

Thistle Foundation

(a company limited by guarantee)

Report and financial statements

Company number SC024409

Charity number SC016816

31 March 2017

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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

Members of the Board of Trustees

David Giffin	Chair
John Dalrymple	Resigned 22 March 2017
Ian Williams	
Diana Noel-Paton	
Gwen Currie	
Deborah Kong	
Gillian Wilson	
Chris Bruce	Appointed 22 March 2017

The Directorate Team

Diana Noel-Paton	Chief Executive
Mark Hoolahan	Depute Chief Executive
Nicola Park	Head of Finance (appointed November 2016) & Company Secretary (appointed March 2017)
John Campbell	Director of Corporate Services & Company Secretary (Retired September 2016)

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 2017

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 and 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.

Thistle Group Trustees joined Thistle Group management in a Strategy Day this year to review our plans to address the challenges and opportunities facing Thistle. Our Strategic Priorities lead our work and we are committed to the following:

1. To be known and respected as a centre of good practice influencing Health and Wellbeing nationally by developing a strong evidence base for our work and learning;
2. To focus and integrate our work across the organisation in ways that support better health and wellbeing of individuals, families and communities:
 - a. to have an emphasis on preventative work, and living well with long term health conditions; and,
 - 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 develop strategic partnerships and collaborations to further our wider mission;

Strategic report (continued)

4. To build the capacity and range of Thistle peers, volunteers and ambassadors to better support our work;
5. To invest in our people and organisational capacity and skills, so we can respond to and influence the Health and Wellbeing agenda; and
6. To be financially sustainable in the longer term.

Building greater engagement and involvement with Thistle Strategy

We value the involvement of people we support, family members and staff in influencing developments across the organisation and we engage people through regular team meetings, practice development groups, information and consultation sessions, and the 'Big Conversation'. Topics and issues that people have been involved in this year include:

- The development of a competency framework that underpins the 'Thistle Approach' to working with people;
- Development of a new supervision policy and procedure;
- Contributing to the development of Thistle's strategic direction;
- Management of financial challenges;
- Introduction of new policies and procedures;
- Improving communication; and
- Personalised recruitment.

Consolidating Quality and Building Capacity

To consolidate the Thistle Approach, Thistle Learning have developed a new programme called Leading and Learning to capture all support staff and plan to roll this out in autumn 2017.

Thistle's Competency framework for all staff has been embedded. 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. The 5 broad competencies which underpin our work are supported by a series of indicators articulating how these competencies show up in our work. These indicators are described at 5 levels which cohere with the new grading structure introduced in October 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.

Strategic report (continued)

Thistle Health and Wellbeing

Through its subsidiary charity Thistle Health and Wellbeing, Thistle has continued to move 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.

Centre of Wellbeing

We have settled into the Centre of Wellbeing building in Craigmillar since it opened in May 2016 and have expanded the options of support for people coming to the service. Gym attendance numbers have increased from 8,374 in 2015-2016 to 11,107 in 2016-17. Tai Chi remains as popular as ever with a total of 82 sessions being offered in the year and 1,443 attendances. We have worked closer with our partners in Get2Gether with 2 of their staff members becoming tai chi leaders to support the development of this activity across both partners.

We have seen a growth in demand for self-management support with referrals to the Wellbeing Centre based service increase from 605 in 2015-16 to 758 this year, with 31% of these referrals coming from the Thistle Wellbeing service based in GP practices. Of the people referred to the service this year 66% of the people referred came to an initial appointment with a practitioner and had an opportunity to explore their best hopes and the support that might help them move towards these hopes.

The Wellbeing Centre based team offered a total of 338 one to one support appointments for people and a total of 21 courses (including lifestyle management, nutrition lifestyle, exercise lifestyle and mindfulness). 190 people started a course with the average attendance for participants being 80% (20% of the people starting dropped out).

30 dedicated volunteers currently support the Wellbeing Centre based service and work alongside the Health and Wellbeing team to support the delivery of courses and our range of activities. This year we ran a Volunteer training course for new and existing volunteers – 12 people attended with 5 new volunteers. Some people who have benefitted from Thistle's health and wellbeing services go on to become peer supporters at Thistle, becoming fuller members of their communities by helping others on their journey to getting a better life.

Thistle has always and continues to play a role 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. This year our Link up project 'Connecting Craigmillar', hosted at the Centre of Wellbeing is going from strength to strength, bringing new people to the Centre and also developing new groups on site and in the wider Craigmillar area including an art group, a community cinema and boccia group.

Strategic report (continued)

Thistle now has a waiting list for the first time ever, with people waiting on average several months to be seen for an initial appointment. Thistle Trustees and management have embarked on an ambitious new approach to fundraising to help get this waiting list down and make sure people can start living the best lives they can as soon as possible.

Veterans programme

Due to a reduction in funding in 2016-17 the Veterans service has had more of a local focus. We have held a strong focus on supporting transition therefore ran 2 mixed Lifestyle Management courses with both civilians and veterans attending. The Thistle Shed which was started as a Veteran Shed has now also become a mixed shed. The Shed has 13 signed up members, 11 veterans and 2 civilians. The Shedders have been involved in a variety of projects including making a set of planters for a community garden, renovating a doll's house and repairing a knitting machine.

Our learning over the years affirms where we fit in to the range of services supporting veterans. Thistle's approach is most relevant 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

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.

Initially the Scottish Government offered funding to support the early adoption of the model. In January 2015 funding was agreed from the British Heart Foundation to focus on people with or at risk of cardiovascular disease. Further additional funding was agreed in summer of 2016 and in January 2017 local funding for diabetes and the development of pharmacy was approved. NHS Lothian Quality Improvement Department and Modernisation team are supporting the collaboration, specifically in terms of continuous improvement and service redesign skills. Early adopters are being supported to redesign their service to improve coordination of 'traditional' medical services and access to 'non-traditional' community based supported self-management. We know about supporting people in complex situations in a joined up way that is right for them – that is why it is important we are involved.

Young People's Work

InterAct has continued to develop local work with young people leaving special schools in Edinburgh and Midlothian, and to influence nationally through capacity building partnerships across Scotland. This year the work has successfully grown through Scottish Government Autism Innovation funding,

Strategic report (continued)

which has allowed a deepening of the local work with young people and their families. Over the course of 2016-17 we have worked alongside 68 young people, 47 carers and 75 practitioners.

Lothian Based Young People's Work

Locally we have worked alongside 53 young people in transition from across 3 special schools in Edinburgh and Midlothian, using drama as a means of exploring feelings about change and options for life after school, and large group Person Centred Planning (Big Plan) to help young people and their families to gain confidence and strength to take control of the direction of their lives. Young people within Big Plan identified their dreams for their future, such as becoming an audio describer or a bin man, or going to the football. Both drama and Big Plan are co-facilitated by young people with lived experience of disability, modelling to young people and families different paths and choices they have made post school.

18 young people went on to form the 'Watch Me Fly' peer meet up group, meeting 19 times throughout the year at ordinary places around the city. Young people chose and voted on places and experiences to try together, often being out without family for the first time. New experiences included going to a 'Can you Escape?' game, a show at The Stand comedy club, a virtual reality arcade, trying sushi and buying a train ticket without support. We then worked alongside 6 young people intensively to address barriers to their independence; for instance helping young people learn to use buses to get to the places that matter to them, in order to sustain their own social life and have greater agency. All families reported a dramatic improvement in young people's confidence and ability to be with friends, go to new places and try new experiences, with one family member telling us: 'it has opened up his world. The world has expanded'.

6 young people have led on contributing their experience to a new partnership with Filmhouse cinema, assessing how accessible the space and experience feels when you are a young person with additional support needs. Young people produced a series of interviews for Disabled Access Day, highlighting the impact of disabilities which are not always visible.

Young people continued to contribute their experience and voice back into the work of the project in a variety of ways, for instance through a blogging group, presenting to First Minister Nicola Sturgeon at the Thistle building opening, introducing the work to Edinburgh Eastern MSP Ash Denham, and by becoming a panel interviewing for the new worker on the project. Light-touch support helped young people keep the focus on what mattered to them.

National Based Young People's Work

Over the last year work has progressed in 2 geographical areas: Argyll & Bute and Fife.

Within Argyll & Bute, we have been part of a post-school transition forum, looking to improve young people's transition across the county. We facilitated 2 workshops on Rothesay, reaching family members, young people and practitioners, in order to raise awareness of the approaches we have used locally and grow the dialogue around how this may work within their local context.

Within Fife we have partnered with Balwearie High School Department of Additional Support to engage a group of young people moving on from school to adult life. We have worked alongside both teaching staff and arts practitioners to learn and practice our drama approach, and to co-deliver the work with young people across a series of school-based sessions. Teaching staff reported the transformational effect this had for them in terms of how they would now work within the senior phase for post-school planning. We engaged with Fife transition providers' forum and recruited a group of workers from across the 3rd sector and statutory services, to begin to learn large group Person Centred Planning approach (Big Plan). This will form a first step towards building

Strategic report (continued)

capacity within their workforce to work with young people around what matters to them for the direction of their lives after school.

Thistle Services CIC

Thistle Services CIC delivers care services to local authorities. Thistle's Supported Living service has operated from two regional bases with an office in Renfrew serving Renfrewshire, East Renfrewshire and South Lanarkshire and another in Craigmillar serving Fife and the Lothians.

Having piloted Individual Service Funds (ISF's) in partnership with the City of Edinburgh Council, Thistle continued to lead the way in developing and embedding this approach as a more typical way of receiving support across Edinburgh and Renfrewshire services. We work flexibly and creatively to ensure that people are living the lives they want and exploring how having an ISF supports this.

Between Thistle Services CIC and Thistle Foundation we supported 109 people, providing an average of 5,170 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 continue to give us very good grades (5's) in all areas.

The Care Inspectorate noted that people are supported by Thistle to live well and safely and to be active citizens in their community; the Thistle approach is especially valued by people experiencing support; and, Thistle's values are practiced and reinforced across the organisation so that the person receiving support is always at the centre of actions and decisions. They also highlighted that the service was inclusive, responsive and compassionate, in keeping with the new principles of the national care standards and that people experiencing support could be involved in choosing their own Personal Assistants. There were very good opportunities to influence the leadership and direction of the whole service through the 'Big Conversation'. Support plans had been improved and were more detailed, current and outcomes focused. People had learned new skills and made new social connections. Examples included: getting their first car, getting a place at college, a hot tub, travelling on the bus without support, making soup, having a barbeque and attending new social events. Other people had begun to show more self-determination, such as choosing how their home should look and indicating when they wanted to do their own thing without staff. Lead practitioners were well motivated and well supported by a senior management team who valued and developed staff. An example being the Leading Others course which most lead practitioners and some personal assistants had completed. There were no requirements or recommendations.

The directors reviewed the long term financial and operational sustainability of the business in Renfrewshire during the year and decided to withdraw from our work there and focus attention in the east. Renfrewshire services were successfully transferred to another provider on 30th June 2017. During the coming year we will be pursuing opportunities to significantly grow our services in the east with a view to securing the long term financial sustainability of our high quality Supported living Service.

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. This year Thistle's training activity continued through Thistle Training and Consultancy Services CIC.

Over the year, Thistle Training and Consultancy consolidated its presence nationally by negotiating a smaller number of larger and sustainable strategic contracts with health and social care partnerships in Fife and Aberdeenshire, with other projects in Dumfries, Falkirk and Lothian coming on-stream and set to continue into the next financial year.

Early in the year, the 'Making it Personal' programme - the 'opt in' programme held in Edinburgh, Glasgow and Perth - where practitioners from across Scotland can book a free place, was temporarily discontinued. There is a productive relationship between the 'Making it Personal' programme and subsequent successful contracting 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.) However, we exceeded the necessary number/costs of contracts to cover the current capacity of the delivery team to the extent that we needed to subcontract work to our external consultants. Our intention is to re-commence this programme when we anticipate a need to develop more contracts.

The goal of our work with each local health and social care partnership across Scotland is to support each locality to develop a spread and sustainability model. We are currently doing this by training local practitioners as trainers and leaders - supporting the ongoing learning and development of their peers.

We re-introduced specific training and support to organisations interested in delivering Thistle's Lifestyle Management courses, supporting teams in Renfrewshire, Glasgow (GCVS), and Lanarkshire's House of Care programme. This year saw the piloting of new courses, "Human Worries" and delivery of "Leading Others" to an external audience. The Training and Consultancy team delivered two Leadership courses in Edinburgh and Dumfries to support local practitioners to spread the personal outcomes approach across their services.

During the year the team delivered 30 courses to 580 practitioners from a wide range of health and care professionals across both statutory and voluntary sectors (compared to 546 practitioners last year) in 8 geographical areas.

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:

Strategic report (continued)

- fundraising income would not achieve its targets given the external challenges facing the sector. Senior management attended a Fundraising masterclass early in 2017 and together with the Trustees plan an ambitious new approach to fundraising in 2017-18 and beyond.
- 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.
- issues facing many third sector employers around the potential payment of claims relating to additional holiday payments. Management obtain regular legal updates to enable the appropriate costs to be built in to negotiations with funders.
- audit of European Social Fund funding of Higher Education Certificate programme 2007-2013 is not complete. Discussions between Thistle and the Scottish Government to complete the audit relating to £451,000 of funding are ongoing.

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 [5 DECEMBER 2017.....] and signed on its behalf by:



David Giffin
Chair of the Board of Trustees

Trustees' report for the year ended 31 March 2017

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 2017.

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 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 Officer who is also a Trustee, and the Depute Chief Executive Officer. 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 leading on person centred approaches within health and social care in Scotland; and

Thistle Health and Wellbeing – a charity supporting people to get good lives where they are able to contribute as full members of their community.

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.

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,

Trustees' report (*continued*)

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 Head of Finance attend meetings of the Group Finance and Audit 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.

Get2gether is an organisation established by Thistle Foundation and other organisations and is based in Thistle's accommodation. The CEO of the Thistle Foundation is a Trustee and Thistle provides a payroll service.

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 retaining the "Positive about Disability" accreditation.

We value our staff, seeing them as our greatest resource, and this year have continued to focus on improving our staff retention, staff turnover and staff sickness statistics all of which still compare well with industry benchmarks (where they exist). Sickness at 3.7% (2016: 3.5%) is at nearly half the non profit benchmark of 5.0% and staff retention is approximately 90% for full time staff and approximately 72% for part time staff (2016: 90% and 75% respectively) 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 support our staff through a variety of means including investment in in-house training and development, regular supervision sessions with their line manager, team meetings, practice development groups and reflective practice.

We see our staff 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 2017, the charity considered key management to be made up of two individuals with details of remuneration included in Note 6.

Trustees' report (*continued*)

Volunteers

Thistle Foundation acknowledges with grateful thanks the support of 30 dedicated volunteers who have contributed in a wide variety of ways to the work of the charity. These volunteers 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.

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 increase in funds of £559,372 (2016: net decrease in funds of £702,977). This includes gains on Investments of £755,722 (2016: losses £426,950).

Setting aside donations and legacies, group turnover grew from £6.74m to £7.62m, an increase of 13.0% and expenditure grew from £7.58m in 2016 to £8.19m an increase of £0.61m or 8.0% which came from a steady growth in activities.

In common with a number of providers of Supported Living Services, Thistle pays 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. In addition, Thistle became a Scottish Living Wage employer from October 2016.

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.

This year we raised £371,008 in donations and legacies with a return of investment of 2.7:1 against a target of 2.6% (2016: £527,588 with 2.5:1 ROI). Management attended a Fundraising masterclass during the year and, together with the Trustees, have committed to an ambitious new approach to fundraising next year, including community events and a new campaign. This will allow Thistle to grow unrestricted income to support the goals of reducing waiting times for wellbeing services and funding future innovation.

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.

Trustees' report (*continued*)

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 £194,157 is provided in respect of Thistle Foundation's remaining liability to the Recovery Plan. This liability is payable over a remaining period of two years.

Reserves

The Trustees reviewed Thistle's reserves policy in 2016 and they consider it appropriate to ensure the continued ability of the Charity and its subsidiaries to meet their objectives.

Reserves are required to meet Thistle Group's working capital requirements and to develop new services for the people we support. Being an innovative organisation the aim is hold unrestricted reserves at a level equal to 6 months expenditure.

Currently, unrestricted funds stand at £9.7m (2016 – £8.8m). This represents 14 months' expenditure (currently forecast at £8.2m for the year 2017-18). This unrestricted reserve is supported by a listed investment portfolio of £6m. The trustees have decided that £5m of the listed investment portfolio should remain as a permanent free reserve at present.

Thistle Foundation completed the construction of the Thistle Centre of Wellbeing in January 2016 and moved in during May 2016. The Centre cost £3.2m of Thistle reserves after taking account of grants.

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 release cash needed during the completion of the Thistle Centre of Wellbeing. In spite of this the closing value of investments increased to £6m due to market upturn. Investment income is projected to be around £220,000 in future years and this income will be used to cover some of Group overheads.

Following completion of the building in 2016, 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 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.

Trustees' report (*continued*)

The low to moderate risk portfolio contains around 75% equities and 18.5% fixed income investments. The low risk portfolio contains around 45% equities with 26.3% fixed interest securities. The portfolios are managed on behalf of the charity by Brewin Dolphin.

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

Post balance sheet events

Thistle Foundation was involved in delivering a highly successful training programme from 2002 to 2012, funded by the European Social fund and Scottish Government. Since the accounting reporting date, Thistle have received notification that there is the potential for clawback of £451,000 of that funding due to interpretation of requirements for evidencing match funding.

Thistle Foundation has launched a formal appeal against this initial assessment and this will be heard by a Scottish Government review panel. Currently, this matter is in its early stages and no assessment of the likelihood or measurement of this appeal has been made by the Trustees. It is deemed impossible that a likely outcome can be assessed or measured at the current stage. Accordingly, no adjustment has been made in the financial statements in relation to this matter.

As detailed in Note 17, the Federated Flexiplan pension scheme Trustees anticipate that the liability will be bought out in 2018. This would remove the financial liability for Thistle Foundation which at the accounting date was £194,157.

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.

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

Trustees' report (*continued*)

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 ~~5 DECEMBER 2017~~ and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'David Giffin', written over a horizontal line.

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 2017 which comprise the group and parent charitable company Statement of Financial Activities, the group and parent charitable company Balance Sheets, the group 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 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 2017 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, based on the work undertaken during the course of the audit:

- the information given in the trustees' report and the strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The trustees' report and the strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report and the strategic report.

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.

BDO LLP

Barbara Southern, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Edinburgh
United Kingdom
Date: 8 December 2017

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 2017

	Note	Unrestricted Funds	Restricted Funds	Capital Funds	Total Funds 2017	Total Funds 2016
Income from:		£	£	£	£	£
Donations and legacies	3	371,008	-	-	371,008	527,588
Income from charitable activities						
Supported living		4,019,799	-	-	4,019,799	3,946,258
Health and wellbeing		47,157	538,216	-	585,373	478,093
Training and consultancy		-	-	-	-	38,500
Conference income		-	-	-	-	22,298
Community Interest Companies trading activities		2,752,446	-	-	2,752,446	1,979,593
Investment income		226,406	-	-	226,406	256,821
Other income		12,500	27,714	-	40,214	20,600
Total Income		7,429,316	565,930	-	7,995,246	7,269,751
Expenditure on:						
Raising funds		136,392	-	-	136,392	213,992
Charitable activities		4,843,280	559,312	-	5,402,592	5,370,711
Community interest companies trading operations		2,632,612	-	-	2,632,612	1,993,652
Total Expenditure	4	7,612,284	559,312	-	8,171,596	7,578,355
Gains/(losses) on investments						
Realised gain/(loss) on sale of investments		170,153	-	-	170,153	(32,038)
Unrealised gains/(losses) on investments	10	585,569	-	-	585,569	(394,912)
Net income/(expenditure)	2	572,754	6,618	-	579,372	(735,554)
Other recognised gains/(losses):						
Actuarial gain on pension		-	-	-	-	32,577
Net movement in funds for the year		572,754	6,618	-	579,372	(702,977)
Transfers between funds:	13					
Designated funds		(3,400,000)	-	-	(3,400,000)	-
General funds		4,207,982	-	-	4,207,982	-
Revaluation funds		(807,982)	-	-	(807,982)	-
Restricted capital funds		257,501	-	(257,501)	-	-
Funds balance brought forward	13	8,895,628	140,289	257,501	9,293,418	9,996,395
Total funds at 31 March 2017	13	9,725,883	146,907	-	9,872,790	9,293,418

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 24.

The notes on pages 22 to 40 form part of these accounts.

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

for the year ended 31 March 2017

	Note	Unrestricted Funds	Restricted Funds	Capital Fund	Total Funds 2017	Total Funds 2016
Income from:		£	£		£	£
Donations and legacies	3	100,000	-	-	100,000	168,897
Charitable activities						
Supported living		4,019,799	-	-	4,019,799	3,946,258
Health and wellbeing		-	-	-	-	100,281
Training and consultancy		-	-	-	-	38,500
Conference income		-	-	-	-	22,298
Investment income		226,406	-	-	226,406	256,821
Other income		12,500	27,714	-	40,214	20,600
Total Income		4,358,705	27,714	-	4,386,419	4,553,655
Expenditure on:						
Raising funds		24,193	-	-	24,193	81,204
Charitable activities		4,524,272	27,714	-	4,551,986	4,751,933
Donations to Subsidiaries		-	-	-	-	214,909
Total Expenditure		4,548,465	27,714	-	4,576,179	5,048,046
Gains/(losses) on investments						
Realised gain/(loss) on sale of investments		170,153	-	-	170,153	(32,038)
Unrealised gains/(losses) on investments	10	585,569	-	-	585,569	(394,912)
Net income/(expenditure)		565,962	-	-	565,962	(921,341)
Other recognised gains/(losses):						
Actuarial gain on pension		-	-	-	-	32,577
Net movement in funds for the year		565,962	-	-	565,962	(888,764)
Transfers between funds:	13					
Designated funds		(3,400,000)	-	-	(3,400,000)	-
General funds		4,207,982	-	-	4,207,982	-
Revaluation funds		(807,982)	-	-	(807,982)	-
Restricted capital funds		257,501	-	(257,501)	-	-
Reconciliation of funds						
Total funds balance brought forward	14	8,850,130	-	257,501	9,107,631	9,996,395
Total funds at 31 March 2017	14	9,673,593	-	-	9,673,593	9,107,631

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

The notes on pages 22 to 40 form part of these accounts.

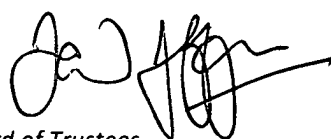
Consolidated and Charity Balance Sheets at 31 March 2017

	Note	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Fixed assets					
Tangible fixed assets	8	3,320,309	3,320,309	3,452,540	3,452,540
Investments	10	5,976,726	5,976,726	5,484,696	5,484,696
Investments in subsidiaries	9	-	200	-	200
		<u>9,297,035</u>	<u>9,297,235</u>	<u>8,937,236</u>	<u>8,937,436</u>
Current assets					
Debtors	11	1,109,895	909,442	1,656,853	1,470,855
Cash at bank and on hand		730,209	598,084	126,791	124,918
		<u>1,840,104</u>	<u>1,507,526</u>	<u>1,783,644</u>	<u>1,595,773</u>
Creditors: amounts falling due within one year	12	<u>(1,167,270)</u>	<u>(1,034,089)</u>	<u>(1,233,304)</u>	<u>(1,231,420)</u>
Net current assets		672,834	473,437	550,340	364,353
Total assets less current liabilities		9,969,869	9,770,672	9,487,576	9,301,789
Creditors: amounts falling due after more than one year	12	(97,079)	(97,079)	(194,158)	(194,158)
Net assets		<u>9,872,790</u>	<u>9,673,593</u>	<u>9,293,418</u>	<u>9,107,631</u>
Unrestricted funds	13				
Designated funds		-	-	3,400,000	3,400,000
Revaluation funds		1,656,012	1,656,012	1,878,425	1,878,425
General funds		8,069,871	8,017,581	3,617,203	3,571,705
		<u>9,725,883</u>	<u>9,673,593</u>	<u>8,895,628</u>	<u>8,850,130</u>
Restricted funds	13				
Restricted Revenue funds		146,907	-	140,289	-
Capital funds		-	-	257,501	257,501
		<u>146,907</u>	<u>-</u>	<u>397,790</u>	<u>257,501</u>
Total funds	15	<u>9,872,790</u>	<u>9,673,593</u>	<u>9,293,418</u>	<u>9,107,631</u>

The notes on pages 22 to 40 form part of these accounts.

These financial statements were approved and authorised for issue on ~~5 DECEMBER 2017~~ and signed on behalf of the Board of Trustees by

David Giffin
Chair of the Board of Trustees



Consolidated statement of cash flows

		2017	2016
	Note	£	£
Cash flow from operating activities			
Net income/(expenditure) per SOFA		559,372	(735,554)
Realised (profit)/loss on sale of listed investments		(170,153)	32,038
Unrealised (profit)/loss on listed investments		(585,569)	394,912
Realised loss on sales of fixed assets		104,703	-
Investment income		(226,406)	(256,821)
Depreciation		106,879	39,115
Decrease/ (Increase) in debtors		542,190	(520,089)
(Decrease)/ Increase in creditors		(117,998)	245,967
Cash generated by/(used in) operating activities		213,018	(800,432)
Cash flows from investing activities			
Dividend and interest income		231,174	256,821
Purchase of tangible fixed assets		(209,761)	(2,944,422)
Proceeds from sale of fixed assets		105,295	-
Purchase of investments		(1,791,786)	(368,115)
Proceeds from sale of investments		2,080,820	780,317
Cash generated by/(used in) investing activities		415,742	(2,275,399)
 Increase/ (decrease) in cash and cash equivalents in the year		 628,760	 (3,075,831)
Total cash and cash equivalents at the beginning of the year		127,940	3,203,771
Total cash and cash equivalents at the end of the year		756,700	127,940
 Analysis of cash and cash equivalents			
Cash at bank and in hand		730,209	126,791
Cash held within investments	10	26,491	1,149
Total cash and cash equivalents		756,700	127,940

The notes on pages 22 to 40 form part of these accounts.

Notes to the financial statements

1. Accounting policies

Thistle Foundation is a company limited by guarantee and is a registered charity with the Office of the Scottish Charity Regulator. The charity and company number, address of the charity's registered office and the nature of its principal activities is set out in the reference and administrative details and strategic report. The reporting currency is GBP and the level of rounding is to the nearest pound.

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.

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 (SoFA) 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 budgets and projections are in place for at least 12 months from anticipated date of sign off and there are sufficient reserves in the form of a liquid investment portfolio. The value of this portfolio is £5,976,726 as at 31 March 2017. Since the year end Thistle have secured the transfer of a further £1.8m worth of new income in additional Supported Living services from a similar organisation, which represents significant growth in this business area and making this business area financially sustainable in the medium to long term.

Income

All income is accounted for in the 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 raising funds comprise costs associated with attracting voluntary income and the costs of trading for fundraising purposes.
- Charitable activities 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
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.

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 SoFA.

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.

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. The trustees have taken the decision to transfer these funds to general funds following the completion of the designated projects that these funds were set up for.

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.

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.

Notes to the financial statements (continued)

2. Net income/(expenditure) for the year

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
This is stated after charging:				
Depreciation	106,879	106,879	39,115	39,115
Loss on sale of fixed assets	104,703	104,703	-	-
Auditor's remuneration – Audit	15,925	5,250	15,200	5,000
Auditor's remuneration – Other	840	-	2,500	750
Operating lease rentals – Other assets	9,088	9,088	9,415	9,415

3. Donations and grants

Group	Unrestricted £	Restricted £	2017 £	2016 £
Donations	256,868	-	256,868	266,139
Legacies	114,140	-	114,140	163,948
Capital grants	-	-	-	97,501
	371,008	-	371,008	527,588

Charity	Unrestricted £	Restricted £	2017 £	2016 £
Donations	100,000	-	100,000	68,948
Legacies	-	-	-	2,448
Capital grants	-	-	-	97,501
	100,000	-	100,000	168,897

Notes to the financial statements (continued)

	Direct Staff costs	Other direct costs	Support costs (Note 5)	2017	2016
4. Total Expenditure - Group					
Raising Funds					
Cost of Generating Voluntary Income	77,098	35,101	-	112,199	180,375
Conference Facilities	-	-	-	-	8,527
Investment Management costs	-	24,193	-	24,193	25,090
Total cost of raising funds	77,098	59,294	-	136,392	213,992
Charitable expenditure					
Support Services	3,520,988	318,074	580,507	4,419,569	4,574,064
Training & Consultancy	-	-	-	-	56,515
Health & Wellbeing	438,171	325,359	87,076	850,606	718,232
Loss on sale of fixed asset	-	104,703	-	104,703	-
Other projects	-	27,714	-	27,714	21,900
Total Charitable Expenditure	3,959,159	775,850	667,583	5,402,592	5,370,711
Trading activities	2,260,435	126,594	245,583	2,632,612	1,993,652
Total costs	6,296,692	961,738	913,166	8,171,596	7,578,355

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 30% of the funds raised. (2016: 34%)

Included within charitable expenditure are governance costs of £138,537 (2016 £171,528).

Governance costs comprise trustees' indemnity insurance premium, board of trustee meeting costs, training and audit fees. 100% of the salary costs of the Chief Executive and PA to the Directorate are allocated to the Governance Costs based on estimated time spent on governance matters. Trustees received no other remuneration or expenses in the current or prior years.

5. Allocation of support costs

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

	2017 £	2016 £
Operating costs	532,672	667,336
Finance and IT	306,987	345,383
Human Resources	73,507	168,561
	913,166	1,181,280

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 2017 £	Charity 2017 £	Group 2017 £	Charity 2017 £
Staff costs were as follows:				
Salaries and wages	6,324,843	3,527,678	5,884,584	3,238,088
Social security costs	467,769	277,555	435,862	220,124
Pension costs	149,359	70,714	160,104	68,152
Redundancy/termination costs	6,400	6,400	10,000	3,000
	6,948,371	3,882,347	6,490,550	3,529,364

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

	2017 £	2016 £
£60,000 - £69,999	1	1

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 (2016: £7,440).

The key management personnel of the parent charity, Thistle Foundation and of the Group comprise the Chief Executive Officer, the Depute Chief Executive and the Head of Finance. The total employee benefits of the key management personnel were £193,299 (2016: £206,845).

No other trustees received any remuneration from the charity but expenses of £592 (2016: £1,382) were reimbursed to one trustee (2016: one trustee) being business 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	
	2017	2016	2017	2016
Chief Executive and Directorate	3	3	3	3
Support	331	332	331	332
Health & Wellbeing and Training & Consultancy	20	18	-	-
Fundraising	4	4	-	-
Administration and Support	23	23	23	23
	381	380	357	358

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 2016	3,602,827	453,884	487,708	24,434	4,568,853
Additions	48,764	132,400	3,482	-	184,646
Disposals	(477,660)	(410,993)	-	(6,135)	(894,788)
At 31 March 2017	3,173,931	175,291	491,190	18,299	3,858,711
Aggregate depreciation					
At 1 April 2016	287,957	383,186	420,736	24,434	1,116,313
Charge for period	57,726	19,904	29,249	-	106,879
Disposals	(292,734)	(385,921)	-	(6,135)	(684,790)
At 31 March 2017	52,949	17,169	449,985	18,299	538,402
Net book value					
At 31 March 2017	3,120,982	158,122	41,205	-	3,320,309
At 31 March 2016	3,314,870	70,698	66,972	-	3,452,540

At 31 March 2017 the historical cost of land and buildings was £3,173,931 (2016: £3,480,750) with accumulated depreciation of £52,949 (2016: £261,797). The value of land not depreciated is £3,000 (2016: nil).

9 Investment in subsidiary undertakings

	Group £	Charity £
At 1 April 2016	-	200
Additions in the year	-	-
31 March 2017	-	200

The investments represent 100% of the 100 £1 ordinary shares held in Thistle Services CIC and Thistle Training and Consultancy Services CIC respectively. There were no additions in the year.

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 2017 are as follows:

Name	Income for the year £	Expenditure for the year £	Profit/(Loss) for the year £	Aggregate capital and reserve £	Principal Activity £
Thistle Services CIC	2,521,705	2,394,496	121,767	31,892	Delivery of care services
Thistle Training and Consultancy Services CIC	230,740	229,791	759	1,603	Provision of training and consultancy services
Thistle Health and Wellbeing	956,381	962,804	(6,423)	165,902	Provision of person centred health and wellbeing services

10. Investments – Group and Charity

	2017 Market value £	2017 Cost £	2016 Market value £	2016 Cost £
UK Listed investments				
At 1 April 2016	5,483,547	4,008,991	6,322,699	4,171,438
Additions	1,791,786	1,791,786	368,115	368,115
Disposals	(1,910,667)	(1,506,554)	(812,355)	(530,562)
Net unrealised Gain/(Loss)	585,569	-	(394,912)	-
At 31 March 2017	5,950,235	4,294,223	5,483,547	4,008,991
Cash deposits for reinvestment	26,491	26,491	1,149	1,149
	5,976,726	4,320,714	5,484,696	4,010,140

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 2017:

Holding	Market value £
207,450 Avia Investors UK US Equity Income 2	415,336
141,850 JP Morgan AM UK Equity C Inc Nav	416,188

11. Debtors

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Contract income receivable	747,922	361,719	1,228,975	474,495
Taxation and social security	-	-	126,910	-
Amounts owed by group undertakings		356,490	-	831,804
Other debtors and prepayments	361,973	191,233	300,968	164,555
	1,109,895	909,442	1,656,853	1,470,854

12. Creditors

Creditors: Amounts falling due within one year

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Taxation and social security	286,472	286,472	391,448	295,786
Trade creditors	114,676	114,676	100,008	100,008
Amounts owed to group undertakings	-	45,229	-	178,577
Other creditors and accruals	522,825	480,634	447,866	542,127
Pension liability	97,078	97,078	114,922	114,922
Deferred income	146,219	10,000	179,060	-
	1,167,270	1,034,089	1,233,304	1,231,420

Notes to the financial statements *(continued)*

12. Creditors *(continued)*

Creditors: Amounts falling due after more than one year

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Pension liability	97,079	97,079	194,158	194,158

Deferred Income

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
Opening deferred income	179,060	-	10,000	10,000
Released from previous year	(179,060)	-	(10,000)	(10,000)
Deferred in current year	146,219	10,000	179,060	-
Closing deferred income	146,219	10,000	179,060	-

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 2016 £	Incoming resources £	Outgoing resources £	Other recognised gains/(losses) £	Transfers £	At 31 March 2017 £
Restricted funds						
SVQ - Scot Gov	-	27,714	(27,714)	-	-	-
Centre HWB - RS MacDonald Trust	671	10,302	(10,973)	-	-	-
Edinburgh Locality Devt	-	30,027	(15,663)	-	-	14,364
LSM North East	-	98,843	(98,843)	-	-	-
Link Up project	-	25,900	(17,998)	-	-	7,902
LSM – Midlothian	-	145,507	(114,803)	-	-	30,704
RLSM – Renfrew HSCP	10,864	44,109	(40,920)	-	-	14,053
Veterans – Veterans Project	15,519	45,500	(33,502)	-	-	27,517
Veterans – Men in Sheds	31,948	-	(31,948)	-	-	-
Young Persons project - Scot Government	12,446	80,257	(84,745)	-	-	7,958
Young Persons project - Scot Government Autism Innovation Fund	9,320	24,771	(8,773)	-	-	25,318
House of Care – Other	53,777	-	(34,686)	-	-	19,091
House of Care – BHF	5,744	33,000	(38,744)	-	-	-
Restricted revenue funds	140,289	565,930	(559,312)	-	-	146,907
Capital funds	257,501	-	-	-	(257,501)	-
Total restricted funds	397,790	565,930	(559,312)	-	(257,501)	146,907
Unrestricted funds	3,617,203	7,429,316	(7,612,284)	170,153	4,465,483	8,069,871
Designated reserves	3,400,000	-	-	-	(3,400,000)	-
Revaluation reserve	1,878,425	-	-	585,569	(807,982)	1,656,012
Total unrestricted funds	8,895,628	7,429,316	(7,612,284)	755,722	257,501	9,725,883
Total funds	9,293,418	7,995,246	(8,171,596)	755,722	-	9,872,790

RS McDonald is year 2 of a two year grant funding supporting the self management of neurological conditions.

Edinburgh Locality development project, funded by Edinburgh Integrated care fund, is to scope the range of self management supports in Edinburgh's new integrated Health and Social care localities – with a view of identifying opportunities for partnership working and future development of self management option for people living with long term health conditions.

Link Up is a community development project that works on the basis that when the skills, passions and assets of local people are harnessed then lasting change can occur. In order to do this Link up workers support local people to establish groups and activities around shared interests and passion that help build relationships and social connections within the community.

Notes to the financial statements (continued)

13. Funds – Group (continued)

Midlothian Lifestyle Management is a project funded by Midlothian Integrated Joint Board for the provision of self management support based in GP practices in Midlothian.

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

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, helping to support transition and reduce social isolation.

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.

The Designated reserve was set aside to fund the construction of the Centre of Wellbeing which is now complete and so this has been released to General Funds.

The Capital funds were grants received towards the cost of the new property, and on completion of the building have been transferred to general funds.

14. Funds –Thistle Foundation

	At 31 March 2016 £	Incoming resources £	Outgoing resources £	Other recognised gains £	Transfers £	At 31 March 2017 £
Restricted funds						
SVQ - Scot Gov	-	27,714	(27,714)	-	-	-
Restricted revenue funds	-	27,714	(27,714)	-	-	-
Capital funds	257,501	-	-	-	(257,501)	-
Total restricted funds	257,501	27,714	(27,714)	-	(257,501)	-
Unrestricted funds	3,571,705	4,358,705	(4,548,465)	170,153	4,465,483	8,017,581
Designated reserves	3,400,000	-	-	-	(3,400,000)	-
Revaluation reserve	1,878,425	-	-	585,569	(807,982)	1,656,012
Total unrestricted funds	8,850,130	4,358,705	(4,548,465)	755,722	257,501	9,673,593
Total funds	9,107,631	4,386,419	(4,576,179)	755,722	-	9,673,593

Notes to the financial statements (continued)

14. Funds –Thistle Foundation (continued)

The Designated reserve of £3,400,000 was set aside to fund the construction of the Centre of Wellbeing which is now complete and so this has now been released to General Funds.

The Capital grants were received towards the cost of the new property, and on completion of the building have been transferred to general funds.

15. Analysis of group net assets by fund 2017

	Fixed Assets £	Investments £	Net current assets £	Long term liabilities £	Total £
Unrestricted	3,320,309	5,976,726	525,927	(97,079)	9,725,883
Restricted	-	-	146,907	-	146,907
	<u>3,320,309</u>	<u>5,976,726</u>	<u>672,834</u>	<u>(97,079)</u>	<u>9,872,790</u>

Analysis of group net assets by fund 2016

	Fixed Assets £	Investments £	Net current assets £	Long term liabilities £	Total £
Unrestricted	3,195,039	5,484,696	410,051	(194,158)	8,895,628
Restricted	257,501	-	140,289	-	397,790
	<u>3,452,540</u>	<u>5,484,696</u>	<u>550,340</u>	<u>(194,158)</u>	<u>9,293,418</u>

Notes to the financial statements (continued)

16. Analysis of charity net assets by fund 2017

	Fixed Assets £	Investments £	Net current assets £	Long term liabilities £	Total £
Unrestricted	3,320,309	5,976,926	473,437	(97,079)	9,673,592
Restricted	-	-	-	-	-
	<u>3,320,309</u>	<u>5,976,926</u>	<u>473,437</u>	<u>(97,079)</u>	<u>9,673,592</u>

Analysis of charity net assets by fund 2016

	Fixed Assets £	Investments £	Net current assets £	Long term liabilities £	Total £
Unrestricted	3,195,039	5,484,896	364,353	(194,158)	8,850,130
Restricted	257,501	-	-	-	257,501
	<u>3,452,540</u>	<u>5,484,896</u>	<u>364,353</u>	<u>(194,158)</u>	<u>9,107,631</u>

17. Other financial commitments

At 31 March 2017 Thistle Foundation was committed to making the following total future payments under non-cancellable operating leases:

	2017 £	2016 £
Future operating lease commitment:		
Within one year	10,839	1,872
Two to five years	31,344	2,488
Over five years	302	-
	<u>42,485</u>	<u>4,360</u>

Notes to the financial statements *(continued)*

18. 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.

Buy-Out of the Scheme Liabilities

The Scheme Trustee entered a buy-in covering the full Scheme liabilities with an insurer in February 2017 and anticipates that the transition to achieve full buy-out will be finalised in the first half of 2018. When that process is completed there will be no further legal or financial obligations to the Scheme.

Recovery Plan

As the Plan was in deficit at the latest actuarial valuation as at 31 March 2015 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. However, the Scheme Actuary has now certified that no further contributions are required to be made in respect of the two years commencing 1 April 2017.

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

Company contributions in the accounting year to 31 March 2017

The Company paid contributions totalling £114,922 (2016: £114,922) over the period.

19. 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 £1,227 (2016: £962).

Notes to the financial statements *(continued)*

20. Connected charities and related parties

The Thistle Trust, established in terms of a Deed of Trust dated 20 March 1952, owns and is responsible for the Robin Chapel situated within the grounds of Thistle Foundation, Craigmillar, Edinburgh. The Trust is an independent body governed by a separate board of Trustees. Administration is undertaken by Thistle Foundation which received a fee of £12,000 gross (2016: £12,000) for this service. Information on the Thistle Trust and the Robin Chapel is available from the Finance Department, Thistle Centre of Wellbeing, 13 Queen's Walk, 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 2017 a donation of £15,000 towards the Veterans Project was approved by the Thistle Trust Board. (2016: £15,000 donation towards the Veterans Project)

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 2017 there is a balance of £8,757 (2016: £7,925) which is collectible in the normal course of business.

21. Ultimate controlling party

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

22. Post balance sheet events

Thistle Foundation was involved in delivering a highly successful training programme from 2002 to 2012, funded by the European Social fund and Scottish Government. Since the accounting reporting date, Thistle have received notification that there is the potential for clawback of £451,000 of that funding due to interpretation of requirements for evidencing match funding.

Thistle Foundation has launched a formal appeal against this initial assessment and this will be heard by a Scottish Government review panel. Currently, this matter is in its early stages and no assessment of the likelihood or measurement of this appeal has been made by the Trustees. It is deemed impossible that a likely outcome can be assessed or measured at the current stage. Accordingly, no adjustment has been made in the financial statements in relation to this matter.

As detailed in Note 17, the Federated Flexiplan pension scheme Trustees anticipate that the liability will be bought out in 2018. This would remove the financial liability for Thistle Foundation which at the accounting date was £194,157.

Notes to the financial statements *(continued)*

23. Financial Instruments

	Group 2017	Charity 2017	Group 2016	Charity 2016
Financial assets				
Financial assets at fair value through income and expenditure	5,976,726	5,976,726	5,484,696	5,484,696
Financial assets measured at amortised cost	<u>1,800,355</u>	<u>1,483,159</u>	<u>1,629,906</u>	<u>1,569,144</u>
Financial liabilities				
Financial liabilities at fair value through income and expenditure	194,158	194,158	309,080	309,080
Financial liabilities measured at amortised cost	<u>637,499</u>	<u>640,539</u>	<u>547,514</u>	<u>820,712</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.

Notes to the financial statements *(continued)*

24. Consolidated SoFA prior year comparatives by fund for 31 March 2016

	Unrestricted Funds	Restricted Funds	Capital Fund	Total Funds 2016
	£	£		£
Income from:				
Donations and legacies	430,087	-	97,501	527,588
Income from charitable activities				
Supported Living	3,946,258	-	-	3,946,258
Health and Wellbeing	13,797	464,296	-	478,093
Training and Consultancy	-	38,500	-	38,500
Conference Income	22,298	-	-	22,298
Community Interest companies trading activities	1,979,593	-	-	1,979,593
Investment income	256,821	-	-	256,821
Other Income	200	20,400	-	20,600
Total income	6,649,054	523,196	97,501	7,269,751
Expenditure on:				
Raising funds	213,992	-	-	213,992
Charitable activities	4,832,532	538,179	-	5,370,711
Community interest companies trading operations	1,993,652	-	-	1,993,652
Total expenditure	7,040,176	538,179	-	7,578,355

All amounts in relation to investment movements in the year ended 31 March 2016 were unrestricted in nature.