TREFOIL HOUSE

Company Registered in Scotland No. SC231196
Charity number SC013744

Annual Report and Financial Statements
For the year ended 31 December 2016

TREFOIL HOUSE

DRAFT Annual Report and Financial Statements

For the year ended 31 December 2016

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Board

Edward Frizzell CB (Chairman)
Michael Gilbert
Margaret Dawson
David McFadyen (appointed 9 May 2016)
Linda Brown
Sarah Austin
Stewart Adams

President

Lord Selkirk of Douglas

Secretary

Anna Bennett, WS

Registered Office

The Signet Library
Parliament Square
Edinburgh
EH1 1RF

Independent Examiner

Craig Maxwell
Mazars LLP,
Apex 2,
97 Haymarket Terrace
Edinburgh
EH12 5HD

Solicitors

Gillespie Macandrew WS
5 Atholl Crescent
Edinburgh
EH3 8EJ

Bankers

The Royal Bank of Scotland PLC
36 St. Andrew Square
Edinburgh
EH2 2YB

Charity No. SC231196

TREFOIL HOUSE

Board Report

For the year ended 31 December 2016

The Board presents its report and financial statements for the year ended 31 December 2016.

The legal and administration information set out on the contents page forms part of this report.

Structure, Governance and Management

Governing Document

Trefoil House is a Company limited by guarantee and is registered with Companies House. The Company was incorporated on 7 May 2002 and was recognised as a charity by the Inland Revenue with effect from the same date. The Governing Documents are the Memorandum and Articles of Association which were amended after incorporation to modernise the administration of the Company and to rephrase the objects of the Company. These documents are available on the Company's website.

Every Member of the Company undertakes to contribute such amount as may be required, not exceeding £1, in the event of the Company winding up.

Organisation

The Company shall consist of not fewer than fifteen and not more than forty Members of the Company. The Board may from time to time admit persons to be Members. The role of the Members is to maintain an overview of the governance of the Company and to act in the best interests of the Company. There is a meeting which Members are invited to attend every six months.

The business of the Company is managed by the Board of Trustees which comprises no fewer than five members and no more than ten. The Board is responsible for the strategic oversight of the Company and implementation of that strategy through a management contract with the WS Society. The members of the Board are the Directors of the Company and are Trustees for the purpose of charity law (they are called "Directors" in this report).

Appointment of Members and the Board

The nomination of individuals to serve as Members can be can be initiated by ordinary Members of the Company but their application must be approved by the Board. Prospective Directors submit a CV stating their willingness to serve the Company. The candidates must demonstrate that they are bringing added value to the Company by providing specific expertise and an appropriate time commitment. The candidates must also conform to the Eligibility Requirements for Directors under the terms of the Companies Act 2006. Appointment as a Director must be ratified by the Members at the AGM. Upon appointment a Director becomes a Member of the Company. Directors serve for an initial period of three years following which they may be re-elected for a further term of three years and a subsequent three years thereafter. No Director may serve more than three terms of three years. The Chairman is appointed by the Directors and the Chairman may serve for no more than 3 terms of three years.

Induction and Training of the Board

Trefoil House aims to ensure that Directors understand fully their commitment, obligations, liabilities and accountabilities. The required level of understanding is achieved by issuing the individual with an information pack, allowing them time for reading and facilitating time with the Chairman, other Directors, and the Company Secretary.

Management

A significant change to the management of Trefoil House took place in 2016. The Chief Executive left the charity in February 2016 and following his departure, management was contracted out, for an initial period of three years, to the WS Society, Parliament Square, Edinburgh. The Board met on five occasions in 2016. These meetings considered the transitional arrangements related to the new management contract, revisions to the criteria for providing financial help to eligible individuals and organisations under Trefoil's three grant schemes, the redesign of the website, and the creation of a system for online grant applications. Directors also reviewed expenditure against budget, and agreed to over £60,000 of charitable giving.

The structure of the Board and the tenure of each of the individual Board Members are reviewed prior to the AGM each year.

The Secretary ensured compliance with the Trefoil Mission and in addition to delivering the operational areas of the Company and ensuring that financial propriety and controls were observed, she provided advice to the Board on a range of matters, including the payment of grants in response to applications received.

Connected Bodies

Trefoil House has no connected bodies.

Risk Management

The Board is responsible for the identification and management of risk. With the assistance of management, a formal review of the risks facing the charity has taken place biennially. The most recent substantive review of risk took place in late 2015 in the context of the sale of the Trefoil estate. This, and the accompanying strategy review, led to the decision to contract out management to the WS Society. The decision to contract with the WS Society followed a competitive tender.

Objectives and Activities

The charitable Objects as set out in the Memorandum of Association are:

"To aid, assist and promote, to their advantage, the interests of children and young people (the expression "children and young people meaning persons under the age of 25 years at the time they first apply to the Company for assistance) with special needs, including but not limited to physical disability, caring obligations, other disadvantages or learning and psycho-social needs (or a combination thereof) and to foster their independence, confidence and assertiveness".

These are reflected in the Trefoil Mission Statement:

Trefoil works to enhance the quality of life of Children and Young People in need of Care, Support or Development

Governance

The AGM in May 2016 confirmed one new appointment to the Board. Communication with the Members continued and provided an opportunity to formalise the engagement of the Board with them.

Strategy in 2016

The strategy of collaboration with other charities and individual grant awards continued. It was agreed that Trefoil would for the foreseeable future operate on an endowment model, providing grants to eligible individuals and organisations from investment income and donations, augmented as necessary by the prudent drawdown of capital from the investment portfolio.

Trefoil again provided benevolence through two discrete streams:

- Direct financial support to individuals through;
    - Holiday Grants; and
    - Personal Development Grants.
- Provision of Grants to eligible organisations through collaboration.

There are four underpinning principles governing collaboration with other charities:

- The target client group must conform to the Trefoil objects.
- Trefoil will be involved in the statement of requirement for the project and the system of delivery.
- The project will not replace or subsidise an element of provision which is the obligation of the statutory authorities.
- The involvement and obligation of all parties will be clearly articulated in a formal agreement.

Achievements, Performance and Outcomes

In pursuance of our mission, we made the following grants in 2016.

Direct Funding

Holiday Grants.

The Trefoil Holiday Grants scheme was suspended for much of 2016 while work was undertaken on the Trefoil website and on converting the application process to online submission. The new website was launched in September 2016 and the Holiday Grants Scheme was reopened as the Lilias Finlay Holiday Grants Fund at the same time. The renaming of the scheme in honour of the late Lilias Finlay, a lifelong and tireless fundraiser for and supporter of Trefoil was agreed by the Trustees, with approval from Members. The Scheme allows families with children who meet the Trefoil criteria to go on holiday together. This is an experience which many of us take for granted. However families who have children with limited mobility, additional physical and or psychological needs are often unable to holiday together due to financial issues. The aim of the Scheme is to help families to normalise their relationships and to have a break from the norm - in other words, do what other families do. The impact is dramatic for many families who find a new dimension to the relationship with their children and learn to have fun together alongside the caring interaction.

As the Scheme was in abeyance during the key holiday season in 2016, grants in the year only amounted to £568 (2015: 27 payments with none exceeding £250), but a significant amount of spending was switched to personal development grants.

Personal Development Grants.

The purpose is to provide funding support and guidance to allow a Young Person to achieve a discrete goal. The goals can be educational, social, independent living or all three. The aim is to provide an opportunity. The strength of the Trefoil offer is that it is flexible and adaptable, often meeting that element of need that falls between the cracks. Grants totalling £9,885 were awarded.

Grants to Organisations

In 2016, £49,540 was distributed to 8 organisations as follows:

Yorkhill Children's Hospital Charity (SC007856) (now Glasgow Children's Hospital Charity)

The aim of this charity is to raise money to ensure that young patients at the Royal Hospital for Children in Glasgow, and their families, receive the best possible care and experience. A grant of £15,000 was approved on 2 March 2016 to fund the installation of Minecraft games software on iPads in a number of wards at the RHCG.

Project Ability (SC005226)

Project Ability is a Glasgow-based visual arts organisation which creates opportunities for people with disabilities and mental health issues to participate in visual arts projects. A grant of £7,000 was approved on 2 March 2016 to fund a series of portrait painting workshops. A further grant of £5,500 was approved on 16 December 2016 for a collaborative project for the under 12s to produce an art book entitled "Superheroes".

KAYAKs (1158725)

KAYAKs is an afterschool and weekend club based in South Shields, Tyne & Wear. The charity is community run and supports 100-150 local young people with disabilities, and their families. A grant of £4,640 was approved on 9 May 2016 to purchase outdoor and craft equipment.

On Call Africa (SC041546)

On Call Africa is a small Scottish charity that provides healthcare to people in Zambia. A grant of £5,000 was approved on 9 May 2016 to fund medicines for a natal and maternal mobile clinic in Zambia.

SOLAS (NIC00114)

SOLAS is a registered charity in Belfast which serves the education and social development of children and young people with additional needs. A grant of £6,000 was approved on 9 May 2016 to support a vocational training initiative for teens with special needs.

Castlehill Primary School, Glasgow

A grant of £650 was approved on 16 December 2016 for cookery class materials for this primary school's language and communication centre for children with additional needs.

About Youth (SC046776)

About Youth Group is a new Edinburgh based charity which delivers a range of programmes to young people aged 16 – 24 who are not currently employed or engaged with further education or training. A grant of £1,400 was approved on 16 December 2016 towards a local support forum for young people to discuss employment opportunities.

Drake Music Scotland (SC026908)

Drake Music is the leading Scottish charity in music, disability and technology. On 16 December 2016 a grant of £4,350 was approved to fund the Drake Music Digital Orchestra project.

Fundraising – The fundraising environment remains extremely challenging, as it is for many charities. There are a number of reasons for this at Trefoil:

- The pressure on individuals' disposable income
- The reluctance or inability of many businesses to commit to sponsorship or donation
- Trefoil's more limited physical and financial stakeholder resource base than was formerly the case
- Increasingly determined competition as more charities seek to raise more funding from a decreasing pool

Trefoil will however continue to seek potential sources of revenue, notably from legacies and new opportunities for charitable giving, exploring new ventures in line with our needs.

Financial Review

The current activities of the charity are restricted to the provision of grants. The main income of the year was from investments at £67,643 with the balance being derived from donations and fundraising.

The net expenditure for the year amounted to £60,527 but after investment gains, both realised and unrealised, the net increase in funds amounted to £202,486. As a consequence our total funds at the end of the year were £2,330,112.

A number of exceptional expenditure items were incurred in 2016, notably agreed compensation paid to the outgoing Chief Executive, and one-off IT/website development costs. Running costs are planned to be lower in subsequent years.

Investment Policy

The investment portfolio was monitored regularly in conjunction with advice from the investment advisers with the aim of maximising the overall rate of return. The gross income yield achieved during the year was considered

satisfactory in view of the market conditions.

Reserves

The unrestricted free reserves at 31 December 2016 amounted to £2,330,112, the large majority of which is invested to provide a sufficient return to meet both annual running costs and charitable activities. The level of reserves is reviewed annually by the Board.

Training and Development

To facilitate the development of the Directors, Trefoil will as necessary support their attendance at training events, in such areas as, strategy, risk assessment and management and Corporate Governance.

Statement of Responsibilities of the Board

Company law requires the Board to prepare financial statements for each financial year which give a true and fair view of the state affairs of the charitable company as at the balance sheet date and its incoming resources and application of resources, including income and expenditure, for the financial year. In preparing those financial statements, the Board should follow best practice and

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards and statements of recommended practice have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue its activities.

The Board is responsible for maintaining proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

This report has been prepared in accordance with the Charities SORP (effective 1 January 2015)' and in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to smaller entities (FRS102).

Approved by the Board on 8 May 2017 and signed on its behalf by

Edward W Frizzell CB
Chairman

TREFOIL HOUSE

Independent Examiner's Report to the Members and the Board

I report on the accounts of the charity for the year ended 31 December 2016 which are set out on pages 7 to 15.

Respective responsibilities of Board and Examiner

The charity's trustees are responsible for the preparation of the accounts in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. The charity trustees consider that the audit requirement of the Regulation 10(1) (a) to (c) of the Accounts Regulations does not apply. It is my responsibility to examine the accounts as required under section 44(1) (c) of the Act and to state whether particular matters have come to my attention.

Basis of Independent Examiner's Statement

My examination is carried out in accordance with Regulation 11 of the Charities Accounts (Scotland) Regulations 2006. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeks explanations from the trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the accounts.

Independent Examiner's statement:

In the course of my examination, no matter has come to my attention

1. which gives me reasonable cause to believe that in any material respect the requirements:

- to keep accounting records in accordance with Section 44(1)(a) of the 2005 Act and Regulation 4 of the 2006 Accounts Regulations, and

- to prepare accounts which accord with the accounting records and comply with Regulation 8 of the 2006 Accounts Regulations have not been met, or

2. to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

Craig Maxwell,
Partner
Relevant professional body: Institute of Chartered Accountants of Scotland
Mazars LLP
Apex 2
97 Haymarket Terrace
Edinburgh
EH12 5HD

TREFOIL HOUSE

Statement of Financial Activities
(Incorporating Income and Expenditure Account)

For the year ended 31 December 2016

	Notes	2016 Total Funds £	2015 Total Funds £
Income and endowments from			
Donations and legacies	2	3,283	18,606
Other trading activities - Rental income		0	600
Income from investments	3	67,643	40,830
Total income and endowments		70,926	60,036
Expenditure on			
Charitable activities	4	131,453	183,342
Total expenditure		131,453	183,342
Net expenditure		(60,527)	(123,306)
Net gains/(losses) on investments	9	263,013	(58,087)
Loss on sale of investment property		0	(320,747)
Net movements in funds		202,486	(502,140)
Total funds brought forward		2,127,626	2,629,766
Total funds carried forward		**2,330,112**	**2,127,626**

All results of the company refer to continuing activities and relate to unrestricted funds. The notes on pages 10 to 15 form part of these financial statements.

TREFOIL HOUSE

Balance Sheet

As at 31 December 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Investments	9		2,308,741		2,075,734
Total fixed assets			2,308,741		2,075,734
Current assets					
Debtors	10	13,649		7,643	
Cash at bank and in hand		12,290		51,792	
		25,939		59,435	
Creditors: amounts falling due within one year					
Creditors	11	4,568		7,543	
Net current assets			21,371		51,892
Net assets			**2,330,112**		**2,127,626**
Unrestricted funds	13		**2,330,112**		**2,127,626**

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of Section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

(i) ensuring that the company keeps proper records which comply with section 368 of the Act; and
(ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirement of the Act relating to financial statements, so far as applicable to the company.

Advantage has been taken in the preparation of the financial statements of the special exemptions conferred by sections 381-384 of the Companies Act 2006 on the grounds that the company qualifies as a small company.

The financial statements were authorised for issue by the Executive Board on 8 May 2017 and signed on its behalf by:

Edward W Frizzell CB
Chair

The notes on pages 10 to 15 form part of these financial statements

TREFOIL HOUSE

Statement of Cash Flows

For the year ended 31 December 2016

	Notes	2016 £	2015 £
Cash used in operating activities	15	**(137,151)**	**(168,147)**
Cash flows from investing activities:			
Investment and interest income		67,643	40,830
Purchase of tangible fixed assets		-	(1,000)
Proceeds from sale of tangible fixed assets		-	880,351
Proceeds from sale of investments		579,572	455,558
Payments to acquire investments		(549,566)	(1,232,344)
Cash provided by investing activities		**97,649**	**143,395**
Decrease in cash and cash equivalents in the year		**(39,502)**	**(24,752)**
Cash and cash equivalents at the beginning of the year		51,792	76,544
Total cash and cash equivalents at the end of the year		**12,290**	**51,792**

TREFOIL HOUSE

Notes to the Financial Statements

For the year ended 31 December 2016

1. Accounting Policies

Basis of Accounting

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

Trefoil House meets the definition of a public benefit entity under FRS 102. Trefoil House is a private charitable company, limited by guarantee, and registered in Scotland. The address of the registered office is The Signet Library, Parliament Square, Edinburgh, EH1 1RF

The financial statements have been prepared on a going concern basis as there are no material uncertainties about the organisation's ability to continue its operations. The company's functional and presentational currency is GBP.

The principal accounting policies are set out below:

Income

Income is included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be measured with reasonable certainty. In accordance with this policy, legacies are included when the charity is advised by the personal representatives of an estate that payment will be made or property transferred and the amount can be quantified.

Expenditure

Expenditure is recognised in the period in which it is incurred and excludes recoverable VAT. Where possible, expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.
Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the independent examiner's fees and costs linked to the strategic management of the charity.

Funds

Unrestricted funds are donations and other incoming resources receivable or generated for the objects of the charity without further specified purpose and are available as general funds.

Investments

Investments are valued at middle market prices at the reporting date and the gain or loss taken to the Statement of Financial Activities. All investments are listed UK securities.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial Instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

1. Accounting Policies (continued)

Transition to FRS 102

No restatement of items has been required in making the transition to FRS 102. The transition date was 1 January 2014. The last set of financial statements prepared under the provisions of the Statement of Recommended Practice "Accounting and Reporting by Charities" (March 2005) were for the year ended 31 December 2015.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the financial statements, the trustees have considered whether in applying the accounting policies required by FRS 102 and the charities SORP (FRS 102) the restatement of comparative items was required.

No restatements were required other than the reclassification between categories of expenditure. A reconciliation of opening balances is therefore not required.

Judgements and key sources of estimation uncertainty

There were no judgements and key sources of estimation uncertainty in the preparation of the financial statements.

2. Donations and Legacies

	2016	2015
	£	£
General donations	3,283	17,606
Legacies	0	1,000
	3,283	18,606

3. Income from Investments and Interest

	2016	2015
	£	£
Income from listed investments	67,642	40,823
Interest receivable from cash deposits	1	7
	67,643	40,830

TREFOIL HOUSE

Notes to the Financial Statements

For the year ended 31 December 2016

4. Charitable Activities

	2016 £	2015 £
Salaries, wages and national insurance	34,439	76,675
Repairs and maintenance	1,279	1,898
Heat and light, and other property costs	0	15,091
Insurance	1,221	5,919
Motor and travelling expenses	282	778
Depreciation	0	33
Loss on disposal of office equipment	0	1,098
Consultancy fees	0	8,184
Legal and professional fees	12,394	11,668
Independent examination fees	2,040	2,280
Management expenses	16,504	6,694
Personal development grants	9,885	29,606
Organisational grants	49,540	0
Holiday grants	568	12,115
Telephone, stationery and postage	1,179	2,136
Miscellaneous expenses	1,276	1,717
Bank charges	52	123
Security	794	7,285
Advertising	0	42
	131,453	183,342

5. Governance Costs

	2016 £	2015 £
Salaries, wages and national insurance	11,480	19,169
Independent examination fee	2,040	2,280
	13,520	21,449

Governance costs are included in charitable activities (note 4)

6. Staff Costs and Numbers

	2016 £	2015 £
Staff costs were as follows		
Salaries and wages	32,562	64,405
Social security costs	650	6,493
Pensions	1,227	5,777
	34,439	76,675

There are no key management personnel. There were defined contribution pension arrangements for one employee's personal pension plan. The pension costs shown above represent contributions paid by the charity to this plan.

7. Grants

Details of grants as shown in note 4 are disclosed in the Board Report.

8. Taxation

The charitable company is exempt from corporation tax on its charitable activities

9. Investments

	2016 £	2015 £
Opening market value	2,075,734	1,357,005
Additions in year	549,566	1,232,344
Disposals in year	(579,572)	(455,528)
	2,045,728	2,133,821
Realised and unrealised gains/(losses)	263,013	(58,087)
Closing market value	2,308,741	2,075,734
Closing historical cost	1,849,223	1,899,232

Investment holdings in excess of 5% of portfolio value are	2016 £	2015 £
0.125% Treasury stock 2029	176,479	149,733
2.5% Treasury Stock 2024	158,129	-
Sarasin Global Higher Dividends	158,557	-
Veritas Global Equity Income	125,951	-
S&W Short Dated Corporate Bd B	-	105,424
Alliance Trust	-	103,400
Cash Balance	-	314,549

Notes to the Financial Statements

For the year ended 31 December 2016

10. Debtors

	2016	2015
	£	£
Sundry debtors and prepayments	13,649	7,643

11. Creditors: Amounts falling due within one year

	2016	2015
	£	£
Sundry creditors and accruals	4,568	6,248
Social security and other taxes	0	1,295
	4,568	7,543

12. Related Party Transactions

There were no payments to related parties during the year.

13. Unrestricted Funds

		Movement in funds			
	Balance 1 January 2016	Income	Expenditure	Other gains/(losses)	Balance 31 December 2016
	£	£	£	£	£
Unrestricted funds					
General fund	1,951,124	70,926	(131,453)	(20,003)	1,870,594
Revaluation fund	176,502	0	0	283,016	459,518
Total funds	2,127,626	70,926	(131,453)	263,013	2,330,112

Other gains/(losses) include the transfer of realised gains and losses from revaluation fund to general fund

14. Share Capital

There is no share capital but the members all undertake to contribute to the assets of the company in the event of the same being wound up during the time he or she is a member, or within one year thereafter, such sum as may be required, not exceeding £1.

15. Reconciliation of net movement in funds to net cash flow from operation activities

	2016	2015
	£	£
Net movement in funds	202,486	(502,140)
Add depreciation charges	-	33
Deduct/add net investment (gains)/losses	(263,013)	58,057
Add loss on disposal of investment property	-	320,747
Deduct interest and investment income shown in investing activities	(67,643)	(40,830)
Increase in debtors	(6,006)	(712)
Decrease in creditors	(2,975)	(3,302)
Cash used in operating activities	(137,151)	(168,147)