	21,998	225,987	196,007
	=====	=====	=====	=====

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

<b>7. Governance costs</b>	<b>2022</b>	<b>2021</b>
	£	£
Auditor's remuneration - audit services	4,080	4,080
Directors' liability insurance	672	672
	-----	-----
	4,752	4,752
	=====	=====

<b>8. Net income</b>	<b>2022</b>	<b>2021</b>
	£	£
This is stated after charging:		
Rentals payable in respect of operating leases – land and buildings	31,786	31,786
	=====	=====

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

**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2022**

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

	<b>2022</b>	<b>2021</b>
	£	£
Wages and salaries	1,069,509	1,038,625
Social security costs	77,059	76,221
Pension costs – annual employer contributions and discounting	85,119	81,497
Remeasurement adjustments – defined benefit scheme	(7,220)	(32,268)
Redundancy payments	-	-
Staff travel costs and pension advice fees	25,098	16,506
	-----	-----
	1,249,565	1,180,581
	=====	=====

No individual employees earned £60,000 or more, excluding employer pension contributions, during the year (2021: £Nil). None of the Directors were remunerated for their duties as Directors during the year. Out of pocket expenses totalling £Nil (2021: £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 £57,518 (2021: £54,332).

The average number of employees during the period was 42 (2021: 42):

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

<b>10. Tangible fixed Assets</b>	<b>Computer &amp; Telephone Equipment</b>
	£
<b>Cost</b>	
At 1 April 2021	48,211
Additions	8,357
Disposals	-
	-----
At 31 March 2022	56,568
	-----
<b>Accumulated depreciation</b>	
At 1 April 2021	33,465
Charge for year	10,984
Disposals	-
	-----
At 31 March 2022	44,449
	-----
<b>Net book value</b>	
At 31 March 2022	12,119
	=====
At 31 March 2021	14,747
	=====



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

**For the year ended 31 March 2022**

<b>11. Debtors</b>	<b>2022</b>	<b>2021</b>
	£	£
Other debtors	95,006	106,498
Prepayments	4,539	11,158
	-----	-----
	<u>99,545</u>	<u>117,656</u>
	=====	=====

The aggregate of financial assets that are measured at amortised cost is £23,750 (2021: £42,459).

<b>12. Liabilities:</b> amounts falling due within one year	<b>2022</b>	<b>2021</b>
	£	£
Trade creditors	15,089	12,698
Other creditors and accruals	5,551	17,700
Other taxes and social security costs	23,688	22,415
Pension costs accrued	-	-
Pension deficit reduction plan payments (Note 19)	29,566	29,566
Deferred income (Note 13)	-	-
	-----	-----
	<u>73,894</u>	<u>82,379</u>
	=====	=====

The aggregate of financial liabilities measured at amortised cost is £15,089 (2021: £12,698).

<b>13. Liabilities:</b> amounts falling due after more than one year	<b>2022</b>	<b>2021</b>
	£	£
Pension deficit reduction plan payments (Note 19)	137,688	173,188
	<u>=====</u>	<u>=====</u>

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**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2022**

<b>14. Restricted funds - 2022</b>	<b>Brought Forward</b>	<b>Incoming Resources</b>	<b>Resources Expended</b>	<b>Transfer of funds</b>	<b>Carried Forward</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
West Lothian	-	165,994	(172,711)	6,717	-
Harbour	-	532,017	(525,234)	-	6,783
Haven	18,118	213,932	(224,797)	-	7,253
Practice Teaching	-	15,612	(28,658)	13,046	-
Shine PSP	-	307,838	(341,120)	33,282	-
East and Midlothian Family Support	83,934	97,319	(163,187)	-	18,066
Children with Learning Disabilities	47	-	(47)	-	-
Infrastructure	697	126,313	(89,524)	-	37,486
	-----	-----	-----	-----	-----
	102,796	1,459,025	(1,545,278)	53,045	69,590
	=====	=====	=====	=====	=====
<b>Restricted funds - 2021</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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	216,612	(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
	=====	=====	=====	=====	=====

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 £6,717 was made to cover the fund's deficit in 2021/22.

Harbour

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

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 transfer from unrestricted reserves of £13,046 was made to cover the fund's deficit in 2021/22.

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**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2021**

**14. 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 £33,282 was made to cover the fund's deficit in 2021/22.

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.

<b>15. Unrestricted Funds</b>	<b>Brought Forward</b> £	<b>Income</b> £	<b>Expenditure</b> £	<b>Transfer</b> £	<b>Carried Forward</b> £
General unrestricted funds	335,233	143,217	(18,223)	(53,046)	407,181
	=====	=====	=====	=====	=====

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

<b>16. Analysis of net assets between funds</b>	<b>Fixed Assets</b> £	<b>Net Current Assets</b> £	<b>Due after More than One year</b> £	<b>2022 Total</b> £
Unrestricted funds	-	544,867	(137,688)	407,181
Restricted funds	12,119	57,472	-	69,590
	-----	-----	-----	-----
	12,119	602,340	(136,688)	476,771
	=====	=====	=====	=====

	<b>Fixed Assets</b> £	<b>Net Current Assets</b> £	<b>Due after More than One year</b> £	<b>2021 Total</b> £
Unrestricted funds	-	508,421	(173,188)	335,233
Restricted funds	14,747	88,049	-	102,796
	-----	-----	-----	-----
	14,747	596,470	(173,188)	438,029
	=====	=====	=====	=====

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**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2022**

**17. Financial commitments**

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

	<b>2022</b>	<b>2021</b>
	£	£
Within one year - Rental charges for 18 West Pilton Park	2,024	2,024
- Photocopier lease charges	4,162	2,788
Within 1 to 2 years - Photocopier lease charges	608	

**18. Related party transactions**

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

**19. 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.

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**NOTES to the FINANCIAL STATEMENTS (continued)**

**For the year ended 31 March 2022**

**19. 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 have 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 2022**

**19. 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.

	<b>2022</b>	<b>2021</b>
	£	£
Present value of provision	167,329	202,289
	=====	=====

**Reconciliation of opening and closing provisions**

	<b>2022</b>	<b>2021</b>
	£	£
Provision at start of period	202,289	257,910
Unwinding of discount factor	1,826	6,274
Deficit contribution paid	(29,566)	(29,627)
Remeasurements – impact of any change in assumptions and amendments to contribution schedule	(7,220)	(32,268)
	-----	-----
Provision at end of period	167,329	202,289
	=====	=====

**Assumptions**

	<b>2022</b>	<b>2021</b>
	% pa	% pa
Rate of discount	2.55	0.98
	=====	=====

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 were required to offer from 1st April 2015.

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

	<b>2022</b>	<b>2021</b>
	£	£
Net movement in funds	38,741	212,855
Add back depreciation charge	10,986	12,621
Deduct interest income shown in investing activities	(1,356)	(2,484)
Decrease/(Increase) in debtors	18,111	13,328
(Decrease)/increase in creditors	(43,985)	(153,082)
	-----	-----
<b>Net cash used in by operating activities</b>	<b>22,497</b>	<b>83,238</b>
	=====	=====