

Thistle Foundation
(a company limited by guarantee)
Report and financial statements
Company number SC024409
Charity number SC016816
31 March 2011

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Reference and administrative details

Charity name	Thistle Foundation
Scottish charity number	SC016816
Company number	SC024409
Registered office and principal address	Thistle Foundation Niddrie Mains Road Edinburgh EH16 4EA
Patron	Her Majesty the Queen
Honorary Presidents	Bryce K McCosh

Members of the Board of Trustees

David Giffin	Appointed 14 January 2011, Appointed Chair 6 th September 2011
Julia Fitzpatrick	(Chair – resigned as Chair 6 th September 2011)
Jane Ballantine	(Vice Chair to 8 th June 2010)
Solveig Hoy	(Chair of Finance Committee) Resigned 2 nd November 2010
David Amers	Appointed 3 rd November 2010
Jan Cochran	
John Dalrymple	Appointed 8 th March 2011
Samantha Folcarelli	
Raymond Harland	Resigned 2 nd November 2010

The Directorate team

Diana Noel-Paton	Chief Executive & Company Secretary
John Campbell	Director of Corporate Services
Louise Kelly	Director of Learning, Development and HR
Louise Page	Director of External Relations
Linda Burnett-Meehan	Director of Business Development

Auditors	Henderson Loggie 34 Melville Street Edinburgh EH3 7HA
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Bankers	Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
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Investment advisers	Brewin Dolphin Ltd 7 Drumsheugh Gardens Edinburgh EH3 7QH
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Trustees' report

for the year ended 31 March 2011

The Board of Trustees, who are Directors for the purposes of company law and Trustees for the purposes of charity law, present their report and financial statements for the year ended 31 March 2011.

Structure, governance and management

Thistle Foundation was established by Memorandum and Articles of Association dated 7 June 1944 as a company limited by guarantee not having a share capital whose objectives are wholly charitable. A Special Resolution to revise the original Memorandum of Association was passed on 5 September 2000 and new Articles of Association were adopted by Special Resolution passed on 21 August 2008. The Name and Objects of the Charity were amended and updated and new Articles of Association were adopted by Special Resolution passed on 8th June 2010.

The governing body of Thistle Foundation is the Board of Trustees which currently comprises seven (of a possible ten) Ordinary Members and meets six times a year, including an annual retreat to review strategy and performance. The Trustees are responsible for setting strategies and policies and for ensuring that these are implemented. Authority to conduct the day-to-day operations of Thistle Foundation is delegated to the Chief Executive and the other directors who form part of the Directorate team. 'Director' is the title used at Thistle Foundation, though they are not directors under the Companies Act. Members of the Directorate team attend all Board meetings.

The Board of Trustees are appointed based on selection criteria which ensure that collectively it maintains a broad range of relevant skills and experience. An induction pack is provided to all new Trustees to ensure that they are briefed on the charity's objects, strategy and activities. This Trustee Handbook includes the Memorandum and Articles of Association, risk register, policies and procedures on issues such as delegation of authority, recruitment, investment, reserves and conflict of interest and other guidance. Third party indemnity insurance is in place for trustees.

The Board of Trustees has established a formally constituted sub-committee, the Audit and Finance Committee, with specific terms of reference and with a nominated Member of the Board of Trustees as its Chair. The Audit and Finance Committee reviews the Charity's investment strategy and monitors investment performance. It is also charged with reviewing the audited annual financial statements of the Charity and recommending them to the Board of Trustees. It reviews reports from the auditors, and monitors management actions to implement recommendations made by external auditors. It determines the frequency and process of tendering for external audit services, considers the appointment, resignation or dismissal of the auditors, approves their fee annually, reviews their independence and objectivity and matters relating to non-audit services. The Chief Executive and the Director of Corporate Services attend meetings of the Audit and Finance Committee.

Related party relationships

The Thistle Trust, established in terms of a Deed of Trust dated 20 March 1952, owns and is responsible for the Robin Chapel situated within the grounds of Thistle Foundation, Craigmillar, Edinburgh. The Trust is an independent body governed by a separate board of trustees. Administration is undertaken by Thistle Foundation.

Subject to certain conditions the Trust Deed allows payments to be made to Thistle Foundation at the trustees' discretion.

Thistle Foundation is a member of Altrum Limited which is a federation of separate, diverse and creative organisations who share common values and principles and aim to live to those values in the work they do. Altrum Limited has a role to develop its own members and to nurture new like minded organisations. They commit to sharing freely all resources and share real partnership in training, policy development and in obtaining services collectively in areas such as Personnel, Health and Safety support.

Through Altrum Limited, Thistle Foundation is a member of In Control Scotland Limited which provides support to people who, by reason of disability, age or health need additional support. It does this by the delivery of its leadership programme which aims to allow people needing support to take control of their own lives. Administration is undertaken by Thistle Foundation.

Trustees' report *(continued)*
for the year ended 31 March 2011

Related party relationships *(continued)*

One of the Trustees, John Dalrymple is a director of Neighbourhood Networks, and another David Amers is a director of Leithal Thinking.

Risk management

The Board of Trustees have completed a comprehensive review of the risks to which the charity is exposed, particularly business, operational and financial risks, and introduced procedures and reporting regimes to manage and, where appropriate, reduce the identified risks. The internal control systems are designed to meet Thistle Foundation's particular needs and the risks to which it is exposed, to manage those risks and to provide reasonable assurance against misstatement or loss. Established regular procedures, including budgetary controls, operate to monitor the receipt of income and both revenue and capital expenditure. A Risk Register identifies risks and assigns specific actions and responsibilities for mitigating them. The top risks identified are a standing item on the agenda for meetings of the Board of Trustees.

Employees

Thistle Foundation is an equal opportunities employer and all people with a disability will be interviewed if they meet the minimum criteria of the person specification for a role. This is reflected in our acquiring the "Positive about Disability Accreditation."

We value our staff and support them through a variety of means including regular supervision sessions with their line manager, team meetings and appraisals. Our approach is reflected in the fact that we have retained our Investors in People accreditation.

Volunteers

Thistle Foundation acknowledges with grateful thanks the support of over 40 volunteers who have contributed in a wide variety of ways to the work of the charity. Many of these volunteers have been involved in service provision, fundraising and administrative support while others have provided assistance in the café or at one off events.

Trustees' report *(continued)*

Objectives

Thistle Foundation is a charity, operating across the central belt in Scotland, providing a range of services to disabled people and those living with long term conditions.

This year Thistle Foundation has maintained its vision, mission and manifesto based on the rebranding exercise undertaken by Leithal Thinking in 2009. Forming the basis for our 5 year strategy, the vision, mission and manifesto clearly state the unique way that Thistle Foundation seeks to engage with the people it supports, the partners it works with, staff, volunteers and the general public.

Vision

Thistle Foundation is a boundary pushing, pioneering organisation helping bring about a society where everyone has the right to feel involved and empowered to live the life they choose, regardless of their disabilities or health condition.

Mission

We believe that life is for living. We always go the extra mile to help people with disabilities or long term health conditions lead great, authentic lives, where they are in control.

Manifesto

We believe that life is for living.

As people we always try to find a better way to do things, and as an organisation we are pioneers.

We believe in being the best and strive for it across all our services.

We go the extra mile to find the right solution for people, without presuming that we know the answers.

We also guarantee you familiar faces, people that we hope you'll enjoy meeting! At Thistle you'll only ever work with a small, individually matched group of people. Why do we guarantee this? Because we believe authentic powerful, positive relationships are what make the difference. This is something which you'll see across all our services.

We at Thistle Foundation believe we offer great value for money. You'll be surrounded by thoughtful, trustworthy people, who always deliver on promises. There are similarities between what we offer and what others offer. The difference is in how we do it.

We believe that life is for living.

Activities, achievements and performance

Along with adopting a new vision, mission and manifesto for the organisation, time has been spent in developing an ambitious new three year strategy which focuses on 6 strategic priorities each of which will be reported on separately.

The vision, mission and manifesto are underpinned by the following six strategic priorities:

Great Customer Experience

We will empower people to be in control of their lives and provide support that is respectful, empathic and discreet. Through creative, individualised support we will offer people with a disability or long term health condition the opportunity to have a great authentic life where they are in control.

Supported Living Services

Thistle provides Supported Living Services across the Central Belt of Scotland from two bases, one in Renfrew and the other in Edinburgh.

Trustees' report *(continued)*

Great Customer Experience *(continued)*

This year from our Edinburgh base we supported 71 people providing 179,278 hours to individuals living in their own homes. (2010: 71 people and 180,940 hours) From our Renfrew base we supported 20 people and provided 72,142 hours of support (2010: 20 people and 70,396 hours of support)

Most of our referrals continue to be made through word of mouth from existing customers, their families or associated professionals. As a result of Edinburgh Council's decision to retender its Care at Home and Supporting People services the vast majority of the Edinburgh funded people elected to apply for a Direct Payment. Work continues to be undertaken to adapt our infrastructure, financial systems and contracting arrangements to realign them to this new "customer" base. This fits with the Thistle emphasis on people we support being in control of their lives and their resources.

In 2010 Thistle received excellent Care Commission reports with both Renfrew and Edinburgh services receiving the highest score possible for ensuring that people who use our services and family members participate in assessing and improving the quality of the care and support provided by the service.

Health and Wellbeing

Thistle based its Health and Wellbeing activities in the Tudsbery Centre located on the Craigmillar estate. After the year end these activities were transferred to Wighton House which is located in the same estate. A wide range of work takes place which has been supported by a Government grant funded through the Mental Health Strategy and is aimed at maximising the engagement of local people in Health and Wellbeing activities. We are also supported by the Long Term Conditions Alliance of Scotland.

Last year this funding continued to enable us to:

- Provide Lifestyle Management programmes for people across Edinburgh who are coping with a long term health condition or anxiety and depression.
- Provide Lifestyle Management programmes for veterans making the transition back to civilian life.
- Provide free access for local people to the Thistle community gym through our "Fit for Free" programme.
- Work with the local young person's organisation Health Opportunities Team to provide programmes of physical activity and peer education for both a young men's group and a young woman's group.
- Provide a programme of outside "green" activities for people with a long term health condition or anxiety and depression.
- Support a number of Peer Facilitators to become co-facilitators on a Lifestyle Programme.
- Provide training courses and support to practitioners who support people with long term health conditions

A total of 19 Lifestyle Management Programmes took place throughout the year some based in the Tudsbery Centre and others in Lanarkshire and in partnership with Edinburgh based organisations.

Another highlight of our year was the Training and Consultancy Resource, which we delivered to professionals from the health and social care sectors. The work was funded by the Long Term Conditions Alliance Scotland and involved us training staff - from psychiatrists, to dieticians, to speech and language therapists to physiotherapists - in how to work with their clients in a person-centred way. This means learning how to work with people not patients and recognising individuals' own resources and designing support that is based around their own goals. People who received our training have reported that their clients have "been shouting from the rooftops" about their new approaches.

The Scottish Government also continued their support for a range of initiatives aimed at improving mental health in South East Edinburgh. Our local outreach and referrals have led to greater demand for our services - gym usage has doubled compared to 2009. Our trial of woodland based activities has attracted multi-annual funding.

Trustees' report *(continued)*

Health and Wellbeing*(continued)*

And in the coming years, we will offer a range of taster events and groups that improve mental health through exercise and conservation activities.

Research and Development

We will act as a catalyst for change by investing in innovative initiatives that pioneer new ideas that spread our learning and that of others. Through the investment in, and provision of training, consultancy, research and evaluation we will influence the social care and health agenda in Scotland.

Supported Self Management project

Towards the end of the financial year in Spring 2010 we were delighted to hear that we had been successful in our application to the Long Term Conditions Alliance to set up a Training and Consultancy project to support local statutory and voluntary sector professionals in making the culture shift to a person centred and holistic approach in self management support.

For the past 7 years, Thistle has provided supported self management for people with long term conditions, helping people to build on their own strengths, skills, resources and recovery strategies to empower the person to increase their control, coping and confidence to move on in life.

By providing professionals with the skills to support self management in their own fields of work, and supporting them with on-going consultancy and training, we hope to build and sustain capacity for this work, which we hope will, over time, lead to a culture change.

Risk Research project

In partnership with Stirling University and Altrum (a Scottish federation of organisations of which Thistle is a member) we were successful in an application to the Lottery to undertake a piece of research which will explore the views of people living with disabilities about the risks they may face. They have opinions about what professionals should be considering when they are making decisions about risks and protection – and we would like to hear them.

This information will then be used to develop practice guidance which we hope will lead to improved involvement of people who use services, when it comes to making decisions about risk.

The project's findings will be widely shared with social work and social care organisations, resulting in approximately 17,500 disabled people becoming more involved in decisions about risk and protection; hopefully increasing their level of choice and giving them more control over their lives.

HEC

Until December, we continued to deliver the Higher Education Certificate in Person Centred Working to social care staff employed largely in the Voluntary Sector and based across the Central belt of Scotland. Last year 76 students and 15 organisations accessed the course. We are still managing the course which was funded through ESF, until all the existing students have completed the course which will not finish until the Spring of 2012.

By 2012, when the final four groups finish, the course will have had 500 graduates over almost ten years of training. In addition to this achievement, the course has also won three awards; a National Training Award, an ESF Lifelong Learning Award and in 2010 a Care Accolade for Investing in the Workforce.

Trustees' report (continued)

Image, Profile, Reach and Engagement

We will build a positive and inspiring profile of Thistle. The brand will be well known by all our stakeholders and the general public. We will be widely recognised, respected and supported for our cutting edge services, health and wellbeing programmes and certified training.

The Thistle brand is well established with more and more internal and external documents and materials being produced using it, from signage to policy documents, to our twitter page. Building on this foundation, the focus for the coming year will be on raising the profile of Thistle both as a service organisation and as a charity. We will be working with a range of media, and we will also work cross organisationally to identify how we can use our existing networks and contacts to support these efforts. Consistent internal communications and ongoing brand and marketing workshops for staff will ensure that staff feel engaged and confident when using the brand, especially when promoting services.

Robust and Innovative Core Services

We will develop robust internal business processes that serve the organisation's wider vision and improve efficiency, transparency and accountability through effective risk management and by creating synergy across departments.

Much of our emphasis and resources this year has been put into the development of our bespoke management information system. The first phase of this project has seen the introduction of individualised budgets and information around each of the people we support integrating all our information in ways which will enable us to produce a wide array of reports around an individual or at a team, departmental or organisational level. We have begun work on the next phase to integrate our HR, Training and Health and Well Being activities into the database.

Work started during the year is ongoing, in order to strengthen the ICT Infrastructure and increase the efficiency of systems and security of data held. A review of all policies was started, with regard to ensuring that all new legislation is incorporated and all policies and procedures are fit for purpose. Financial scenario planning and forecasting models were developed in order to ensure our 5 year strategy is economically viable and sustainable.

Great Employee Experience

We believe our people are our greatest resource in delivering on our vision. We will aim to be a place where people feel valued, confident, connected and challenged to be their best. We will listen and learn effectively from each other and invest in our continual ability to improve and innovate.

This year we have begun work in ensuring that our staff structures, recruitment processes and job descriptions align with our new vision, mission and manifesto.

Thistle is an accredited Investor in People employer, reflecting the major commitment of the charity to the principles embodied in this award.

We hold core beliefs on inclusion, participation and engagement. They are fundamental to everything we do and we uphold them through our policies, training and Strategic Plan. This is underpinned by a training programme undertaken by all members of staff as part of their induction into Thistle. This induction programme has recently been updated to ensure a greater emphasis on the importance of having friends, work and full citizenship for all.

Regular meetings are held with staff to provide information about what is going on within the organisation and to consult with them so that their views can be heard before making decisions that may affect their interests and to promote a common awareness on the part of all employees of the financial and economic factors affecting the performance of Thistle Foundation.

Trustees' report *(continued)*

Strategic Partnerships

We will continue to seek and develop opportunities for joint working with organisations that share our values to increase the range of options available to people and their families and to find ways of providing more efficient services.

Local Partnerships and Collaborations

This year, as a result of funding from the Long Terms Conditions Alliance, we developed a number of strategic partnerships with local health practitioners which involved us in delivering training to over 250 health and social care professionals. This training has enabled these professionals to develop new strategies and approaches for their work in supporting people with a long term condition.

We have continued to work with the local young people's organisation (HOT) to provide a young men's and young women's group. This work has been supported by funding from the Scottish Government mental health strategy.

Funding from the Government Mental Health strategy also enabled us to continue providing outreach work to provide intensive support and encouragement to those who would otherwise find it difficult to access our services.

Joint work with Services Charities

Work has continued with Veterans First Point to deliver lifestyle management programmes to ex-servicemen and women. This work has been funded by the generous support of the Thistle Trust, Veterans Scotland and Poppy Scotland.

Citizenship Initiatives

We have continued our investment in a small number of strategic partnerships aimed at increasing people's natural supports. We are keen to see people we support make and sustain an increasing number of friendships and relationships beyond their immediate family and paid support.

Mates n Dates:

- Thistle are founder members of the steering group which has come together to develop a friendship and dating agency for people with learning disability living in the East Coast of Scotland. Through the year time has been spent developing an appropriate constitution, governance structure and business plan for the new organisation.

Equal Futures

- Thistle have funded Equal Futures to work with a number of families and people Thistle support in both the East and West of Scotland to begin the work of building circles of support.

Neighbourhood Networks

- Thistle have part funded the development of the first Neighbourhood Network in the East of Scotland which will be based in the Thistle Craigmillar estate. Six people that Thistle will continue to support will be the founder members of the Network. Over the year Thistle and Neighbourhood Network staff spent time developing the partnership and supported the founder members to recruit their first Community Living Worker.

Academic Partnerships

Our ongoing partnership with Queen Margaret University has continued throughout the year however with the loss of ESF funding for the HEC course this partnership will come to an end in the Spring 2012.

We are part of a three way research partnership between Altrum, Stirling University and Thistle, funded by the Big Lottery and the bulk of the research was undertaken during this financial year.

Trustees' report *(continued)*

Financial review

The financial results for the year are summarised in the Statement of Financial Activities on page 13. This year the results of The Thistle Foundation show a net decrease in funds of £438,692 (2009-10:- increase of £1,810,637). A deficit of £783,017 before other recognised gains and losses is recorded for the year (2009-10: - deficit £24,785).

During the period, incoming resources decreased from £5,784,237 in 2009-10 to £5,563,994, a decrease of 3.8%. The main source of income continues to be funding for our support living services through contracts with local authorities and individuals in receipt of Direct Payments and Individual Living Funds.

In 2010-2011 the resources expended were £6,347,011 (2009-10: £5,809,022), an increase of over 9%.

The new 5 year strategy agreed during the year includes investment for planned growth. The organisation seeks to maximise income generation from supported living, health and well being and fundraising initiatives in an effort to achieve financial stability, remain competitive and provide value for money services without reducing the quality of service provision that Thistle has become known for.

The Fundraising and Marketing team are grateful for the continued support of our donors, including trusts, the corporate sector, individuals and those taking part in our events throughout the year. The largest proportion of the fundraised income continues to come from our monthly individual givers, without whose ongoing support Thistle would not be able to maintain and develop its innovative services.

Pension Liability

As disclosed in Notes 16 and 17, Thistle Foundation participates in a contracted multi-employer pension scheme, the Federated Flexiplan No.1 ("The Plan"). In March 2009 an issue was identified as to the calculation of benefit entitlement of leavers from the Plan before 2 September 2005, specifically whether they should have their benefits secured based upon 'pensions capital' or 'target pension'. Following review of the evidence by both the Trustee and the Plan's professional advisors, Counsel's opinion was subsequently sought and it was determined that given contradictory evidence, the Trustee would be required to take the matter to Court to determine the correct practice. This process will be time consuming and the timescale and outcome of the case is unclear.

At a meeting in September 2009 the Scheme Actuary presented two calculations of the deficit based on the two potential benefit structures which indicated a Plan deficit at 31 March 2009 of between £3m and £28m. Whichever debt is applicable will fall due from the participating employers, of which there are currently 63. Based on the initial calculations prepared, the estimated share of the deficit which would fall due on Thistle Foundation is 3.758%.

A recovery plan has been developed, but not yet signed (and therefore cannot be guaranteed) which calculates Thistle Foundation's liability at £101,289 per annum, for a maximum of ten years. Should the court case, which is due to be heard in the Spring of 2012, provide a more favourable outcome, the number of years over which this payment would be required to be made, would be reduced.

Reserves

The Trustees have an agreed reserves policy which they consider appropriate to ensure the continued ability of the Charity to meet its objectives. During the year the Trustees reviewed the reserves policy, giving consideration to risk assessment, and the probability and likely impact on our ability to meet our financial obligations or reduce our expenditure in the short term as a result of a decline in income, in order to ensure that Thistle is in a position to maximise investment opportunities.

The Trustees have established the level of reserves (that is those funds that are freely available) that the charity ought to have. Reserves are required to meet the working capital requirements of Thistle Foundation and to provide a buffer against a significant drop in funding. The aim is to hold unrestricted reserves not designated (the 'free reserves') at a level equating to one year's unrestricted expenditure.

Trustees' report *(continued)*

Reserves *(continued)*

Subsequent to the year end, The Tudsbery Centre was closed and all staff and services moved to Wighton House. This building is adequate for current activities although it still needs refurbishment and the Board of Trustees has therefore decided to maintain a 'Designated Reserve' of £3m to ensure that this money is clearly ring-fenced. Due to the economic climate, no firm decision has yet been taken as to when this refurbishment work will go ahead.

Currently, unrestricted funds stand at £9.8m. Excluding the £3m designated reserve this leaves £6.8m which is £0.8m above the Board's target level of one year's expenditure (currently forecast at £6.2m for 2011-12). Mindful of the requirement to hold sufficient investment assets to generate investment income and also allow for the development of new service and fundraising initiatives, the Board of Trustees have agreed a new 5 year strategy that includes plans and investment for significant growth, in an effort to ensure that the reserves may be rebuilt, thus establishing the organisation's future ability to provide services.

The Board of Trustees will keep its reserves policy under review as part of the monitoring of the Strategic Plan, also bearing in mind the changing economic climate and any effects this may have on levels of reserves.

Investment policy and performance

The Finance Committee is responsible for recommending to the Members of the Committee an overall investment strategy for Thistle, appointing and monitoring the performance of investment managers on their behalf and ensuring that they comply with all statutory requirements in respect of investments. Thistle's long-term investment aims are to adopt a minimum risk strategy, providing a stable and sustainable level of income to support their innovative activities.

The charity's investments, comprising equity, fixed interest securities and cash are managed on its behalf by Brewin Dolphin. The performance of the charity's fund is targeted to achieve a return of 4% over the medium term and is benchmarked against the FT APCIMS Private Investors Balanced Portfolio Index. During the year 2010-2011 our portfolio registered a total return of 9.5% compared with a 7.4% rise in the benchmark index.

The Finance Committee regularly reviews the benchmark to ensure that it is still appropriate and monitors the investment manager's performance against it annually. Thistle's segregated portfolios do not invest in companies that derive their main sources of revenue from tobacco related products. A review of all investments is planned for 2011 - 2012, including investigating Socially Responsible Investing.

Next Year – looking ahead

The Thistle Board of Trustees has agreed the following priorities for the coming year:

Achieving a position of financial sustainability - We intend to achieve a position of financial sustainability by living within an annual income made up of a balanced mix of investment, contract and fundraised income. We intend our reserves capital to be used for those new projects and activities which will add to our longer term sustainability.

Building on our reputation - We want to build on our reputation for delivering life enhancing / life transforming services. This reputation needs to be based on robust evidence that we deliver outcomes that enhance and transform lives.

Building relationships - We want to develop new and build on existing relationships with potential customers, partners, staff, funders, donors and the general public so we can build our business. We want to persuade potential funders that their investment in Thistle will give them a better return than investment in another organisation.

Investing in our staff - We want to invest in our staff so we continue to work in life enhancing / life transforming ways. We want our staff to be ambassadors of the organisation by how they work and communicate with others. We want our staff to be fully engaged with the life, work and values of the organisation.

Trustees' report *(continued)*

Trustees' Responsibilities Statement

The trustees (who are also directors of the Charity for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law the trustees prepare the financial statements in accordance with United Kingdom Generally Accepted Practice (United Kingdom Accounting Standards and applicable law). Under company law the trustees must not approve the financial statements unless they are satisfied that they 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 the year.

In preparing these financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to assume that the company will continue.

The trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and 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.

Disclosure of Information to the Auditor

In so far as the Trustees are aware, there is no relevant audit information of which the auditor is unaware and the members of the Board of Trustees have taken all the 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.

This report has been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities (issued in March 2005).

Approved by the Members of the Board of Trustees on 8 November 2011 and signed on its behalf by:



David Giffin
Chair of the Board of Trustees



HENDERSON LOGGIE

Chartered Accountants

34 Melville Street
Edinburgh
EH3 7HA
United Kingdom

Independent Auditor's Report to the Trustees and Members of Thistle Foundation

We have audited the financial statements of Thistle Foundation for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement (set out on page 10), the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2011 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).

Independent Auditor's Report to the Trustees and Members of Thistle Foundation (continued)

Emphasis of matter – recoverability of debtor and potential clawback of grant monies

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 11 to the financial statements concerning the uncertain outcome of negotiations with a funder on the basis of grant claims submitted. The ultimate outcome of the matter cannot presently be determined. No provision for the potential non-payment of this debtor has been made in these financial statements nor has any liability been recognised for any potential clawback of funding previously received.

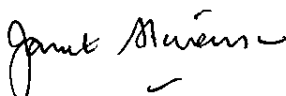
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- the charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Janet Stevenson

Senior Statutory Auditor

For and on behalf of Henderson Loggie, Statutory Auditors

Henderson Loggie is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006
Edinburgh

8 November 2011

Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 March 2011

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2011 £	Total Funds 2010 £
Incoming Resources					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations and grants	2	595,215	329,744	924,959	1,094,388
<i>Activities for generating funds</i>					
Conference facilities		44,959	-	44,959	41,448
Sale of goods		-	-	-	21
Management charge		19,168	-	19,168	11,538
<i>Investment income</i>		333,555	-	333,555	306,777
Incoming resources from charitable activities					
Charges for accommodation		38,624	-	38,624	22,506
Support services		4,089,995	-	4,089,995	4,070,009
Provision for outpatient services		12,996	-	12,996	12,996
Lifestyle management		36,024	-	36,024	101,385
Café income		34,201	-	34,201	46,584
Thistle tutoring		12,446	-	12,446	64,533
Other income		17,067	-	17,067	12,052
Total incoming resources		5,234,250	329,744	5,563,994	5,784,237
Resources Expended					
Cost of generating funds	4	296,384	4,781	301,165	189,961
Charitable activities	4	5,606,984	384,335	5,991,319	5,551,484
Governance costs	4	54,527	-	54,527	67,577
Total resources expended		5,957,895	389,116	6,347,011	5,809,022
Net outgoing resources before other recognised gains and losses		(723,645)	(59,372)	(783,017)	(24,785)
Other recognised gains and losses					
Gains on investment assets		344,325	-	344,325	1,835,422
Net movement in funds		(379,320)	(59,372)	(438,692)	1,810,637
Total funds brought forward		10,185,772	81,358	10,267,130	8,456,493
Total funds carried forward	13	9,806,452	21,986	9,828,438	10,267,130

The notes on pages 17 to 28 form part of these accounts.

Balance sheet
at 31 March 2011

	<i>Note</i>	2011 £	2011 £	2010 £	2010 £
Fixed assets					
Tangible fixed assets	8	823,115		900,057	
Investment assets	10	7,931,156		8,432,603	
			8,754,271		9,332,660
Current assets					
Debtors	11	1,143,118		1,151,684	
Cash at bank and on hand		274,697		372,805	
Creditors: amounts falling due within one year	12	1,417,815 (336,135)		1,524,489 (574,310)	
Net current assets			1,081,680		950,179
Total assets less current liabilities			9,835,951		10,282,839
Creditors: amounts falling due after more than one year	12		(7,513)		(15,709)
Net assets			9,828,438		10,267,130
Unrestricted funds	13				
Designated funds			3,000,000		3,000,000
Revaluation funds			3,045,140		2,709,815
General funds			3,761,312		4,475,957
Restricted funds	13		9,806,452 21,986		10,185,772 81,358
Total funds			9,828,438		10,267,130

The notes on pages 17 to 28 form part of these accounts.

These financial statements were approved and authorised for issue on 8 November 2011 and signed on behalf of the Board of Trustees by



David Giffin
Chair of the Board of Trustees

Cash flow statement
for the year ended 31 March 2011

	2011 £	2011 £	2010 £	2010 £
Reconciliation of net outgoing resources to net cash outflow from operating activities				
Net outgoing resources for the year		(783,017)		(24,785)
<i>Adjustment for items not involving the flow of funds</i>				
Depreciation		79,029		83,356
<i>Non operating cash flows eliminated</i>				
Investment income		(333,555)		(306,231)
Decrease in stocks		-		756
Decrease / (Increase) in debtors		8,566		(50,831)
Decrease in creditors		(216,916)		(441,033)
Gain on disposal of tangible fixed assets		(4,500)		-
Net cash outflow from operating activities		(1,250,393)		(738,768)
Net cash outflow from operating activities		(1,250,393)		(738,768)
Returns on investment				
Investment income		333,555		306,231
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(4,087)		(96,216)	
Purchase of investment assets	(1,363,755)		(847,853)	
(Increase)/Decrease in cash held on long term investment	(3,087)		569,925	
Proceeds from sale of tangible fixed assets	6,500		-	
Proceeds from sale of investment assets	2,212,614		503,572	
Financing		848,185		129,428
Loan repayment		(29,455)		(54,524)
Decrease in cash		(98,108)		(357,633)
Analysis of changes in net debt				
	31 March 2010 £	Cash Flow £	31 March 2011 £	
Cash in hand, at bank	372,805	(98,108)	274,697	
Debt due within one year	(29,455)	21,259	(8,196)	
Debt due after one year	(15,709)	8,196	(7,513)	
Total	327,641	(68,653)	258,988	

The notes on pages 17 to 18 form part of these accounts.

Notes to the financial statements

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of fixed asset investments at market value, and in accordance with the Companies Act 2006, the Charities Accounts (Scotland) Regulations 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Statement of Recommended Practice – Accounting and Reporting by Charities issued in March 2005.

Going concern basis

The Trustees have prepared the financial statements on a going concern basis as a review budgets and forecasts indicate that reserves are adequate to meet the requirements of the organisation for the next year.

Incoming resources

All incoming resources are accounted for in the Statement of Financial Activities (SoFA) when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income received by way of donations is accounted for on a receivable basis.
- Voluntary income received by way of grants is included in full in the SoFA when receivable

Grants, where entitlement is not conditional on the delivery of specific performance by the charity, are recognised when Thistle Foundation becomes unconditionally entitled to the grant. Where entitlement is related to performance and specific deliverables, income is recognised as the Foundation earns the right to consideration by its performance.

- Investment income is included when receivable.
- Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is virtually certain; this will be once confirmation has been received from the representatives of the estate(s) that payment of the legacy will be made or property transferred and once all conditions attached to the legacy have been fulfilled and the amount of the incoming resources can be measured with sufficient reliability.

Material legacies which have been notified but not recognised as incoming resources are disclosed by way of a note, including an estimate of the amount receivable.

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

- Costs of generating funds comprise costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.

Notes to the financial statements (continued)

1. Accounting policies (continued)

All costs are allocated between the expenditure categories of the SoFA on a basis designed to reflect the use of the resources. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis as detailed in note 4.

Fixed assets

Thistle's buildings were valued on the basis of open market value in 1982, with subsequent additions at cost. On adoption of FRS15, Thistle Foundation opted to retain the book value of land and buildings on this basis and not to adopt a policy of revaluation in the future. These values are retained subject to the requirement to test assets for impairment in accordance with the requirements of FRS11.

Thistle Foundation capitalises individual items of fixed asset expenditure in excess of £500. This was increased to £1,000 at the meeting of the Board of Trustees held on 31st August 2010.

Depreciation

Depreciation is provided to write off the cost or valuation of assets capitalised on a straight line basis using the following annual rates:

Buildings	2% on cost or valuation
Furniture, fittings and equipment	10% on cost
Computer and office equipment	Between 20% and 33.3% on cost
Motor vehicles	25% on cost

Land is not depreciated.

Investments

Investments are valued at open market value at the balance sheet date and the unrealised gain or loss taken to the Statement of Financial Activities.

Unrealised gains and losses on investment assets are taken to the revaluation reserve which forms part of general funds of the charity.

Pension scheme

Thistle Foundation contributes to Federated Flexiplan No 1, a multi-employer pension scheme for employees. In accordance with FRS17, the scheme is accounted for as a defined contribution scheme. Further information about the scheme is contained in note 17 to the financial statements.

Thistle Foundation now offers employees the opportunity to join a new group personal pension scheme with Aegon Scottish Equitable; this took effect from 1 July 2008.

The pension costs charged in the financial statements represent the contributions payable by Thistle Foundation during the year.

Operating leases

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

Notes to the financial statements (continued)

1 Accounting policies (continued)

Unrestricted funds

Unrestricted funds are available for use at the discretion of the members of the Board of Trustees in furtherance of the general objectives of the charity. Unrestricted funds include a revaluation reserve representing the restatement of investment assets at market values and a historic balance on the revaluation of tangible fixed assets.

Designated funds

It is Thistle's policy to set aside certain unrestricted funds for specific projects or purposes. Such funds are classified as designated reserves and are accounted for separately from the other funds of Thistle Foundation.

Restricted funds

Restricted funds are funds received for a specific purpose imposed by the donor awarding body or through the terms of an appeal and are accounted for separately from the other funds of Thistle Foundation.

Revaluation reserve

The revaluation reserve comprises part of unrestricted funds and consists of unrealised gains and losses on the revaluation investment assets and the historic balance on the revaluation of Thistle Foundation's freehold property.

2. Donations and grants

	Unrestricted £	Restricted £	2011 £	2010 £
Donations	413,800	3,209	417,009	537,053
Legacies	13,502	-	13,502	111,557
HEC income	167,913	-	167,913	171,839
Veterans' Trust	-	10,000	10,000	-
Thistle Trust	-	15,000	15,000	50,000
LTCAS grant	-	149,953	149,953	43,858
SGPF grant	-	75,000	75,000	180,081
Voluntary Sector Development	-	4,000	4,000	-
Arbroath grant	-	6,500	6,500	-
Keep Well project	-	22,000	22,000	-
Altrum	-	38,136	38,136	-
Other smaller grants	-	5,946	5,946	-
	<u>595,215</u>	<u>329,744</u>	<u>924,959</u>	<u>1,094,388</u>

3. Net outgoing resources for the year

	2011 £	2010 £
This is stated after charging:		
Depreciation	79,029	83,356
Auditor's remuneration – Audit	8,270	7,931
Auditor's remuneration – Other	5,737	3,902
Operating lease rentals – Other assets	69,536	42,773
Gain on disposal of fixed asset	4,500	-
	<u></u>	<u></u>

Notes to the financial statements (continued)

4. Total resources expended

	Direct staff costs £	Other direct costs £	Support Costs £	2011 £	2010 £
<i>Cost of generating funds</i>					
Costs of generating voluntary income	142,750	83,179	22,730	248,659	155,932
Conference facilities	20,982	1,412	2,772	25,166	34,029
Investment management costs	-	27,340	-	27,340	-
	<u>163,732</u>	<u>111,931</u>	<u>25,502</u>	<u>301,165</u>	<u>189,961</u>
<i>Charitable expenditure</i>					
Accommodation charges	-	341	-	341	558
Support services	3,784,465	320,797	1,056,581	5,161,843	4,839,305
HEC	91,308	130,176	9,240	230,724	233,484
Outpatient services	-	-	-	-	15,009
Lifestyle management	216,907	128,176	27,719	372,802	193,334
Café	48,300	24,391	25,040	97,731	94,242
Citizens for inclusion	16,362	34,746	115	51,223	86,362
Redundancy cost	13,022	-	-	13,022	-
Other outgoing resources	46,938	1,680	15,015	63,633	89,190
	<u>4,217,302</u>	<u>640,307</u>	<u>1,133,710</u>	<u>5,991,319</u>	<u>5,551,484</u>
<i>Governance</i>	41,929	12,598	-	54,527	67,577
Total costs	<u>4,422,963</u>	<u>764,836</u>	<u>1,159,212</u>	<u>6,347,011</u>	<u>5,809,022</u>

The cost of generating voluntary income is due to a decision made this year to invest in fundraised income from other methods going forward rather than direct marketing. In the past this has provided a regular income for Thistle. The cost of fundraising was 33 % of the funds raised. (2010: 17%).

5. Allocation of support costs

Support costs include the following expenditure items and have been allocated across resources in the following manner:

	2011 £	2010 £
Operating costs	737,637	701,850
Finance and IT	299,146	319,730
Human resources	113,739	105,109
	<u>1,150,522</u>	<u>1,126,689</u>

Notes to the financial statements (continued)

5. Allocation of support costs (continued)

Expenditure incurred each year is, where possible, charged directly to support, advocacy, training, goods for sale or the cost of generating funds. Where there is more than one purpose, costs are now shared between the activities in proportion to headcount of the respective department. In previous years the apportionment was performed on the basis of work undertaken; there has been no material impact on the apportionment of costs between cost headings resulting from this change in the basis of apportionment and accordingly prior year figures have not been restated.

6. Governance costs

Governance costs comprise trustees' indemnity insurance premium, board of trustee meeting costs, audit fees and reimbursed travel costs for attending Board meetings in respect of one member (2010: one member) of the Board totalling £208 (2010: £192). Trustees received no other remuneration.

25% of the salary costs of the Chief Executive, PA to the Directorate and the Finance Director are allocated to the Governance Costs based on estimated time spent on governance matters.

7. Staff costs and numbers

Staff cost were as follows:	2011 £	2010 £
Salaries and wages	4,551,348	4,348,679
Social security costs	347,623	331,184
Pension costs	114,463	117,997
Redundancy costs	13,022	33,734
	<u>5,026,456</u>	<u>4,831,594</u>

The number of employees whose emoluments (salaries, wages and benefits in kind) fell within the following bands:

	2011 £	2010 £
£70,000 - £79,000	1	-
£60,000 - £69,000	-	1
	<u>-</u>	<u>1</u>

During the year pension contributions on behalf of this staff member amounted to £7,069 (2010: £6,947).

The average number of employees during the year was as follows:

	2011	2010
Chief Executive and Directorate	4	5
Support	202	188
Lifestyle	12	11
Fundraising	5	2
Administration and support	33	32
	<u>256</u>	<u>238</u>

Notes to the financial statements (continued)

8. Tangible fixed assets

	Land and buildings £	Furniture, fittings and equipment £	Computer and office Equipment £	Motor vehicles £	Total £
<i>Cost</i>					
At 1 April 2010	1,202,621	389,762	384,508	61,855	2,038,746
Additions	-	-	4,087	-	4,087
Disposals	-	-	-	(37,421)	(37,421)
At 31 March 2011	1,202,621	389,762	388,595	24,434	2,005,412
<i>Aggregate depreciation</i>					
At 1 April 2010	467,676	301,757	309,401	59,855	1,138,689
Charge for period	24,052	18,902	36,075	-	79,029
On disposals	-	-	-	(35,421)	(35,421)
At 31 March 2011	491,728	320,659	345,476	24,434	1,182,297
<i>Net book value</i>					
At 31 March 2011	710,893	69,103	43,119	-	823,115
At 31 March 2010	734,945	88,005	75,107	2,000	900,057

The buildings on Thistle Foundation's site in Craigmillar, Edinburgh were valued in 1982 by DM Hall & Son, Chartered Surveyors on the basis of open market value. No estimate was included of the development value of unused land on the site. The historical cost value less depreciation of all the Foundation's assets at that time was £817,078.

At 31 March 2011 the historical cost of land and buildings was £882,290 (2010: £882,290) with accumulated depreciation of £466,102 (2010: £448,456).

9. Note of historical cost income and expenditure

The historical cost deficit for the year was £ 896,235 (2010: surplus £31,282) representing the surplus for the year as adjusted for depreciation calculated on the historical cost of fixed assets.

	Total funds £
Net outgoing resources before other recognised gains	(783,017)
Realised loss on investment assets	(119,624)
	(902,641)
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the re-valued amount	6,406
Historic cost deficit	(896,235)

Notes to the financial statements (continued)

10. Investment assets

	2011 Market value £	2011 Cost £	2010 Market value £	2010 Cost £
<i>UK Listed investments</i>				
At 1 April 2010	8,343,108	5,953,624	6,163,405	5,388,017
Additions	1,363,755	1,363,755	847,853	847,853
Disposals	(2,332,238)	(1,741,346)	(440,552)	(282,246)
Net unrealised gain	463,949	-	1,772,402	-
At 31 March 2011	7,838,574	5,576,033	8,343,108	5,953,624
Deposits	92,582	92,582	89,495	89,495
	7,931,156	5,668,615	8,432,603	6,043,119

The following holdings individually represented in excess of 5% of the market value of the Foundation's portfolio of UK listed investments as at 31 March 2011:

Holding	Market value £
19,625 Royal Dutch Shell B' Ord Eur 0.07	443,525
413,830 BNY Mellon Newton Asian Inc GBP Inc	542,159
407,000 Ignis AM Argonaut	441,392
718,000 JP Morgan AM UK Ltd US Equity Income	484,219

11. Debtors

	2011 £	2010 £
Contract income receivable	617,266	530,306
Lease premium recoverable	7,961	85,612
Other debtors and prepayments	505,226	515,150
Due after more than one year:	1,130,453	1,131,068
Long term loans	12,665	20,616
Total	1,143,118	1,151,684

Thistle has provided loans to assist disabled people to achieve home ownership. It worked in partnership with another organisation which referred applications for such assistance and these were dealt with on an individual basis, taking account of the merits of each case. The loans are unsecured, free of interest and are repayable on fixed dates up to the year 2012.

Notes to the financial statements (continued)

11. Debtors (continued)

Within other debtors and prepayments is a balance of £337,263 relating to monies due from ESF for HE Courses attended by staff. During the year, ESF clarified the way in which claims should be made for staff replacement costs which make up £86,076 of this debtor. However, at the moment there is question over how much of the £86,076 is recoverable. £25,325 of this balance has been received after the year end but this was on the former basis and some clawback of this amount may be made. Clawback may also be made on previously received ESF amounts for staff replacement costs. The extent of clawback is unknown but the amount received in question is £111,141. The charity is working hard to provide the information needed to satisfy ESF requirements.

12. Creditors

Creditors: Amounts falling due within one year

	2011 £	2010 £
Energy Saving Trust loan	8,196	8,196
Taxation and social security	112,922	107,040
Refurbishment costs	-	200,000
Loan from Altrum	82,210	82,210
Other creditors and accruals	132,807	155,605
Bank overdraft	-	21,259
	<u>336,135</u>	<u>574,310</u>

Thistle Foundation received a loan from the Energy Savings Trust in February 2009 totalling £32,800 towards the replacement of the boiler at Wighton House. The loan is repayable in 48 monthly instalments. 12 instalments totalling £8,196 are disclosed as due within one financial year, the balance on the loan of £7,513 is due after more than one year.

The refurbishment expenditure of £200,000 in 2010 represent the final year's worth of instalments payable under the refurbishment agreement with Castle Rock Edinvar with regards to the Craigmillar Estate. The final payment was made in May 2010.

The loan from Altrum, a charity connected to Thistle Foundation, to assist the charity with meeting the costs of running the HEC course, which had previously been run by Altrum, following a delay in the receipt of ESF grant funding. This loan is unsecured, interest free and provided with no fixed repayment terms.

Creditors: Amounts falling due after more than one year

	2011 £	2010 £
Energy Saving Trust loan	<u>7,513</u>	<u>15,709</u>

Notes to the financial statements (continued)

13. Funds

	At 31 March 2010 £	Incoming resources £	Outgoing resources £	Gain/(loss) on investments £	Transfers £	At 31 March 2011 £
<i>Restricted funds</i>						
Community Garden	2,292	-	-	-	-	2,292
LTCAS project	34,802	149,951	200,007	-	-	(15,254)
Scottish Government Programme Funding	44,264	75,000	88,316	-	-	30,948
VS Development Fund	-	4,000	-	-	-	4,000
Keep Well Project	-	22,000	22,000	-	-	-
Arbroath grant	-	6,500	6,500	-	-	-
Veterans' Scotland	-	10,000	10,000	-	-	-
Thistle Veterans	-	15,000	15,000	-	-	-
Altrum Risk Research	-	38,136	38,136	-	-	-
Other smaller grants	-	9,157	9,157	-	-	-
Total restricted funds	81,358	329,744	389,116	-	-	21,986
Unrestricted funds	4,475,957	5,234,250	5,957,895	(119,624)	128,624	3,761,312
<i>Designated reserves</i>	3,000,000					3,000,000
<i>Revaluation reserve</i>	2,709,815			463,949	(128,624)	3,045,140
Total unrestricted funds	10,185,772	5,234,250	5,957,895	344,325	-	9,806,452
Total funds	10,267,130	5,563,994	6,347,011	344,325	-	9,828,438

The Community Garden fund represents funds received mainly from the Agnes H Hunter Trust and also from the sale of garden produce which is used for seeds, tools and visits. A reserve, provided by Fresh Futures, has been spent on projects within the garden during 2008, 2009 and 2010.

The LTCAS fund is provided by the lottery and is a Research Grant.

While plans for the refurbishment of Wighton House have been postponed, the Designated Reserve of £3,000,000 is still required.

SGPF is funding from the Scottish Government's mental health strategy. It provides funding for a range of small scale initiatives relating to the health and well-being of local hard to reach groups.

Notes to the financial statements (continued)

14. Analysis of net assets

	Unrestricted £	Community Garden £	Restricted LTCAS project £	Programme Funding £	Total £
Fixed assets	8,754,271	-	-	-	8,754,271
Net current assets	1,059,694	2,292	(15,254)	34,948	1,081,680
Creditors over one year	(7,513)	-	-	-	(7,513)
	<u>9,806,452</u>	<u>2,292</u>	<u>(15,254)</u>	<u>34,948</u>	<u>9,828,438</u>

15. Other financial commitments

At 31 March 2011 Thistle Foundation was committed to making the following payments under non-cancellable operating leases in the next financial year:

	2011 £	2010 £
Operating leases which expire:		
<i>Other assets</i>		
Within 1 year	-	1,318
Within 2 to 5 years	66,962	32,720
	<u>66,962</u>	<u>34,038</u>

16. Contingent liabilities

As disclosed in Note 17, Thistle Foundation participates in a contracted in multi-employer pension scheme, the Federated Flexiplan No.1 ("The Plan"). In March 2009 an issue was identified as to the calculation of benefit entitlement of leavers from the Plan before 2 September 2005, specifically whether they should have their benefits secured based upon 'pensions capital' or 'target pension'. Following review of the evidence by both the Trustee and the Plan's professional advisors, Counsel's opinion was subsequently sought and it was determined that, given contradictory evidence, the Trustee would be required to take the matter to Court to determine the correct practice. This process will be time consuming and the timescale and outcome of the case is unclear.

At a meeting in September 2009 the Scheme Actuary presented two calculations of the deficit based on the two potential benefit structures which indicated a Plan deficit at 31 March 2009 of between £3m and £28m. Whichever debt is applicable will fall due from the participating employers, of which there are currently 63. Based on the initial calculations prepared, the estimated share of the deficit which would fall due on Thistle Foundation is 3.758%.

A recovery plan has been developed, but not yet signed (and therefore cannot be guaranteed) which calculates Thistle Foundation's liability at £101,289 per annum, for a maximum of ten years. Should the court case, which is due to be heard in the spring of 2012, provide a more favourable outcome, the number of years over which this payment would be required to be made, would be reduced.

Notes to the financial statements (continued)

17. Pension scheme

Thistle participates in a contracted multi employer scheme called the Federated Flexiplan No 1 which is a defined benefit pension scheme. However, because of the non associated multi-employer nature of the Plan, the Company is unable to identify its share of the underlying assets and liabilities of the Plan on a consistent and reasonable basis and therefore, as permitted by FRS 17 "Retirement Benefits", it accounts for the Plan as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the Company's contributions payable to the Plan in respect of the accounting period.

The Plan ceased to accrue benefits with effect from 1st February 2010. The most recent actuarial valuation of the Plan was at 31 March 2009 and it was conducted under the scheme funding regime introduced by the Pensions Act 2004. This requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their 'technical provisions'. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in deferred pensions and pensions in payment and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date.

There is currently some uncertainty over the interpretation of the Plan rules and the benefits to be provided to some members and therefore to the liabilities of the fund. The valuation has been carried out on two bases reflecting the uncertainty over whether certain benefits should be provided on a 'Pensions Capital' basis which provides for a guaranteed level of return on assets, or a 'Target Pension' basis which provides for a defined benefit pension. A final decision as to which basis will apply will be made as a result of an application being made to the High Court and a decision is expected early in 2012.

At the valuation date, the value of the assets of the Plan was £65.188 million and the value of the Plan's technical provisions on a 'Pensions Capital' basis was £75.453 million indicating a deficit of £10.265 million. The assets therefore were sufficient to cover 86% of the benefits that had accrued to members. On a 'Target Pension' basis the technical provisions were £92.859 million indicating a deficit of £27.671 million. The assets therefore were sufficient to cover 70% of the benefits that had accrued to members.

A recovery plan has been agreed to deal with the deficit on a 'Target Pension' basis. Contributions of £2.696 million p.a. will be payable from April 2011 for a period of 10 years. This period will be reduced however the annual contributions remain fixed should the outcome of the court case be that the 'Pensions Capital' basis is applicable.

Thistle Foundation is to pay a share of these annual contributions, £101,289 per annum, payable monthly from 1 April 2011, based on its share of the liabilities.

The next formal triennial actuarial valuation is due as at 31 March 2012. The contribution rate will be reviewed as part of each valuation.

With effect from 1 July 2008 Thistle Foundation offered staff access to a new group personal pension plan which is managed by Aegon. This is a defined contribution scheme and the cost to Thistle Foundation is provided in the accounts.

18. Trustee indemnity insurance

Thistle has in place a Trustee Indemnity insurance policy with a limit of indemnity of £2,000,000 in the aggregate. The annual premium payable under the policy, including insurance premium tax, is £2,264 (2010: £2,750).

19. Contracts and commitments

There is a commitment to develop, test and implement phase two of the Thistle Web-based Integrated Management System (TWIST). The financial commitment for the period to March 2011 is £38,000 (2010: £Nil).

Notes to the financial statements *(continued)*

20. Connected charities and related parties

The Thistle Trust, established in terms of a Deed of Trust dated 20 March 1952, owns and is responsible for the Robin Chapel situated within the grounds of Thistle Foundation, Craigmillar, Edinburgh. The Trust is an independent body governed by a separate board of trustees. Administration is undertaken by Thistle Foundation which received a fee of £12,000 gross (2010: £10,000) for this service. Information on the Thistle Trust and the Robin Chapel is available from the Finance Department, Niddrie Mains Road, Edinburgh EH16 4EA.

Subject to certain conditions the Trust Deed allows payments to be made to Thistle Foundation at the trustees' discretion. During the year to 31 March 2011 a donation of £15,000 was received (2010: £50,000) from the Trust.

Thistle Foundation is a member of Altrum Limited which is a federation of separate, diverse and creative organisations who share common values and principles and aim to live to those values in the work they do. Altrum Limited has a role to develop its own members and to nurture new like minded organisations. They commit to sharing freely all resources and share real partnership in training, policy development and in obtaining services collectively in areas such as Personnel, Health and Safety support.

In relation to a Risk Research Project managed for Altrum Limited, Thistle Foundation was reimbursed with £37,828 of costs sustained.

Through Altrum Limited, Thistle Foundation is a member of In Control Scotland Limited which provides support to people who, by reason of disability, age or health need additional support. It does this by the delivery of its leadership programme which aims to allow people needing support to take control of their own lives. Administration is undertaken by Thistle Foundation which received a fee of £4,961 gross.

Neighbourhood Networks Limited is a company which Thistle Foundation uses to progress its Citizenship Strategy. John Dalrymple, who is a Director of Neighbourhood Networks Limited, also serves as a Trustee of Thistle Foundation. The value of services purchased in the year amounted to £3,500.

Two of the trustees have family members who are beneficiaries of Thistle Foundation with fees raised on a commercial basis.