



Sight Scotland

Annual Report and Accounts for year ended 31 March 2021

The Royal Blind Asylum and School, Edinburgh, trading as Sight Scotland

Scottish Charity Number SC017167

Contents Page

| | Page |
|--|----------------|
| Legal and Administrative Information | 3 |
| Chair's Statement and Report of the Directors | 4 - 27 |
| Independent Auditor's Report | 28 - 30 |
| Statement of Financial Activities | 31 - 32 |
| Balance Sheet | 33 |
| Cash Flow Statement | 34 |
| Notes to the Financial Statements | 35 - 56 |

Sight Scotland is the operating name of The Royal Blind Asylum and School, Edinburgh, Scottish Charity Number SC017167. Sight Scotland was previously known as Royal Blind and the change of name occurred on 8 October 2020.

Patron His Royal Highness the Duke of Gloucester, K.G., G.C.V.O.

President His Grace The Duke of Buccleuch and Queensberry, K.B.E.

Vice President The Hon. Mrs Janet Buchanan-Smith, C.B.E.

Board of Directors

Elected by Contributors

Michael Craig (Chair)

Jamie Cuthbertson (Resigned 2 July 2020)

Mike Donnelly

Michelle McWilliams

Mike Martin

Graeme Bold

Jay Hogarty

Aidan McCorry

Ian McGregor (Resigned 28 February 2021)

Stephanie Phillips

Elizabeth Porterfield

Appointed as Interim Directors on 23 April 2021

David McArthur

Catherine Topley

Dianne-Dominique Theakstone

Appointed by Public Bodies

Professor Baljean Dhillon – University of Edinburgh (Resigned 9 December 2020)

Robert Mooney – Scottish Trade Union Congress (Resigned 9 December 2020)

Derek Howie – City of Edinburgh Council (Resigned 30 June 2020)

James Milhench – Scottish Council of the National League of the Blind and Disabled (Resigned 8 October 2020)

Chief Executive and Secretary

Mark O'Donnell – Chief Executive

Principal Office – 2a Robertson Avenue, Edinburgh, EH11 1PZ

Auditor – BDO LLP, Citypoint, 65 Haymarket Terrace, Edinburgh EH12 5HD

Bankers – The Royal Bank of Scotland plc, 26 Home Street, Edinburgh EH3 9LZ

Solicitors - Thorntons, Citypoint, 3rd Floor, 65 Haymarket Terrace, Edinburgh EH12 5HD

Who we are

In 1793 the charity that is today called Sight Scotland was founded with a vision and dedication to improving the welfare of blind people in Scotland. Today, Sight Scotland is Scotland's largest visual impairment organisation. Our mission is to reach everyone in Scotland with sight loss – where and when they need us.

There are more than 180,000 people living in Scotland today with significant sight loss. With an ageing population, the number of people living with sight loss set to increase by 30,000 over the next 10 years and we work to ensure that every single person has access to care, learning, support and hope.

We are there to support people of all ages with sight loss by:

- Developing people's skills by providing resources for independent living
- Caring for the individual to meet their needs
- Providing documents in formats that are accessible
- Supporting people of all ages to fulfil their ambitions
- Involving people as leaders, employees and supporters in shaping the services they receive
- Improving and enriching education and care for children and young people across Scotland
- Developing a greater understanding through medical and social research of sight loss conditions including more effective treatment and prevention

We are continually evolving our approach to ensure the best possible care and support for those that need us. None of our work would be possible without the commitment of our donors and the strength of our outstanding people including our volunteers, staff and supporters, as well as those affected by sight loss.

Chair's Statement

The period which this report covers has been dominated once again by the Coronavirus pandemic and its impact on our beneficiaries, staff and other stakeholders. Our services have inevitably been affected by the COVID-19 restrictions that have been in place throughout Scotland during the period. The Board has also made some difficult decisions regarding how we best utilise our resources in furtherance of the aims and objectives of the charity. This included a decision to close our two residential care homes for older people at Braeside House and Jenny's Well. Despite the many challenges of the past year, our dedicated members of staff and volunteers have done a wonderful job in supporting people of all ages who are impacted by sight loss. On behalf of my fellow Directors, I would like to thank everyone who has contributed so much to the mission of Sight Scotland.

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report for the year ended 31 March 2021. This report is prepared in accordance with the Royal Charter of Incorporation and the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities and complies with applicable law.

Directors' responsibilities

The Directors are responsible for preparing the report and the financial statements in accordance with applicable law, regulations and in accordance with our Royal Charter.

Charity law requires the Directors 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 charity law the Directors 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Directors 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 Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005. 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Structure, Governance and Management

The Royal Blind Asylum and School, trading as Sight Scotland, is a charity registered in Scotland, tracing its origins back to 1793. In 1898 it was incorporated by Royal Charter and that charter, as supplemented in 1977, is its governing instrument.

Sight Scotland is governed and directed by a Board of up to 19 Directors (who are the Trustees of the charity for the purposes of charity law), comprising 12 members elected by the qualified contributors (members who subscribe and contribute £2 or more for the year ended each 31 March) and seven who are appointed by other bodies. The Directors ensure that the Board comprises a range of skills and experience appropriately suited to govern the charity. New members of the Board receive an induction, which includes briefings on the objectives and activities of the organisation and how it is presently organised. The induction also covers the roles and responsibilities of charity Directors.

Directors normally serve for a term of up to six years, which may be extended in the case of the Chair, the Vice-Chairs and committee conveners. No remuneration has been paid to any non-executive Director. The Directors of the charity benefit from Trustee indemnity insurance.

The activities of the charity are grouped under four main areas of activity (Care, Learning, Enterprise and Community), each of which is overseen by a committee of Directors and co-opted members. These committees have responsibility for oversight and detailed consideration of risk, budgets, plans and decisions, and reporting on key issues or escalating major decisions to the Board. There is also a Corporate Committee, an Audit Committee and a Remuneration Committee which oversee corporate resources functions, corporate governance issues and the terms and conditions of Executive staff.

The day-to-day management of the organisation is delegated to the Chief Executive who in turn exercises his responsibilities through a scheme of delegation to a team of four Executive Directors. Each Executive Director has a defined set of responsibilities and accountabilities and a defined management structure reporting to them.

The Directors are also Trustees of Sight Scotland Veterans, a Scottish Charitable Incorporated Organisation (SCIO) – a separate charity (charity number SC047192) having its own objectives. This charity was founded in 1915 by the Royal Blind Asylum and School as The Scottish National Institute for the War Blinded and was reconstituted as a SCIO in April 2017, assuming the engagements, assets and liabilities of The Scottish National Institute for the War Blinded.

Sight Scotland Veterans operates its own activities, funds and properties, but shares corporate functions with Sight Scotland, although they are financially separate, have different charitable objectives and neither organisation exerts control over the other. The Sight Scotland Directors actively manage their obligation to respect the separate legal status of the two charities.

The Chief Executive is simultaneously the Chief Executive of both Sight Scotland and Sight Scotland Veterans, which is consistent with a number of Head Office roles and functions. The main exception is that a Director of Service for each charity has been appointed who oversees the day-to-day management of their charity's services in line with authority delegated to them by the Chief Executive. Terms of reference have been developed for committees ensuring that sufficient prominence is given to the affairs of both charities in the structure. Minutes and agendas clearly mark where issues relate to either charity or both.

The current Chief Executive, Mark O'Donnell, resigned from the charity in July 2021 and will leave his post in October. The Directors would like to personally thank Mark for his extremely hard work and leadership in transforming both charities over the last four years and we all wish him well as he takes up his new post. The Directors are recruiting a new Chief Executive, with assistance from the Senior Leadership Team.

Six Board Members stepped down during 2020/21. Derek Howie stepped down on 30 June 2020, Jamie Cuthbertson stepped down on 2 July 2020, James Milhench stepped down on 8 October 2020, Baljean Dhillon and Robert Mooney stepped down on 9 December 2020 and Ian McGregor stepped down on 28 February 2021.

The vacancies created by the resignation of member nominated appointments have not been filled due to work that has been taken forward to review the Royal Charter and provide the Board with complete control over its own membership in line with modern practice. Proposals have been submitted to the Privy Council to reduce the overall number of Board members to 13. The organisations that appointed members have been consulted and have agreed to relinquish their nominations to the Board.

David McArthur, Catherine Topley and Dianne-Dominique Theakstone were appointed as Interim Directors on 23 April 2021.

The Board would like to thank all of its former members for their hard work and commitment over the years.

Key Achievements and Performance

This year was of historic significance due to the COVID 19 pandemic. No person or organisation has been left untouched by its effects and it is likely that restrictions to our way of life will continue well into 2021-22 if not the year beyond. The pandemic has brought with it opportunities to re-think working practices and assumptions as well as the obvious challenges of living with lockdown and the huge impact that contracting COVID has had on staff and service users.

More information about the activities of the charity including detailed case studies, historical background and general information about sight loss can be found on our website www.sightscotland.org.uk

Key Achievements and Activities

Managing COVID 19

We continued to maintain services as close as possible to normal where those services were deemed "essential". These included our care homes, adult residential provision and the Scottish Braille Press. As the national approach to the pandemic developed educational services were also provided in COVID secure ways. Our service delivery, and the policies we have adopted, followed the guidance of the Scottish Government. We introduced enhanced cleaning regimes, staff policies in regard to social distancing, physical barriers such as Perspex screens between work stations and where staff have been able to, they have worked from home.

The decision was taken not to admit any new residents into our care homes given the uncertainty of testing at the start of the pandemic and the possibility of major supply chain disruption regarding Personal Protective Equipment (PPE), temporary and agency staff and other commodities. The decision to close the care homes is considered in the section below but this was not related to the pandemic.

In common with many care homes in Scotland, sadly eight residents who had a positive case of COVID within the previous 28 days passed away at Jenny's Well as did two residents with suspected COVID at Braeside House. The deaths are currently subject to a Scotland-wide information gathering exercise being carried out by Police Scotland on behalf of the Crown Office and Procurator Fiscal's Service. We were also deeply saddened by the passing of a colleague at Jenny's Well who had COVID symptoms.

The Scottish Braille Press is considered an essential service because of its role in supplying financial documents to visually impaired people and it has remained open throughout the year.

Staff based at Head Office were required to work from home and as the pandemic deepened staff were provided with suitable IT and, where appropriate, furniture to set up home working bases.

Kidscene, our after school and holiday club, was used to provide childcare support to our 'key-worker' essential staff who had children that required looking after.

Face to face learning services were suspended in line with Scottish Government guidance although provision was made by teachers to enable home learning.

Children and Young People's full time residential care services have been maintained throughout the year.

Limited use has been made of the Coronavirus Job Retention Scheme because most staff have been able to continue working or were deemed as working in essential services.

Older People's Services

Our two residential care homes for older people were closed in March 2021. This followed a consultation with staff which began in January 2021 and close working with residents and their families as well as key stakeholders, such as local authorities and the Care Inspectorate. We recognised how challenging the timing was for our remaining residents and worked with everybody concerned to secure suitable alternative accommodation.

The difficult decision to withdraw from providing residential older people services followed an extensive period of review involving UK and Scottish based industry-leading consultants. The Board had historic concerns with the level of charitable subsidy required by the homes. Braeside House had required significant financial support for several years and unfortunately Jenny's Well, although recently opened, had no realistic prospect of achieving its original business case objective of operating at breakeven or better.

Furthermore, the mix of residents was increasingly moving the charity away from its focus on visual impairment and more towards generalised care for older people with complex needs and palliative and end of life care which other statutory providers and voluntary organisations are constituted for and better able to provide. The significant recurring combined losses in prospect for the long-term would also have been a major risk to the wider sustainability of Sight Scotland and its ability to meet its strategic objective of supporting many more of the 180,000 people in Scotland with sight loss, approximately half of whom are estimated to be aged 75 years and over.

Jenny's Well was served with a Care Inspectorate Improvement Notice in October of 2020 following concerns in relation to infection prevention and control. Following extensive efforts by staff across the organisation and the recruitment of a specialist manager, rapid improvements were delivered. This was acknowledged by the Care Inspectorate who formally withdrew the notice in December 2020, satisfied that the initial improvements were being sustained.

Defined Benefit Pension Scheme Closure

Sight Scotland closed its defined benefit scheme to new members in 2006. Following a period of consultation with staff members affected, the scheme was closed to new accruals and staff members were enrolled in our defined contribution scheme. Agreement was reached with the Pension Trustees for a seven-year programme of deficit repayments to fund the scheme on a self-sufficiency basis by 2027. This is an important step in securing Sight Scotland's long term financial future and providing certainty to the pension beneficiaries about the long-term security of their accrued benefits.

Corporate Re-Branding

Following a programme of research and consultation new trading names for the charities were announced and the names Sight Scotland and Sight Scotland Veterans were adopted in October. The new brand names were launched by First

Minister Nicola Sturgeon with an online video. This was part of an extensive communications campaign to ensure all stakeholders, both internal and external, were aware of the name changes. A programme of advertising including television and radio advertisements was put in place and throughout the autumn.

The re-branding has been well received and provides a fresh and vibrant image for the charity reflecting our new ambition.

Community Services

The Board authorised development funding to introduce Community Services, the first significant service development since the publication of "Our New Ambition". The agreed priorities for community services are split into two work streams:

- Family Wellbeing service
- Visual Impairment support services

The Family Wellbeing Service provides practical and emotional support to individuals with a visual impairment, and everyone affected by it including their families, carers and friends.

The community team now consists of three Community workers. We have recruited more volunteers to support service users, providing emotional support as well as general information and advice. We have promoted the service nationally via mailings out to hospital-based Eye Clinic Liaison Officer's (ECLO's) and professional eye health contacts. We are planning for further national promotion through TV, radio and press coverage. We have directly supported around 100 people and indirectly supported around 100 more due to the nature of the referrals we receive and our subsequent work with service users.

Local Authority Visual Impairment Support Services

As part of our community services strategy, we are actively tendering for visual impairment support services and other suitable contracts let by public authorities. We were pleased to be successful in our bids to provide services to the City of Edinburgh Council (CEC) and East and Mid-Lothian councils who have let a joint contract.

The CEC contract started in April 2021 with a value of £207k per annum for three years with the option of an extension for a further two years. The contract involves the delivery of a rehabilitation and mobility service where individuals and their families can meet staff and discover what can help following a diagnosis of sight loss. It is estimated that this contract will help around 275 individuals per year.

The East Lothian and Midlothian contract also started in April 2021 with a value of £76k per year for three years and it is estimated that this contract will help around 110 individuals per year.

The initiation of these contracts has involved the transfer of data and in some cases staff from the previous contract holder as well as providing continuity to service users.

We will continue to look for opportunities to provide services to local authorities through direct tendering where opportunities arise, but will also be working to deepen our relationship, promote our cause and become an active source of support and advice to Local Authorities and Integrated Joint Boards.

Head Office Re-location

Refurbishment of our office building at 2a Robertson Avenue, currently home to the Scottish Braille Press, was completed to allow for the relocation of Head Office functions from Gillespie Crescent. Staff will move as progress of the pandemic allows but it is anticipated that all staff and property will be relocated by the autumn of 2021.

Operational Performance

Learning and Care

The Royal Blind School

During the previous financial year, proposals for restructuring the school were approved by the Board and these were implemented during the year. The restructuring involved an analysis of pupil need and the underlying costs of delivering services. The decision to move to a new structure was implemented and has made a major positive impact on the long-term sustainability of the school and the wider visual impairment learning services offered.

We successfully recruited a new Head of Learning to consolidate the changes and to develop the new strategic direction for learning services.

At the end of the financial year the school had 20 pupils on the roll. The school still benefits from the Scottish Government's Grant Aided Special School funding which has been subject to review for several years now. We are actively engaged, alongside similar institutions, in the Scottish Government's proposals for a transition from grant funding to a strategic commissioning model.

Scottish Local Authorities pay on a per pupil basis based on a contractual arrangement developed by Scotland Excel, the Local Government procurement consortium. The risks arising from a new funding model have been present for the past decade and we anticipate that there will be continued uncertainty regarding the funding mechanism over the short to medium term. Scotland Excel have indicated that they will be retendering contracts for their Local Authority members during 2021-22.

Education Outreach Support Services

There have been several successful developments in education outreach which is core to the long-term development of learning services.

In addition to our existing provision to East Lothian and Orkney Councils we were successful in securing the contract to provide support to up to 50 pupils in Midlothian Council.

We have agreed to deliver a support service to Queen Margaret University, Edinburgh. This involves input to the curriculum in the context of inclusive education for student teachers studying for Bachelor of Education (B.Ed.) degree (Primary) which prepares students for work as a teacher in schools and provides opportunities to raise Sight Scotland's profile together with influencing the practice of future teachers.

We will also be providing a support service to Edinburgh College to support 60 students with visual impairment and contribute to their educational progress and attainment together with improving their inclusion in college life. Additionally, we aim to increase college staff skills and awareness of visual impairment issues. This is an opportunity to develop a further education model jointly with the college that could be promoted as a positive choice of destination for school leavers.

Kidscene

Kidscene is Sight Scotland's afterschool and holiday club and remained operational with infection prevention and control measures in place during the pandemic supporting our own staff with childcare needs who were providing essential services. The holiday club has not been open to the public during the pandemic. Currently Kidscene is not covering its costs and will be reviewed during 2021-22.

Adult Services

Adult Services provide 24-hour care and support for young adults who have a visual impairment and additional needs including cognitive and communication impairments. Our two residential services, Forward Vision and Allermuir, are based in Edinburgh.

Forward Vision comprises three residential units with capacity for 14 adults for full time residencies or short-term breaks. Allermuir has four beds, all of which are filled by full-time residents.

Capacity has been maintained during the year with activity maintained as far as was possible due to COVID. Plans will be progressed during 2021-22 about the development of adult services including opportunities for partnership opportunities to develop services beyond the provision of care from our own fixed residential settings. The existing fee structure with local authorities for the complex residential care enables Adult Services to operate sustainably.

Enterprise and Engagement

Scottish Braille Press

The Scottish Braille Press is a leading supplier of braille, large print and audio media to a wide range of customers. Their work ensures that people with sight loss have access to mainstream services such as banking and education.

The majority of the operation is dedicated to servicing financial services organisations and producing large print format documents such as financial statements and statutory notices. The service was deemed essential during the pandemic and Scottish Braille Press operations have been maintained.

Business performance held steady although there has been a reduction in discretionary business such as marketing literature from financial services clients. Scottish Braille Press is seeking to add value to its existing client relationships through innovation and to diversify its client base where possible.

One of our major financial services clients re-let its contract for a further 3 years, and work was undertaken with a technology company to develop an electronic delivery mechanism for financial documents for VI people.

Marketing

The focus of the Marketing department was working on the brand launch. A noticeable upswing in social media interest and brand awareness was achieved following the rebrand and the multi-media campaigns that followed.

Marketing staff executed the communications strategies to deliver the major change programmes noted in this report both internally and externally, in particular the communication of the care home closure and responding to the subsequent media interest by national and local media outlets.

Fundraising

The pandemic led to a significant switch of emphasis from event-based activities to applying for grant awards which has made up for a loss of individual giving and funds coming from events and community fundraising. The net position from fundraising was an improvement overall due to our COVID appeal. Significant work was taken forward to develop a new strategy for fundraising and exploit post-pandemic opportunities arising from the new brand and new service offerings which will be implemented during 2021-22.

Policy and Research

The medium to long-term goal for our Policy and Public Affairs activity is to effect maximum positive change on the lives of people with visual impairment in Scotland. To do this we aim for Sight Scotland and Sight Scotland Veterans to be recognised

together as the highest profile sight loss organisation in Scotland and the 'go-to' charities for policy and media on visual impairment. During the year we have engaged with national government and worked across volunteer and disability organisations to promote Sight Scotland and Sight Scotland Veterans and the needs of visually impaired people. A new strategy for policy will be implemented during 2021-22 which will encompass wider media engagement responsibilities and the introduction of a research function building on the work of thematic research reports commissioned in recent years.

We continued to provide funding for medical research into sight loss, distributed and managed in partnership with the Royal College of Surgeons of Edinburgh (RCSEd). The Board also agreed to contribute £100k over two years, as one of several co-funders, to support the Scottish Collaborative Optometry-Ophthalmology Network e-research (SCONe) Project being delivered by the University of Edinburgh. The aim of SCONE is to collect, classify and curate a community-acquired retinal repository in Scotland, to enable early identification of eye disease, improve clinical outcomes and uncover novel biomarkers predictive of ocular and systemic diseases.

Employment Practices at work

Investors In People

Despite the challenges faced by the organisation this year, we were pleased to be reaccredited with Investors in People which recognised the work that has been undertaken to maintain and improve approaches to staff management and development.

This has included the development of a values framework which is the culmination of a series of staff engagement sessions that has led to the identification of our three core values: Transform Unite and Thrive.

These values will form the basis of our staff recruitment and appraisal processes which are being re-designed and will be re-launched during 2021-22. The values statements are being embedded through staff communications and the introduction of internal staff award schemes.



Safeguarding

Safeguarding of our service users is of the highest priority for all staff across all Sight Scotland services. A suitably qualified member of the Senior Leadership Team assumes corporate responsibility and our safeguarding policy has been updated and a mandatory e-learning course for all staff and Directors has been rolled out.

Volunteering

Progress in developing volunteers building on the appointment of our first volunteer manager in 2019 has slowed due to the pandemic although we do have an active and varied volunteering programme. Opportunities include befriending, teaching support, outreach and driving.

Our approach was recognised externally, and we were pleased to be awarded with Investors in Volunteer status for the first time during the year.

Gender Pay Gap

In April 2020 the median gender pay gap was negative at -3.1% (-2.7% in 2019/20), which means that on average women are paid more than men. This is due to the types of roles men occupied across the organisation. At 7.5% (5.9% in 2019/20) the

mean gender pay gap was higher than the median, which is influenced by the fact that our Chief Executive and 50% (46% in 2019/20) of our Strategic Leadership Team are male. Our male employees comprise only 21% of the total workforce so even small fluctuations can have a significant impact on the gender pay gap. Overall, the figures compare favourably to the ONS statistics, which show a national gender pay gap for Scotland (2020) at 10.4% (mean) and 10.9% (median).

We are confident that our employees are paid fairly and equally for the same or similar roles, and our equal pay statements are included in our Equality Status Reports.

Reserves, Pension and Risk Policies

Risk Management

The Directors assess the major risks that may face the charity, in particular those relating to its operations and finances. Accordingly, the Board ensures that suitable systems, processes and procedures are put in place to control all of the services that support the main activities of the charity.

The Audit Committee undertakes delegated functions in this respect, but the risks that score highest in impact and likelihood are reported annually to, and considered by, the Board itself.

The Directors consider the most significant single risks to the organisation (in terms of potential impact) to be:

- A significant fall in the value of the charity's investments. Much reduced reserve levels create financial insecurity and reduces the potential to expand activities.
- The outbreak of a pandemic. This could result in loss of life, particularly in vulnerable groups as well as sickness and potential loss of life to (frontline) staff.
- Abuse or failure to safeguard vulnerable people, neglect or other instance of poor professional practice, and the loss of trust and reputational damage that might arise from it.
- Failing to develop new services and not implementing organisational change effectively. The restructuring of Sight Scotland should lead to many opportunities to support the visually impaired people in new and innovative ways.

The Directors manage these and other strategic and operational risks via a risk register which is regularly reviewed and updated.

The Directors have reviewed the situation at the date of signing this report and are confident that the charity has sufficient financial resources to continue operating for at least a year after the signing of these accounts.

Investment Policy

In accordance with the Royal Charter, the Directors have the power to invest in such stocks, shares, investments and property as they see fit.

It is the Directors' basic objective that assets which are not required for operational purposes should be invested to provide a commercial return through income or capital appreciation, in such a way as to guard appropriately against the risk of untimely loss of value.

This basic objective is in accord with charity law and proper stewardship of charitable resources.

The organisation's investment principles are:

- To regard the invested reserve as partly short to medium term and partly long term, and therefore to invest a set amount in lower risk assets (bonds and cash), and the remainder in equities or similar asset classes to provide capital growth as well as income.
- To monitor annually the expected need to realise assets over the next three to five years, and adjust the part of the portfolio that is held in investments with low short to medium term value fluctuation on a timescale that fits with the market circumstances pertaining at the time.
- To place the portfolio with competent and successful investment managers at a competitive fee level.
- To set performance benchmarks for the section of the portfolio managed by each investment manager, against which the manager's performance will be monitored.
- To invest in multiple markets so as not to expose the whole portfolio to a single set of national or sectoral circumstances.

The investment strategy for our overall asset allocation is:

- Retention of holdings in a property fund, and of the remainder –
 - 25% passive global equity funds to provide cost-effective equity exposure and access to long term expected returns
 - 75% multi-asset funds to provide exposure to active asset allocation as a source of potential returns, divided as follows:

- 25% in a diversified growth fund to diversify exposure to liquid asset classes away from equity, benefitting from equity-type returns but with protection against market downturns
- 25% in Multi Asset Credit to provide exposure to less liquid credit holdings, with an income focus
- 25% in multi-alternatives to provide access to low liquidity asset classes not provided elsewhere in the portfolio.

Pension Provision

The charity maintains a Defined Benefit pension scheme which was closed to new members in March 2006 and to new accruals in November 2020. An organisation-wide Personal Pension plan has operated from April 2006 to which auto-enrolment applies which was placed under Royal London's management in 2019-20 and now benefits from being a defined contribution salary sacrifice scheme.

Reserves Policy

A key duty of the Directors is to ensure that users of Sight Scotland's services are cared for and protected. Due to the complex nature of the services we provide, it is important that we hold enough reserves to ensure that the essential continuity of care needed is not disrupted.

The Directors consider it appropriate to hold free reserves equivalent to a minimum of twelve months' operating costs (equivalent to £17 million in 2020/21) for such purposes. These reserves must be held in a realisable form that can be accessed in a timely manner. Sight Scotland's current level of free reserves of £23 million (2020, £19 million), which is our unrestricted reserves excluding fixed assets, ensures that there are sufficient funds set aside to operate our charitable activities for 16 months. The Directors believe this level gives adequate time to respond to any adverse changes or opportunities as they present themselves but are closely monitoring the level of reserves.

The importance of having an adequate level of reserves has been evident during the COVID pandemic. Due to our ability to call upon Sight Scotland's free reserves we were able to ensure continuity of service.

The Directors are committed to continuing the investment in fundraising and other sources of unrestricted income in order to maintain and grow the provision of high quality care and support for our service users and to underpin the charity's strategic ambition to reach more of the c. 180,000+ individuals in Scotland who are suffering from a deterioration in, or loss of, their sight. The Directors have agreed to deploy proceeds from the charity's reserves while sources of income are diversified and aim to increase investment in line with the charity's new strategic plans. The Directors committed £131k to the establishment of community services and continued its annual award of £100k in research grants via the Royal College of Surgeons.

Substantial efforts to address the long-term practice of committing reserves to support day to day operations have taken place in the last year which have left Sight Scotland in a much stronger position financially. The Directors are committed to supporting present day operation and future service developments via four main revenue streams and will set targets and monitor performance against a target operating model over the short to medium term. These revenue streams are:

- Income from investment returns
- Contribution for trading activities
- Direct funding from statutory services (including the Scottish Government Grant Aided Special School provision)
- Fundraising, including legacies and grants

The Directors regularly review Sight Scotland's reserve levels as part of their reserves policy review cycle.

The Directors will carefully review any future business cases involving major capital spend that would incur borrowing or investment draw down in excess of these targets.

Plans for our future direction

Royal Charter

The Directors have submitted a wide-ranging scheme to the Privy Council for a review of the Royal Charter. The main changes proposed are that the Board will have sole control of appointment of its members, to scale back membership to 13 members including the Chair, and the modernisation of our charitable objectives. The revised Charter proposals will allow the Board to substantially control its own affairs without reversion to the Privy Council as is currently the case. This will be the first major revision to the Royal Charter since its inception in 1898. The supplementary Charter granted by Her Majesty the Queen in 1977 only made minor administrative changes.

Financial Assets and Reserves

The Directors will review the current investment strategy and reserves statement in the light of the lessons learned from the COVID pandemic and in the expectation of capital receipts flowing from property sales. The objective will be to balance the need to support short term operating requirements with the need to invest in future services and support for visually impaired people. The Directors consider the diversification of income streams through a range of services and activities supported by a strong investment portfolio as fundamental to the development of Sight Scotland and promoting the needs of visually impaired people. Appropriate partnerships with other funders and service providers will continue to be sought.

Environmental, Social and Governance (ESG)

As part of the Director's commitment to transparency and good governance Sight Scotland will develop an explicit statement and policy regarding Environmental, Social and Governance factors (ESG). Sight Scotland is not obliged to develop such a statement of policy, but the Directors consider it good practice to do so. As a charity with a significant portfolio of investments the Board will work with its investment advisors to ensure that it is investing in an ethical and sustainable way. It will also examine organisational performance in order to minimise the impact on the environment and monitor these impacts through the performance framework noted above. The Directors are conscious of the wider social good that Sight Scotland's activities can deliver and will promote a more equal society by embedding the new values: Transform, Unite and Thrive, in the ESG policy statement.

Estates Assets

The Directors will review the charity's surplus property assets and seek opportunities for disposal where it makes market sense to do so in the prevailing climate. This will include options for disposing of our building at Gillespie Crescent following the relocation of our Head Office to Robertson Avenue.

Performance Management

The Directors are developing an approach to the management of performance and the better understanding of our desired and actual impact on visually impaired people in Scotland under the leadership of a Board-led key performance working group. It is intended to produce a performance indicator framework to monitor the implementation of our organisational strategies and to track progress of these over time.

Corporate Services

Corporate services strategies are being redeveloped, particularly the organisational approach to both providing and using digital services. The Directors have indicated a willingness to invest in digital platforms and services to enable efficiency and greater mobility and flexibility of staff as we seek to grow our services nationwide and rely less on providing services from fixed locations. Digital enablement and re-enablement will become a key part of our offering to visually impaired people and is a key element of our enterprise strategy. We will seek opportunities to commission services and work with partners who share our vision.

Policy and Research

The Directors have invested in greater resources for research and policy in order to provide greater insight and influence for policy making at local and national levels and to support a greater understanding of the needs of people with visual impairment, including medical treatments. Powerful research products and appropriate media coverage will support our policy function in establishing Sight Scotland as the leading voice of visually impaired people whose need have often been overlooked in wider policy making.

Adult Services

A review will be completed into future opportunities for adult services to build upon the current highly specialist but low volume services. The Directors are committed to building appropriate support to enable younger visually impaired adults to establish themselves and thrive in Scotland's communities. We will seek opportunities to work with partners to establish residential and other schemes that support, as far as possible, independent living.

Education Services

We will continue to grow our community and education outreach services which are the key elements of our new strategy. Where opportunities present themselves to provide statutory services, we will examine the fit with our business and offer services accordingly.

Enterprise

The Directors have approved an enterprise strategy demonstrating our willingness to take proportionate risks in developing new services and use our existing resources and knowledge in innovative ways. Pilot projects will be taken forward in 2021-22 to examine various markets and opportunities for diversification which will both support our wider charitable objectives and produce a financial return for re-investment.

Acknowledgement

The Directors would like to acknowledge and thank everyone who gave so generously towards our work. Thank you to all our supporters who gave individual donations and fundraised tirelessly on our behalf and especially to those who so kindly left a gift in their will.

The following Charitable Trusts, foundations and companies (in alphabetical order) contributed greatly to the services and projects we run:

Baillie Gifford
BlackRock Gives
Buccleuch Charitable Trust
Children's Aid
Connecting Scotland
D M Charitable Trust
Edinburgh Rotary
Glebefoot Charitable Trust
Hospital Saturday Fund
Hugh Fraser Foundation
J and J R Wilson Trust
Liddell-Simpson Charitable Trust
James Inglis Trust
JTH Charitable Trust

Lady Marian Gibson Trust
Lothian Buses Employee's Charities Fund
MEB Charitable Trust
Meikle Foundation
Miss R E Morrison-Bell and Evelyn Sutherland Trust
Mrs EY Imrie's Trust
National Lottery Community Fund: Awards for All
PF Charitable Trust
R J Larg Family Charitable Trust
Row Fogo Charitable Trust
Russell Trust
Scottish Government: Community Recovery Fund
Scottish Government: Temporary Restrictions Fund
Scottish Government: Transitional Support Fund
Scottish Government: Wellbeing Fund
Templeton Goodwill Trust
Tesco Bags of Help
W M Mann Foundation
W O Street Charitable Foundation
William H Fernie Charitable Trust

FINANCIAL REVIEW

Income

Total income at £20 million, increased by £2.2 million from the previous year's figure, mainly because of the sale of our former Craigmillar park campus. Income from the school increased as we managed to provide both in-house and remote learning to our pupils during the pandemic and we received additional support from the Scottish Government to help with making the school as safe as possible. We closed our two care homes to new admissions right at the start of the pandemic in order to protect our existing residents but this has led to a reduction of £1.9M in revenue. We closed our care homes completely in March 2021 and successfully transferred the remaining residents to other facilities. The buildings are currently being offered for sale.

Adult Services' income remained steady at £2.9 million, despite not being able to accept temporary respite stays due to the pandemic. Income to the Scottish Braille Press fell by £333,000 due to a fall in customers in areas such as school exams and event publishing. It is hoped that once the pandemic is over we will be able to regain this custom.

Income from legacies fell by £246,000 during 2020 with very little activity, possibly as a result of Solicitors offices being closed for part of the year and property sales being curtailed. Receipts from fundraising increased by £29,000 and these took the form of grants to help the charity through COVID. Community and events fundraising was reduced to virtual events only which resulted in a fall in income, and we expect this to continue in 2021.

The financial performance of the main activities

The statement below shows how income and expenditure divided between our principal activities, and gives the breakdown of cost for each.

| | Learning Services / Kidscene £000 | Comm'y Services £000 | Adult services £000 | Older people's services £000 | Scottish Braille Press £000 |
|--|--|---------------------------------------|---|---|--|
| Income | | | | | |
| Operating income | <u>4,622</u> | <u>0</u> | <u>2,858</u> | <u>3,250</u> | <u>2,867</u> |
| Expenditure | | | | | |
| Cost of Sales | - | - | - | - | 235 |
| Payroll costs | 3,404 | 61 | 2,426 | 4,936 | 1,747 |
| Depreciation | 521 | - | 70 | 289 | 188 |
| Other expenditure | <u>1,431</u> | <u>8</u> | <u>358</u> | <u>1,735</u> | <u>641</u> |
| Total | <u>5,356</u> | <u>69</u> | <u>2,854</u> | <u>6,960</u> | <u>2,811</u> |
| Net operating (deficit)/surplus 2020 | <u>(734)</u> (1,464) | <u>(69)</u> - | <u>4</u> (64) | <u>(3,710)</u> (1,519) | <u>56</u> 324 |
| Depreciation: vacated site | 26 | | | | |
| Other costs: vacated site | 65 | | | | |
| Total cost of vacated site | 91 | - | - | - | - |
| Impairment – care home | | | | 4,172 | |
| Adjustment of pension cost: | | | | | |
| Staff costs (note 7) | (218) | - | (86) | (100) | (50) |
| Other costs (note 12) | 12 | - | 7 | 7 | 4 |
| Restricted fund transactions | <u>(28)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net (expenditure)/income 2020 | <u>(647)</u> <u>(1,711)</u> | <u>(69)</u> <u>-</u> | <u>83</u> <u>(106)</u> | <u>(7,789)</u> <u>(1,574)</u> | <u>102</u> <u>299</u> |

The net operating deficit of £673,000 (2020, £1.4 million) for the Royal Blind School is greatly reduced and we closed the Learning Hub in August 2020, transferring the service to main school activities and opening new community services. The school and Kidscene are now combined in one column. The school's expenditure includes depreciation charges resulting from past capital expenditure that was funded from resources we already had, with no expectation of recovering those costs from future operations. Disregarding depreciation, the school made a surplus of £113,000 (2020 deficit, £701,000).

Kidscene incurred a deficit of £61,000 (2020, £61,000). The facility was closed to normal use for most of the year and instead was used to look after the children of key workers in other parts of the charity and we received a grant from the Scottish Government to contribute to the cost.

Within older people's services, the deficits at Braeside House and Jenny's Well increased during 2020/21 as we did not accept any new residents during the year, leading to a large number of vacant beds. Following a review of our older people's care provision in 2020 we reluctantly took the decision to close both our care homes and focus on providing other care services for older people. We incurred significant cost in making redundancy and other payments to staff in March 2021.

The Scottish Braille Press continued to operate throughout the pandemic, as it was deemed to be an essential business. The net operating surplus was £56,000 (2020, £324,000). The Braille Press retained its major customers during the year, but business overall fell as a result of the pandemic.

We introduced a community services team during 2020 and this has already won contracts to deliver services in partnership with Councils in Edinburgh and the Lothians, commencing in April 2021.

Expenditure on fundraising and marketing our services increased as we launched our new name in the autumn of 2020.

Overall result

Net expenditure before investment gains of £4.2 million (2020, £3.3 million) is due to the impairment of £4.2 million of Jenny's Well care home. We also recorded a gain of £4.5 million on the sale of the Craigmillar Park Campus. If we exclude the gain and impairment, there would be a net expenditure of £4.6 million, of which £3.4 million is directly attributable to the now closed care homes.

Last year our investments encountered an unrealised loss of £1.7 million due to the condition of the markets at the start of the global pandemic. At 31 March 2021 the markets have significantly recovered and this year we are reporting an unrealised gain of £3.4 million. However, markets remain volatile and it remains to be seen whether these gains can be sustained.

The defined benefit pension scheme incurred a total actuarial loss of £1.9 million (2020, £7,010,000 gain). All the assumptions are set out in note 12 to the financial statements.

We are continuing to make recovery payments to repair the deficit in the pension scheme's funding position as determined by the latest Actuarial Valuation (effective as at 31 March 2019). In the year to March 2021 we made a total of £1 million in pension recovery contributions to the scheme.

Overall, the result is a net decrease in funds of £2.6 million (2020, £2.0 million increase). We continue to seek new areas of funding to develop our services and are reviewing our existing services in order to maximise income and reduce costs. We have also developed a deficit reduction strategy in order to bring our services closer to break even and have a 5 year financial plan to reduce or eliminate deficits throughout our services.

Balance sheet items

Net current assets have increased by £4 million and net assets have decreased by £2.6 million.

Going Concern

Overall, the charity has coped well during the pandemic. We suspended new admissions into our older people's care homes in order to protect existing residents and staff. Although this was effective in suppressing the spread of the virus in the homes, it led to substantial losses in revenue. We reviewed the provision of older people's residential care within our charity and after careful consideration, took the decision to close these loss-making activities in order to protect the charity's medium and long term financial position. We are now offering these vacant care homes for sale on the open market and hope to conclude a transaction during 2021. The disposal of these care homes will go a long way to reducing our ongoing operation deficit as we look to ultimately operate on a break even basis. The receipts from the sale of the properties will assist our cash position.

When discounting depreciation charges, the school operated with a small surplus for the first time in living memory and we aim to deliver the service on a similar basis in years to come. Much depends on maintaining and increasing pupil numbers in order to achieve this but we have enhanced our pupil outreach service in addition to providing an in-house education and residential service.

Forward Vision continued largely as normal, except that we didn't admit any short term respite residents, but we adjusted our staffing levels and the service made a small surplus.

We have a 5 year plan in place to take us through to March 2026 and ultimately we plan to have all our services operate on a break even basis with development costs being funded by investment returns.

We remain confident that the charity is able to continue as a going concern in the years to come, provided that it acts timeously to control costs when necessary. Therefore we do not consider there to be a material uncertainty arising over the going concern basis of preparation of the financial statements.

The Directors review all our reserve levels as part of their reserves policy review cycle.
PROVISION OF INFORMATION TO AUDITOR

So far as the Directors are aware, at the time the report is approved:

- there is no relevant audit information of which the organisation's auditor is unaware; and

- the Directors have taken all 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.



Michael Craig
Chair

22 SEPTEMBER 2021

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF THE ROYAL
BLIND ASYLUM AND SCHOOL, EDINBURGH, TRADING AS SIGHT
SCOTLAND**

We have audited the financial statements of Sight Scotland ("the charity") for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its incoming resources and application of resources 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 Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF THE ROYAL BLIND ASYLUM AND SCHOOL, EDINBURGH (continued)

Other information

The other information comprises the information included in the report, other than the financial statements and our auditor's report thereon. The other information comprises the report of the directors. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in our opinion;

- the information contained in the financial statements is inconsistent in any material respect with the report and financial statements or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors' determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF THE ROYAL BLIND ASYLUM AND SCHOOL, EDINBURGH (continued)

In preparing the financial statements, the directors are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

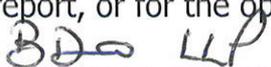
We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's directors, as a body, in accordance with the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.


BDO LLP, statutory auditor
Edinburgh, UK

Date: 19 OCTOBER 2021

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021

| | Note | Unrestricted General Funds | | Restricted Funds | | Total | Total |
|---|--------------|-------------------------------|---------------|---------------------|--------------|---------------|---------------|
| | | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Income from: | 3 | | | | | | |
| Donations and legacies | | 477 | 814 | 130 | 10 | 607 | 824 |
| Charitable activities: | | | | | | | |
| Royal Blind School | | 1,782 | 1,917 | 2,755 | 2,613 | 4,537 | 4,530 |
| Kidscene | | 85 | 107 | - | - | 85 | 107 |
| Adult services | | 2,858 | 2,889 | - | - | 2,858 | 2,889 |
| Older people's services | | 3,250 | 5,169 | - | - | 3,250 | 5,169 |
| Scottish Braille Press | | 2,867 | 3,200 | - | - | 2,867 | 3,200 |
| Total charitable activities | | 10,842 | 13,282 | 2,755 | 2,613 | 13,597 | 15,895 |
| Other trading activities | | - | - | - | - | - | - |
| Investments | | 379 | 438 | - | - | 379 | 438 |
| Other | | 5,388 | 581 | - | - | 5,388 | 581 |
| Total | | <u>17,086</u> | <u>15,115</u> | <u>2,885</u> | <u>2,623</u> | <u>19,971</u> | <u>17,738</u> |
| Expenditure on: | 4 | | | | | | |
| Raising funds | | 701 | 601 | - | - | 701 | 601 |
| Charitable Activities: | | | | | | | |
| Royal Blind School | | 2,121 | 3,567 | 2,812 | 2,613 | 4,933 | 6,180 |
| Kidscene | | 124 | 168 | 23 | - | 147 | 168 |
| Adult services | | 2,645 | 2,996 | 15 | - | 2,660 | 2,996 |
| Older people's services | | 6,787 | 6,742 | 30 | - | 6,817 | 6,742 |
| Community Services | | 54 | - | 15 | - | 69 | - |
| Scottish Braille Press | | 2,641 | 2,902 | 15 | - | 2,656 | 2,902 |
| Service development | | 1,259 | 884 | - | - | 1,259 | 884 |
| Grants and sundry | | 110 | 12 | - | 6 | 110 | 18 |
| Total charitable activities | | 15,741 | 17,271 | 2,910 | 2,619 | 18,651 | 19,890 |
| Impairment – Jenny's Well | | 4,172 | - | - | - | 4,172 | - |
| Other | | 612 | 578 | - | - | 612 | 578 |
| Total | | <u>21,226</u> | <u>18,450</u> | <u>2,911</u> | <u>2,619</u> | <u>24,137</u> | <u>21,069</u> |
| Net (expenditure)/income before investment gains/losses | | (4,139) | (3,335) | (26) | 4 | (4,166) | (3,331) |
| Net (loss)/gain on investments | | 3,378 | (1,726) | - | - | 3,378 | (1,726) |
| Net (expenditure)/income | | (762) | (5,061) | (26) | 4 | (788) | (5,057) |
| Other recognised gains and losses | | | | | | | |
| Actuarial (loss) / gain on defined benefit pension scheme | 3,12 | (1,887) | 7,010 | - | - | (1,887) | 7,010 |
| Net movement in funds | | (2,649) | 1,949 | (26) | 4 | (2,675) | 1,953 |
| Reconciliation of funds: | | | | | | | |
| Funds at 31 March 2020 | 13,14 | 50,147 | 48,198 | 659 | 655 | 50,806 | 48,853 |
| Total Funds at 31 March 2021 | | <u>47,498</u> | <u>50,147</u> | <u>633</u> | <u>659</u> | <u>48,131</u> | <u>50,806</u> |

All amounts relate to continuing operations with the exception of Older People's Services. Our two care homes within Older People's Services closed on 31 March 2021.

The notes on pages 35 to 56 form part of these financial statements.

BALANCE SHEET AS AT 31 MARCH 2021

| | Notes | 2021 £000 | 2020 £000 |
|--|-------|---------------|---------------|
| Fixed Assets | | | |
| Tangible assets | 7 | 24,645 | 30,873 |
| Investments | 8 | <u>17,391</u> | <u>18,000</u> |
| Total fixed assets | | <u>42,036</u> | <u>48,873</u> |
| Current Assets | | | |
| Stocks | | 166 | 45 |
| Debtors | 9 | 6,655 | 1,823 |
| Cash at Bank and in Hand | | <u>260</u> | <u>947</u> |
| Total current assets | | 7,081 | 2,815 |
| Liabilities | | | |
| Creditors: amounts falling due within one year | 10 | (986) | (882) |
| Net Current Assets | | <u>6,095</u> | <u>1,933</u> |
| Net assets excluding pension liability | | <u>48,131</u> | <u>50,806</u> |
| Defined benefit pension liability | 11 | - | - |
| Net Assets | | <u>48,131</u> | <u>50,806</u> |
| Represented by | | | |
| Restricted Funds | | <u>633</u> | <u>659</u> |
| Unrestricted Funds | | | |
| General fund | 13 | 44,733 | 50,387 |
| Investment reserve | 13 | 2,765 | (240) |
| Pension reserve | 13 | - | - |
| Total unrestricted funds | | <u>47,498</u> | <u>50,147</u> |
| Total Funds | | <u>48,131</u> | <u>50,806</u> |

Approved by the Board and signed on their behalf



Michael Craig
Chair

22 September 2021

The notes on pages 35-56 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

| | 2021 | 2020 |
|--|----------------|----------------|
| | £000 | £000 |
| Reconciliation of net income/expenditure to net cash flow from operating activities | | |
| Net (expenditure) as per the SOFA | (788) | (5,057) |
| Adjustments for: | | |
| Losses/(Gains) on investments | (3,378) | 1,726 |
| (Gain) on sale of fixed assets | (343) | (3) |
| Adjustment to pension costs | (888) | 222 |
| Depreciation charges | 1,163 | 1,193 |
| Decrease/(Increase) in stocks | (121) | 5 |
| Decrease in debtors | 167 | 382 |
| (Decrease)/increase in creditors | 155 | (136) |
| Interest and dividends | (379) | (438) |
| Pension scheme deficit recovery | <u>(1,000)</u> | <u>(366)</u> |
| Net cash (used in) operating activities | <u>(5,412)</u> | <u>(2,472)</u> |
| Cash flows from investing activities | | |
| Dividends, interest and rents from investments | 379 | 438 |
| Proceeds from sale of property, plant and equipment | 1,000 | 9 |
| Purchase of property, plant and equipment | (642) | (298) |
| Proceeds from sale of investments | 5,000 | 6,270 |
| Purchase of investments | <u>(1,013)</u> | <u>(3,990)</u> |
| Net cash provided by investing activities | <u>4,724</u> | <u>2,429</u> |
| Change in cash and cash equivalents | <u>(688)</u> | <u>(43)</u> |
| Cash and cash equivalents at the beginning of the reporting period | <u>959</u> | <u>1,003</u> |
| Cash and cash equivalents at the end of the reporting period | <u>271</u> | <u>960</u> |
| Analysis of cash and cash equivalents | | |
| Cash at bank and in hand | 258 | 947 |
| Cash held for investment | <u>13</u> | <u>13</u> |
| Total cash and cash equivalents (Note 18) | <u>271</u> | <u>960</u> |

The notes on pages 35-56 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1. PRINCIPAL ACCOUNTING POLICIES

Sight Scotland is a charity incorporated by Royal Charter. The address of the office registered with OSCR is given on the legal and administrative information page and the nature of charity's operations and its principal activities are set out in the Report of the Directors.

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102)" effective 1 January 2015.

Sight Scotland constitutes a public benefit entity as defined by FRS102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in applying the charity's accounting policies, as shown in note 2 below.

The financial and presentational currency is GBP. The financial statements have been rounded to the nearest thousand.

a) Accounting Conventions

The financial statements are prepared on the historical cost basis of accounting modified by the revaluation of investments. The financial statements are prepared on an accruals basis. The Directors have reviewed the charity's financial position and have concluded that there are sufficient resources to manage any operational or financial risks, so that it is reasonable to expect that Royal Blind will continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

b) Going Concern

Overall, the charity has coped well during the pandemic. We suspended new admissions to our older people's care homes in order to protect existing residents and staff and although this was effective in suppressing the spread of the virus in the homes, it led to substantial losses in revenue. We reviewed the provision of older people's residential care within our charity and after careful consideration, took the decision to close these loss making activities in order to protect the charity's medium and long term financial position. We are now offering these vacant care homes for sale on the open market and hope to conclude a transaction during 2021. The disposal of these care homes will go a long way to reducing our ongoing operation deficit as we look to ultimately

operate on a break even basis. The receipts from the sale of the properties will assist our cash position.

When discounting depreciation charges, the school operated with a small surplus for the first time in living memory and we aim to deliver the service on a similar basis in years to come. Much depends on maintaining and increasing pupil numbers in order to achieve this, but we have enhanced our pupil outreach service in addition to providing an in-house education and residential service.

Forward Vision continued largely as normal, except that we didn't admit any short term respite residents, but we adjusted our staffing levels and the service made a small surplus.

We have a 5 year plan in place to take us through to March 2026 and ultimately we plan to have all our services operate on a break even basis with development costs being funded by investment returns. We are confident that the charity is able to continue as a going concern in the years to come, provided that it acts timeously to control costs when necessary.

Therefore we do not consider there to be a material uncertainty arising over the going concern basis of preparation of the financial statements.

c) **Income**

Donations and similar income are included in the year in which they are receivable, which is when the charity becomes entitled, receipt is probable and the amount can be measured reliably. Fees and sales are accounted for in the period in which the activity occurred.

Grants from the Government and from other charities are accounted for in the year in which they are received and are allocated to the activity to which they relate. Dividends are accrued when our right to receive payment is established.

Legacies are recognised either at the point at which they are received or, if earlier, at the point at which their monetary value due to the charity can be estimated with reasonable accuracy and their receipt is probable.

d) **Expenditure**

Direct costs are charged to the activities. Support costs are allocated on a relevant basis. Head Office costs and IT costs are allocated to the departments based on staff numbers. Maintenance is allocated based on floor areas. Grants and donations made by the charity are charged when the Directors have agreed to pay the grant. A liability is recognised for outstanding entitlements to holiday pay at the year end date. Termination benefits are accrued when there is a constructive obligation to pay them. This is normally via a contractual, legislative or other agreement with employees or their representatives.

e) **Tangible Fixed Assets**

Land is not depreciated. Heritable property is stated at cost less depreciation on the straight line method at varying rates between 10 and 50 years.

Plant and equipment, furniture and fixtures, IT and vehicles are stated at cost less depreciation on the straight line method at various rates calculated to write them off over their estimated useful lives between three and ten years. Items under £5,000 are not capitalised.

Assets in the course of construction are not depreciated until the asset is fully completed and ready for use. Gains or losses on disposal are credited or charged to the Statement of Financial Activities.

f) **Investments**

Investments listed on a recognised stock exchange are stated at market value. All movements in value arising from investment changes or revaluations are shown in the Statement of Financial Activities and included with unrestricted funds. Gains and losses on disposal and revaluation of investments are credited or charged to the Statement of Financial Activities.

g) **Stock**

Stocks of raw materials, work in progress and goods for resale are stated at the lower of cost and net realisable value.

h) **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.

i) **Capital Grants**

Capital Grants are credited to the Statement of Financial Activities in the year of receipt. Depreciation is charged on the relevant asset in line with its estimated useful life, as stated in noted above, to the restricted Capital Grants Fund.

j) **Fund Accounting**

The nature and purpose of each fund is explained in Notes 12 and 13.

k) **Pension Costs**

The organisation, together with Sight Scotland Veterans, operates a defined benefit pension scheme. The assets are held separately from the two charities in an independently administered fund.

The Statement of Financial Activities is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is included as part of this charge. Actuarial gains and losses arising in the period

from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions, are included in total recognised gains and losses.

Any accumulated pension scheme surplus or deficit determined on the Actuarial accounting basis specified above is included in the balance sheet. The reported surplus or deficit may differ from the funding position of the scheme as determined by a Triennial Valuation undertaken by the Trustees of the scheme.

There are a number of different methods used to estimate any surplus or deficit in Defined Benefit Pension Schemes. The method used in these accounts is, as required by Generally Accepted Accounting Principles, in accordance with Financial Reporting Standard 102 and the result indicates that there is no deficit in the Pension Scheme at 31 March 2021. This is a consistent basis for the preparation of these accounts.

The Scheme Actuary has however used a different basis of calculation in the triennial valuation as at 31 March 2019 and this indicated a deficit of £6.8Million on a Scheme funding basis and a deficit of £21.9Million on a solvency valuation basis. The Directors of Sight Scotland have reached agreement with the Trustees of the Pension Scheme whereby it will aim to eliminate the deficit by 31 August 2023 by the payment of annual contributions of £1Million plus an additional recovery payment of £4.5Million, paid on any occasion between 1 January 2021 and 30 June 2027. An additional top-up payment is to be paid by 31 July 2023, so that the total cumulative payments in the period 1 July 2020 to 30 June 2023 are no less than £4.8Million. These additional contributions have been included in the stress testing carried out when reviewing the impact of the uncertainties caused by COVID-19.

The organisation also makes contributions to a group personal pension plan. These contributions are charged to the Statement of Financial Activities in full as they fall due.

l) Financial instruments

Under FRS 102, financial assets and financial liabilities are given the technical term "financial instruments", and we are required to indicate how these are recognised and measured in the financial statements. Ours are all basic financial instruments and are treated according to well established accounting convention. An analysis is given in note 16.

2. JUDGEMENTS AND ESTIMATES

The preparation of these financial statements has required the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts.

The areas involving a degree of judgement significant to the view given by these statements are:

- Actuarial assumptions in respect of the defined benefit pension scheme. In making these assumptions, advice has been taken from an independent qualified actuary. The assumptions are all shown in note 11.
- Tangible fixed assets, as mentioned in d above, are depreciated over a period intended to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Tangible fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

3. INCOME

a) Income from Donations and legacies

| | Unrestricted | | Restricted | | Total | |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Legacies | 323 | 569 | - | - | 323 | 569 |
| Other Donations and grants | <u>154</u> | <u>245</u> | <u>130</u> | <u>10</u> | <u>284</u> | <u>255</u> |
| SOFA | <u>477</u> | <u>814</u> | <u>130</u> | <u>10</u> | <u>607</u> | <u>824</u> |

b) Income from charitable activities

| | Unrestricted | | Restricted | | Total | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Royal Blind School | | | | | | |
| School and residential fees | 1,738 | 1,912 | - | - | 1,738 | 1,912 |
| Grant from Scot Govt Recurrent | - | - | 2,755 | 2,588 | 2,755 | 2,588 |
| Non-recurrent | - | - | - | 25 | - | 25 |
| Sundry income | <u>44</u> | <u>5</u> | <u>-</u> | <u>-</u> | <u>44</u> | <u>5</u> |
| SOFA | <u>1,782</u> | <u>1,917</u> | <u>2,755</u> | <u>2,613</u> | <u>4,537</u> | <u>4,530</u> |

Kidscene

| | | | | | | |
|-------------------|-----------|------------|----------|----------|-----------|------------|
| Fees for services | 45 | 107 | - | - | 45 | 107 |
| Grants | <u>40</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>40</u> | <u>-</u> |
| SOFA | <u>85</u> | <u>107</u> | <u>-</u> | <u>-</u> | <u>85</u> | <u>107</u> |

Adult services

| | | | | | | |
|-------------------|--------------|--------------|----------|----------|--------------|--------------|
| Fees for services | 2,858 | 2,889 | - | - | 2,858 | 2,889 |
| Sundry income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| SOFA | <u>2,858</u> | <u>2,889</u> | <u>-</u> | <u>-</u> | <u>2,858</u> | <u>2,889</u> |

Older people's services

| | | | | | | |
|-------------------|--------------|--------------|----------|----------|--------------|--------------|
| Fees for services | 3,167 | 5,169 | - | - | 3,167 | 5,169 |
| Sundry income | <u>83</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>83</u> | <u>-</u> |
| SOFA | <u>3,250</u> | <u>5,169</u> | <u>-</u> | <u>-</u> | <u>3,250</u> | <u>5,169</u> |

Scottish Braille Press

| | | | | | | |
|----------------------------------|--------------|--------------|----------|----------|--------------|--------------|
| Sales | 2,753 | 3,039 | - | - | 2,753 | 3,039 |
| Funding for supp'd employment | 66 | 101 | - | - | 66 | 101 |
| Office rental | 30 | 60 | - | - | 30 | 60 |
| Sundry income | <u>18</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>18</u> | <u>-</u> |
| SOFA | <u>2,867</u> | <u>3,200</u> | <u>-</u> | <u>-</u> | <u>2,867</u> | <u>3,200</u> |

| | | | | | | |
|-------------------------------------|---------------|---------------|--------------|--------------|---------------|---------------|
| Total from charitable activities | <u>10,842</u> | <u>13,282</u> | <u>2,755</u> | <u>2,613</u> | <u>13,597</u> | <u>15,895</u> |
|-------------------------------------|---------------|---------------|--------------|--------------|---------------|---------------|

c) Income from investments

| | Unrestricted | | Restricted | | Total | |
|---------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 | 2021 £000 | 2020 £000 |
| Dividends | 378 | 434 | - | - | 378 | 434 |
| Bank interest | <u>1</u> | <u>4</u> | <u>-</u> | <u>-</u> | <u>1</u> | <u>4</u> |
| SOFA | <u>379</u> | <u>479</u> | <u>-</u> | <u>-</u> | <u>379</u> | <u>479</u> |

d) Other income

| | | | | | | |
|--|--------------|------------|----------|----------|--------------|------------|
| Receivable from Sight Scotland Veterans | 612 | 578 | - | - | 612 | 578 |
| Gain on disposal of fixed assets | 4,517 | 3 | - | - | 4,517 | 3 |
| Other income | <u>260</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>260</u> | <u>-</u> |
| SOFA | <u>5,388</u> | <u>531</u> | <u>-</u> | <u>-</u> | <u>5,388</u> | <u>531</u> |

4. EXPENDITURE

2021

| | Activities undertaken directly | Grants | Support Costs | Total |
|--|---|---------------|--------------------------|---------------|
| | £000 | £000 | (Note 5) £000 | 2021 £000 |
| Raising funds | | | | |
| Raising donations | 666 | - | 30 | 696 |
| Investment fees | <u>5</u> | <u>-</u> | <u>-</u> | <u>5</u> |
| | <u>671</u> | <u>-</u> | <u>30</u> | <u>701</u> |
| | | | | |
| Royal Blind School | 4,544 | - | 389 | 4,933 |
| Kidscene | 129 | - | 18 | 147 |
| Adult Services | 2,499 | - | 161 | 2,660 |
| Older People Serv | 6,414 | - | 403 | 6,817 |
| Community Serv | 69 | - | - | 69 |
| Sc. Braille Press | 2,486 | - | 170 | 2,656 |
| Development | 1,259 | - | | 1,259 |
| Grants for research | - | 100 | | 100 |
| Other | <u>-</u> | <u>10</u> | | <u>10</u> |
| | <u>17,400</u> | <u>110</u> | <u>1,141</u> | <u>18,651</u> |
| | | | | |
| Impairment | 4,172 | - | - | 4,172 |
| Provision of services to Sight Scotland Veterans | <u>612</u> | <u>-</u> | <u>-</u> | <u>612</u> |
| | <u>4,784</u> | <u>-</u> | <u>-</u> | <u>4,784</u> |

The Charity closed the two care homes, Jenny's Well and Braeside House on 31 March 2021 and we have revalued the properties in the accounts in preparation for disposal. This has led to an impairment of £4.2 Million.

All expenditure from restricted funds in 2021 and 2020 was in the category "Activities undertaken directly" and is included above.

| 2020 Restated | Activities undertaken directly £000 | Grants £000 | Support Costs (Note 5) £000 | Total 2020 £000 |
|--|---|-----------------------|--|-------------------------------|
| Raising funds | | | | |
| Raising donations | 572 | - | 25 | 597 |
| Investment fees | <u>4</u> | <u>-</u> | <u>-</u> | <u>4</u> |
| | <u>576</u> | <u>-</u> | <u>25</u> | <u>601</u> |
| Charitable activities | | | | |
| Royal Blind School | 5,746 | - | 434 | 6,180 |
| Kidscene | 152 | - | 16 | 168 |
| Adult Services | 2,854 | - | 142 | 2,996 |
| Older People Serv | 6,363 | - | 379 | 6,742 |
| Sc. Braille Press | 2,735 | - | 167 | 2,902 |
| Development | 884 | - | - | 884 |
| Grants for research | - | - | - | - |
| Other | <u>18</u> | <u>-</u> | <u>-</u> | <u>18</u> |
| | <u>18,752</u> | <u>-</u> | <u>1,138</u> | <u>19,890</u> |
| Other expenditure | | | | |
| Provision of services to Sight Scotland Veterans | <u>528</u> | <u>-</u> | <u>-</u> | <u>578</u> |
| | <u>528</u> | <u>-</u> | <u>-</u> | <u>578</u> |

5. SUPPORT COST ALLOCATION 2021

| | Mgt | Fin | HR | IT | Fac | Gov | Total |
|-------------------|-----------|------------|------------|------------|------------|-----------|--------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| School | 9 | 60 | 68 | 69 | 178 | 5 | 389 |
| Kidscene | 1 | 5 | 5 | 5 | 2 | - | 18 |
| Adult Services | 6 | 41 | 46 | 47 | 18 | 3 | 161 |
| Older People | 15 | 102 | 115 | 118 | 44 | 9 | 403 |
| Sc. Braille Press | 6 | 43 | 48 | 49 | 20 | 4 | 170 |
| Mktg/Fundraising | <u>1</u> | <u>8</u> | <u>10</u> | <u>10</u> | <u>0</u> | <u>1</u> | <u>30</u> |
| Total | <u>38</u> | <u>259</u> | <u>292</u> | <u>298</u> | <u>262</u> | <u>22</u> | <u>1,171</u> |

Management (Mgt), Finance (Fin), Human Resources (HR) IT and Governance (Gov) are allocated based on an average number of staff. Facilities Management (Fac) is allocated based on an estimation of floor area.

Governance costs of £22,000 (2020, £34,000) include external audit fees of £17,000 (2020, £18,000). No fee was payable to the auditor for non-audit services (2020, nil).

2020

| | Mgt £000 | Fin £000 | HR £000 | IT £000 | Fac £000 | Gov £000 | Total £000 |
|-------------------|-------------|-------------|------------|------------|-------------|-------------|---------------|
| School | 3 | 83 | 65 | 70 | 204 | 9 | 434 |
| Kidscene | 1 | 4 | 4 | 4 | 2 | 1 | 16 |
| Adult Services | 2 | 44 | 34 | 36 | 21 | 5 | 142 |
| Older People | 4 | 120 | 93 | 100 | 50 | 12 | 379 |
| Sc. Braille Press | 2 | 52 | 41 | 43 | 23 | 6 | 167 |
| Mktg/Fundraising | <u>1</u> | <u>9</u> | <u>7</u> | <u>7</u> | <u>-</u> | <u>1</u> | <u>25</u> |
| Total | <u>13</u> | <u>312</u> | <u>244</u> | <u>260</u> | <u>300</u> | <u>34</u> | <u>1,163</u> |

6. STAFF NUMBERS AND COSTS

| | 2020 | 2021 |
|----------------------------|---------------|---------------|
| | £000 | £000 |
| Wages and salaries | 12,055 | 12,615 |
| Redundancy & Severance Pay | 812 | - |
| Social security costs | 1,009 | 1,055 |
| Pension contributions | 1,268 | 1,347 |
| Adjustment to FRS102 basis | <u>455</u> | <u>768</u> |
| Pension costs | <u>1,723</u> | <u>2,115</u> |
| Total staff costs | <u>15,600</u> | <u>15,785</u> |

The average weekly number of employees, calculated as full time equivalents and headcount, during the period was:

| | 2021 FTE | 2021 Head | 2020 FTE | 2020 Head |
|------------------------|-------------|--------------|-------------|--------------|
| Royal Blind School | 87 | 105 | 113 | 138 |
| Kidscene | 4 | 8 | 4 | 8 |
| Adult Services | 61 | 72 | 62 | 72 |
| Older Peoples Serv's | 141 | 178 | 157 | 198 |
| Scottish Braille Press | 68 | 74 | 73 | 86 |
| Community Services | 3 | 3 | - | - |
| Head Office | <u>52</u> | <u>55</u> | <u>50</u> | <u>53</u> |
| | <u>416</u> | <u>495</u> | <u>459</u> | <u>555</u> |

The numbers of staff whose emoluments for the year fell in the following bands were:

| | 2021 Number | 2020 Number |
|---------------------|------------------------|------------------------|
| £60,001 - £70,000 | 7 | - |
| £70,001 - £80,000 | 1 | 5 |
| £80,001 - £90,000 | 1 | - |
| £90,001 - £100,000 | 1 | 1 |
| £100,001 - £110,000 | 1 | - |

Contributions in the year to a defined benefit pension for the above staff were £64,134 (2020, £49,636) and to a defined contribution pension were £54,044 (2020, £21,017). No remuneration has been paid to any Director or member of committee in respect of their duties (2020, £nil). No expenses were paid to any Director (2020, £nil).

One member of staff is regarded by the Directors as being "Key Management" as defined in FRS102, this being the Chief Executive, as the only manager having decision making responsibility covering the whole organisation. As Chief Executive of both charities, some of the Chief Executive's duties relate to Sight

Scotland Veterans. The cost of that part is paid for by Sight Scotland Veterans as part of the management charge.

The total remuneration of the Chief Executive for work with both charities, was £122,000 (2020, £118,000).

7. TANGIBLE FIXED ASSETS

| | Heritable Property | Furniture & Equip | I.T. | Vehicles | Total |
|---------------------------------|-------------------------------|----------------------------------|-------------|-----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Cost | | | | | |
| 1 April 2020 | 39,894 | 2,825 | 961 | 375 | 44,055 |
| Additions | 497 | 71 | 11 | 20 | 599 |
| Disposals | <u>(3,336)</u> | <u>(537)</u> | <u>(44)</u> | <u>(74)</u> | <u>(3,991)</u> |
| 31 March 2021 | <u>37,055</u> | <u>2,359</u> | <u>928</u> | <u>321</u> | <u>40,663</u> |
| Accumulated depreciation | | | | | |
| 1 April 2020 | 10,075 | 1,922 | 877 | 308 | 13,182 |
| Charge for year | 894 | 162 | 75 | 44 | 1,175 |
| Impairments | 3,984 | 187 | 1 | - | 4,172 |
| Disposals | <u>(1,855)</u> | <u>(534)</u> | <u>(44)</u> | <u>(78)</u> | <u>(2,511)</u> |
| 31 March 2021 | <u>13,098</u> | <u>1,737</u> | <u>909</u> | <u>274</u> | <u>16,018</u> |
| Net book value | | | | | |
| 31 March 2021 | <u>23,957</u> | <u>622</u> | <u>19</u> | <u>47</u> | <u>24,645</u> |

31 March 2020 29,819 903 84 67 30,873

On 31 March 2021 the charity closed its older People's Services at Jenny's well and Braeside House. These are currently vacant properties and an impairment to the value has been applied to Jenny's Well as it is expected to be sold at a value which is below cost.

Included in the above are assets in the course of construction £526,000 (2020, £70,050), and land, included in heritable property, which is not subject to a depreciation charge, £4,184,000 (2020, £4,849,000).

8. INVESTMENTS

| | 2021 | 2020 |
|------------------------------------|----------------|----------------|
| | £000 | £000 |
| Market value as at 1 April 2020 | 17,988 | 21,994 |
| Additions at cost | 1,013 | 3,990 |
| Disposals at opening book value | <u>(4,509)</u> | <u>(6,135)</u> |
| | 14,492 | 19,849 |
| Change in market value in the year | <u>2,886</u> | <u>(1,861)</u> |
| Market value as at 31 March 2021 | 17,378 | 17,988 |
| Cash held for investment | <u>12</u> | <u>12</u> |
| Total investments | <u>17,390</u> | <u>18,000</u> |
| | | |
| Investments held at cost | 14,612 | 18,240 |
| Cash held for investment | <u>13</u> | <u>12</u> |
| Cost as at 31 March 2021 | <u>14,625</u> | <u>18,252</u> |

The market value represents:

Investments listed on a recognised stock exchange

United Kingdom

14,047

Outside the United Kingdom

3,331

17,378

Five (2020, five) investments individually exceed 5% of the portfolio:

Aberdeen Diversified Growth Fund valued at £3,549,000 (2020, £4,177,000)

The Partners Fund valued at £5,062,000 (2020, £4,015,000)

Henderson Multi Asset Credit Fund valued at £3,530,000 (2020, £4,049,000)

Legal and General International Index Trust valued at £3,331,000 (2020, £3,375,000)

Aberdeen Asset Managers Charities Property Fund valued at £1,529,000 (2020, £1,555,000).

All investments are held to provide an investment return.

The Henderson Multi Asset Credit Fund is placed with Janus Henderson Investors.

9. DEBTORS

| | 2021 | 2020 |
|----------------------------------|---------------------|---------------------|
| | £000 | £000 |
| Trade debtors | 1,895 | 1,124 |
| Debtors > 1 year | 4,000 | - |
| Prepayments | 108 | 167 |
| Due from Sight Scotland Veterans | 199 | 310 |
| Taxation recoverable | 37 | 20 |
| Accrued income | <u>416</u> | <u>202</u> |
| | <u>6,655</u> | <u>1,823</u> |

Debtors > 1 year relates to phased receipts for the sale of the Craigmillar Park campus, which will be paid in stages over the next three years.

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | | |
|-----------------|-------------------|-------------------|
| Suppliers | 153 | 157 |
| Accruals | 291 | 342 |
| Due to HMRC | 341 | 248 |
| Pension costs | 159 | 112 |
| Deferred income | <u>42</u> | <u>23</u> |
| | <u>986</u> | <u>882</u> |

Deferred Income of £42,000 (2020, £23,000) relates to grants already received for goods and activities that will be expended during 2021.

11. PENSION COSTS

The organisation, together with Sight Scotland Veterans, operates an externally funded contributory retirement benefit scheme for employees. Contributions from the employer, as determined by a qualified independent actuary, are charged to the Statement of Financial Activities over their working lives with the organisation.

The latest full actuarial valuation was conducted as at 1 April 2019 by a qualified independent actuary which showed the scheme to be 14% underfunded on an ongoing basis.

There are a number of different methods used to estimate any surplus or deficit in Defined Benefit Pension Schemes. The method used in these accounts is, as required by Generally Accepted Accounting Principles, in accordance with Financial Reporting Standard 102 and the result indicates

that there is no deficit in the Pension Scheme at 31 March 2021 This is a consistent basis for the preparation of these accounts.

The Scheme Actuary has however used a different basis of calculation in the triennial valuation as at 31 March 2019 and this indicated a deficit of £6.8Million on a Scheme funding basis and a deficit of £21.9Million on a solvency valuation basis. Subsequently the Trustees of Sight Scotland have reached agreement with the Trustees of the Pension Scheme whereby substantial monthly recovery payments will be made until 2027, along with additional one-off lump sum payments in order to address the deficit. These additional contributions have been included in the stress testing carried out when reviewing the impact of the uncertainties caused by COVID-19.

The Scheme closed to further accrual in November 2020 and therefore no employer costs, other than the deficit recovery payments, will be made to the scheme.

The major assumptions used by the Actuary were as follows:

| | 2021 | 2020 |
|---|-------------|-------------|
| Inflation | 2.7% | 2.0% |
| Salary increases | 3.2% | 2.5% |
| Expected return on investments pre-retirement | 5.2% | 5.2% |

The total payments to the scheme for the year amounted to £1,458,000 (2020: £1,073,000) and included £999,500 of exceptional contribution made to address the estimated pension scheme deficit. We estimate that payments to the scheme in the year to 31 March 2022 will be £4.9M, all of which will be deficit recovery payments.

The fund has been valued in accordance with the requirements of FRS102 by Audrey Hay of JLT/Mercer on 10 June 2021. The actuarial valuation of the fund and any potential liabilities, and the assumptions made by the Directors as the basis of the valuation, are shown overleaf.

| Assumptions | at 31 March 2021 | at 31 March 2020 |
|--|---------------------------------|-----------------------------|
| Discount rate | 2.2% | 2.3% |
| Retail price inflation | 3.5% | 2.8% |
| Consumer price inflation | 2.7% | 2.0% |
| Salary increase rate | 3.2% | 2.5% |
| Pension increases (Limited Price Indexation) | | |
| - RPI maximum 5% | 3.3% | 2.7% |
| - RPI maximum 5% minimum 3% | 3.8% | 3.5% |
| Deferred pension revaluation | 2.5% | 2.0% |

The actuary has used the CPI assumption for future deferred pension revaluation.

Assuming retirement at age 65, life expectancies in years based on the mortality assumption used are as follows:

| | at 31 March 2021 | at 31 March 2020 |
|-------------------------------|---------------------------------|-----------------------------|
| For a male retiring in 2021 | 20.5 | 20.5 |
| For a male retiring in 2041 | 22.2 | 22.2 |
| For a female retiring in 2021 | 22.5 | 22.5 |
| For a female retiring in 2041 | 24.4 | 24.3 |

| Assets | 31 Mar 2021 | | 31 Mar 2020 | |
|-----------------|--------------------|------------|--------------------|------------|
| | £000's | % | £000's | % |
| Invested assets | <u>46,734</u> | <u>100</u> | <u>41,193</u> | <u>100</u> |
| Total | <u>46,734</u> | <u>100</u> | <u>41,193</u> | <u>100</u> |

| Liability and Funded Status at 31 March | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | £000's | £000's | £000's | £000's | £000's |
| Fair value of plan assets | 46,734 | 41,193 | 39,062 | 36,044 | 34,148 |
| Value of funded oblig'ns | <u>(45,605)</u> | <u>(40,340)</u> | <u>(46,216)</u> | <u>(42,939)</u> | <u>(42,631)</u> |
| Restriction of pension surplus | (1,129) | (853) | - | - | - |
| Surplus/(Deficit) | _____ - | _____ - | <u>(7,154)</u> | <u>(6,895)</u> | <u>(8,483)</u> |

| The charge to the Statement of Financial Activities | 2021 | 2020 |
|--|-------------|-------------|
| | £000's | £000's |
| Service cost | 455 | 768 |
| Net interest expense | (31) | 161 |
| Losses (gains) due to benefit changes | - | - |
| Total included in employer expense | <u>424</u> | <u>929</u> |

Analysis of the change in the defined benefit obligation

| 2021 | 2020 |
|-------------|-------------|
| £000's | £000's |

| | | |
|------------------------------------|---------------|---------------|
| Opening defined benefit obligation | 40,340 | 46,216 |
| Current service cost | 455 | 768 |
| Interest cost | 916 | 1,063 |
| Actuarial (gains)/losses | 5,356 | (6934) |
| Benefits paid | (1,462) | (773) |
| Losses due to benefit change | - | - |
| | <u>45,605</u> | <u>40,340</u> |

Analysis of the change in fair value of plan assets

| | 2021 | 2020 |
|-----------------------------------|---------------|---------------|
| | £000's | £000's |
| Opening fair value of plan assets | 41,193 | 39,062 |
| Interest income | 947 | 902 |
| Actuarial gains | 4,598 | 929 |
| Contributions | 1,458 | 1,073 |
| Benefits paid | (1,462) | (773) |
| | <u>46,734</u> | <u>41,193</u> |

Analysis of actuarial gains/(losses)

| | 2021 | 2020 |
|--|----------------|--------------|
| | £000's | £000's |
| Asset return (less interest income recognised in the SOFA) | 4,598 | 929 |
| Experience (losses) on benefit obligation | 219 | (492) |
| Effect of assumptions changes on benefit obligation | (5,575) | 7,426 |
| Restriction of Pension surplus | (1,129) | (853) |
| Total actuarial gains/(losses) | <u>(1,887)</u> | <u>7,010</u> |

History of Experience Gains and Losses

| | 2021 | 2020 |
|--|-----------|--------|
| | £000's | £000's |
| Difference between the asset return and the interest income recognised in the SOFA | 424 | 929 |
| - as % of scheme assets | <u>1%</u> | 2% |
| Experience gains/(losses) on obligation | 219 | (492) |
| - as % of liabilities | <u>0%</u> | 1% |
| Total amount recognised in the SOFA | 1,034 | 8,628 |
| - as % of liabilities | 2% | 21% |

From 1 April 2006 the defined benefits scheme was closed to new members. A group personal pension plan is provided for employees who are not members of the defined benefits scheme to which auto-enrolment applies.

12. RESTRICTED FUNDS 2021

| | Balance 31.3.20 | Income | Expenditure | Balance 31.3.21 |
|---------------------------|----------------------------|---------------|--------------------|----------------------------|
| | £000 | £000 | £000 | £ 000 |
| Capital grants | 649 | - | (26) | 623 |
| Grants applied in year | - | 2,885 | (2,885) | - |
| Donations applied in year | <u>10</u> | <u>10</u> | <u>(10)</u> | <u>10</u> |
| Total | <u>659</u> | <u>2,895</u> | <u>(2,921)</u> | <u>633</u> |

The Capital Grants fund holds grants received relating to specific items of capital expenditure.

The grants applied for the year ending 31 March 2021 relate to a Scottish Government grant for the Royal Blind School to offer capital and revenue support. Donations applied for during the year relate to funding for development of activities in the Older People Services and a courtyard regeneration project at the Royal Blind School.

RESTRICTED FUNDS 2020

| | Balance 31.3.20 | Income | Expenditure | Restated Balance 31.3.20 |
|---------------------------|----------------------------|---------------|--------------------|---|
| | £000 | £000 | £000 | £ 000 |
| Capital grants | 643 | 24 | (24) | 649 |
| Grants applied in year | - | 2,589 | (2,589) | - |
| Donations applied in year | <u>12</u> | <u>10</u> | <u>(6)</u> | <u>10</u> |
| Total | <u>655</u> | <u>2,623</u> | <u>(2,619)</u> | <u>659</u> |

**13. UNRESTRICTED FUNDS
2021**

| | General Fund | Investm't Reserve | Pension Reserve | Total |
|---|-------------------------|------------------------------|----------------------------|----------------|
| | £000 | £000 | £000 | £000 |
| Balance 31.3.20 (Restated) | 50,387 | (240) | - | 50,147 |
| Net income / (expenditure) before other recognised gains | (762) | | - | (762) |
| Pension deficit recovery | (999) | - | 999 | - |
| Adjustment to Pension Fund Reserve | (888) | - | 888 | - |
| Release of designated fund Investment disposals, gains and losses | (3,005) | 3,005 | - | - |
| Actuarial Gains/(Loss) | | | <u>(1,887)</u> | <u>(1,887)</u> |
| Balance 31.3.21 | <u>44,733</u> | <u>2,765</u> | <u>-</u> | <u>47,498</u> |

2020

| | General Fund | Investm't Reserve | Restated Pension Reserve | Total |
|---|-------------------------|------------------------------|---|---------------|
| | £000 | £000 | £000 | £000 |
| Balance 31.3.19 (Restated) | 53,437 | 1,915 | (7,154) | 48,198 |
| Net (expenditure) before other recognised gains | (5,061) | - | - | (5,061) |
| Pension deficit recovery | (366) | - | 366 | - |
| Adjustment to Pension Fund Reserve | 222 | - | (222) | - |
| Release of designated fund Investment disposals, gains and losses | 2,155 | (2,155) | - | - |
| Actuarial losses | - | - | <u>7,010</u> | <u>7,010</u> |
| Balance 31.3.20 | <u>50,387</u> | <u>(240)</u> | <u>-</u> | <u>50,147</u> |

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

| | Tangible fixed assets £000 | Investments £000 | Net current assets £000 | Total funds £000 |
|---------------------------------------|--|----------------------------|---|--------------------------------|
| At 31 March 2021: | | | | |
| Restricted funds | | | | |
| Revenue Grant | | | 10 | 10 |
| Capital grants reserve | <u>623</u> | - | - | <u>623</u> |
| Designated funds | | | | |
| | - | - | - | - |
| Other unrestricted funds | | | | |
| Investment reserve | - | 2,765 | - | 2,765 |
| Pension reserve | - | | - | |
| General fund | <u>24,022</u> | <u>14,626</u> | <u>6,085</u> | <u>44,733</u> |
| Total funds | <u>24,645</u> | <u>17,391</u> | <u>6,095</u> | <u>48,131</u> |
| At 31 March 2020: Restated | | | | |
| Restricted funds | | | | |
| Revenue Grant | | | 10 | 10 |
| Capital grants reserve | <u>649</u> | - | - | <u>649</u> |
| Designated funds | | | | |
| | - | - | - | - |
| Other unrestricted funds | | | | |
| Investment reserve | - | 3,824 | - | 3,824 |
| Pension reserve | - | - | - | - |
| General fund | <u>30,224</u> | <u>14,176</u> | <u>1,923</u> | <u>46,325</u> |
| | <u>30,224</u> | <u>18,000</u> | <u>1,923</u> | <u>50,147</u> |
| Total funds | <u>30,873</u> | <u>18,000</u> | <u>1,933</u> | <u>50,806</u> |

15. CONNECTED ORGANISATION

The Directors of Sight Scotland act as Trustees of Sight Scotland Veterans. This is a separate charity having its own funds and properties. Sight Scotland provided administrative services for which a fee was received of £612,000 (2020, £578,000). At the balance sheet date, a charge was due from Sight Scotland Veterans amounting to £199,000 (2020: £310,000).

16. FINANCIAL INSTRUMENTS

| | 2021 | 2020 |
|--|---------------|---------------|
| | £000 | £000 |
| Financial assets | | |
| Financial assets measured at fair value | 17,378 | 17,988 |
| Financial assets measured at amortised cost | <u>6,783</u> | <u>2,595</u> |
| | <u>24,161</u> | <u>20,583</u> |
| Financial liabilities | | |
| Financial liabilities measured at amortised cost | <u>577</u> | <u>611</u> |

Financial assets measured at fair value are listed investments. Financial assets measured at amortised cost include cash at bank, trade debtors, amounts due from Sight Scotland Veterans and accrued income.

Financial liabilities measured at amortised cost are suppliers and accruals and accrued pension costs.

17. CAPITAL COMMITMENTS

At 31 March, there were no capital commitments (2020, £500,000).

18. NET DEBT RECONCILIATION

| | 1 April 2020 | Cash Flows | 31 March 2021 |
|------------------------------|-----------------|---------------|---------------------|
| Cash and cash equivalents | <u>959</u> | <u>(688)</u> | <u>271</u> |