

Thistle Foundation

(a company limited by guarantee)

Report and financial statements

Company number SC024409

Charity number SC016816

31 March 2016

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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 Thistle Centre of Wellbeing 13 Queen's Walk Edinburgh EH16 4EA
Patron	Her Majesty the Queen
Honorary Presidents	Bryce K McCosh

Members of the Board of Trustees

David Giffin	Chair
John Dalrymple	
Ian Williams	
Diana Noel-Paton	
Gwen Currie	
Deborah Kong	
Gillian Wilson	

The Directorate Team

Diana Noel-Paton	Chief Executive
John Campbell	Director of Corporate Services & Company Secretary (Retired September 2016)
Mark Hoolahan	Director of Health and Wellbeing

Auditor	BDO LLP 65 Haymarket Terrace Edinburgh EH12 5HD
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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 plc Sixth Floor Atria One 144 Morrison Street Edinburgh EH3 8EX
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Strategic report

for the year ended 31 March 2016

Principal Activity and Review of the Business

Thistle Foundation provides a range of person centred health and wellbeing services and activities across Scotland for disabled adults and young people and those living with a long term condition. We work in partnership with local authorities, the NHS, other Third Sector organisations, along with the people we support and their families to build capacity, resilience and coping skills so that people are better able to live a “good life” whatever that means to them.

Objectives and Activities

Thistle’s Mission reinforces the importance of having the opportunity to lead a good life and states “We believe life is for living. We always go the extra mile to help people with disabilities or long term conditions lead great authentic lives where they are in control.”

Our Vision describes Thistle as a “boundary pushing 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.

Our core values and guiding principles are centred on our understanding of the following broad concepts. “Excellence” for Thistle continues to be our ability to bring these values and principles to life across the organisation:

- Person centredness;
- Asset based/strengths based approaches to our work;
- A focus on the importance of personal outcomes; and
- Being a learning organisation with a strong culture, an emphasis on continuous improvement with a highly engaged workforce.

We are committed to the following **Strategic Priorities**:

1. To be known, nationally, as a centre of good practice and learning, enacting a person centred, asset based and outcomes focused way of working where we can evidence all aspects of our work;
2. To focus and integrate our work across the organisation in ways that support the better health and wellbeing of individuals, families and communities;
 - a. to have an emphasis on preventative work, living well with a long term condition and (mental health) recovery;
 - b. to actively recognise and develop the potential and contribution of everyone we assist, recognising the critical link between feeling able to make a contribution and a positive sense of wellbeing;
3. To seek a broad range of strategic partnerships and collaborations to further our wider mission;
4. To build the capacity and range of Thistle friends, volunteers and ambassadors to better support our work;
5. To build our national reputation and positively influence national health and social care agenda;
6. To invest in our people and organisational capacity and skills, so we are fit for a changing environment; and
7. To be financially sustainable in the longer term.

Strategic report (continued)

Strategy in Action: The Impact of Our Work

Our Strategic Priorities lead our day to day work. This year we have supported over 1,000 people to get a better life and have delivered 42 contracted events to 546 health and social care practitioners.

Building greater engagement and involvement with Thistle Strategy

To further build engagement and involvement across the organisation with developing Thistle strategy we have brought together a group of approximately 30 people from across the organisation – staff, people we support and family members - to explore together “how they can work together in a creative and flexible way to support health and wellbeing by focusing on what matters to people and communities” This group has spent the first few months getting to know each other and the wider work of the organisation and have recently discussed and agreed the following priorities for their work:

- appraisals and supervision;
- communication;
- skills and asset audit.

Consolidating Quality and Building Capacity

Over the last year a new Competency framework for all Thistle workers has been developed. The intention is to describe a clear and helpful articulation of the Thistle Approach in practice, in a way which supports the development of all our staff and improves the overall quality of the support we offer to others. We have agreed 5 new broad competencies which underpin our work and are supported by a series of indicators articulating how these competences show up in our work. These indicators are described at 4 levels which cohere with a new grading structure being introduced in Oct 2016:

- Understanding Self;
- Building Person Centred Relationships;
- Making a Difference using Person Centred Approaches;
- Focusing on Strengths, Resilience and Contribution; and
- Promoting Wellbeing, Citizenship and Community.

Thistle Health and Wellbeing

Through its subsidiary charity Thistle Health and Wellbeing, Thistle has made significant strides forward this year, attracting co-funding and new partners that have enabled steps towards our aspirations. We aimed to:

1. Scale up and spread a tried and tested approach to Supported Self-management, Veterans work and Young People's work;
2. To build the capacity of the Third Sector to play a full role as an equal partner in a more integrated primary and community care setting; and
3. To build the case within local Health and Social Care Partnerships for a greater level of investment in our locally based work.

Strategic report (continued)

Centre of Wellbeing

Our new Centre of Wellbeing was completed as planned in March 2016, a culmination of 10 years' planning. Relocation occurred in May 2016 and we were delighted to welcome the First Minister Nicola Sturgeon to officially open our new Centre. She met with many of the people that Thistle supports, added her own message to the Time Capsule being buried outside the new Centre and reminded all those present of the important role Thistle has always and continues to play in supporting people to get good lives where they are able to contribute as full members of their community. The Centre is a resource of 'place' as much as activity. The centre hosts longstanding activities such as Thistle Gym and Lifestyle Management courses. However, our reach has near doubled as referral rates at Thistle were maintained (555 compared to 557 in 2014/15) as support to GP practices generated a further 501 referrals.

Lifestyle Management courses remain popular, serving 194 participants this year. 56 participated in mindfulness classes while 95 participated in peer volunteer led sessions. Thistle has continued to extend its offering: in addition to exercise, nutrition and mindfulness courses, Thistle developed 'Next Steps' to encourage people to move on and a course tailored specifically for people with mild to moderate learning disabilities called the 'All Well' course.

Volunteers are a tremendous asset for self-management work, offering inspiration to others. This year we trained 10 volunteers in 4 modules to help the volunteers explore good listening skills, facilitation both in a one-to-one and group setting, exercise safety and the boundaries of their roles. 20 peer volunteers with 'lived experience' worked with staff to deliver support and activities. Thistle's safe and inclusive Gym attracted 305 members who pay a subsidised fee of £25 for the year. Lifestyle Management course participants have a period of free access, which is crucial as cost can be prohibitive. 62 utilised supported exercise to progress their self-management journey.

Veterans programme

This year, we reached 80 veterans from the Thistle base in Edinburgh, in Inverness (through a partnership with Poppyscotland) and at Bellrock Close in Glasgow (Scottish Veterans Residences). Veterans access support for between 1 and 24 months depending on their individual needs - on average, we support veterans for 7 months. All veterans referred are offered a one to one appointment to explore their best hopes from coming to the service and then tailored support is offered to help them move forward with these best hopes. For many veterans this is often a range of supports including one to one and group support.

We offered 4 Lifestyle Management courses in Edinburgh (2), Glasgow and Inverness. A new exercise group has proved successful and our Men's Shed project was launched and is now running weekly sessions from the Garden Suite. Two veterans were supported into paid roles in our service.

Strategic report (continued)

Our learning over the years affirms where we fit in to the range of services supporting veterans. Thistle's approach appears particularly helpful to veterans who have fallen through existing resources or have been dissatisfied with other services. Some do not engage with a clinical approach that tends to focus on medical symptoms; other services are welfare or activity focused. There remains an ongoing need for supported self-management underpinned by a strength based approach. This learning is supported by a recent report by the Community Innovations Enterprise on behalf of the Forces in Mind Trust and NHS England (October 2015) that identified that access to services can be problematic for veterans who have a range of needs.

House of Care

Established as a project in October 2014, the Lothian House of Care Collaboration is co-led by Thistle and NHS Lothian, and is one of the many ways we are working to influence real change for people who need support.

The purpose is to encourage use of the House of Care framework to inspire transformation of services to help people experience person centred care and support. As well as encouraging innovation and cross-disciplinary cooperation, this work forms an important opportunity to influence newly formed Integrated Joint Boards and promote the value of supported self-management.

The Collaboration supports 12 early adopter partners and hosts a number of work-streams to maximise learning, capture impact and provide an opportunity for people with live experience to input into the future of health and social care services. We know about supporting people in a joined up way that is right for them - that's why it's important we are involved.

Thistle's new Wellbeing Team arose from recognising that self-management support, a vital element of person centred care, could be difficult to access. Operationally led by Thistle Foundation, the team is comprised of the Community Health Inequalities Team (NHS Lothian) and Thistle staff who are embedded in GP practices; offering one-to-one and limited group based support. A special focus on targeting inequality is achieved by offering intensive engagement and support to people in complex situations. The service is tailored to each GP practice that supports and shapes the work via participation in 6 weekly learning cycles. Results are encouraging and two Integrated Joint Boards (Edinburgh and Midlothian) have since agreed contributions to sustain this work.

Geographic Spread

Midlothian: Strategic support and investment was secured for a two year pilot in 2 GP practices. This marks the first time Thistle has established ongoing self-management activities in Midlothian.

Renfrewshire: Similar support was agreed to establish two part-time practitioners in two GP practices. This project is at an early stage and early feedback is positive.

Young Peoples Work

With Scottish Government funding the InterAct project has continued to deepen its local work with 3 special schools in Edinburgh and Midlothian. A new national element has been developed to build capacity with selected partnerships.

Lothian Based Work

Strategic report (continued)

We have worked alongside 53 young people in transition from special school to adult life. This includes 38 young people (potentially) eligible for Self Directed Support, across 3 different special schools who have used drama and fiction as a means of exploring feelings about change alongside a broader range of post school options. As a result young people are supported to take a broader approach to determining direction. We work with 2 young disabled young people who have themselves followed alternative paths post school and who input as co-facilitators of drama and Big Plan sessions.

14 young people from Big Plan chose to become involved in the InterAct peer meet-ups (G2G). They met 20 times through the year. Young people decided what they wanted to try and experience in their city, often being out and socialising with peers, and without family, for the first time. Meet-ups centred on ordinary spaces and experiences in the community, for instance from Wings chicken and gaming café, to a mainstream young person's film-making workshop in a gallery.

We worked intensively alongside young people and families to address barriers to their growing independence. For instance, 7 young people built their skills towards travelling independently, to enable them to sustain their own friendships, relationships and social life in the future. Young people gain the experience to be able to take control and make their own informed choices about what they want to do, and families gain confidence in the young person's ability to cope without their support. The effect of this has been transformational for many young people and families.

National Based Work

In the last 6 months the project has agreed the 2 geographical areas in which to progress capacity building partnership work over the next 2 years. In Argyll & Bute, we joined the newly-established transitions forum, along with ARC Scotland and representatives from across adult services, adult and children's social work services, children's disability services, educational psychology, education and health. We will pilot the InterAct project in Rothesay on Bute, and have jointly developed a 12 month workplan in response to the local interest and transition context. This is likely to involve the facilitation of group planning, along with capacity building workshops, co-facilitation and ongoing mentoring of staff across statutory services and the 3rd sector, as well as an exploration of using drama techniques with professionals working with young people in transition.

In Fife, we have met with children and families social work, children's disability social work, adult services, adult social work and education. We have agreed to progress work in Kirkcaldy, anticipating that we will work alongside the education authority to develop skills around using drama as an approach to post-school planning, as well as building capacity within the workforce around the use of group Person Centred Planning with young people moving into adult life.

Strategic report (continued)

In partnership with In Control Scotland, we ran two workshops on 'Group Person Centred Planning with Children and Young People', in Edinburgh and Glasgow. This showcased group planning as an innovative approach to working alongside children and young people and their families, in order to help them progress towards their personal outcomes. As a result of these workshops we were invited to establish a partnership within Fife (as above), and made connections with Midlothian's SDS Planning Manager, which has led to subsequent meetings to look at the sustainability of planning in this way as part of the local authority's mainstream approach to SDS.

Thistle Services CIC

Thistle's Supported Living service operates from two regional bases and has an office in Craigmillar serving Fife and Lothian and another office base in Renfrew serving North Lanark, Renfrewshire and East Renfrewshire.

Having piloted Individual Service Funds (ISF's) in partnership with the City of Edinburgh Council, this year has focused on developing the internal capacity to develop and embed this approach as a more typical way of receiving support across Edinburgh and Renfrewshire services. We continue to work with nine people who are in receipt of an ISF. We work flexibly and creatively to ensure that people are living the lives they want and exploring how having an ISF supports this.

A second priority was to redesign Renfrewshire based services to achieve financial sustainability and develop alternative approaches to overnight support.

This year, we supported 103 people, providing an average of 6,830 hours of support a week. People we support live in either their own tenancy or their family home. Thistle support is tailored to each person and is designed to ensure that we assist each of the people we support to have a life that is meaningful and fulfilling to them. Each person's support plan reflects this. We use the Talking Points Outcomes Framework to assist with the identification of clearly understood outcomes for each person. Support staff are recruited around each person, matching staff to the person's interests and aspirations. People we support (or their family member) are included in the recruitment process in ways that are meaningful to them. We also ensure that staff skills, qualities and values are a match with each person as well as organisational values. The Care Inspectorate reports continue to give us very good grades (5's) in all areas in both Renfrew and Edinburgh. They noted that the Thistle values and ethos were threaded throughout induction, training and supervision; that staff were motivated, caring, knowledgeable and committed; that parents and families were seen as valued partners; that the staff worked well as a team displaying a positive attitude and that overall the work was making a real difference to people's lives and that those Thistle supported were very confident about exercising choice and had individualised care and support. There were no requirements or recommendations.

We particularly value the involvement of families in our work and have an active Family Forum in the East of Scotland. Our plan is to extend this to our work in the West. This year, the forum focused on several topics including:

- The "Big Conversation," which is a forum that includes staff, people we support and family members;
- Contributing to the way forward for Thistle direction;
- Management of financial challenges;
- Introduction of new policies and procedures;
- Leadership succession planning, and;
- Personalised recruitment.

Strategic report (continued)

Thistle Training and Consultancy Services CIC

Thistle Foundation has, for many years, been a leading contributor to the thinking around person centred approaches within health and social care in Scotland. The Personal Outcomes Partnership (POP) was a partnership between the Thistle Foundation, the Joint Improvement Team at Scottish Government, and the Health and Social Care Alliance. These three partners came together to share resources - funding, knowledge, skills and practice – towards a shared outcome: working to improve people's lives and build resilient communities by working to embed a personal outcomes and asset based approach in health and social care, and communities across Scotland. The Partnership, which has been in existence since early 2014 came to an end in March 2016. The development and delivery of Training is being continued through Thistle Training and Consultancy Services CIC.

Over the last year the Training and Consultancy team reached 546 practitioners from a range of organisations and places. The team has developed a national presence, reaching as far away as Shetland and agreeing a growing volume of work outside the central belt of Scotland. Participants came from ten geographical areas and were a diverse mix of 178 teams that mixed NHS, local authority and voluntary sector participants.

The Training and Consultancy team are currently working with 12 local partnerships, including Glasgow, Fife, Shetland and the Western Isles. In some cases, such as Glasgow and Fife, there are multiple points of engagement, resulting in different strands of work. In other partnerships the focus is on one point of engagement, which can be strategic and/or operational.

The 'Making it personal' programme is an 'opt in' programme held in three local hubs – Edinburgh, Glasgow and Perth – where practitioners from across Scotland can book a place. There is a productive relationship between the 'Making it personal' programme and the engagement process with local partnerships. There are a number of pieces of work with local partnerships which resulted from practitioners and managers participating in the 'Making it personal' programme.

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 by the Board and mitigating actions are:

- fundraising income would not achieve its targets given the external challenges facing the sector. The Fundraising strategy had been revised and targets adjusted to allow for a slower increase in funds
- the new Living Wage requirements would outstrip the rates agreed with Local Authorities. The rates with all funders need renegotiated and the new rates will not be paid to staff until there is sufficient income to do so.
- the broad economic factors affecting Scottish Government and Local Authorities impacting on Thistle's activities by reducing funding available. Thistle's range of activities are an excellent "fit" with Scottish Government strategy and policy and needs better promoted and described to attract new and continued funding.

Strategic report (continued)

Looking ahead to next year

In addition to our strategic priorities and our focus on further articulating and describing the Thistle approach and supporting the development of the Big Conversation several important themes cut across all of our Strategic Priorities and will continue to be a focus during the year ahead:

- building capacity in individuals, families and communities;
- strengthening citizenship;
- encouraging stronger community links.

Approved by the Members of the Board of Trustees on 13 December 2016 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'David Giffin', with a stylized flourish extending to the right.

David Giffin
Chair of the Board of Trustees

Trustees' report for the year ended 31 March 2016

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 2016.

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.

The governing body of Thistle Foundation is the Board of Trustees which currently comprises seven (of a possible ten) Ordinary Members and meets five times a year, 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 who is now also a Trustee, the Director of Health and Wellbeing and the Director of Corporate Services. '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 objectives, 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.

Thistle Foundation Group

Thistle Foundation formed a group of wholly owned subsidiaries on 1 April 2015 and these subsidiaries have been operating since 1 July 2015.

The group comprises:

Thistle Services CIC – a community interest company which delivers care services to Local Authorities;

Thistle Training and Consultancy Services CIC – a community interest company aiming to develop the Personal Outcomes approach around Scotland; and

Thistle Health and Wellbeing – a charity which provides increased opportunities for volunteer involvement and local fundraising and develops further the work of Thistle Foundation in the self-management.

Trustees of Thistle Foundation are also Directors of each of the subsidiary companies.

Group Finance and Audit Committee

The Board of Trustees has established a formally constituted Group Finance and Audit Committee, with specific terms of reference and with a nominated Member of the Board of Trustees as its Chair.

Trustees' report (continued)

The committee is charged with reviewing the audited annual financial statements of the Parent company and its subsidiaries 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 Group Finance and Audit Committee also reviews the Charity's investment strategy and monitors investment performance.

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 also 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. Diana Noel-Paton is the Chair of In Control. Administration for In Control Scotland Limited was undertaken by Thistle Foundation until October 2015.

Get2gether is an organisation established by Thistle Foundation and other organisations and is based in Thistle's accommodation. Kerry Kirkpatrick, who was Thistle's Head of Communications and Fundraising is the Chair of Get2gether.

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, seeing them as our greatest resource, and this year have focused on improving our staff retention, staff turnover and staff sickness statistics all of which have improved and compare well with industry benchmarks (where they exist). Sickness at 3.5% is at nearly half the non profit benchmark of 6.8% and staff retention is approx. 90% for full time staff and approx. 75% for part time staff again comparing well with the industry standards of 70-85% though there is no specific benchmark for social care which is likely to be significantly higher than the industry standards.

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

Trustees' report (*continued*)

We value our staff and see them as our greatest resource. Feedback from recent information and consultation events tell us that people valued the organisation's investment in learning and development opportunities and saw it as one of the organisation's key strengths.

Senior management staff remuneration is set by the Finance and Audit Committee. At 31 March 2016, the charity considered key management to be made up of three individuals with details of remuneration included in Note 6.

Volunteers

Thistle Foundation acknowledges with grateful thanks the support of over 20 volunteers who have contributed in a wide variety of ways to the work of the charity. 20 are active in Health and Wellbeing, and many of these also work with supporting fundraising and administrative functions. All of our volunteers have a disability or long term condition. We could not undertake the range of work that we do without our volunteers input.

Financial review

The financial results for the year of Thistle Foundation are summarised in the Consolidated Statement of Financial Activities on page 18 and the Group Balance Sheet on page 20. They show a net decrease in funds of £702,977 (2015:- net increase in funds of £787,784). This includes losses on Investments of £426,950 (2015: gains £440,343).

During the year, Thistle Foundation completed the construction of the Thistle Centre of Wellbeing entailing £3.0m of capital expenditure. This was funded through the retained reserves of the Thistle Foundation through a combination of cash reserves, realisation of listed investments and specific restricted donations and grants. The fit-out of the building required a further £200,000 of capital expenditure and Thistle were able to complete the move to their new home in May 2016.

On 1 July 2015 our subsidiaries started to operate and, setting aside donations and legacies, group turnover grew from £6.40m to £6.74m, an increase of 5.3% and expenditure grew from £6.88m in 2015 to £7.58m an increase of £0.7m or 10.2% which came from a steady growth in activities.

In common with a number of providers of Supported Living Services, Thistle paid enhanced rates for sleepovers to meet the obligation to pay the national minimum wage for the total hours worked with effect from 1 April 2015. Unfortunately, Thistle was unable to recover all of this expenditure from some Local Authorities and sustained a loss of £150,000 as a result of this.

Going forward, Thistle would like to pay the Scottish Living Wage to all of its staff with effect from 1 October 2016. Hourly rates are still being determined to enable Thistle to do this.

Thistle Foundation group seeks to maximise income generation from supported living, health and well-being, training and consultancy 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.

Thistle Foundation is very grateful for the continued support of our individual donors, trusts, and the corporate sector. The largest proportion of the fundraised income continues to come from our monthly individual donors, without whose ongoing support Thistle would not be able to develop and maintain its innovative services.

Trustees' report (*continued*)

This year we raised £430,000 in charitable funds with a return of investment of 2:1 against a target of 2.6%. This year is the 2nd year of a five year strategy where net income was budgeted to be approx. £39,000 higher than that achieved. We remain confident in our longer term fundraising strategy however this year has been a particularly difficult year for all fundraising charities. Overall our trust, foundation and legacy income has held up well and individual donor attrition after a dip in the middle of the year has recovered to its previous low level however we have held back from attempting any new fundraising initiatives this year and plan a major fundraising campaign launch for Spring 2017.

Pension Liability

As disclosed in Note 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 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 was heard in October 2012 which reviewed the evidence and determined whether the Trustee had or had not exercised his discretion.

These cases have now been resolved and the entitlement of Plan members determined and a provision of £309,080 is provided in respect of Thistle Foundation's remaining liability to the Recovery Plan. This liability is payable over a remaining period of three years.

Reserves

The Trustees reviewed its reserves policy which they consider appropriate to ensure the continued ability of the Charity and its subsidiaries to meet their objectives.

Thistle Foundation completed the construction of the Thistle Centre of Wellbeing in January 2016 and moved into to this building in May 2016. The Centre cost £3.2m of Thistle reserves after taking account of grants. Accordingly the 'Designated Reserve' is maintained at £3.4m as this is funding that will not be realisable for the pursuit of its day to day activities.

Currently, unrestricted funds stand at £8.8m (2015 – £9.7m). Excluding the £3.4m of designated reserve this leaves £5.4m which is just below 9 months' expenditure (currently forecast at £7.3m for the year 2016-17). This unrestricted reserve is supported by a listed investment portfolio of £5.5m. The trustees have decided that £5m of the listed investment portfolio should remain as a permanent free reserve at present.

Trustees' report (*continued*)

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 Trustees 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.

During the year Thistle sold £0.8m of investments to fund losses and to cover timing differences on the construction of the Thistle Centre of Wellbeing. As a result of this and a significant market downturn, the closing value of Investments fell to £5.5m. Investment income is projected to be around £220,000 in future years, however this is an essential cushion that Thistle needs to absorb any losses in the future.

Following completion of the building, the Finance Committee reviewed its approach to the charity's investments. It decided to split the portfolio into two sections with £5m being invested in low to moderate risk investments, where the charity accepted a greater short term risk in order to generate potentially higher long term returns, and the balance of £0.5m in a portfolio with low risk investments which would be likely to have lower market volatility and allow for increased levels of return in the short term.

The low to moderate risk portfolio will contain around 55% equities and 32.5% fixed income investments the low risk portfolio will contain around 42.5% equities with 45% fixed interest securities. The portfolios are managed on behalf of the charity by Brewin Dolphin.

The Finance and Audit Committee will regularly review the portfolio against benchmarks to ensure that the policy is effective and to monitor the performance of the investment manager.

Trustees' responsibilities

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

Company law and Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law and charity 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 group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and charity for that period.

Trustees' report (*continued*)

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

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

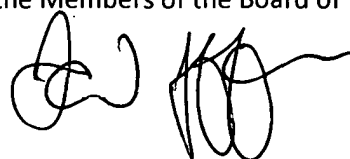
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 (as amended). They are also responsible for safeguarding the assets of the charity 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.

In approving the Trustees' annual report, the Trustees are also approving the Strategic Report in their capacity as company directors.

Approved by the Members of the Board of Trustees on 13/12/16 and signed on its behalf by:


David Giffin
Chair of the Board of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THISTLE FOUNDATION

We have audited the financial statements of Thistle Foundation for the year ended 31 March 2016 which comprise the Consolidated Statement of Financial Activities, the Charity Statement of Financial Activities, the Consolidated and Charity Company Balance Sheets, the Consolidated Statement of Cash Flows 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 solely to the charity's trustees and members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees and members 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 and the charity's trustees and members 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 Statement of Trustees' Responsibilities, 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 as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2016 and of the group's 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THISTLE
FOUNDATION (CONTINUED)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the trustees' report, which includes the strategic 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 parent 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 parent charitable company financial statements are not in agreement with the accounting records or 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.

Bao W

Martin Gill, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Edinburgh
United Kingdom

Date: *14 December 2016*

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities (incorporating income and expenditure account)

for the year ended 31 March 2016

	Note	Unrestricted Funds	Restricted Funds	Capital Funds	Total Funds 2016	Total Funds 2015
		£	£	£	£	£
Income from:						
Donations and legacies	3	430,087	-	97,501	527,588	823,560
Income from charitable activities						
Supported Living		3,946,258	-	-	3,946,258	5,305,897
Health and Wellbeing		13,797	464,296	-	478,093	320,333
Training and Consultancy		-	38,500	-	38,500	407,636
Conference income		22,298	-	-	22,298	26,535
Community Interest companies trading activities		1,979,593	-	-	1,979,593	-
Investment income		256,821	-	-	256,821	316,616
Other Income		200	20,400	-	20,600	24,689
Total Income		6,649,054	523,196	97,501	7,269,751	7,225,266
Expenditure on:						
Raising funds		213,992	-	-	213,992	140,417
Charitable activities		4,832,532	538,179	-	5,370,711	6,737,409
Community interest companies trading operations		1,993,652	-	-	1,993,652	-
Total Expenditure	4	7,040,176	538,179	-	7,578,355	6,877,826
Gains/(losses) on investments						
Realised (loss) / gain on sale of investments		(32,038)	-	-	(32,038)	40,077
(Losses) /Gains on investment assets - Unrealised	10	(394,912)	-	-	(394,912)	400,266
Net income/(expenditure)	2	(818,072)	(14,983)	97,501	(735,554)	787,784
Other recognised gains/(losses):						
Actuarial gain on pension		32,577	-	-	32,577	-
Net movement in funds for the year		(785,495)	(14,983)	97,501	(702,977)	787,784
Funds balance brought forward		9,681,123	155,272	160,000	9,996,395	9,208,611
Total funds at 31 March 2016	13	8,895,628	140,289	257,501	9,293,418	9,996,395

All activities relate to continuing operations. There are no other recognised gains or losses in the year.

The comparatives by fund are disclosed in Note 23.

The notes on pages 22 to 39 form part of these accounts.

Thistle Foundation Statement of Financial Activities (incorporating income and expenditure account)

for the year ended 31 March 2016

	Note	Unrestricted Funds	Restricted Funds	Capital Fund	Total Funds 2016	Total Funds 2015
Income from:		£	£		£	£
Donations and legacies	3	71,396	-	97,501	168,897	823,560
Charitable activities						
Supported Living		3,946,258	-	-	3,946,258	5,305,897
Health and Wellbeing		2,181	98,100	-	100,281	320,333
Training and Consultancy		-	38,500	-	38,500	407,636
Conference income		22,298	-	-	22,298	26,535
Investments		256,821	-	-	256,821	316,616
Other Income		200	20,400	-	20,600	24,689
Total Income		4,299,154	157,000	97,501	4,553,655	7,225,266
Expenditure on:						
Raising funds		81,204	-	-	81,204	140,417
Charitable activities		4,589,570	162,363	-	4,751,933	6,737,409
Donations to Subsidiaries		65,000	149,909	-	214,909	-
Total Expenditure		4,735,774	312,272	-	5,048,046	6,877,826
Gains/(losses) on investments						
Realised (loss)/gain on sale of investments		(32,038)	-	-	(32,038)	40,077
(Losses) /gains on investment assets - Unrealised	10	(394,912)	-	-	(394,912)	400,266
Net income/(expenditure)		(863,570)	(155,272)	97,501	(921,341)	787,784
Other recognised gains/(losses):						
Actuarial gain on pension		32,577	-	-	32,577	-
Net movement in funds for the year		(830,993)	(155,272)	97,501	(888,764)	787,784
Reconciliation of funds						
Total funds balance brought forward		9,681,123	155,272	160,000	9,996,395	9,208,611
Total funds at 31 March 2016	14	8,850,130	-	257,501	9,107,631	9,996,395

All activities relate to continuing operations. There are no other recognised gains or losses in the year.

The comparatives by fund are disclosed in Note 23.

The notes on pages 22 to 39 form part of these accounts.

Thistle Foundation Consolidated and Charity Balance Sheets
at 31 March 2016

	<i>Note</i>	Group 2016	Charity 2016	Group and Charity 2015
		£	£	£
Fixed assets				
Tangible fixed assets	8	3,452,540	3,452,540	547,233
Investments	10	5,484,696	5,484,696	6,356,070
Investments in subsidiaries	9	-	200	-
		8,937,236	8,937,436	6,903,303
Current assets				
Debtors	11	1,656,853	1,470,855	1,136,764
Cash at bank and on hand		126,791	124,918	3,170,400
		1,783,644	1,595,773	4,307,164
Creditors: amounts falling due within one year	12	(1,233,304)	(1,231,420)	(872,415)
Net current assets		550,340	364,353	3,434,749
Total assets less current liabilities		9,487,576	9,301,789	10,338,052
Creditors: amounts falling due after more than one year	12	(194,158)	(194,158)	(341,657)
Net assets		9,293,418	9,107,631	9,996,395
Unrestricted funds	13			
Designated funds		3,400,000	3,400,000	3,400,000
Revaluation funds		1,878,425	1,878,425	2,273,337
General funds		3,617,203	3,571,705	4,007,786
		8,895,628	8,850,130	9,681,123
Restricted funds	13			
Restricted Revenue funds		140,289	-	155,272
Capital funds		257,501	257,501	160,000
		397,790	257,501	315,272
Total funds	15	9,293,418	9,107,631	9,996,395

The notes on pages 22 to 39 form part of these accounts

These financial statements were approved and authorised for issue on 13/12/16 and signed on behalf of the Board of Trustees by

David Giffin

Chair of the Board of Trustees

Consolidated statement of cash flows

	Note	2016 £	2015 £
Cash flow from operating activities			
Net (expenditure) /income per SOFA		(735,554)	787,784
Realised Loss/ (Profit) on sale of listed investments		32,038	(40,077)
Unrealised Loss/ (Profit) on listed investments		394,912	(400,266)
Investment income		(256,821)	(316,616)
Depreciation		39,115	23,501
Decrease (Increase) in debtors		(520,089)	(255,219)
Increase /(Decrease) in creditors		245,967	(153,385)
Cash (used in)/ generated by operating activities		(800,432)	(354,279)
Cash flows from investing activities			
Dividend and interest income		256,821	316,616
Purchase of tangible fixed assets		(2,944,422)	(47,027)
Purchase of investments		(368,115)	(208,835)
Proceeds from sale of investments		780,317	2,799,684
Cash (used in)/provided by investing activities		(2,275,399)	2,860,438
Increase/ (decrease) in cash and cash equivalents in the year		(3,075,831)	2,506,159
Total cash and cash equivalents at the beginning of the year		3,203,771	697,612
Total cash and cash equivalents at the end of the year		127,940	3,203,771
Analysis of cash and cash equivalents			
Cash at bank and in hand		126,791	3,170,400
Cash held within investments	10	1,149	33,371
Total cash and cash equivalents		127,940	3,203,771

The notes on pages 22 to 39 form part of these accounts.

Notes to the financial statements

1. Accounting policies

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

These financial statements are the first financial statements prepared under FRS 102 and the information on the first time adoption of FRS 102 is given in Note 22.

The preparation of the financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also required the charity to exercise judgement in applying the entity accounting policies (see Note 1a below).

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The Statement of Financial Activities and balance sheet consolidate the financial statements of the company and its subsidiary undertakings. The results of the subsidiaries are consolidated on a line by line basis. The company has used paragraph 4 (1) of Schedule 1 to SI 2008 No. 410 "The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulation 2008" to reflect the special nature of the company's activities. Details of the investments in subsidiaries are shown in Note 9.

The charity has taken advantage of the exemption under FRS102 Section 1 not to disclose a charity only statement of cash flows..

Thistle Foundation constitutes a public benefit entity as defined by FRS 102.

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 foreseeable future.

Income

All income is 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.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

- Legacies are accounted for as incoming resources either upon receipt or where the receipt of the legacy is probable; 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.

Expenditure

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.

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 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.

Assets under the course of construction are not subject to depreciation until brought into operational use.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on deposit where funds can be accessed without penalty within three months or less from the opening of the account and cash held with the investment manager.

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

Financial Instruments

Thistle Foundation only enters into basic financial instruments. Financial assets are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment. Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Investments

Investments are valued at bid 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 FRS 102, the scheme is accounted for as a defined contribution scheme. Further information about the scheme is contained in note 17 to the financial statements.

There was uncertainty as to the liability to the scheme which was resolved by two court cases over the past year. Accordingly there is greater certainty over the amounts payable in respect of a recovery plan for the scheme. Thistle wanted to recognise this liability in the 2013 accounts based on the cashflows of the amounts outstanding and this is disclosed as a prior year adjustment in that year.

Thistle Foundation offered employees the opportunity to join a new group personal pension scheme with Aegon Scottish Equitable; this took effect from 1 July 2008. With effect from 1 January this scheme is now managed by Scottish Widows.

The pension costs charged in the financial statements represent the contributions for which Thistle Foundation is liable for during the year.

Operating leases

The leases are classified as operating leases; the title to the equipment remains with the lessor and the equipment would be due for replacement in 5 years. Rental charges are charged on a straight line basis over the term of the lease.

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.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

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.

1a Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the trustees have made the following judgements:

Determine whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. This depends on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Determined whether there are any indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and the viability and expected future performance of the asset.

Other key sources of estimation uncertainty are as follows:

Legacies

Legacies are recognised when the recognition criteria of entitlement, probability and measurement are met. In order for the measurement criteria to be met, management must receive confirmation as to the estimated value of the estate by representatives of the estate. If a legacy were to contain property, a formal valuation must be obtained by the estate before an amount is recognised within the financial statements.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Bad debt provision

An assessment of each individual contract income receivable balance as at 31 March 2016 occurs to consider whether they are recoverable. If specific debts are identified where there is a fundamental uncertainty as to the recoverability of this debt based upon information received and payment history, a specific provision is created against these debts.

Notes to the financial statements (continued)

2. Net income/(expenditure) for the year

	Group	Charity	Group and Charity
	2016	2016	2015
	£	£	£
This is stated after charging:			
Depreciation	39,115	39,115	23,501
Auditor's remuneration - Audit	15,200	5,000	10,446
Auditor's remuneration – Other	2,500	750	8,276
Operating lease rentals – Other assets	9,415	9,415	40,602

3. Donations and grants

Group	Unrestricted	Restricted	2016	2015
	£	£	£	£
Donations	266,139	-	266,139	304,217
Legacies	163,948	-	163,948	359,344
Capital grants	-	97,501	97,501	160,000
	430,087	97,501	527,588	823,560

Charity	Unrestricted	Restricted	2016	2015
	£	£	£	£
Donations	68,948	-	68,948	304,217
Legacies	2,448	-	2,448	359,344
Capital grants	-	97,501	97,501	160,000
	71,396	97,501	168,897	823,560

Notes to the financial statements (continued)

	Direct Staff costs	Other direct costs	Support costs	2016	2015
4. Total Expenditure - Group					
Raising Funds					
Cost of Generating Voluntary Income	117,859	53,149	9,367	180,375	68,818
Conference Facilities	3,680	2,280	2,567	8,527	41,435
Investment Management costs	-	25,090	-	25,090	30,164
Total cost of raising funds	121,539	80,519	11,934	213,992	140,417
Charitable expenditure					
Support Services	3,646,700	273,390	653,974	4,574,064	5,829,605
Training & Consultancy	39,227	12,152	5,136	56,515	279,702
Health & Wellbeing	325,070	115,054	278,108	718,232	366,805
Other projects	-	21,900	-	21,900	50,774
Property costs	-	-	-	-	210,522
Total Charitable Expenditure	4,010,997	422,496	937,218	5,370,711	6,737,409
Trading activities	1,704,749	56,775	232,128	1,993,652	-
Total costs	5,837,285	559,790	1,181,280	7,578,355	6,877,826

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 34% of the funds raised. (2015: 9%).

Included within charitable expenditure are governance costs of £171,528 (2015 £57,863).

Governance costs comprise trustees' indemnity insurance premium, board of trustee meeting costs, training and audit fees. Trustees received no other remuneration or expenses.

100% of the salary costs of the Chief Executive, PA to the Directorate and 30% of the Director of Corporate Services are allocated to the Governance Costs based on estimated time spent on governance matters.

5. Allocation of support costs

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

	2016 £	2015 £
Operating costs	667,336	492,545
Finance and IT	345,383	359,964
Human Resources	168,561	140,146
	1,181,280	992,655

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.

Notes to the financial statements (continued)

6. Staff costs

	Group 2016 £	Charity 2016 £	Group and Charity 2015 £
Staff costs were as follows:			
Salaries and wages	5,884,584	3,238,088	5,200,103
Social security costs	435,862	220,124	365,756
Pension costs	160,104	68,152	157,359
Redundancy/termination costs	10,000	3,000	-
	<u>6,490,550</u>	<u>3,529,364</u>	<u>5,723,218</u>

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

	2016 £	2015 £
£60,000 - £69,999	<u>1</u>	<u>1</u>

The above remuneration is paid to the Chief Executive for services provided to the charity in her role as Chief Executive and not as her position as trustee.

During the year pension contributions on behalf of this staff member amounted to £7,440 (2015: £7,225).

The key management personnel of the parent charity, Thistle Foundation and of the Group comprise the Chief Executive Officer, the Director of Health & Wellbeing and the Director of Corporate Services. The total employee benefits of the key management personnel were £206,845 (2015: £206,843).

No trustees received any remuneration from the charity but expenses of £1,382 (2015: £3,799) were reimbursed to one trustee (2015: one trustee) being expenses paid to the trustee in relation to her CEO role.

7. Staff numbers

The Average number of employees during the year were as follows:-

	Group		Charity	
	2016	2015	2016	2015
Chief Executive and Directorate	3	3	3	3
Support	332	301	332	301
Health & Wellbeing and Training & Consultancy	18	14	-	14
Fundraising	4	1	-	1
Administration and Support	23	25	23	25
	<u>380</u>	<u>344</u>	<u>358</u>	<u>344</u>

Notes to the financial statements (continued)

8. Tangible fixed assets – Group and Charity

	Freehold Land and buildings £	Furniture, fittings and equipment £	Computer and office equipment £	Motor Vehicles £	Total £
Cost or valuation					
At 1 April 2015	754,555	403,827	441,615	24,434	1,624,431
Additions	2,848,272	50,057	46,093	-	2,944,422
At 31 March 2016	3,602,827	453,884	487,708	24,434	4,568,853
Aggregate depreciation					
At 1 April 2015	278,404	372,568	401,792	24,434	1,077,198
Charge for period	9,553	10,618	18,944	-	39,115
At 31 March 2016	287,957	383,186	420,736	24,434	1,116,313
Net book value					
At 31 March 2016	3,314,870	70,698	66,972	-	3,452,540
At 31 March 2015	476,151	31,259	39,823	-	547,233

Land and buildings includes assets under construction of £3,040,388 (2015: £276,895) which are not depreciated until operational. Work began on a new property which will be known as The Thistle Centre for Health and Wellbeing. This building was completed in May 2016.

At 31 March 2016 the historical cost of land and buildings was £3,480,750 (2015: £632,478) with accumulated depreciation of £261,797 (2015: £255,151).

9 Investment in subsidiary undertakings

	Group £	Charity £
At 1 April 2015	-	-
Additions in the year	-	200
31 March 2016	-	200

Additions in the year represent the £100 investments in Thistle Services CIC and Thistle Training and Consultancy Services CIC respectively. The investments represent 100% of the 100 £1 ordinary shares held in each entity.

Notes to the financial statements *(continued)*

9 Investment in subsidiary undertakings *(continued)*

Name	Company Number	Charity Registration Number	Class of Share	Holding %
Thistle Services CIC	SC502185	-	Ordinary	100
Thistle Training and Consultancy Services CIC	SC502184	-	Ordinary	100
Thistle Health and Wellbeing	SC502027	SC045846	N/A – Limited by guarantee	100

The subsidiary undertakings at the balance sheet date and their results for the year ended 31 March are as follows:

Name	Aggregate capital and reserve £	Profit/(Loss) for the year £	Principal Activity £
Thistle Services CIC	10,125	10,025	Delivery of care services
Thistle Training and Consultancy Services CIC	844	744	Provision of training and consultancy services
Thistle Health and Wellbeing	172,325	172,325	Provision of person centred health and wellbeing services

10. Investments – Group and Charity

	2016 Market value £	2016 Cost £	2015 Market value £	2015 Cost £
UK Listed investments				
At 1 April 2016	6,322,699	4,171,438	8,396,388	5,773,586
Additions	368,115	368,115	208,835	208,835
Disposals	(812,355)	(530,562)	(2,682,790)	(1,810,983)
Net unrealised (Loss)/ Gain	(394,912)	-	400,266	-
At 31 March 2016	5,483,547	4,008,991	6,322,699	4,171,438
Cash deposits for reinvestment	1,149	1,149	33,371	33,371
	5,484,696	4,010,140	6,356,070	4,204,809

Notes to the financial statements (continued)

10. Investment assets (continued)

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 2016:

Holding	Market value £
252,500 Avia Investors UK US Equity Income 2	392,057
165,650 BNY Mellon FD Mgr Newton GBL Inc Inst	292,505
190,000 JP Morgan AM UK Ltd US Equity Income C Inc Nav	425,790
525,500 Standard Life Investments Ltd European Equity Income	421,556

11. Debtors

	Group 2016 £	Charity 2016 £	Group and Charity 2015 £
Contract income receivable	1,228,975	474,495	892,682
Taxation and social security	126,910	-	-
Amounts owed by group undertakings	-	831,804	-
Other debtors and prepayments	300,968	164,555	244,082
	<u>1,656,853</u>	<u>1,470,854</u>	<u>1,136,764</u>

12. Creditors

Creditors: Amounts falling due within one year

	Group 2016 £	Charity 2016 £	Group and Charity 2015 £
Taxation and social security	391,448	295,786	99,619
Trade creditors	100,008	100,008	37,380
Amounts owed to group undertakings	-	178,577	-
Other creditors and accruals	447,866	542,127	610,494
Pension liability	114,922	114,922	114,922
Deferred income	179,060	-	10,000
	<u>1,233,304</u>	<u>1,231,420</u>	<u>872,415</u>

Notes to the financial statements (continued)

12. Creditors (continued)

Creditors: Amounts falling due after more than one year

	Group	Charity	Group and Charity
	2016	2016	2015
	£	£	£
Pension liability	194,158	194,158	341,657

Deferred Income

	Group	Charity	Group and Charity
	2016	2016	2015
	£	£	£
Opening deferred income	10,000	10,000	242,702
Released from previous year	(10,000)	(10,000)	(242,702)
Deferred in current year	179,060	-	10,000
Closing deferred income	179,060	-	10,000

Income is deferred when the Group receives grants or donations for which the conditions of recognition have not yet been met.

Notes to the financial statements (continued)

13. Funds – Group

	At 31 March 2015 £	Incoming resources £	Outgoing resources £	Other recognised gains/(losses) £	Transfers £	At 31 March 2016 £
<i>Restricted funds</i>						
SVQ - Scot Gov	1,500	20,400	(21,900)	-	-	-
Centre HWB – KICC Active	-	7,840	(7,840)	-	-	-
Centre HWB – Scot Gov	-	15,360	(15,360)	-	-	-
Centre HWB – EVOC	3,788	23,000	(26,788)	-	-	-
Centre HWB - RS MacDonald Trust	-	10,800	(10,129)	-	-	671
LSM – Midlothian	-	37,500	(37,500)	-	-	-
LSM – Scot Governmen	-	125,000	(125,000)	-	-	-
RLSM – Renfrew HSCP	-	13,742	(2,878)	-	-	10,864
Young Persons project - Scot Government	-	80,042	(67,596)	-	-	12,446
Young Persons project - Scot Government Autism Innovation Fund	-	9,320	-	-	-	9,320
House of Care - Scot Gov	43,678	17,995	(7,896)	-	-	53,777
House of Care – BHF	-	33,000	(27,256)	-	-	5,744
Veterans - Poppy Scotland	2,670	9,647	(12,317)	-	-	-
Veterans – Veterans Project	10,127	7,081	(1,689)	-	-	15,519
Veterans - Scot Gov	6,442	20,000	(26,442)	-	-	-
Veterans – Alliance	7,129	38,969	(46,098)	-	-	-
Veterans - Men in Sheds	18,402	15,000	(1,454)	-	-	31,948
T&C - POP project	39,354	15,000	(54,354)	-	-	-
T&C – Alliance	12,182	23,500	(35,682)	-	-	-
Scottish Govt VBRP	10,000	-	(10,000)	-	-	-
Restricted revenue funds	155,272	523,196	(538,179)	-	-	140,289
Capital funds	160,000	97,501	-	-	-	257,501
Total restricted funds	315,272	620,697	(538,179)	-	-	397,970
Unrestricted funds	4,007,786	6,649,054	(7,040,176)	539	-	3,617,203
Designated reserves	3,400,000	-	-	-	-	3,400,000
Revaluation reserve	2,273,337	-	-	(394,912)	-	1,878,425
Total unrestricted funds	9,681,123	6,649,054	(7,040,176)	(394,373)	-	8,895,628
Total funds	9,996,395	7,269,751	(7,578,355)	(394,373)	-	9,293,418

RS McDonald is a two year grant funding supporting the self management of neurological conditions.

Renfrew Health & Social Care partnership are funding the provision of self management services in Renfrewshire.

House of Care is a project co-led by Thistle and NHS Lothian, funded by Scottish Government and British Heart Foundation. NHS Lothian and Thistle are working together to coordinate Health and Social Care initiatives with the aim of adapting the House of Care model so that it can be used more widely.

Notes to the financial statements (continued)

13. Funds – Group (continued)

The young person's work is aimed at improving the experience of young people and their families making the transition from school to adult life. Main project delivery is funded by the Scottish Government SDS Innovation Fund and is in the second year of 3 years of funding. Additional funding for a year in the first instance is via Scottish Government's Autism Innovation & Improvement Fund.

The Veterans project delivers lifestyle management courses and individual support for veterans.

Men in Sheds is a project working with Veterans to reduce social isolation and support transition.

14. Funds –Thistle Foundation

	At 31 March 2015 £	Incoming resources £	Outgoing resources £	Other recognised gains £	Transfers £	At 31 March 2016 £
Restricted funds						
SVQ - Scot Gov	1,500	20,400	(21,900)	-	-	-
Centre HWB - Scot Gov	-	1,250	(1,250)	-	-	-
Centre HWB – EVOC	3,788	5,750	(9,538)	-	-	-
Centre HWB - RS MacDonald Trust	-	2,685	(2,685)	-	-	-
LSM – Midlothian	-	-	-	-	-	-
LSM – NHS	-	-	-	-	-	-
LSM – Scot Gov	-	31,250	(31,250)	-	-	-
RLSM – Renfrew HSCP	-	-	-	-	-	-
Young Persons project - Scot Government	-	19,902	(19,902)	-	-	-
House of Care - Scot Gov	43,678	-	(43,678)	-	-	-
House of Care – BHF	-	8,750	(8,750)	-	-	-
House of Care – NHS	-	-	-	-	-	-
Veterans Project	10,127	5,000	(15,127)	-	-	-
Veterans - Poppy Scotland	2,670	2,375	(5,045)	-	-	-
Veterans - Scot gov 16B	6,442	1,760	(8,202)	-	-	-
Veterans – Alliance	7,129	19,378	(26,507)	-	-	-
Veterans - Men in Sheds	18,402	-	(18,402)	-	-	-
T&C - POP project	39,354	15,000	(54,354)	-	-	-
T&C – Alliance	12,181	23,500	(35,681)	-	-	-
Scottish Govt VBRP	10,000	-	(10,000)	-	-	-
Restricted revenue funds	155,271	157,000	(312,272)	-	-	-
Capital funds	160,000	97,501	-	-	-	257,501
Total restricted funds	315,271	254,501	(312,272)	-	-	257,501
Unrestricted funds	4,007,786	4,299,154	(4,735,774)	539	-	3,571,705
Designated reserves	3,400,000	-	-	-	-	3,400,000
Revaluation reserve	2,273,337	-	-	(394,912)	-	1,878,425
Total unrestricted funds	9,681,123	4,299,154	(4,735,774)	(394,373)	-	8,850,130
Total funds	9,996,395	4,553,655	(5,048,046)	(394,373)	-	9,107,631

Notes to the financial statements *(continued)*

14. Funds *(continued)*

The Designated reserve of £3,400,000 was set aside to fund the construction of the Centre of Wellbeing and is now required to fund the fixed assets of the Thistle Foundation.

The Capital grants were received towards the cost of the new property. Work on this new building has commenced on the site of Tudsberry House which was demolished in February 2015 and was completed in May 2016.

15. Analysis of group net assets by fund

	Fixed Assets £	Investments £	Net current assets £	Long term liabilities £	Total £
Unrestricted	8,679,735	-	410,051	(194,158)	8,895,628
Restricted	257,501	-	140,289	-	397,790
	<u>8,937,236</u>	<u>-</u>	<u>550,340</u>	<u>(194,158)</u>	<u>9,293,418</u>

16. Other financial commitments

At 31 March 2016 Thistle Foundation was committed to making the following total future payments under non-cancellable operating leases:

	2016 £	2015 £
Future operating lease commitment:		
Within one year	1,872	7,800
Two – five years	2,488	588
Over five years	-	-

Contracts and commitments

Following the construction of Thistle Centre of Wellbeing, there is a contractual commitment to dispose of Wighton House for a net sum of £110,000 in the next financial year.

Notes to the financial statements *(continued)*

17. Pension scheme

The Federated Flexiplan No.1 ("the Plan") is a defined benefit pension scheme. It is a "last man standing scheme" which means that all participating employers are joint and severally liable for the Plan's liabilities. However, because of the non-associated multi-employer nature of the Plan, the Company does not have sufficient information available (in particular to identify its share of the underlying assets and liabilities of the Plan) to use defined benefit accounting. As such and as permitted by FRS 102, it accounts for the Plan as if it were a defined contribution scheme. As a result, the amount recognised in the profit & loss represents the Company's contributions payable to the Plan in respect of the accounting period.

Members of the Plan are entitled to benefits on either a "Pensions Capital" or "Target Pension" basis. Under the Pensions Capital basis, contributions paid by and in respect of members are accumulated up to retirement and then used to secure benefits for the member. Under the Target Pension basis, members receive a defined pension at retirement based on length of service in the Plan and their Pensionable Salary at date of leaving. The Plan is closed to new members and to future accrual of benefits.

Actuarial Valuation as at 31 March 2015

The latest actuarial valuation of the Plan was at 31 March 2015 and 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 liabilities (or '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.

The technical provisions were calculated using assumptions that were chosen to produce a level for the technical provisions which was anticipated to be broadly in line with the cost of securing the Plan benefits with an insurer.

At the valuation date, the value of the assets of the Plan was £83.9 million and the value of the Plan's technical provisions was £88.8 million indicating a deficit of £4.9 million. The assets therefore were sufficient to cover 94% of the benefits that had accrued to members.

Recovery Plan

As the Plan was in deficit at the latest actuarial valuation a recovery plan was put into place. Under this recovery plan, contributions of £2,063,417 per annum are payable from 1 April 2016 to 31 March 2017 and £1,555,556 per annum are payable from 1 April 2017 to 31 March 2019. This valuation has led to a reduction of the liability by £32,577 which is recognised in the Statement of Financial Activities.

The Company's agreed share of these contributions is £114,922 per annum from 1 April 2016 and £97,078 per annum from 1 April 2017. No other contributions are due from the Company.

Company contributions in the accounting year to 31 March 2016

The Company paid contributions totalling £114,922 over the period.

The next formal triennial actuarial valuation is due at 31 March 2018. The contribution rate will be reviewed as part of each valuation.

Notes to the financial statements *(continued)*

18. Trustee indemnity insurance

Thistle has in place a Trustee Indemnity insurance policy with an aggregate limit of indemnity of £2,000,000. The annual premium payable under the policy, including insurance premium tax, is £962 (2015: £1,326).

19. 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 (2015: £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.

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 2016 a donation of £15,000 towards the Veterans Project was approved by the Thistle Trust Board. (2015: £50,000 capital donation towards Thistle Centre of Wellbeing)

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 £2,500 gross (2015: £3,211). Thistle also undertook training on behalf of In Control Scotland for £nil gross (2015: £7,804) for which there was an amount outstanding at the year-end of £nil (2015: £1,535). The In Control debtor at the year-end was £Nil (2015: £803). Chief Executive Diana Noel-Paton was Chair of In Control Scotland Ltd during the year.

One of the trustees has a family member who is a beneficiary of Thistle Foundation with fees raised on a commercial basis. In relation to this, at 31 March 2016 there is a balance of £7,925 (2015: £7,142) which is collectible in the normal course of business.

20. Ultimate controlling party

Thistle Foundation is controlled by its Voluntary Board of Directors. There is no controlling entity.

Notes to the financial statements *(continued)*

21. Financial Instruments

	Group 2016	Charity 2016	Group and Charity 2015
Financial assets			
Financial assets at fair value through income and expenditure	5,484,696	5,484,696	6,356,070
Financial assets measured at amortised cost	<u>1,929,906</u>	<u>1,568,944</u>	<u>4,307,164</u>
Financial liabilities			
Financial liabilities at fair value through income and expenditure	309,080	309,880	456,579
Financial liabilities measured at amortised cost	<u>547,514</u>	<u>820,712</u>	<u>647,874</u>

Financial assets and liabilities are initially measured at transaction price (including transaction costs). The Group only has financial assets and liabilities of a kind that qualify as basic financial instruments.

Financial assets at fair value through income & expenditure comprise investment assets.

Financial assets measured at amortised cost comprise investment in subsidiary undertakings), contract income receivable, other debtors, amounts owed by group undertakings and cash at bank and in hand.

Financial liabilities at fair value through income & expenditure comprise the pension liability.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors and accruals and amounts owed to group undertakings.

22. Transition to FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or income or expenditure. The date of transition was 1 April 2014.

Notes to the financial statements *(continued)*

23. SOFA prior year comparatives by fund for 31 March 2015

	Unrestricted Funds	Restricted Funds	Capital Fund	Total Funds 2015
	£	£		£
Income from:				
Voluntary Income – Donations and legacies	663,560	-	160,000	823,560
Activities for generating funds	26,535	-	-	26,535
Investment income	316,616	-	-	316,616
Income from charitable activities				
Supported Living	5,305,897	-	-	5,305,897
Health and Wellbeing	13,017	307,316	-	320,333
Training and Consultancy	26,399	381,237	-	407,636
Other Income	3,689	21,000	-	24,689
Total income	6,355,713	709,553	160,000	7,225,266
Expenditure on:				
Raising funds	140,417	-	-	140,417
Charitable activities				
Supported Living	5,835,787	-	-	5,835,787
Health and Wellbeing	8,338	355,215	-	363,553
Training and Consultancy	14,357	262,865	-	277,222
Other projects	20,698	29,626	-	50,324
Property costs	210,522	-	-	210,522
Total expenditure	6,230,119	647,706	-	6,877,825

All amounts in relation to investment movements in the year ended 31 March 2015 were unrestricted in nature.