

Thistle Foundation

(a company limited by guarantee)

Report and financial statements

Company number SC024409

Charity number SC016816

31 March 2012

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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
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Members of the Board of Trustees

David Giffin	Chair
David Amers	Resigned 20 th March 2012
Jane Ballantine	
Jan Cochran	Resigned 3 rd November 2011
John Dalrymple	
Chris Dunlop	Appointed 20 th January 2012
Julia Fitzpatrick	
Samantha Folcarelli	Resigned 20 th March 2012
Chris Murphy	Appointed 20 th January 2012
Ken Rutherford	Appointed 20 th January 2012
Ian Williams	Appointed 20 th March 2012

The Directorate team

Diana Noel-Paton	Chief Executive Company Secretary (Appointed 17 th May 2011, Resigned 8 th November 2011)
John Campbell	Director of Corporate Services & Company Secretary (Appointed 8 th November 2011)
Louise Kelly	Director of Learning, Development and HR
Louise Page	Director of External Relations
Linda Burnett-Meechan	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 2012

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 2012.

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 six (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 developing 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 Thistle village, 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 Human Resources and Health and Safety support.

Trustees' report (*continued*)

Through Altrum Limited, Thistle Foundation is a member of In Control Scotland Limited an organisation which aims to allow people needing support to take control of their own lives, through the delivery of its leadership programmes and other activities. Administration for In Control Scotland Limited is undertaken by Thistle Foundation.

David Amers is a director of Leithal Thinking who work for Thistle. David resigned as a Trustee on 20th March 2012 as a result of business commitments. John Dalrymple is a director of Neighbourhood Networks.

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 and as a result of our commitment to continuous improvement have become members of Quality Scotland.

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.

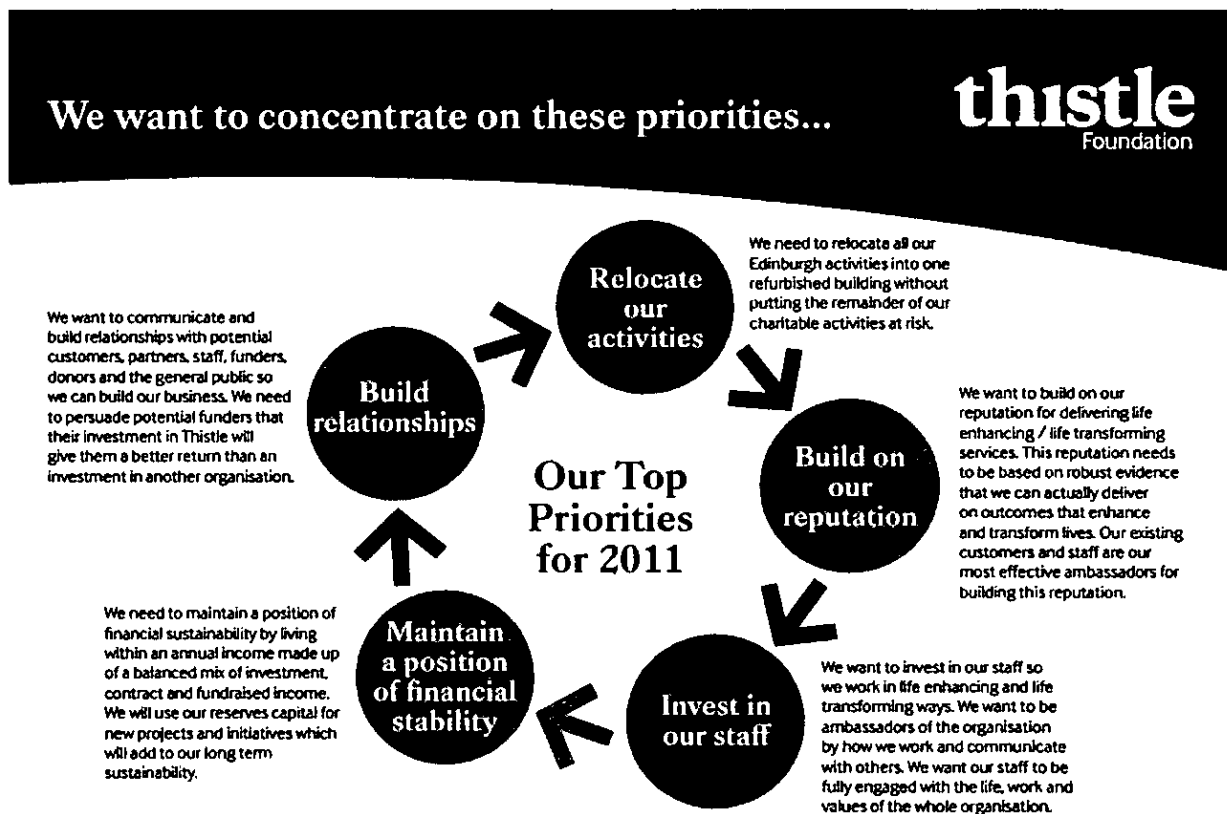
Trustees' report (continued)

Strategy

Much of the previous two years was spent redefining our Vision, Mission and Manifesto and implementing the new brand. The 2011-2012 financial year saw us creating an organisational strategy that not only had all of this work as its foundation but also lived and breathed it moving forwards.

We worked as a team to define our new organisational strategy for the year and created this simple 3 page document seen below. This document was shared with every member of staff and each team subsequently developed their own priorities and performance measures using it as a guide. This meant that staff felt included and involved and understood how their work fitted into the wider goals of the organisation.

The page below shows what our top priorities for the year were. And the subsequent two pages show how we planned to deliver on them.



Trustees' report (continued)

...by focusing on the following strategies...

thistle
Foundation



Internal strategy

Coordinating people and information to create successful funding applications and reporting.

Ensuring accurate, "on time" information round budgets and projects.

Developing cohesive / coherent policies and procedures to fit organisational culture and strategy.

Paying attention to legal and contract compliance.



Customer strategy

Growing our services – hours/ contracts.

Reducing our financially unsustainable work.

Developing our Citizenship Strategy i.e. people with better lives, needing less services and having more "natural supports".

Delivering on our manifesto.



Financial strategy

Living within an annual income made up from balanced mix of investment, contract and fundraised income.

Relocating all our Edinburgh activities into one refurbished building.



Learning & Growing strategy

Implementing a Participative Leadership approach.

Creating a high-level of staff satisfaction & engagement.

Ensuring cross-fertilisation of learning across the organisation.

Building the Thistle Family of supporters.

...and measuring the following:

thistle
Foundation



Internal strategy

- Return on investment ratio for fundraising against target.
- Return on investment ratio for business development against target.
- Delivering on the manifesto
- Internal customer satisfaction questionnaires.



Customer strategy

- Growth
 - % of new contracts / hours against previous quarter, broken down into:
 - Supported Living
 - Health & Wellbeing
- Reduction of unsustainable services
 - Reduction in unsustainable contracts / hours against previous quarter, broken down into:
 - Supported Living
 - Health & Wellbeing
- Citizenship
 - Reduction in hours needed by individuals: what and why.
 - Talking Points outcomes.
- Delivering on the manifesto
- Customer satisfaction questionnaires.



Financial strategy

- Total Service Provision Income going towards overheads against target, broken down into:
 - Supported Living
 - Health & Wellbeing
- Total net fundraised income against target.
- Investment income against target.
- Breakdown of Service Provision contribution to overheads, broken down into:
 - Contract income
 - Fundraised income
 - Investment income
 - Realisation from Reserves



Learning & Growing strategy

- Employee engagement / participative leadership
- Staff turnover stats.
- Staff sickness stats.
- Employee satisfaction and engagement questionnaires.

Trustees' report (continued)

Another significant piece of work was the development of our Values into Action (or Competency Framework). Again, this was a piece of work which used our Manifesto, Vision and Mission as a guide and all staff teams were involved in debating and agreeing the final values.

Below is a snapshot of the final document, which was also shared with every staff team.

Vision, Mission & Manifesto into action at Thistle



We provide excellent service

We...

- listen and learn what the customer/person we support wants and needs
- work together with customers/people we support, colleagues and external partners to meet expectations
- set personal targets in line with the customer/person we support, team and organisation

We seek continual improvement

We...

- work with others to find ways to put improvements and learning into practice
- are flexible, responsive and adaptable to change
- reflect on the impact of our personal approach on others

We are accountable

We...

- deliver on promises to our customers/people we support and colleagues
- stay focused
- notice and celebrate successes, small and large
- know and use appropriate best practice approaches, policies and procedures

We use our initiative

We...

- look for opportunities to provide a better service
- look beyond common solutions and tried and trusted methods/ways of working
- have a can-do attitude

We build strong relationships

We...

- are genuine and respectful in all aspects of our work
- listen to and understand other people's views and find a basis to move forward
- communicate in a clear way
- actively encourage others to develop their abilities

We positively influence others

We...

- make connections and keep in touch with colleagues across the organisation
- take responsibility to share our knowledge and good practice
- are prepared to promote and explain Thistle's vision to others to raise awareness of our work



Services Report

a. Supported Living

Over the year Thistle Foundation delivered 241,034 hours of support to 95 people in Edinburgh and in Renfrew. This support was enhanced by the following projects:

i. Citizenship Strategy

We launched the Citizenship Strategy in March 2010 so 2011-12 saw the development of many of the partnerships and projects that support it. We have seen some amazing examples of creative partnership working (see also point 7 below "Strategic Partnerships") and most importantly we have been delivering on the personal outcomes of people we support. This strategy is all about recognising the capacity of individuals and supporting people to make their civic contribution as well as build natural support – relationships, friendships – in their lives. So our work in this area included:

- partnering with a personalisation-focused team from the City of Edinburgh Council and Neighbourhood Networks to launch a Craigmillar Neighbourhood Network
- working with Equal Futures to build circles of support for people supported by Thistle
- launching a Craigmillar Timebank to enable people to help each other by swapping skills
- being a founder member of a friendship and relationship agency Dates 'n' Mates

Trustees' report (*continued*)

ii. Family Forum

We invested significantly in this work in 2011-12 by launching a Renfrew Family Forum as well as the Edinburgh Family Forum. The Family Forum worker is also a parent of someone we support. The Forum is also supported by an online forum, where families can ask questions and discuss topics in private.

b. Health and Wellbeing

In 2011-12 we took the decision to close the Garden Cafe and the Tudsbery Centre (See also point 6 Facilities below) and consolidate all of our activities in the East in Wighton House. The reason behind this was the need to reduce our deficit but the result has been very positive with all staff in the East being based in one building enabling better and more frequent communication between teams.

In terms of service delivery in this area this year saw several exciting developments, including:

i. Second year of funding from LTCAS

We were delighted to be awarded a second year of funding to continue our work training health and social care professionals to work in a person-centred, outcomes-focused way. Our grassroots approach to working with interested practitioners has evolved into formal partnerships and co-funded work.

ii. Awards

Our Lead Trainer and Consultant, Ross Grieve, was recognised with the LTCAS Self Management Champion of the Year Award for his work supporting individuals to manage their condition by harnessing their own resources, strength and assets.

iii. Lifestyle Management Course

In 2011-12, we offered 10 Lifestyle Management courses, 4 exercise-based Lifestyle Management courses, introduced 2 Carers Support groups and 2 Mindfulness courses. Towards the end of the financial year we secured a grant to extend our service to older adults under the Change Fund.

Our work with veterans continues to attract media attention as well as ongoing support from a range of funders. In 2011-12 we delivered 2 courses and plans are in place to continue this crucial work into next year.

iv. Thistle Outdoors

Funding from Forests for People acquired in 2010 enabled us to launch a series of outdoor activities including Branching Out Courses, smaller taster sessions and walking groups. These are all targeted at the local community and people living with long term health conditions.

v. Thistle Gym

While funding for the gym continues to be a challenge we have seen some small successes and, on average, 150 people use the gym regularly each month. (Gym usage actually fell when we moved from the Tudsbery Centre- one factor is that Wighton House is further from bus stops and people do struggle to get here). We have also continued the Fit for Free sessions enabling local people on lower incomes to access the gym for free at certain times during the week.

vi. Volunteer development

A crucial aspect of our service is that people with lived experience support our work as volunteers, by acting as Peer Facilitators, gym volunteers or ambassadors for the work we do. This year, we have formalised our support for volunteers and increased the range of roles available. People who use our service tell us how important it is to connect with people who have personal experience of overcoming challenges they might be facing. An important milestone for us has been supporting a successful, peer-led Lifestyle Management course.

Trustees' report (*continued*)

vii. **Confirmed 3 year funding from Scottish Government**

Looking ahead we are delighted to have been offered, towards the end of the financial year, 3 years of funding for the Health and Wellbeing service. This will help us develop our work across the board from supporting people living with a long term health condition, to training professionals and providing a resource and service to our local community.

c. **Training and Consultancy**

i. **HEC in Person Centred Approaches draws to an end**

In April 2011 we were sorry to have to announce the end of our award-winning HEC programme. We had been delivering this course in partnership with Queen Margaret University (QMU) since 2002, but recent and ongoing changes in funding arrangements for social care organisations across Scotland forced us to take the difficult decision. Some 550 social care workers from organisations across Scotland have been through the course, which won a Care Accolade in 2010 for 'Investing in the Workforce'.

In the 2011-12 financial year, 48 students finished the HEC and 52 remain to finish in the following year.

ii. **Development of a new training offering**

Work began this year to develop a central training and consultancy resource at Thistle targeted at both health and social care professionals. Our menu of options will have at its foundation a common set of values and will continue to be rooted in practical experience and continued learning and innovation gained from our ongoing service delivery to people living with disabilities and health conditions. By combining our expertise in training health and social care professionals (gained through our LTCAS funded work and the HEC programmes as mentioned above), we are confident that, as this work develops, we will be able to not only position ourselves as leaders in the field of truly person centred training to both health and social care professionals, but also explore new markets for our training. This training will include Leading Others, our short leadership development programme which continues to attract participants from a variety of organisations. It will also include a newly designed SVQ (Scottish Vocational Qualification).

d. **Conferencing**

We continue to offer full conferencing facilities to external clients, which delivers core income. Bookings have been regular and steady over the course of the year. The former Garden Cafe has become the Garden Suite and this compensates for the loss of Wighton House's Cherry Room as a conferencing venue

Business Development

i. **Young people in transition/Saltersgate**

A piece of consultation completed by the Leith Agency in 2010-11 highlighted the fact that many young disabled people need to start thinking about their adult support needs at the age of 16 onwards. So we approached Saltersgate School in Dalkeith with the idea of using drama with a group of disabled students to explore their thoughts, fears and hopes around the transition from school to adult services. The project ran over 10 weeks and culminated in an event for parents, teachers, social care staff and local government representatives, thus enabling us to not only raise awareness of Thistle, but also build strategic partnerships. We plan to continue the project with a further 2 schools in 2011-12.

Trustees' report (*continued*)

ii. Supported Living hourly rates

Despite many local authorities announcing cuts to funding, we were delighted to be able to negotiate a new Direct Payment rate with City of Edinburgh Council in April, on the proviso that we will support people to gradually reduce their hours, as part of our Citizenship Strategy. In addition to this we also agreed a new rate for Care at Home. Both of these agreements mean we and the people we support have much more stability.

iii. New Services

Over the course of the year we have built relationships with key decision makers leading to 6 new services in Westfield Edinburgh due to start in the next financial year 2012-13. We have also introduced a further 7 new services in total - 4 in Edinburgh and 3 in Renfrew. The development of the new services have been in partnership with a number of local authorities such as Edinburgh and East Renfrewshire and have been individually designed around each person to develop a flexible responsive, individualised service that helps disabled people have a great life in their local communities.

External Relations

The priorities for External Relations for the year were to raise the profile of Thistle and to increase fundraised income, thus increasing the contribution this department makes to core costs. To achieve this we focused on the following pieces of work:

i. Media strategy

We contracted the services of PR specialists Stripe, an Edinburgh-based agency affiliated with Leith, who rebranded Thistle in 2008-9, to run a 5 month media campaign for Thistle. We gained repeated coverage for both our Supported Living and Health & Wellbeing services.

ii. Thistle Friends

The new fundraising strategy developed by Thistle's newly appointed Head of Fundraising was approved by the Board in January and work began to implement many elements of it. The key component of it was the launch of Thistle Friends, a new volunteer and ambassador initiative, which will see us working with those closest to us – staff, people we support, their families and friends – to raise awareness of Thistle and raise funds.

Strategic Partnerships

We have been involved in a number of creative and exciting strategic partnerships this year, which have enabled us not only to advance the work of our Citizenship Strategy but also to deliver on the personal outcomes of people we support, enabling people to feel connected, build natural supports, make a civic contribution, voice their hopes for the future and ultimately get a great authentic life. Below are some highlights of the year.

a. Flexible Routes to Positive Outcomes

This project grew from a conversation between Thistle and the City of Edinburgh Council about giving people with support needs ideas for how to use their Direct Payments more creatively. The "Flexible Routes to Positive Outcomes" working group was created and from this came the idea for the creation of a Craigmillar Neighbourhood Network. The network included several members, who currently receive support from Thistle in the local area.

Trustees' report (*continued*)

The network was profiled in March, in a series of roadshows for Edinburgh Council staff including many senior social care and social work professionals. The roadshows included a presentation and film of the project, where we were able to profile the Neighbourhood Network as an example of how a creative multi-agency approach, which is genuinely person centred can really deliver great outcomes for people.

Our hope is that as the Network develops and more members join, people's lives will be more fulfilling as they will have more natural friendships and relationships in their life and they will be more actively involved in their local and wider community. There is also the possibility that Network members will rely less on paid support as they build their own natural support networks.

b. Equal Futures

Our work with Equal Futures helps people with a disability to develop real relationships and friendships, and supports people to be actively involved in their communities, thereby leading a great fulfilling life.

c. Saltersgate School

We have already highlighted our partnership with Saltersgate School above in section 6, and in this financial year we have already started talking to another 2 schools about similar projects with their disabled students. We plan to source funding for this work and hope to report on progress next year.

d. Dates 'n' Mates

Work has progressed on the launch of an East of Scotland friendship and relationship agency for disabled people. And as of March 2012 Dates 'n' Mates Lothian has become a registered Scottish Charity and funding has already started to come in with an award from City of Edinburgh Council. We expect this to play a significant role in the delivery of our Citizenship Strategy and look forward to reporting on developments next year.

e. Adult Support and Protection Resource

In November Thistle, as part of the Altrum group of organisations, launched the Adult Support and Protection Resource, called "working together: Views and Tools". This was the culmination of two years' work, funded by the Lottery, in partnership with Altrum and Stirling University. The work involved exploring how support staff make decisions about risk in relation to the people they support. Many people with support needs (including several people Thistle supports) were directly involved in this work, and theatre was used as a means of exploring people's own experiences of and views about risk-related decisions. The end result is a Resource Pack, which can be used by any and all support staff, and which has the unique feature of being designed and informed by people with support needs, a truly innovative piece of work.

f. Timebank

Thistle partnered with several Craigmillar community organisations – including Community Renewal, Places for People, Craigmillar Ability Network - to launch a Craigmillar Timebank at the end of March. This is an American initiative which aims to build more community connections and enables people to use their skills to help other people and then earn credits to get help with something in return. The launch was well attended and 30 people signed up on the day. We believe that this initiative fits perfectly within our Citizenship Strategy and we look forward to report on its success next year.

Trustees' report (*continued*)

Financial review

The financial results for the year of Thistle Foundation are summarised in the Statement of Financial Activities on page 17 and show a net decrease in funds of £941,372 (2011:- decrease of £438,692). The deficit for the year of £971,448 before other recognised gains and losses includes restructuring costs of £167,726 (2011: - deficit £783,017).

During the period, incoming resources decreased from £5,563,994 in 2011 to £5,312,559, a decrease of 4.5%. 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.

One of the strategic priorities for the year was achieving financial sustainability. With this in mind we started a financial review in October from which Thistle will see significant savings after April 2012. This review resulted in restructuring costs of £167,726.

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 for which Thistle has become known.

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 participated 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, the Trustee was required to take the matter to Court to determine the correct practice.

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 was 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

The court case, which was heard in January 2012, ruled that the Trustee should have exercised his discretion to award target pension on the date the member left service. However a further case is due to be heard in October 2012 to review the evidence and interpretation of the evidence by the Judge as to whether the Trustee had or had not exercised his discretion.

The outcome of this October hearing will affect the actuarial valuation of the fund at March 2012 and the underlying Recovery Plan. The number of years over which Thistle Foundation would be required to make this payment of £101,289 may be reduced as a result.

Trustees' report (*continued*)

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 maintain the level of investment income support for operations for Thistle Foundation to be sustainable. The aim is to hold unrestricted reserves not designated (the 'free reserves') at a level equating to one year's unrestricted expenditure.

Thistle Foundation is based in Wighton House, a building which is adequate for current activities although it still needs refurbishment. The Board of Trustees had previously decided to maintain a 'Designated Reserve' of £3m. to ensure that money was clearly ring-fenced to carry out a proposed scheme of refurbishment works. Due to the economic climate Thistle intend to implement a significantly reduced scheme of refurbishment within the next eighteen months. Accordingly the Trustees have released £1.4m from designated reserves.

Currently, unrestricted funds stand at £8.9m (2011 – 9.8m). Excluding the £1.6m designated reserve this leaves £7.3m which is £1.7m above the Board's target level of one year's expenditure (currently forecast at £5.6m for 2012-13). 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 are reviewing a new 5 year strategy that includes plans and investment for significant growth to ensure that reserves are adequate to ensure 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 2011-2012 our portfolio registered a total return of 4.6% compared with a 3.7% 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. A review of investment policy is currently being undertaken.

Trustees' report (*continued*)

The Year Ahead

Despite the economic gloom and the many other challenges our sector faces, we look ahead to more exciting times as we work towards delivering on our mission statement.

We also want the year ahead to be one where we really start to raise awareness of the work we do and raise our profile amongst all of our stakeholder groups. And we want to ensure that our staff continue to demonstrate creative thinking and leadership. Along the way we want to be better at measuring and reviewing our performance. To this end we have renewed our strategy for the years ahead and we have summarised it below.

Our strategic priorities are:

To be recognised as a national centre for learning and good practice

- We will continue to deliver a range of health and social care services that demonstrate measurable person centred outcomes and focus on continuous improvement.
- We want to ensure our Citizenship agenda underpins, influences and enriches all the work we do.
- We will create a team of staff from across the organisation, skilled in person centred / outcomes focused training, consultancy and facilitation.
- Across the organisation we want to grow and develop our business in ways that demonstrate and bring to life the changing national agenda.

To measure and review all aspects of performance

- We will analyse results and share learning of successes and failures.
- We will develop further the framework of accountability and will establish systems that quantify personal outcomes and provide financial and non-financial information about performance.
- We will build on our monthly reporting of results against budget, enabling Strategic Leaders and Teams to forecast the results for their section of the organisation for the year and manage the impact of any cost increases more effectively.
- We will assess options for linking rewards and recognition to performance. Seek input from all staff management and customers.

To develop Participative Leadership

- We want each of our departments to determine what participative leadership should look like, and what processes should underpin this approach across the organisation.
- We will improve understanding of the issues by involving those who will carry out the decisions.
- We will integrate the use of staff ideas in working across the organisation.

To build Thistle Friends

- We will work with Thistle Friends to create fundraising opportunities and to increase regular giving.
- We will work with Thistle Friends on raising the profile of Thistle and maximising media opportunities.

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 as amended).

Approved by the Members of the Board of Trustees on 13 September 2012 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 2012 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 14), 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.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

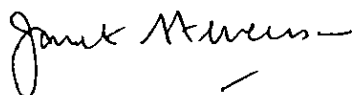
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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

13 September 2012

Statement of financial activities (incorporating income and expenditure account)
for the year ended 31 March 2012

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2012 £	Total Funds 2011 £
Incoming Resources					
Incoming resources from generated funds					
<i>Voluntary income</i>					
Donations and grants	2	468,269	273,669	741,938	924,959
<i>Activities for generating funds</i>					
Conference facilities		21,125	-	21,125	44,959
Sale of goods					-
Management charge		12,618	-	12,618	19,168
<i>Investment income</i>		314,404	-	314,404	333,555
Incoming resources from charitable activities					
Charges for accommodation		4,042	-	4,042	38,624
Support services		4,017,279	-	4,017,279	4,089,995
Provision for outpatient services		-	-	-	12,996
Health and Wellbeing		38,013	-	38,013	36,024
Café income		-	-	-	34,201
Training		63,089	-	63,089	12,446
Other income		46,364	-	46,364	17,067
Profit on Disposal		55,642	-	55,642	-
Write back of ESF debtor		(84,165)	-	(84,165)	-
Write off of Altrum Loan		82,210	-	82,210	-
Total incoming resources		5,038,890	273,669	5,312,559	5,563,994
Resources Expended					
Cost of generating funds	4	240,280	-	240,280	301,165
Charitable activities	4	5,657,318	305,314	5,962,632	5,991,319
Governance costs	4	81,095	-	81,095	54,527
Total resources expended		5,978,693	305,314	6,284,007	6,347,011
Net outgoing resources before other recognised gains and losses		(939,803)	(31,645)	(971,448)	(783,017)
Other recognised gains and losses					
Gains on investment assets		30,076	-	30,076	344,325
Net movement in funds		(909,727)	(31,645)	(941,372)	(438,692)
Transfer between funds		(15,254)	15,254	-	-
Total funds brought forward		9,806,452	21,986	9,828,438	10,267,130
Total funds carried forward	13	8,881,471	5,595	8,887,066	9,828,438

The notes on pages 20 to 33 form part of these accounts.

Balance sheet
at 31 March 2012

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible fixed assets	8	651,855		823,115	
Investment assets	10	7,667,907		7,931,156	
			8,319,762		8,754,271
Current assets					
Debtors	11	867,401		1,143,118	
Cash at bank and on hand		791,767		274,697	
		1,659,168		1,417,815	
Creditors: amounts falling due within one year	12	(1,091,864)		(336,135)	
			567,304		1,081,680
Total assets less current liabilities			8,887,066		9,835,951
Creditors: amounts falling due after more than one year	12		-		(7,513)
Net assets			8,887,066		9,828,438
Unrestricted funds	13				
Designated funds			1,600,000		3,000,000
Revaluation funds			2,144,017		3,045,140
General funds			5,137,454		3,761,312
			8,881,471		9,806,452
Restricted funds	13		5,595		21,986
Total funds			8,887,066		9,828,438

The notes on pages 20 to 33 form part of these accounts.

These financial statements were approved and authorised for issue on 13 September 2012 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 2012

	2012 £	2012 £	2011 £	2011 £
Reconciliation of net outgoing resources to net cash outflow from operating activities				
Net outgoing resources for the year		(971,448)		(783,017)
<i>Adjustment for items not involving the flow of funds</i>				
Depreciation		80,770		79,029
<i>Non operating cash flows eliminated</i>				
Investment income		(314,404)		(333,555)
Decrease in debtors		275,717		8,566
Increase /(Decrease) in creditors		756,412		(216,916)
Gain on disposal of tangible fixed assets		(55,642)		(4,500)
Net cash outflow from operating activities		(228,595)		(1,250,393)
Net cash outflow from operating activities		(228,595)		(1,250,393)
Returns on investment				
Investment income		314,404		333,555
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets	(21,265)		(4,087)	
Purchase of investment assets	(854,449)		(1,363,755)	
Decrease/(Increase) in cash held on long term investment	51,131		(3,087)	
Proceeds from sale of tangible fixed assets	167,397		6,500	
Proceeds from sale of investment assets	1,096,643		2,212,614	
		439,457		848,185
Financing				
Loan repayment		(8,196)		(29,455)
Increase/(Decrease) in cash		517,070		(98,108)

Analysis of changes in net debt

	31 March 2011 £	Cash Flow £	31 March 2012 £
Cash at bank and on hand	274,697	517,070	791,767
Debt due within one year	(8,196)	683	(7,513)
Debt due after one year	(7,513)	7,513	-
Total	258,988	525,266	784,254

The notes on pages 20 to 33 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 of budgets and forecasts indicate that reserves are adequate to meet the needs 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 £1,000.

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

Until July 2008, Foundation contributed 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 £	2012 £	2011 £
Donations	377,913	-	377,913	417,009
Legacies	65,034	-	65,034	13,502
HEC income	24,322	-	24,322	167,913
Veterans' Trust	-	15,000	15,000	10,000
Thistle Trust	-	14,000	14,000	15,000
Poppy Scotland	-	20,000	20,000	-
LTCAS grant	-	75,000	75,000	149,953
SGPF grant	-	25,000	25,000	75,000
Voluntary Sector Development	-	-	-	4,000
Arbroath grant	-	-	-	6,500
Keep Well project	-	-	-	22,000
Altrum	-	55,753	55,753	38,136
Other smaller grants	1,000	9,531	10,531	5,946
Scottish Government	-	30,000	30,000	-
Forestry Commission	-	19,385	19,385	-
NHS Carers	-	10,000	10,000	-
				-
	<u>468,269</u>	<u>273,669</u>	<u>741,938</u>	<u>924,959</u>

Notes to the financial statements (continued)

3. Net outgoing resources for the year

	2012 £	2011 £
This is stated after charging:		
Depreciation	80,770	79,029
Auditor's remuneration – Audit	12,000	8,270
Auditor's remuneration – Other	13,060	5,737
Operating lease rentals – Other assets	83,639	69,536
Gain on disposal of fixed asset	55,642	4,500

4. Total resources expended

	Direct staff costs £	Other direct costs £	Support Costs £	2012 £	2011 £
Cost of generating funds					
Costs of generating voluntary income	103,892	45,554	33,138	182,584	248,659
Conference facilities	16,565	9,360	4,040	29,965	25,166
Investment management costs	-	27,731	-	27,731	27,340
	120,457	82,645	37,178	240,280	301,165
Charitable expenditure					
Accommodation charges	-	-	-	-	341
Support services	3,718,329	112,932	1,224,916	5,056,177	5,161,843
HEC	35,571	67,790	6,717	110,078	230,724
Health and Wellbeing	278,779	95,449	65,533	439,761	372,802
Café	-	-	-	-	97,731
Citizens for inclusion	-	35,097	-	35,097	51,223
Building One Future	-	24,372	-	24,372	-
Redundancy cost	28,132	-	-	28,132	13,022
Restructuring	113,950	53,776	-	167,726	-
Pension cost	101,289	-	-	101,289	-
Other outgoing resources	-	-	-	-	63,633
	4,276,050	389,416	1,297,166	5,962,632	5,991,319
Governance	42,012	29,835	9,248	81,095	54,527
Total costs	4,438,519	501,896	1,343,592	6,284,007	6,347,011

The cost of generating voluntary income is due to a decision 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 32 % of the funds raised. (2011: 33%).

Notes to the financial statements *(continued)*

5. Allocation of support costs

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

	2012 £	2011 £
Operating costs	880,087	737,637
Finance and IT	324,992	299,146
Human resources	138,513	113,739
	1,343,592	1,150,522

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 shared between the activities in proportion to headcount of the respective department

6. Governance costs

Governance costs comprise trustees' indemnity insurance premium, board of trustee meeting costs, training, audit fees and reimbursed travel costs for attending Board meetings in respect of one member (2011: one member) of the Board totalling £72 (2011: £208). 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:	2012 £	2011 £
Salaries and wages	4,453,596	4,551,348
Social security costs	359,784	347,623
Pension costs	126,192	114,463
Redundancy costs	28,132	13,022
Additional Pension Liability	101,289	-
Restructuring costs	113,951	-
	5,182,944	5,026,456

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

	2012 £	2011 £
£70,000 - £79,000	-	1
£60,000 - £69,000	1	-

Notes to the financial statements (continued)

7. Staff costs and numbers (continued)

During the year pension contributions on behalf of this staff member amounted to £8,274 (2011: £7,069).

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

	2012	2011
Chief Executive and Directorate	5	4
Support	230	232
Health and Wellbeing	14	12
Fundraising	5	5
Administration and support	26	33
	280	286

8. Tangible fixed assets

	Land and buildings £	Furniture, fittings and equipment £	Computer and office Equipment £	Motor Vehicles £	Total £
Cost					
At 1 April 2011	1,202,621	389,762	388,595	24,434	2,005,412
Additions	500	11,875	8,890	-	21,265
Disposals	(142,360)	-	-	-	(142,360)
At 31 March 2012	1,060,761	401,637	397,485	24,434	1,884,317
Aggregate depreciation					
At 1 April 2011	491,728	320,659	345,476	24,434	1,182,297
Charge for period	23,350	19,493	37,927	-	80,770
On disposals	(30,605)	-	-	-	(30,605)
At 31 March 2012	484,473	340,152	383,403	24,434	1,232,462
Net book value					
At 31 March 2012	576,288	61,485	14,082	-	651,855
At 31 March 2011	710,893	69,103	43,119	-	823,115

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 2012 the historical cost of land and buildings was £740,430 (2011: £882,290) with accumulated depreciation of £452,440 (2011: £466,102).

Notes to the financial statements (continued)

9. Note of historical cost income and expenditure

The historical cost deficit for the year was £ 968,270 (2011: deficit £896,235) representing the deficit for the year as adjusted for depreciation calculated on the historical cost of fixed assets.

	Total funds £
Net outgoing resources before other recognised gains	(971,448)
Realised loss on investment assets	(3,228)
	(974,676)
Difference between the historical cost depreciation charge and the actual depreciation charge calculated on the re-valued amount	6,406
Historic cost deficit	(968,270)

10. Investment assets

	2012 Market value £	2012 Cost £	2011 Market value £	2011 Cost £
UK Listed investments				
At 1 April 2011	7,838,574	5,576,033	8,343,108	5,953,624
Additions	854,449	854,449	1,363,755	1,363,755
Disposals	(1,099,871)	(659,745)	(2,332,238)	(1,741,346)
Net unrealised gain	33,304	-	463,949	-
At 31 March 2012	7,626,456	5,770,737	7,838,574	5,576,033
Deposits	41,451	41,451	92,582	92,582
	7,667,907	5,812,188	7,931,156	5,668,615

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 2012:

Holding	Market value £
413,830	BNY Mellon FD Mngr Newton GBL Higher Inc Inst
718,000	JP Morgan AM UK Ltd US Equity Income Inc
	=====
	547,456
	518,468

Notes to the financial statements (continued)

11. Debtors

	2012 £	2011 £
Contract income receivable	589,139	617,266
Lease premium recoverable	4,520	7,961
Other debtors and prepayments	273,742	505,226
	867,401	1,130,453
Due after more than one year:		
Long term loans	-	12,665
	867,401	1,143,118
Total		

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.

12. Creditors

Creditors: Amounts falling due within one year

	2012 £	2011 £
Energy Saving Trust loan	7,513	8,196
Taxation and social security	97,676	112,922
Loan from Altrum	-	82,210
Trade Creditors	100,157	33,368
Other creditors and accruals	253,209	99,439
Deferred Income	633,309	-
	1,091,864	336,135

Notes to the financial statements *(continued)*

12. Creditors *(continued)*

Deferred Income

	2012	2011
As at 31 st March 2011	-	-
Released from previous year	-	-
Deferred in current year	633,309	-
	633,309	-

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 was repayable in 48 monthly instalments. 11 instalments totalling £7,513 are disclosed as due within one financial year

Creditors: Amounts falling due after more than one year

	2012 £	2011 £
Energy Saving Trust loan	-	7,513

Notes to the financial statements (continued)

13. Funds

	At 31 March 2011	Incoming resources	Outgoing resources	Gain/(loss) on investment s	Transfers	At 31 March 2012
	£	£	£	£	£	£
<i>Restricted funds</i>						
Community Garden	2,292	-	2,292	-	-	-
LTCAS project 2010-11	(15,254)	-	-	-	15,254	-
LTCAS project 2011-12	-	75,000	75,000	-	-	-
Scottish Government Programme Funding	30,948	25,000	55,948	-	-	-
VS Development Fund	4,000	-	4,000	-	-	-
Peter Harrison Trust	-	4,186	4,186	-	-	-
Forestry Commission	-	19,385	19,385	-	-	-
Access to Work	-	1,512	1,512	-	-	-
Veterans' Scotland	-	15,000	10,000	-	-	5,000
Thistle Veterans	-	14,000	14,000	-	-	-
Poppy Scotland	-	20,000	20,000	-	-	-
NHS Carers	-	10,000	10,000	-	-	-
Altrum Risk Research	-	55,753	55,558	-	-	195
Scottish Government	-	30,000	30,000	-	-	-
EVOG	-	3,833	3,433	-	-	400
Total restricted funds	21,986	273,669	305,314	-	15,254	5,595
Unrestricted funds	3,761,312	5,038,890	5,978,693	(3,228)	2,319,173	5,137,454
Designated reserves	3,000,000	-	-	-	(1,400,000)	1,600,000
Revaluation reserve	3,045,140	-	-	33,304	(934,427)	2,144,017
Total unrestricted funds	9,806,452	5,038,890	5,978,693	30,076	(15,254)	8,881,471
Total funds	9,828,438	5,312,559	6,284,007	30,076	-	8,887,066

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

While plans for the refurbishment of Wighton House have been reduced, the Designated Reserve of £1,600,000 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	EVOC	Restricted Altrum Project	Veterans Project	Total
	£	£	£	£	£
Fixed assets	8,319,762	-	-		8,319,762
Net current assets	561,709	400	195	5,000	567,304
	8,881,471	400	195	5,000	8,887,066

15. Other financial commitments

At 31 March 2012 Thistle Foundation was committed to making the following payments under non-cancellable operating leases in the next financial year:

	2012 £	2011 £
Operating leases which expire:		
<i>Other assets</i>		
Within 1 year	15,051	-
Within 2 to 5 years	34,692	66,962
	49,743	66,962

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 the Trustee took the matter to Court in January 2012 to determine the correct practice.

The court case, which was heard in January 2012, ruled that the Trustee should have exercised his discretion to award target pension on the date the member left service. However a further case is due to be heard in October 2012 to review the evidence and interpretation of the evidence by the Judge as to whether the Trustee had or had not exercised his discretion.

In calculating the liability under the scheme 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.

The outcome of this October hearing will affect the actuarial valuation of the fund at March 2012 and the underlying Recovery Plan. The number of years over which Thistle Foundation would be required to make this payment of £101,289 may be reduced as a result.

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. In January 2012 the Court held that the Trustee should have exercised his discretion to award target pension on the date the deed member left service. However a further case is due to be heard in October 2012 to review the evidence and interpretation of the evidence by the Judge as to whether the Trustee had or had not exercised his discretion.

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.

Thistle Foundation is required 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 outcome of this October hearing will affect the next actuarial valuation of the fund which is due as at March 2012 and the underlying Recovery Plan. The number of years over which Thistle Foundation would be required to make this payment of £101,289 may be reduced as a result.

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 £2,532 (2011: £2,264).

Notes to the financial statements *(continued)*

19. Contracts and commitments

There were no capital commitments at 31 March 2012.

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 (2011: £12,000) for this service. Information on the Thistle Trust and the Robin Chapel is available from the Finance Department, Niddrie Mains Road, Edinburgh EH16 4EA. During the year a laptop was purchased on behalf of Thistle Trust (£480). This was reimbursed to the Thistle Foundation prior to March 2012.

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 2012 a donation of £14,000 was received (2011: £15,000) from the Trust.

Thistle Foundation is a member of Altrum Limited and Chief Executive, Diana Noel Paton and Trustee, John Dalrymple are members of the board. Altrum 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. As members of Altrum, Thistle Foundation pays an annual membership fee of £5,549. During the year Thistle Foundation withdrew from the Five Dimensions Evaluation arrangement between Altrum and Diversity Matters and in September 2011 their contribution towards this project (£9,450) was returned.

In relation to a Risk Research Project managed for Altrum Limited, Thistle Foundation was reimbursed with £55,753 of costs sustained (2011: £37,828), of which £14,237 was outstanding at the year end (2011: £9,977).

On behalf of its members Altrum contributed £82,210 to the costs of the HEC training for their staff.

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 £2,618 (2011: £4,961) for which there was an amount outstanding at the year end of £785 (2011: £1,240) There was also an In Control debtor at the year end of £5,427 (2011: £446)

Neighbourhood Networks Limited is a company which Thistle Foundation uses to progress its Citizenship Strategy. Chief Executive, Diana Noel Paton and Trustee, John Dalrymple are Directors of Neighbourhood Networks Limited. The value of services purchased in the year amounted to £21,708 (2011: £21,708).

Two of the trustees have family members who are beneficiaries of Thistle Foundation with fees raised on a commercial basis. In relation to one, at 31 March 2012 there is a debtor of £13,494 which is collectible in the normal course of business.

Notes to the financial statements *(continued)*

20. Connected charities and related parties *(continued)*

Partners for Inclusion is an organisation that provides support to individuals with learning and/or mental health disabilities. Chief Executive Diana Noel Paton is a Director of the Board. Partners for Inclusion purchased training courses from Thistle Foundation to the value of £9,416 (2011: £0) and there was a year end debtor of £2,970.

21 Ultimate controlling party

The Thistle Foundation is controlled by its Voluntary Board of Directors. There is no parent company.