



The Royal Blind Asylum and School, Edinburgh

Report and Financial Statements

Year ended 31 March 2018

Scottish Charity Number: SC017167

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Royal Blind is the operating name of The Royal Blind Asylum and School, Edinburgh, Scottish Charity Number SC017167.

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

Gwenn McCreath (Chair)

Kate Cherry (Vice-Chair)

David Johnston (Vice-Chair)

Michael Craig

Jamie Cuthbertson

Patsy Gillies

James Law

J Grant Macrae

Michelle McWilliams

Michael Martin

Sandra Warburton (Resigned 4 April 2018)

Elected by Public Bodies

Dawn Burrows - Edinburgh Merchant Company

Robert Mooney - Scottish Trade Union Congress

Cllr Cameron Rose - City of Edinburgh Council (Resigned 4 May 2017)

Derek Howie – City of Edinburgh Council (Appointed 29 June 2017)

James Milhench - Scottish Council of the National League of the Blind and Disabled

Chief Executive and Secretary

Mark O'Donnell - Chief Executive (Appointed 26 June 2017)

Richard G Hellewell, BA Econ FCA (Retired 4 July 2017)

Principal Office - 50 Gillespie Crescent, Edinburgh, EH10 4JB

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

Investment Advisers – Barnett Waddingham LLP, 163 West George Street, Glasgow G2 2JJ

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report for the year ended 31 March 2018. 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 Directors' report and the financial statements in accordance with applicable law and regulations.

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 year. In preparing those 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 operation.

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 regulations made under the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charity and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the organisation's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may differ from legislation in other jurisdictions. The maintenance and integrity of the website and of the financial statements in it is the responsibility of the Directors.

Structure, governance and management

Royal Blind is a charity registered in Scotland. The Edinburgh Asylum for the Industrious Blind, founded in 1793, the Home for the Female Blind, founded in 1822 and the Edinburgh School for Blind Children, founded in 1835, amalgamated in 1876 under the name Royal Blind Asylum and School.

REPORT OF THE DIRECTORS (continued) **Structure, governance and management (continued)**

In 1898 it was incorporated by Royal Charter and that charter, as supplemented in 1977, is its governing instrument.

Royal Blind 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 endeavour to ensure that they recruit to the Board members who are best 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 to deliver its objectives. The induction also covers the roles and responsibilities of charity trustees. Directors normally serve for a term of 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 Director.

There are four main activities (education and childcare, adult services, older peoples' services and the production in accessible formats) each of which is overseen by a committee of Directors and co-opted members. These committees have responsibility of oversight and detailed consideration of budgets, plans and decisions, which are then the subject of recommendation to the Board. There is also a Finance and General Purposes Committee, an Audit Committee and a Marketing, Fundraising and Communications Committee. A Remuneration Committee, consisting of the Chair, the Vice Chairs and the Finance Convener, oversees the operation of the Remuneration Policy and determines the remuneration of the Chief Executive, who was appointed in June 2017.

The day to day management of the organisation is delegated to the staff, headed by the Chief Executive. Each operation has a defined management structure and a manager accountable for it.

The Directors are also Trustees of Scottish War Blinded, a Scottish Charitable Incorporated Organisation (SCIO) – a separate charity (charity number SC 047192) having its own objectives. This charity has operated since April 2017, having assumed the engagements, assets and liabilities of The Scottish National Institute for the War Blinded, an unincorporated charity. Scottish War Blinded operates with its own activities, funds and properties, but is managed together with Royal Blind as a group, though they are financially separate, have different charitable objectives and neither organisation exerts control over the other. The 'Chief Executive' is simultaneously the Chief Executive of both Royal Blind and Scottish War Blinded.

The Directors remain Trustees of the Scottish National Institute for the War Blinded, which continues to exist in a dormant state with no assets or liabilities.

REPORT OF THE DIRECTORS (continued) **Structure, governance and management (continued)**

People

One Board member appointed by the Public Bodies stepped down during 2017, Councillor Cameron Rose. We have welcomed to the Board Councillor Derek Howie, who joined us in June 2017. Sandra Warburton has recently retired and we thank her for her contribution to the Board and Committees.

In June 2017 Mark O'Donnell took up the post of Chief Executive, on the retirement of Richard Hellewell. Richard served 10 years as Chief Executive of Royal Blind and The Trustees would like to thank him for his service during that time. There was an overlap between Mark O'Donnell's appointment and Richard Hellewell's retirement to allow for a handover.

OBJECTIVES AND ACTIVITIES

The objectives set down in the Royal Charter of Incorporation of 1898 are to promote the moral, religious, physical and mental welfare of the blind, to give education and industrial training to the juvenile blind, to provide employment for adult blind men and women, to supplement their earnings, supply clothing and aid them in sickness and old age, and to grant aid to indigent blind in all parts of Scotland.

Our current **statement of purpose**: Royal Blind provides services to blind and partially sighted (visually impaired/VI) children and adults which enable them to live without disadvantage. Our **vision** is to see a community in which blind and partially sighted people, including those who have other disabilities, are fully included and lead fulfilling lives. Our **mission** is to:

- Develop people's skills and resources for independent living
- Provide support and care to meet needs
- Support people to fulfil their aspirations
- Involve blind and partially sighted people as leaders, employees and supporters and in shaping and improving the services they receive
- Be innovative and add to the diversity of available services
- Provide written and spoken text in accessible formats
- Empower young people to become confident individuals, successful learners, effective contributors and responsible citizens
- Enrich education and care provision in all education sectors in Scotland and beyond, enabling the fullest possible inclusion of vision impaired and multiply disabled pupils and students

REPORT OF THE DIRECTORS (continued) **Objectives and Activities (continued)**

Our strategic objective is to sustain and improve the set of services the charity provides for the benefit of those who use them. Over the longer term, our aim is to find and take opportunities to grow and diversify our services, as resources permit, to make a meaningful contribution to the lives of people with vision impairment in Scotland.

The **Royal Blind School** is a national grant-aided special school providing specialist education to children and young people with vision impairment, including those with additional support needs and multiple disabilities/complex needs. The current school roll is 28 pupils (2017, 29); ages range from 5 to 20.

We provide a safe, nurturing, enriching inclusive and appropriately challenging environment, in which every pupil is valued and supported to become a successful learner, confident individual, responsible citizen and effective contributor to society. The school is regulated by Education Scotland (HMIE) and by the Care Inspectorate and is located in Morningside, Edinburgh.

The curriculum and teaching methods are tailored to pupils' specific needs and include tuition in orientation, mobility and independent living skills (habilitation), Braille and assistive technology. Through the Curriculum for Excellence, we enable pupils to achieve learning outcomes which provide breadth, challenge and application of learning. By providing a range of activities focused on attainment, achievement and using interdisciplinary learning, we aim to maximise pupils' potential.

Pupils undertake courses and units of study accredited by the Scottish Qualifications Authority (SQA), the Award Scheme Development and Accreditation Network (ASDAN), the Junior Award Scheme Scotland, as well as participating in national competitions. Pupils have the opportunity to be involved in work experience in their final three years where appropriate. The school library holds a wide range of braille, large print and audio books. Assistive technology resources and the school's transcription service ensure that all pupils receive their materials in the correct format.

A variety of customised residential patterns are offered, including weekly, termly and 52 week boarding as well as regular respite care. Pupils can also attend on a day-only basis.

Residential care is provided by fully trained and experienced care staff in houses near the school and on-site villas. Care and education staff work together to ensure that the pupils' social, communication and independent living skills are developed throughout the day and evenings in a variety of settings using a multi-disciplinary staff team.

REPORT OF THE DIRECTORS (continued) **Objectives and Activities (continued)**

We provide a free part time pre-school playgroup to which parents or carers bring children for early learning through structured play activities and benefit from using our hydrotherapy pool.

Our qualified teachers of the visually impaired (QTVIs) and Habilitation Specialists work closely with other agencies to provide post-graduate training for those working in vision impairment education.

The **East Lothian Vision Impairment Service (ELVIS)**, which began in August 2017, is delivered in conjunction with East Lothian Council. Specialist staff from the Royal Blind School work on the ground with staff across East Lothian's schools to support the effective education of children with vision impairment. The **Royal Blind Learning Hub** is a national resource centre supporting staff in mainstream schools who work with pupils with vision impairment. It operates on three levels: outreach to staff and pupils, face-to-face information and training and online learning.

Kidscene is our integrated after school and holiday club based at the Royal Blind School campus. We run our after school club weekdays during school term time. Our holiday clubs are open during the February, Easter, Summer and October school holidays. Our clubs are open to all children and we particularly welcome children with vision impairment and those with additional support needs.

Our **Adult Services** provide 24 hour care and support for young adults who have vision impairment and further support needs including cognitive and communication impairments. **Forward Vision** is a care service for young adults between the ages of 17 and 25 operating in three fully accessible bungalows, Katrine, Lomond and Morlich. The service has 14 spaces; we currently have 12 full time residents with our two remaining rooms being used for short breaks. Six young adults currently use the short break service. **Allermuir** is a small group home for four people in south Edinburgh providing the same services, activities and opportunities but with no upper age limit. The Trustees are considering the upper age limit at Forward Vision. Our Adult Services are regulated by the Care Inspectorate.

Our **Older People's Services** provide Scotland's only specialist care/nursing home provision for older people with vision impairment. It comprises **Braeside House** care home in Liberton, Edinburgh, which provides purpose built accommodation for 70 residents. We provide very high standards of nursing care in a welcoming homely environment to the residents and their families. Our second care home, **Jenny's Well**, opened in Paisley in October 2017 and has a bed capacity of 54. We were delighted to have the First Minister, Nicola Sturgeon MSP, officially open the facility in March 2018.

REPORT OF THE DIRECTORS (continued) **Objectives and Activities (continued)**

The **Scottish Braille Press** supplies braille, large print and audio media to a wide range of commercial customers, enabling access for vision impaired people to mainstream services such as banking and education.

Three of our largest customers are banks, and the exacting standards that they require the Press to meet in respect of production turnaround times, business continuity and data security ensure that we can provide excellent customer service across all aspects of our business.

An important part of the Press's mission is to provide employment and work experience for people with vision impairment and other disabilities.

Royal Blind provides a scheme of grant funding for **research** projects in ophthalmology, which is operated through the Royal College of Surgeons, Edinburgh.

The aim of our **Marketing, Communications and Fundraising** activity is to communicate effectively with stakeholders, the public and donors in order to build external relationships, attract and retain service users and raise funds. In late 2017, we established a policy function to influence legislators on issues affecting our service users.

We provide **public benefit** through offering a wide range of services and support to members of the public with vision impairment.

ACHIEVEMENTS AND PERFORMANCE

The Royal Blind School

Royal Blind School pupils are encouraged to have a strong voice which is listened and responded to via our pupil forum and by staff members, including our Home School Link Teacher and Key Workers. Our inclusive approach ensures that positive friendships, peer support and increased social opportunities across the whole school community, are fostered and embedded in their educational experience.

In June 2017, there were five school leavers with another pupil leaving at Christmas. Several received positive destinations after leaving the school.

In an inspection by the Care Inspectorate the school's residential care service maintained a grading of 5 ("Very Good") for all four quality themes.

REPORT OF THE DIRECTORS (continued) **Achievements and performance (continued)**

Key events in the year include our annual Christmas Show, Burns' Supper, Friends and Family Day, overseas educational trips, lunch and after school clubs; these all serve to enable positive inclusion in the wider community for our pupils.

New pupils to the school settle quickly and benefit from the expertise provided by a range of staff across all areas of the school. With a 'can do' attitude and expectation of success, pupil attainment rises and consequently they begin to grow in self-belief.

Staff members continue to be involved on the national and international forum and attend international projects such as, MDVI Euronet and Erasmus+. These provide opportunities to: network with colleagues across a wide range of specialisms, contribute to the field of vision impairment education and learn about other schools and innovative practice from colleagues.

Working in partnership with RNIB and Care Share Scotland, we co-led two residential weekend events in February and March 2018 for pupils across Scotland and for those who attend the Royal Blind School. The events were held at an outdoor centre in Killin, Perthshire and at the Braidhills Hotel, Edinburgh and focussed on Transitions and Independence. The events provided the opportunity for pupils to meet other young people with vision impairment and widen their friendship groups.

On 24 March 2018, we hosted an event for children with complex needs and vision impairment and their parents in collaboration with RNIB. The day consisted of informal presentations and a range of activities such as: sensory stories, face painting, music therapy, soft play and sensory room relaxation.

Feedback from those who attended the day has been extremely positive and parents and children enjoyed making connections with others in the same position as themselves.

The 52-week residential provision for children and young people has been running successfully for the past year. This service has provided invaluable support to children and families outside of school term time and is a welcome addition to our services.

The Royal Blind School has once again been successful in tendering to be included on the list of providers used by Local Authorities for Children's Residential Care and Education Services including Short Breaks, scoring amongst the top providers in all the relevant domains.

Outreach

In July 2017, the Royal Blind School successfully tendered to deliver vision impairment support to pupils attending schools across East Lothian Council.

REPORT OF THE DIRECTORS (continued) **Achievements and performance (continued)**

This partnership quickly became known as ELVIS (East Lothian Vision Impairment Service) and involves a range of qualified staff who visit pupils, assess vision needs, meet parents and staff, deliver training and attend vision impairment parent events.

This service is led by a Service Lead who receives referrals and coordinates the staffing arrangements to ensure that a quality service is delivered. The Service Lead also attends a range of professional meetings throughout East Lothian and collaborates with other professionals around the children and young people we are supporting.

The Royal Blind Learning Hub

The Royal Blind Learning Hub is expanding and continues to grow to be an important resource for professionals working in the field of vision impairment across Scotland and beyond.

There are 15 'How To' videos online to aid those working within mainstream school with vision impaired pupils. A further three are currently in production. The online maths adaptation assessments have been accessed by 38 users and 14 completion certificates issued, 16 people have accessed the science assessment and eight have completed the course.

Web engagement continues to grow with 3,634 plays of the online video material in the last six months. The Learning Hub Facebook presence is growing and supporting news of new resources, with 3,552 likes.

Vision Impairment Awareness Raising courses were held in Perth, Glasgow and Carlisle, with 38 attendees in total. The Learning Hub, in collaboration with the Royal Blind School, has also facilitated vision impairment awareness training to staff in East Lothian schools.

Total event attendance during 2017/18 was 131.

Uptake of our outreach offer has reduced this session, mostly due to local authority priorities and budgets. However, it is hoped that delivery will begin to increase over the year 2018/19 in response to legislative changes in the area of mainstream provision and expectations.

We will continue our active engagement with our mainstream colleagues and other stakeholders to engender growth of the service so that we can positively impact the field of vision impairment across Scotland.

Kidscene

We currently have 87 term time (20 with additional support needs - 11 of whom have vision impairment) and 85 holiday club users (13 with additional support needs –

REPORT OF THE DIRECTORS (continued) **Achievements and performance (continued)**

eight of whom have vision impairment). We are also operating a waiting list for families who would like a place at the club.

The children have been very busy over the year with a comprehensive range of activities and themes, including art, friendship, transport and many more.

The children have also been making the most of the sensory garden and courtyard, both in the better weather and during the heavy snow in the winter.

As well as having fun in the snow, they made snowmen of all shapes and sizes, and one in a wheelchair.

During holiday clubs, we have other activities such as a sparkly disco, animal antics, music workshops baking and yoga sessions. We also facilitate outings to the beach and Vogrie Country Park. The children are also still enjoying their weekly trips to the hydro pool.

Adult Services

Residents participated in a range of activities including rebound and hydrotherapy sessions as well as going on outings to the Orcadia trampoline centre and the Salt Caves. Music is very popular, with residents attending sessions at I muse, which utilises music through the computer by putting pressure on vibration plates, which move in time to the music.

Residents have also attended a few outdoor music festivals, including Party at the Palace in Linlithgow Palace. The festival was held over two days and acts included Amy McDonald, Kaiser Chiefs, Lightening Seeds, Razorlight and Bjorn Again.

One of our Allermuir residents has been going to the Scottish War Blinded Linburn Centre to do woodwork on a Thursday with the veterans. With support from the Linburn Centre's woodwork instructor, he has made a wishing well and a small wheelbarrow which are now in the garden at Allermuir.

The annual family BBQ was held in July with a 70s theme. Residents, staff, family and friends dressed in outfits from the era and food and music reflected the decade. We also held a family Ceilidh at a local golf club. Everyone enjoyed participating in adapted dances to suit the needs of the residents as well as a buffet with a Scottish theme.

We continue to provide learning placements for both HNC students and Learning Disability Nursing students. We also have a volunteer from Germany placed at Allermuir who helps the staff team to expand experiences for residents.

REPORT OF THE DIRECTORS (continued) **Achievements and performance (continued)**

Older People

Our new care home in Paisley, Jenny's Well, opened in October 2017. We have focused on building and developing a completely new staff team who are confident in their approach and provide a high standard of care. The range of ages for the residents is 67 – 98 years and 64% are aged 85 and over.

The home is almost at full capacity and it has been acknowledged that it 'is a lovely place to live and work.' The purpose built open plan building has proved an ideal environment for those who live there and many of the residents have become more independent since moving into the home.

Braeside House operated at 95.7% capacity this year (2016/17, 94.3%). Maintaining occupancy has been challenging over the last 12 months due to several factors including issues with the referral process and the level of frailty of those who use our services.

There has been continued interest from prospective residents, their families and social workers in moving into the home. The average length of stay in 2017/18 was higher than previously at 2.8 years (2016/17, 1.5 years). We continue to note that those who move into our care homes have very complex medical and nursing needs and require a high level of support.

A care inspection in February 2018 resulted in grades of 4 (Good) for care and support and management and leadership. New care and support standards were introduced in April 2018 and this will lead to a significant change in the inspection process. The focus will be on personal outcomes instead of being process driven. We welcome this approach as our philosophy of care highlights the importance of personal choice for those who live in the care homes.

The range of ages of our residents as at 31 March 2018 was 73 to 100 (2017, 73-106). 74% of our residents are aged 85 and above (2017, 74%). We have noted that there is an increase in the number of residents who are under the age of 80 (16%).

Our focus at Braeside House has been in supporting the staff to expand their roles in order to meet the increasingly complex care needs of the residents. Staff have been supported in gaining additional qualifications in infection control, adult protection, dementia and palliative care. These courses are in addition to the monthly training days which are offered.

There is a busy social calendar in both homes and residents continue to enjoy outings, movie afternoons with ice cream and popcorn, concerts and poetry groups. From our own observations and feedback from residents and their families, a need was identified to provide additional social and emotional support for the residents. Both homes began the process of expanding their meaningful activity teams. We are positive this will be beneficial and improve the quality of the residents' experience in the homes.

REPORT OF THE DIRECTORS (continued) **Achievements and performance (continued)**

Braeside House is now an accredited 'Playlist for Life' service and music and the memories it can evoke have become an integral part of the day for the residents. We plan to expand this project to Jenny's Well in the coming year.

We are very grateful to all our staff, volunteers and visitors who make these events possible.

The Scottish Braille Press

The Scottish Braille Press achieved another strong performance this year with total income of £3.3 million, another record.

The biggest demand was again for large print, which accounts for 83% of our total sales, with braille accounting for 8.3% and audio 7.5%.

The record income figure was achieved principally through the further development of our relationships with existing clients and we were again recognised by a major client with a fifth consecutive "Top Performing Vendor" award.

We successfully moved the Scottish Braille Press to a state of the art building at Robertson Avenue in Edinburgh, and this was carried out without any disruption to our day to day operations and without any impact on production.

The Scottish Braille Press achieved Payment Card Industry Data Security Standard (PCI DSS) compliance and Cyber Essentials certification, as part of organisation-wide accreditation. These further demonstrate our commitment to data security.

The number of staff employed increased by 1.7% to 93, of whom around half have a disability. 17 of our staff are employed through the Work Choice programme, which has now been extended until 2020.

Marketing and Fundraising

We were grateful to receive 58 grants this year, totaling £192,842 from charitable trusts and foundations. We would particularly like to thank the Wolfson Foundation for their significant contribution to our Jenny's Well fundraising campaign which raised £200,000 across two financial years for the purchase of essential equipment and furnishings, ensuring Jenny's Well is a real home for its residents.

In addition, we received £18,396 in corporate donations this year, including £7,587 from the HR NETWORK annual awards dinner. We were also grateful to be chosen as the beneficiaries of the annual Sportsman's Charity Ball in October at Prestonfield House, which raised £12,000.

Marketing and PR focused on the West of Scotland to advertise the new care home, Jenny's Well, in advance of it opening in October 2017. We ran multi-channel off line and online advertising campaigns to attract residents to take places in the home throughout the year.

REPORT OF THE DIRECTORS (continued) **Achievements and performance (continued)**

We supported the HR department with the recruitment of 150 jobs by holding an Information Day in Paisley Town Hall in the Summer which was attended by over 500 people. When the home opened, the department organised an Open Day on site for the public and a Professionals Information Day to build relationships with the local community and to attract referrals from health and social care professionals. Nicola Sturgeon MSP, First Minister of Scotland, officially opened the home in March 2018 at an event with stakeholders, residents and their families, which received significant media coverage that helped to fill the remaining care home places available.

Advertising campaigns were also carried out for the Royal Blind School and the Learning Hub.

To help celebrate the 125th anniversary of Scottish Braille Press, we hosted an exhibition of information and historic Braille machines in the Scottish Parliament. The department also led the organisation's preparations for the General Data Protection Regulation (GDPR).

We introduced a new Policy Manager role in late 2017 to raise awareness of the issues that our service users face with politicians. Our new Policy Manager has highlighted our concerns to politicians that too many pupils with vision impairment are not getting the support that they need in mainstream schools and the greater role that the Royal Blind School and Learning Hub could play in addressing these issues.

PLANS FOR THE FUTURE

Royal Blind School

We are continuing to attract pupils to our 52-week 7-day residential provision for children and young people, which recommenced in April 2017. We also provide respite accommodation in our 52 week unit and this is popular with students and their parents / carers.

In line with the strategy we announced in September 2012, the Royal Blind School is now positioned positively as a specialist provider for children and young people whose vision impairment combines with other additional support needs such as physical, behavioural or emotional support needs. We are also supporting the education of children and young people with vision impairments across Scotland through our work with East Lothian Council and the Royal Blind Learning Hub. The reduction in the size of the school over the last few years appears to have stabilised but it is still too soon to be fully confident that this is a firm trend.

The Scottish Government's Doran Review was published in November 2012. The Review does not fundamentally alter the principles and legislation that has given rise to the current and expected future pattern of use of the school.

REPORT OF THE DIRECTORS (continued) **Plans for the future (continued)**

However, it set a target of five years for the establishment of a strategic commissioning system to replace the present system of grant aid. This work is progressing very slowly, and we are involved as an active participant informing the development of the new strategic commissioning body and its processes. The ultimate effect of the change on the Royal Blind School in particular will remain uncertain until we are clearer on the format and method of commissioning that Education Scotland has in mind.

We also await the outcomes of highly pertinent Scottish Government consultations on Guidance on the Presumption of Mainstreaming and Scotland's Ten Year Strategy for the Learning Provision for Children and Young People with Complex Additional Support Needs.

We believe that the six new Regional Education Improvement Collaboratives in Scotland should provide new opportunities for effective partnership working between local authorities and the third sector and will be working to ensure that improved outcomes and support for children with complex additional support needs and vision impairment have appropriate priority.

The Education Committee and the Trustees will continue to review the focus and mix of Royal Blind education services to ensure that they remain fit-for-purpose, sustainable and aligned to the policy and strategy context, of the highest quality and making the best possible contribution that the organisation can make in this specialist area, including wherever possible and appropriate, in partnership with other organisations.

These considerations will form part of wider Royal Blind strategic review around similar principles as they relate to other services which the organisation provides, as outlined below.

Adult services

Our adult services have grown to near-capacity, and some of the young adults in the Forward Vision service are becoming close to the upper age limit, so this is under consideration by the Trustees. As part of the Royal Blind strategic review highlighted above we will explore the most viable and impactful options for the future development of adult services, including important questions of need, transitions, service model and geographical presence.

The additional support needs of many of our residents, e.g. autism and other disabilities, will continue to be an important area of development to ensure that we are providing truly tailored and person-centred care and support. The establishment of Allermuir in a small setting which is well-integrated into the local residential community has proven to provide benefits which will also inform future developments in adult services.

REPORT OF THE DIRECTORS (continued) **Plans for the future (continued)**

Older people

As reported above, Jenny's Well Care Home in Paisley opened in October 2017 and we are continuing to engage with our new staff and residents as the home reaches full capacity. In Braeside House, we will embark on a bed replacement programme in 2018 and refurbish our resident dining areas.

The Care Inspectorate has announced that the first inspections against the new Health and Social care standards will focus on older peoples' services, so this will provide valuable learning and insight for our services as new 'baseline' inspections are conducted.

Internal analysis has demonstrated the ever-increasing complexity of the nursing care we have provided in recent years, with the majority of residents having several additional co-morbidities, including a high proportion with dementia.

We will continue to keep the case mix-under review to ensure that our skills, policies and processes keep pace with this challenge.

The Scottish Braille Press

The Scottish Braille Press has now moved into a new modern building at 2A Robertson Avenue, Edinburgh, which houses the Press along with Royal Blind Group's IT function.

As with any newly fitted out building, we will continue to monitor any defects and snagging issues, as the staff get used to their new surroundings and working conditions.

We will continue to work with our customers, existing and new, to ensure that our business offer in the provision of braille, large print and audio alternative formats embraces the latest digital and technological developments. We will also engage with people with vision impairment in this process.

As a supported employer for disabled people, including those with vision impairment, we will work closely with relevant agencies to take account of the implications of any relevant policy changes and related funding models at a UK and Scottish Government level, contributing to the policy debate where appropriate.

Safeguarding

Safeguarding will continue to be of the utmost importance across all of our services and we will ensure that this has a high and fully-transparent profile at Board and all-staff level.

REPORT OF THE DIRECTORS (continued)

Plans for the future (continued)

We will ensure a strong and sufficient leadership priority towards the development of consistent and best-practice approaches and to the management of risk in this area and facilitate a constructive, learning culture where good practice can be shared across all of our services as part of a continuous improvement approach.

Technology Strategy

We will establish an advisory group, across the whole Royal Blind Group incorporating external expertise as required, to develop and implement a more cohesive approach to maximising the contribution of technology to positive outcomes for all of our service users. Some excellent work already exists in this regard, but we recognise the need to share learning and ideas across services and find effective ways of staying abreast of (and contribute to) the latest developments in digital and assistive technology that can improve the quality of life for people with vision impairment.

Volunteering

We will develop our volunteering strategy building on the appointment of our first Volunteer Development Manager, planning and implementing the necessary frameworks, standards and policies to ensure the programme is based on recognised best practice from the outset.

We aim to build up a significant programme of varied, exciting and valuable volunteering opportunities in the years ahead.

Gender Pay Gap

The Royal Blind Gender Pay Gap Report was published in February 2018. The report shows that in April 2017 our median gender pay gap was negative at -14.8%, 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 the time. At 3.6% our mean gender pay gap was much higher than the median, which is influenced by the fact that our Chief Executive and 40% of our Senior Management Team are male. We recognise however that with our male employees comprising only 19.3% of the total workforce, even small fluctuations can have a significant impact on our gender pay gap. Our figures compare favourably to the ONS statistics, which show a national gender pay gap for Scotland at 15.8% (mean) and 16.3% (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 2017 Equality Status Report.

REPORT OF THE DIRECTORS (continued)

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 to be:

- Failure of national commissioning process or policy implementation for services for children and young people with complex additional support needs to result in an economically sustainable financial environment for the Royal Blind School
- A significant fall in the value of the charity's investments and those of the defined benefit pension scheme
- The pension scheme becomes less affordable
- Failure of our safeguarding policies and procedures
- A sustained fall in occupancy levels within older peoples' services
- The loss of a major Scottish Braille Press contract

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 to provide capital growth as well as income. The equity portfolio will also be seen as covering contingencies, so long as it is deemed large enough even after a fall in values

REPORT OF THE DIRECTORS (continued)

Policies (continued)

- 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 in active management by 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 equity 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 organisation operates a Defined Benefit pension scheme which was closed to new members in March 2006. A Group Personal Pension plan operates from April 2006 to which auto-enrolment applies.

Reserves Policy

The organisation normally aims to accumulate resources to support future improvements in facilities and the provision of new services.

The accumulated reserve also provides the protection the Directors require against financial difficulty in the event of adverse circumstances.

REPORT OF THE DIRECTORS (continued) **Policies (continued)**

It is the view of the Directors that proper stewardship demands that a reserve be maintained to guard against adverse financial circumstances in order to protect the Royal Blind School, a national resource which it is committed to providing for the long term, and that it would be undesirable to borrow to a degree that puts the operational assets at risk. In addition, income from investments is required in order to support the operating deficit incurred by services at times when they are unable to meet their costs, as has been the case with the school and Braeside House in recent years.

The present position is as shown in the balance sheet and in notes 11 to 13 to the accounts. Total funds are £50.8 million, of which £0.6 million is restricted in purpose. Of the remaining £50.2 million, £32.7 million is in tangible fixed assets and £23.2M is in investments. Our free reserves are therefore (£5.7 million) but our investments of £23.2 million can be realised as required.

The responsibilities placed upon the Directors to maintain and sustain important and resource-intensive services in the current uncertain times make it essential to maintain a strong reserve, and the holding of this reserve is important also in generating investment income to support our activities and ensuring that the charity can meet its obligations to the members of the defined benefit pension scheme. The Directors feel that our current free reserves are appropriate given the business circumstances and future plans of the charity. The Directors will keep under review the potential to grow income from other sources, such as charitable fundraising, statutory and commercial contracts, considered against the potential resource investments required to generate those opportunities.

FINANCIAL REVIEW **Income**

Total income, at £15.7 million, decreased by £1.3 million from the previous year's figure, during which we had an unusually high legacy of £2 million. Income from school fees fell by 2.5% due to declining pupil numbers, and we claimed less Scottish Government capital grant in 2017/18, due to less improvement work being carried out at the school. However, we were awarded a contract by East Lothian

Council to provide the East Lothian Visual Impairment Service in their schools and this is worth £74,000 to us annually. Income to adult services increased by £292,000 (12%) with Allermuir being open for a complete financial year. Income to the Scottish Braille Press increased by £38,000 (1.2%).

Income from legacies at £523,000 was much lower than last year and it is always a challenge to predict legacy income. Investment income fell by £456,000 as we sold investments to fund the works at Jenny's Well and the new Braille Press building.

REPORT OF THE DIRECTORS (continued)
FINANCIAL REVIEW (continued)

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.

	Royal Blind School	K'scene	Adult services	Older people's services	Scottish Braille Press
	£000	£000	£000	£000	£000
Income					
Operating income	<u>4,192</u>	<u>113</u>	<u>2,784</u>	<u>3,531</u>	<u>3,297</u>
Expenditure					
Cost of Sales	-	-	-	-	213
Payroll costs	3,621	113	2,242	2,825	1,982
Depreciation	512	3	59	155	25
Other expenditure	<u>1,396</u>	<u>29</u>	<u>340</u>	<u>1,526</u>	<u>765</u>
Total	<u>5,529</u>	<u>145</u>	<u>2,641</u>	<u>4,506</u>	<u>2,985</u>
Net operating surplus/(deficit)	<u>(1,337)</u>	<u>(32)</u>	<u>143</u>	<u>(975)</u>	<u>312</u>
2017	<u>(1,322)</u>	<u>(33)</u>	<u>95</u>	<u>(438)</u>	<u>674</u>
Depreciation: vacated site	28				
Other costs: vacated site	91				
Total cost of vacated site	(119)	-	-	-	-
Adjustment of pension cost:					
Staff costs (note 6)	(203)	-	(85)	(102)	(75)
Other costs (note 14)	(90)	-	(38)	(45)	(33)
Restricted fund transactions	<u>(35)</u>	<u>-</u>	<u>-</u>	<u>(8)</u>	<u>-</u>
Net (expenditure)/income	<u>(1,784)</u>	<u>(32)</u>	<u>20</u>	<u>(1,130)</u>	<u>204</u>
2017	<u>(1,572)</u>	<u>(33)</u>	<u>42</u>	<u>(512)</u>	<u>628</u>

The net operating deficit of £1,337,000 for the Royal Blind School includes £179,000 net expenditure of the Royal Blind Learning Hub (2017, £178,000). Excluding the Royal Blind Learning Hub the operating deficit for the school has increased by

£14,000. 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 deficit of the school excluding the Learning Hub was £625,000 (2017, £619,000), an increase of £6,000.

Of the deficit of £32,000 in operating Kidscene, £28,000 was expended deliberately through the operation of a bursary fund to allow children with complex support needs to attend the club. Adult Services included the new Allermuir service which ran for the full financial year following its opening in 2016.

REPORT OF THE DIRECTORS (continued) FINANCIAL REVIEW (continued)

Within older people's services, the deficit at Braeside House reduced by £60,000, despite very difficult operating conditions. Cover for staff sickness and striking the right balance between private and Local Authority funded residents remain challenging. Jenny's Well opened in October 2017 and we expect it to run at a deficit initially – it takes a long time to reach maximum resident levels in a care home of this size.

The continuing excellent performance of the Scottish Braille Press enabled it to increase sales by £38,000, although the surplus is reduced due to higher staff costs and the adjustment of pension costs as detailed below.

Staffing costs rose by 10.1% from the previous year, there being a 8.4% increase in the full time equivalent number of staff, principally as a result of opening Jenny's Well. The adjustment of pension costs from the contribution basis to the FRS102 basis adds a cost of £465,000 (2017, £145,000) over and above the contributions made through the year to the defined benefit pension fund. This results from the current low rates of interest.

Expenditure on fundraising and marketing our services increased by £28,000 due to the need to carry out marketing campaigns for service users, especially in Jenny's Well, the Royal Blind School and the Learning Hub.

Overall result

Net expenditure before investment gains of £1,936,000 is a bit worse than we expected due to an above budget deficit at Jenny's Well, along with lower than budgeted income from dividends and legacies. We had anticipated that rooms would gradually be taken up at Jenny's Well during the first six months of opening and this took longer than we expected, partly because staff shortages meant that we could not open the top floor as soon as planned. Following the First Minister's visit to

officially open Jenny's Well in March 2018, interest in the home increased considerably and it now enjoys almost full occupancy.

Our investments gained value by £694,000, which is much less than last year's £5,370,000. Last year was exceptional due to the trading conditions we encountered when we moved all our equities and bonds away from Aberdeen Asset. In 2017/18 we disposed of some investments to fund our capital programme and during the year, market performance was not as strong as in 2016/17.

The defined benefit pension fund gave total actuarial gains of £1.6 million so that a deficit of £7.2 million is now reported in the balance sheet. All the assumptions are set out in note 14 to the financial statements.

The scheme's investments are expected to provide a somewhat better return we are allowed to account for and we are continuing to make additional payments to the scheme to address its deficit.

REPORT OF THE DIRECTORS (continued) FINANCIAL REVIEW (continued)

Overall the result is net movement in funds of £383,000 upwards. This relatively small increase is helpful to our objectives of developing new services while keeping our existing services financially secure in uncertain times.

Balance sheet items

Fixed assets are increased by £7.6 million with the work at Jenny's Well and the new Scottish Braille Press building now complete. Consequently investment values have decreased as we sold some of our investments to pay for these two buildings.

Cash held at the year end date was much less than the previous year and is more normal for an organisation of this size. Last year we had an unusually high bank balance as we were about to purchase the Robertson Avenue building to house the Scottish Braille Press.

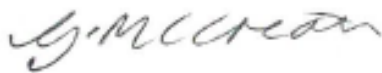
Going Concern

The Directors have discussed the level of reserves in relation to future plans and forecasts for income and expenditure to September 2019 and have concluded that the Charity continues to operate on a going concern basis.

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.



Gwenn McCreath, Chair
5 September 2018

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

Opinion

We have audited the financial statements of The Royal Blind Asylum and School, Edinburgh ("the charity") for the year ended 31 March 2018 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 2018 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 (continued)

Other information

The other information comprises the information included in the report and financial statements, 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 Directors' Annual Report; 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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 LP

BDO LLP, statutory auditor
Edinburgh, United Kingdom

Date: 13 SEPTEMBER 2018

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 2018

	Note	Unrestricted General Funds		Restricted Funds		Total	
		2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Income from:	3						
Donations and legacies		877	2,801	-	-	877	2,801
Charitable activities:							
Royal Blind School		1,600	1,582	2,592	2,623	4,192	4,205
Kidscene		113	108	-	-	113	108
Adult services		2,784	2,492	-	-	2,784	2,492
Older people's services		3,531	2,845	-	-	3,531	2,845
Scottish Braille Press		3,297	3,259	-	-	3,297	3,259
Total charitable activities		11,325	10,286	2,592	2,623	13,917	12,909
Other trading activities		48	29	-	-	48	29
Investments		430	889	-	-	430	889
Other		459	424	-	-	459	424
Total		13,139	14,429	2,592	2,623	15,731	17,052
Expenditure on:	4						
Raising funds		347	295	-	-	347	295
Charitable Activities:							
Royal Blind School		3,349	3,135	2,627	2,640	5,976	5,775
Kidscene		145	140	-	-	145	140
Adult services		2,765	2,451	-	-	2,765	2,451
Older people's services		4,652	3,350	8	8	4,660	3,358
Scottish Braille Press		3,093	2,631	-	-	3,093	2,631
Service development		203	210	-	-	203	210
Grants and sundry		20	216	-	-	20	216
Total charitable activities		14,227	12,133	2,635	2,648	16,862	14,781
Other		458	381	-	-	458	381
Total		15,032	12,809	2,635	2,648	17,667	15,457
Net (expenditure)/income before investment gains/losses		(1,893)	1,620	(43)	(25)	(1,936)	1,595
Net gains on investments		721	5,370	-	-	721	5,370
Net (expenditure)/income		(1,172)	6,990	(43)	(25)	(1,215)	6,965
Other recognised gains and losses							
Actuarial gain on defined benefit pension scheme	14	1,598	(4,933)	-	-	1,598	(4,933)
Net movement in funds		426	2,057	(43)	(25)	383	2,032
Reconciliation of funds:							
Funds at 31 March 2017	11,12	49,809	47,752	651	676	50,460	48,428
Total Funds at 31 March 2018		50,235	49,809	608	651	50,843	50,460

All amounts relate to continuing operations

The notes on pages 31 to 46 form part of these financial statements.

BALANCE SHEET AS AT 31 MARCH 2018

	Notes	2018 £000	2017 £000
Fixed Assets			
Tangible assets	7	32,737	25,134
Investments	8	<u>23,215</u>	<u>29,268</u>
Total fixed assets		<u>55,952</u>	<u>54,402</u>
Current Assets			
Stocks		45	48
Debtors	9	1,640	1,592
Cash at Bank and in Hand		<u>1,470</u>	<u>4,611</u>
Total current assets		3,155	6,251
Liabilities			
Creditors: amounts falling due within one year	10	<u>(1,073)</u>	<u>(1,710)</u>
Net Current Assets		<u>2,082</u>	<u>4,541</u>
Net assets excluding pension liability		<u>58,034</u>	<u>58,943</u>
Defined benefit pension liability	14	<u>(7,191)</u>	<u>(8,483)</u>
Net Assets		<u>50,843</u>	<u>50,460</u>
Represented by			
Restricted Funds	11	<u>608</u>	<u>651</u>
Unrestricted Funds			
General fund	12	55,903	49,679
Investment reserve	12	1,523	1,061
Designated fund	12	-	7,552
Pension reserve	14	<u>(7,191)</u>	<u>(8,483)</u>
Total unrestricted funds		<u>50,235</u>	<u>49,809</u>
Total Funds		<u>50,843</u>	<u>50,460</u>

Approved by the Board and signed on their behalf


Gwenn McCreath
Chair
5 September 2018

The notes on pages 31 to 46 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£000	£000
Reconciliation of net income/expenditure to net cash flow from operating activities		
Net (expenditure)/income as per the SOFA	(1,215)	6,965
Adjustments for:		
(Gains)/losses on investments	(721)	(5,370)
(Gain) on sale of fixed assets	1	(7)
Adjustment to pension costs	672	136
Depreciation charges	911	868
Decrease/(Increase) in stocks	3	(11)
(Increase) in debtors	(79)	(29)
(Decrease) in creditors	33	85
Interest and dividends	(430)	(889)
Pension scheme deficit recovery	(366)	(1,830)
Net cash (used in) operating activities	<u>(1,191)</u>	<u>(82)</u>
Cash flows from investing activities		
Dividends, interest and rents from investments	461	965
Proceeds from sale of property, plant and equipment	11	-
Purchase of property, plant and equipment	(9,197)	(5,045)
Proceeds from sale of investments	7,799	59,339
Purchase of investments	(1,024)	(53,125)
Net cash provided by investing activities	<u>(1,950)</u>	<u>2,134</u>
Change in cash and cash equivalents	<u>(3,141)</u>	<u>2,052</u>
Cash and cash equivalents at the beginning of the reporting period	<u>4,625</u>	<u>2,573</u>
Cash and cash equivalents at the end of the reporting period	<u>1,484</u>	<u>4,625</u>
Analysis of cash and cash equivalents		
Cash at bank and in hand	1,470	4,611
Cash held for investment	<u>14</u>	<u>14</u>
Total cash and cash equivalents	<u>1,484</u>	<u>4,625</u>

The notes on pages 31 to 46 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1 PRINCIPAL ACCOUNTING POLICIES

Royal Blind 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.

Royal Blind 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**

The Directors have considered the assets and liabilities of Royal Blind and concluded that it continues to operate on a going concern basis. Forecasts have been produced to September 2019 and the Senior Management Team is currently producing a long term strategic plan for activities and budgets which will include forecasts for the 5 years until 2024.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

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 11 and 12.

k) Pension Costs

The organisation, together with Scottish War Blinded, 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.

The accumulated pension scheme deficit is recognised in full and included in the balance sheet.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2 JUDGEMENTS AND ESTIMATES (continued)

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 14.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 INCOME

a) Income from Donations and legacies

	Unrestricted		Restricted		Total	
	2018	2017	2018	2017	2018	2017
	£000	£000	£000	£000	£000	£000
Legacies	523	2,502	-	-	523	2,502
Other Donations and grants	<u>354</u>	<u>299</u>	-	-	<u>354</u>	<u>299</u>
SOFA	<u>877</u>	<u>2,801</u>	-	-	<u>877</u>	<u>2,801</u>

b) Income from charitable activities

Royal Blind School

School and residential fees	1,519	1,561	-	-	1,519	1,561
Grant from Scot Govt Recurrent	-	-	2,574	2,574	2,574	2,574
Non-recurrent	-	-	18	49	18	49
Sundry income	<u>81</u>	<u>21</u>	-	-	<u>81</u>	<u>21</u>
SOFA	<u>1,600</u>	<u>1,582</u>	<u>2,592</u>	<u>2,623</u>	<u>4,192</u>	<u>4,205</u>

Kidscene

Fees for services	<u>113</u>	<u>108</u>	-	-	<u>113</u>	<u>108</u>
SOFA	<u>113</u>	<u>108</u>	-	-	<u>113</u>	<u>108</u>

Adult services

Fees for services	<u>2,784</u>	<u>2,492</u>	-	-	<u>2,784</u>	<u>2,492</u>
SOFA	<u>2,784</u>	<u>2,492</u>	-	-	<u>2,784</u>	<u>2,492</u>

Older people's services

Fees for services	<u>3,531</u>	<u>2,845</u>	-	-	<u>3,531</u>	<u>2,845</u>
SOFA	<u>3,531</u>	<u>2,845</u>	-	-	<u>3,531</u>	<u>2,845</u>

Scottish Braille Press

Sales	3,202	3,171	-	-	3,202	3,171
Funding for supp'd employment	<u>95</u>	<u>88</u>	-	-	<u>95</u>	<u>88</u>
SOFA	<u>3,297</u>	<u>3,259</u>	-	-	<u>3,297</u>	<u>3,259</u>

Total from charitable activities	<u>11,325</u>	<u>10,286</u>	<u>2,592</u>	<u>2,623</u>	<u>13,917</u>	<u>12,909</u>
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NOTES TO THE FINANCIAL STATEMENTS (continued)

3 INCOME (Continued)

c) Income from investments

	Unrestricted		Restricted		Total	
	2018	2017	2018	2017	2018	2017
	£000	£000	£000	£000	£000	£000
Dividends	429	885	-	-	429	885
Bank interest	<u>1</u>	<u>4</u>	-	-	<u>1</u>	<u>4</u>
SOFA	<u>430</u>	<u>889</u>	-	-	<u>430</u>	<u>889</u>

d) Other income

Receivable from Scottish War Blinded	458	381	-	-	458	381
Gain on disposal of fixed assets	1	7	-	-	1	7
Trading activities	<u>-</u>	<u>36</u>	-	-	<u>-</u>	<u>36</u>
SOFA	<u>459</u>	<u>424</u>	-	-	<u>459</u>	<u>424</u>

4 EXPENDITURE

	Activities undertaken directly	Grants	Support Costs (Note 5)	Total 2018	Total 2017
	£000	£000	£000	£000	£000
Raising funds					
Raising donations	304	-	12	316	288
Investment fees	<u>31</u>	<u>-</u>	<u>-</u>	<u>31</u>	<u>7</u>
	<u>335</u>	<u>-</u>	<u>12</u>	<u>347</u>	<u>295</u>
Charitable activities					
Royal Blind School	5,554	-	422	5,976	5,775
Kidscene	131	-	14	145	140
Adult Services	2,621	-	144	2,765	2,451
Older People Serv	4,366	-	294	4,660	3,358
Sc. Braille Press	2,914	-	179	3,093	2,631
Development	203	-	-	203	210
Grants for research	-	-	-	-	159
Other	<u>2</u>	<u>18</u>	<u>-</u>	<u>20</u>	<u>57</u>
	<u>15,791</u>	<u>18</u>	<u>1,053</u>	<u>16,862</u>	<u>14,781</u>
Other expenditure					
Provision of services to Scottish War Blinded	<u>458</u>	-	-	<u>458</u>	<u>381</u>
	<u>458</u>	-	-	<u>458</u>	<u>381</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

4 EXPENDITURE (continued)

All expenditure from restricted funds in 2018 and 2017 was in the category “Activities undertaken directly” and is included above.

5 SUPPORT COST ALLOCATION

	Mgt £000	Fin £000	HR £000	IT £000	Fac £000	Gov £000	Total £000
School	35	61	42	82	196	6	422
Kidscene	2	3	2	4	2	1	14
Adult Services	19	33	23	45	20	4	144
Older People	38	66	45	88	49	7	293
Sc. Braille Press	25	44	30	59	17	4	179
Mktg/Fundraising	<u>2</u>	<u>3</u>	<u>2</u>	<u>5</u>	<u>-</u>	<u>1</u>	<u>13</u>
Total	<u>121</u>	<u>210</u>	<u>144</u>	<u>283</u>	<u>284</u>	<u>23</u>	<u>1,065</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 £23,000 (2017, £21,000) include external audit fees of £15,000 (2016, £15,000). No fee was payable to the auditor for non-audit services (2017, nil).

6 STAFF NUMBERS AND COSTS

	2018 £000	2017 £000
Wages and salaries	10,062	8,944
Redundancy and severance pay	18	39
Social security costs	846	753
Pension contributions	1,183	1,116
Adjustment to FRS102 basis	<u>465</u>	<u>145</u>
Pension costs	<u>1,648</u>	<u>1,261</u>
Total staff costs	<u>12,574</u>	<u>10,997</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 STAFF NUMBERS AND COSTS (continued)

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

	2018 FTE	2018 Head	2017 FTE	2017 Head
Royal Blind School	108	131	110	133
Kidscene	4	7	4	7
Adult Services	62	72	58	66
Older Peoples Serv's	110	142	88	115
Scottish Braille Press	86	94	78	84
Head Office	<u>32</u>	<u>37</u>	<u>33</u>	<u>34</u>
	<u>402</u>	<u>483</u>	<u>371</u>	<u>439</u>

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

	2018 Number	2017 Number
£70,001 - £80,000	1	1
£90,001 - £100,000	1	1

Contributions in the year to a defined benefit pension for the above staff were £12,000 (2017, £12,000) and to a defined contribution pension were £9,000 (2017, £9,000). No remuneration has been paid to any Director or member of committee in respect of their duties (2017, £nil). No expenses were paid to any Director (2017, £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 Scottish War Blinded. The cost of that part is paid for by Scottish War Blinded as part of the management charge.

The total remuneration of the new and retiring Chief Executives (including a short overlap) for work with both charities, was £123,000 (2017, £117,000)

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 TANGIBLE FIXED ASSETS

	Heritable Property £000	Furniture & Equip £000	I.T. £000	Vehicles £000	Total £000
Cost					
1 April 2017	32,114	1,946	682	353	35,095
Additions	7,637	635	252	-	8,524
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>(20)</u>
31 March 2018	<u>39,751</u>	<u>2,581</u>	<u>934</u>	<u>333</u>	<u>43,599</u>
Accumulated depreciation					
1 April 2017	7,543	1,482	657	279	9,961
Charge for year	740	118	34	19	911
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(10)</u>
31 March 2018	<u>8,283</u>	<u>1,600</u>	<u>691</u>	<u>288</u>	<u>10,862</u>
Net book value					
31 March 2018	<u>31,468</u>	<u>981</u>	<u>243</u>	<u>45</u>	<u>32,737</u>
31 March 2017	<u>24,571</u>	<u>464</u>	<u>25</u>	<u>74</u>	<u>25,134</u>

Included in the above are assets in the course of construction £220,968 (2017, £5,589,000), and land, included in heritable property, which is not subject to a depreciation charge, £4,849,000 (2017, £4,849,000).

8 INVESTMENTS

	2018 £000	2017 £000
Market value as at 1 April 2017	29,254	30,091
Additions at cost	1,025	53,125
Disposals at opening book value	<u>(7,772)</u>	<u>(54,592)</u>
	22,507	28,624
Change in market value in the year	<u>694</u>	<u>630</u>
Market value as at 31 March 2018	23,201	29,254
Cash held for investment	<u>14</u>	<u>14</u>
Total investments	<u>23,215</u>	<u>29,268</u>
Investments held at cost	21,678	28,193
Cash held for investment	<u>14</u>	<u>14</u>
Cost as at 31 March 2018	<u>21,692</u>	<u>28,207</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

8 INVESTMENTS (continued)

The market value represents:

Investments listed on a recognised stock exchange		
United Kingdom	21,444	26,710
Outside the United Kingdom	<u>1,757</u>	<u>2,544</u>
	<u>23,201</u>	<u>29,254</u>

Five (2017, five) investments individually exceed 5% of the portfolio:

Aberdeen Diversified Growth Fund valued at £5,506,471 (2017, £7,810,000)

The Partners Fund valued at £7,848,860 (2017, £8,322,000)

Henderson Multi Asset Credit Fund valued at £6,511,580 (2017, £8,066,000)

Legal and General International Index Trust valued at £1,756,906 (2017, £2,544,000)

Aberdeen Asset Managers Charities Property Fund £1,574,156 (2017, £1,972,000).

All investments are held to provide an investment return.

The Henderson Multi Asset Credit Fund is placed with Janus Henderson Investors. The most recent year-end accounts of Janus Henderson were qualified as they failed the test of Audit. This does not affect the value of the investments or any transactions related to Royal Blind.

9 DEBTORS

	2018	2017
	£000	£000
Trade debtors	1,161	992
Prepayments	30	222
Due from Scottish War Blinded	229	149
Taxation recoverable	67	17
Accrued income	<u>153</u>	<u>212</u>
	<u>1,640</u>	<u>1,592</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Suppliers and accruals	694	1,387
Due to HMRC	227	181
Pension costs	149	134
Deferred income	<u>3</u>	<u>8</u>
	<u>1,073</u>	<u>1,710</u>

Deferred Income of £3,000 (2017, £8,000) relates to advance sales for a fundraising event due to take place after 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 RESTRICTED FUNDS

	Balance 31.3.17	Income	Expenditure	Balance 31.3.18
	£000	£000	£000	£ 000
Capital grants	651	18	(61)	608
Grants applied in year	<u>-</u>	<u>2,574</u>	<u>(2,574)</u>	<u>-</u>
Total	<u>651</u>	<u>2,592</u>	<u>(2,635)</u>	<u>608</u>

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

The grants applied for the year ending 31 March 2018, relate to a Scottish Government grant for the Royal Blind School to offer capital and revenue support.

12 UNRESTRICTED FUNDS

	General Fund	Investm't Reserve	Designated Fund	Pension Reserve	Total
	£000	£000	£000	£000	£000
Balance 31.3.17	49,679	1,061	7,552	(8,483)	49,809
Net (expenditure) before other recognised gains	(1,172)	-	-	-	(1,172)
Pension deficit recovery	(366)	-	-	366	-
Release of Pension Fund Reserve	672	-	-	(672)	-
Release of designated fund Investment disposals, gains and losses	7,552	-	(7,552)	-	-
Actuarial gains	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,598</u>	<u>1,598</u>
Balance 31.3.18	<u>55,903</u>	<u>1,523</u>	<u>-</u>	<u>(7,191)</u>	<u>50,235</u>

The designated fund at 31 March 2017 comprised £2,230,000 for the Paisley project and £5,322,000 for the Scottish Braille Press. Both these projects have now been completed and the designated fund has now been reduced to zero.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £000	Investments £000	Net current assets £000	Total funds £000
At 31 March 2018:				
Restricted funds				
Capital grants reserve	<u>608</u>	<u>-</u>	<u>-</u>	<u>608</u>
Designated funds				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other unrestricted funds				
Investment reserve	-	1,523	-	1,523
Pension reserve	-	(7,191)	-	(7,191)
General fund	<u>32,129</u>	<u>21,692</u>	<u>2,082</u>	<u>55,903</u>
	<u>32,129</u>	<u>16,024</u>	<u>2,082</u>	<u>50,235</u>
Total funds	<u>32,737</u>	<u>16,024</u>	<u>2,082</u>	<u>50,843</u>
At 31 March 2017:				
Restricted funds				
Capital grants reserve	<u>651</u>	<u>-</u>	<u>-</u>	<u>651</u>
Designated funds				
	<u>-</u>	<u>7,552</u>	<u>-</u>	<u>7,552</u>
Other unrestricted funds				
Investment reserve	-	1,061	-	1,061
Pension reserve	-	(8,483)	-	(8,483)
General fund	<u>24,483</u>	<u>20,655</u>	<u>4,541</u>	<u>49,679</u>
	<u>24,483</u>	<u>13,233</u>	<u>4,541</u>	<u>42,257</u>
Total funds	<u>25,134</u>	<u>20,785</u>	<u>4,541</u>	<u>50,460</u>

14 PENSION COSTS

The organisation, together with Scottish War Blinded, 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 2016 by a qualified independent actuary which showed the scheme to be 10% underfunded on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 PENSION COSTS (continued)

After due consideration of the Actuary's report, and a consultation with staff, the Board decided to reduce the rate of accrual of benefit from 1 April 2017 onwards and to increase the employer's contribution from 26.6% to 28% from 1st April 2017. The employees' contribution is at a rate of 5%. The major assumptions used by the Actuary were as follows:

Inflation	2.4%
Salary increases	2.9%
Expected return on investments pre-retirement	5.2%

The total payments to the scheme for the year amounted to £1,125,000 (2017: £2,657,000) and included £366,000 (2017: £1,830,000) of exceptional contribution made to address the estimated pension scheme deficit. We estimate that payments to the scheme in the year to 31 March 2019 will be £1,359,000, which will include £366,000 in deficit recovery contributions.

The fund has been valued in accordance with the requirements of FRS102 by David Watson of Scottish Widows (now JLT) on 11 May 2018. 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 below.

Assumptions	at 31 March	at 31 March
	2018	2017
Discount rate	2.5%	2.6%
Retail price inflation	3.5%	3.6%
Consumer price inflation	2.5%	2.6%
Salary increase rate	3.0%	3.1%
Pension increases (Limited Price Indexation)		
- RPI maximum 5%	3.3%	3.4%
- RPI maximum 5% minimum 3%	3.8%	3.8%
Deferred pension revaluation	2.5%	2.6%

NOTES TO THE FINANCIAL STATEMENTS (continued)

14 PENSION COSTS (continued)

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 2018	at 31 March 2017
For a male aged 65 now	21.2	21.1
At 65 for a male member aged 45 now	23.3	23.2
For a female aged 65 now	23.3	23.2
At 65 for a female member aged 45 now	25.6	25.4

Assets	31 Mar 2018		31 Mar 2017	
	£000's	%	£000's	%
Invested assets	<u>36,044</u>	<u>100</u>	<u>34,148</u>	<u>100</u>
Total	<u>36,044</u>	<u>100</u>	<u>34,148</u>	<u>100</u>

Liability and Funded Status at 31 March	2018 £000's	2017 £000's	2016 £000's	2015 £000's	2014 £000's
Fair value of plan assets	36,044	34,148	27,948	28,762	26,692
Value of funded oblig'ns	<u>(43,235)</u>	<u>(42,631)</u>	<u>(33,047)</u>	<u>(32,143)</u>	<u>(26,549)</u>
(Deficit)/Surplus	<u>(7,191)</u>	<u>(8,483)</u>	<u>(5,099)</u>	<u>(3,381)</u>	<u>143</u>

The charge to the Statement of Financial Activities	2018 £000's	2017 £000's
Service cost	1,225	972
Net interest expense	<u>206</u>	<u>136</u>
Total included in employer expense	<u>1,431</u>	<u>1,108</u>

Analysis of the change in the defined benefit obligation

Opening defined benefit obligation	42,631	33,047
Current service cost	1,225	972
Interest cost	1,098	1,178
Actuarial losses/(gains)	(896)	8,079
Benefits paid	<u>(823)</u>	<u>(645)</u>
	<u>43,235</u>	<u>42,631</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)
14 PENSION COSTS (continued)

Analysis of the change in fair value of plan assets

	2018	2017
	£000's	£000's
Opening fair value of plan assets	34,148	27,948
Interest income	892	1,042
Actuarial gains/(losses)	702	3,146
Contributions	1,125	2,657
Benefits paid	<u>(823)</u>	<u>(645)</u>
	<u>36,044</u>	<u>34,148</u>

	2018	2017
	£000's	£000's
Analysis of actuarial gains/(losses)		
Asset return (less interest income recognised in the SOFA)	702	3,146
Experience gains/(losses) on benefit obligation	206	(315)
Effect of assumptions changes on benefit obligation	690	<u>(7,764)</u>
Total actuarial gains/(losses)	<u>1,598</u>	<u>(4,933)</u>

	2018	2017
	£000's	£000's
History of Experience Gains and Losses		
Difference between the asset return and the interest income recognised in the SOFA	702	3,146
- as % of scheme assets	2%	9%
Experience gains/(losses) on obligation	206	(315)
- as % of liabilities	0%	1%
Total amount recognised in the SOFA	1598	(4,933)
- as % of liabilities	4%	12%

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.

15 CONNECTED ORGANISATION

The Directors of Royal Blind act as Trustees of Scottish War Blinded. This is a separate charity having its own funds and properties. Royal Blind provided administrative services for which a fee was received of £458,000 (2017, £381,000). At the balance sheet date a balance was due from Scottish War Blinded amounting to £229,000 (2017: £149,000).

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 FINANCIAL INSTRUMENTS

	2018	2017
	£000	£000
Financial assets		
Financial assets measured at fair value	23,215	29,268
Financial assets measured at amortised cost	<u>3,013</u>	<u>5,964</u>
	<u>26,138</u>	<u>35,232</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>843</u>	<u>1,521</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 Scottish War Blinded and accrued income.

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