



SCOTTISH WAR BLINDED

Report and Financial Statements

Year ended 31 March 2018

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LEGAL AND ADMINISTRATIVE INFORMATION

Scottish War Blinded was Incorporated as a Scottish Charitable Incorporated Organisation (SCIO) on 21 February 2017 and commenced operations on 1 April 2017, Charity Number SC047192. All engagements, assets and liabilities from the Scottish National Institution for the War Blinded, Charity Number SC002652, were transferred to Scottish War Blinded on 1 April 2017 with the same Trustees. The Scottish National Institution for the War Blinded continues to exist in a dormant state with no assets or liabilities.

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

President: His Grace the Duke of Buccleuch and Queensberry, KBE

Vice President: The Reverend J.M. Shields MBE, LTh (resigned 22 September 2017)

Trustees (The Directors of Royal Blind)

Gwenn McCreath (Chair) *
Kate Cherry (Vice-Chair)
David Johnston (Vice-Chair) *
Dawn Burrows *
Michael Craig
Jamie Cuthbertson *
Patsy Gillies *
Derek Howie (appointed 29 June 2017)
James Law
J Grant Macrae
Michelle McWilliams
Michael Martin
James Milhench
Robert Mooney
Cameron Rose * (resigned 4 May 2017)
Sandra Warburton (resigned 4 April 2018)

* Members of the War Blinded Committee

Other members of the War Blinded Committee

Group Captain (rtd.) Philip Cox
Colonel Martin Gibson OBE DL (resigned 28 February 2018)
Derek McDonald (resigned 8 December 2017)

Chief Executive and Secretary – Richard G Hellewell, BA Econ FCA (resigned 4 July 2017)

Mark O'Donnell (Appointed 26 June 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

LEGAL AND ADMINISTRATIVE INFORMATION (Continued)

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

REPORT OF THE TRUSTEES

The Trustees have pleasure in presenting their report for the year ended 31 March 2018. This report is prepared in accordance with the Constitution and the recommendations of the Statement of Recommended Practice – Accounting and Reporting by Charities and complies with applicable law.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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 Trustees are required to:

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with 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 hence 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 trustees.

REPORT OF THE TRUSTEES (Continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Scottish War Blinded is a charity registered in Scotland and constituted as a Scottish Charitable Incorporated Association (SCIO). It was constituted on 21 February 2017 and commenced operations on 1 April 2017. On that date the engagements, assets and liabilities of the Scottish National Institution for the War Blinded (Charity number SC 002652) were transferred to Scottish War Blinded with the same Trustees acting for both charities. This Report and Financial Statements reports the new SCIO.

The charity is governed by its Trustees, who hold their position *ex officio*, as the Directors of the Royal Blind Asylum and School, Edinburgh, operating as Royal Blind, a separate charity (Charity number SC017167) having its own objectives, funds and properties. Royal Blind is managed together with Scottish War Blinded as a group, though they are financially separate, have different charitable objectives and neither organisation exerts control over the other.

The Trustees endeavour to ensure that they recruit to the Board people who are best suited to govern both charities. New trustees 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. Trustees 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 Trustee.

A Finance and General Purposes Committee and an Audit Committee are in place, covering both group charities. 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 operational activities of Scottish War Blinded are overseen by the War Blinded Committee, which has the responsibilities of oversight and detailed consideration of budgets, plans and decisions which are then the subject of recommendation to the Board.

The day to day management of the organisation is delegated to the staff, headed by the Chief Executive. The Chief Executive and other Head Office management are employed by Royal Blind and their duties cover both organisations. Each service has a defined management structure and a manager accountable for it who reports to the Head of Scottish War Blinded, who in turn reports to the Chief Executive.

We use the term “member” to describe those who are eligible and willing to receive services and support from us and are known to us. No voting right or beneficial ownership is implied. No remuneration or expenses have been paid to the Board of Trustees, members of Council or members of the War-Blinded Committee. The Trustees benefit from trustee indemnity insurance arranged by Royal Blind.

REPORT OF THE TRUSTEES (Continued)

OBJECTIVES

Our current **statement of purpose**: Scottish War Blinded supports service veterans with vision impairment to maintain and increase their independence and improve their quality of life. 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** as it applies to Scottish War Blinded 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.

Scottish War Blinded **aims** to:

- Provide a unique service to members across Scotland, aiming to enhance their quality of life and promote their independence through a high quality, person-centred and responsive service
- Be proactive in involving members in all decisions about their wellbeing and how we best support them
- Ensure that there is a knowledgeable, skilled and creative staff team to meet our members' needs and aspirations
- Consistently evaluate and evolve to reflect the changing needs of our members.

Scottish War Blinded aims to address many needs, which can include social isolation, mobility, cognitive impairment, financial hardship, employment and housing concerns.

We support our members and ensure they receive the physical, emotional and financial support they require to lead a full life. This may mean providing services ourselves, identifying external providers or advocating on our members' behalf.

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 service veterans with vision impairment in Scotland.

REPORT OF THE TRUSTEES (Continued)

ACTIVITIES

2017-18 has seen the number of Scottish War Blinded members continue to rise, with a corresponding rise in the number of outreach workers to support them. The outreach staff cover the whole of Scotland and are their members' first point of contact with Scottish War Blinded. They work with members individually to look at what support they need and how best it can be provided, whether by Scottish War Blinded or other partner organisations. For many members the contact is a vital lifeline, as well as a source of advice and information and a gateway to social support.

Reunions are held annually at various locations throughout Scotland and this enables our more scattered members to meet the trustees, senior staff and fellow members living in their home area. We hold an annual event known as The Gathering, and this continues to go from strength to strength, with numbers of participants rising each year.

The Linburn Centre in Wilkieston, West Lothian, continues to serve members living within approximately an hour's drive of it. In October 2017, it was joined by the Hawkhead Centre in Paisley as a key source of support from Scottish War Blinded to members. Both centres provide a wide variety of activities and social opportunities for members including arts and crafts, woodwork, exercise classes and many more.

Our new Hawkhead Centre has been a great success. We appointed a further rehabilitation officer to be based at Hawkhead, bringing the number of Scottish War Blinded rehabilitation officers to three. They have now formed a strong and experienced team who provide specialist low vision assessments for members, independent living skills and mobility training, and have also developed comprehensive training on vision impairment for staff across the wider Royal Blind Group.

During 2017, a disused bungalow on the Linburn estate was upgraded to provide short stay accommodation to members and their families wanting a break. Its internal fittings were designed by the rehabilitation team and allow maximum independence to those with vision impairment. Members can visit family, take advantage of the proximity to Edinburgh and also use the Linburn Centre. This has proved extremely popular with members, many of who have used the Centre for access to IT support, activity classes and other opportunities.

Permanent housing on the Linburn estate includes 22 houses at Linburn, including four accessible bungalows. As at 31 March 2018, ten were let to members or widows of members, three vacant properties were about to be advertised to members and the remainder were let to tenants on short assured tenancies to provide an income.

REPORT OF THE TRUSTEES (Continued)

ACHIEVEMENTS AND PERFORMANCE

Membership

Our membership increased from 912 at 1 April 2017 to 1,039 at 31 March 2018, a net increase of 127 members. During the year, 214 new members joined and 139 members left or died.

In addition to our members, we continue to support 24 widows (last year 30) and two dependents.

The Outreach Service

During the year, the nine outreach workers were increased to 11 to match the rise in membership. They continue to carry out home visits to our members to assess them, develop a support plan with them and review our service to them each year.

In addition they run 12 lunch groups in different areas of Scotland, providing opportunities for members who cannot attend the centres to get together socially in their local areas.

During the year we offered a number of other types of support to members in need. These included:

Respite	One member (and provision of transport to respite for another)
Sitting service	Six members to provide a break for the carer and one member who cares for his wife with dementia so he can attend the Linburn Centre
Assistance in kind	Four members received funding for the provision of goods or services to maintain their independence
Vital spark services	Eight members received support to engage in activities within their community and maintain their activity locally

It was recognised that while both centres have member councils who provide member feedback, make suggestions and work with the managers to ensure the services meet their members' needs, the outreach service had no such mechanism. A general members' council has therefore been established, with volunteers from across Scotland who do not use either centre regularly.

After our survey of all members last year, it was agreed that such a large scale quality assurance exercise each year was unsustainable.

REPORT OF THE TRUSTEES (Continued) **Achievements and Performance (continued)**

For 2017/18, we decided to survey a random 20% of those who do not attend a centre regularly and who therefore rely exclusively on the Scottish War Blinded outreach service.

160 questionnaires were sent out and 70 were returned (43.75%). Of those who responded, 100% were satisfied or extremely satisfied with the outreach service.

Members were asked which elements of the service were most valuable to them, and highlighted the same three as last year:

- Information and advice
- Equipment to support independence
- Help to meet other members.

Case study from the outreach service:

Our outreach rehabilitation officer was asked to visit a member to assist his independence in the kitchen. She found him to be in very low mood due to his sight loss, to the extent that he could see no point in continuing living as his quality of life was so poor. She spent a great deal of time with the member and helped him to make contact with local psychiatric services. She demonstrated an electronic magnifier to show he could go back to the love of his life – cooking! After a few visits, the member was delighted with the increase in his independence. He can now shop, read labels and recipes and use his beloved spice rack. He is back to cooking again for himself. His mood has improved and he has booked a holiday. He says he now has lots to look forward to.

The Linburn Centre

The number of members attending weekly at 31 March 2018 was 110 (on 31 March 2017 it was 113). A publicity campaign is underway to recruit more members in the local area who would be able to attend.

In addition to the regular weekly attenders, the centre started welcoming other members from further afield who can only make the journey on a monthly basis. We now have a bus load of members from Dundee who visit on this basis and have just started to welcome members from Perth in the same way. This is a valuable way for members who do not live in the usual catchment area to take advantage of the opportunities on offer at the Linburn Centre and ensure the facilities are used as fully as possible.

A wide range of activities in the centre and the local community continue to be provided, from art and crafts to exercise and IT training.

The members' liaison group was refreshed during the year as many of its members had served on it for a long time, and it became the Linburn Members' Council.

REPORT OF THE TRUSTEES (Continued) **Achievements and Performance (continued)**

It has a new Chair and continues to meet on a monthly basis to provide member feedback and suggestions to the management team.

The annual quality assurance questionnaires were sent to the members who attend the centre in August. As last year, the results were excellent. 122 questionnaires were sent out and 46 returned (37.7%). 100% of those who responded were either satisfied or extremely satisfied with the services they receive through the Linburn Centre. Also echoing the findings from last year, the elements of the service that members highlighted as most valuable to them were the opportunity to meet other members, helping them to get out and about and be active, and the provision of equipment to support their independence.

Case study from the Linburn Centre

A long-standing member had been attending Linburn since 2012. During this time, he has been very active within the centre, but sadly in the last 18 months there has been a dramatic deterioration in his eyesight. This led to a crisis in confidence and his withdrawal not only from the centre but also from the wider community. However, following work carried out by the staff and in particular, the rehabilitation officer, he has been encouraged and enabled to return to an active life in the community as well as attending the centre. He wrote to us:

“Please accept my most grateful thanks for the wonderful work you do on behalf of the members of Linburn. Each member of the staff is special in their own individual way, but may I be permitted a personal tribute to the Sainted [Staff Member] of the visual aids, without whose dedicated compassion I would not be enjoying the happy return to good health that I now enjoy.”

The Hawkhead Centre

The Hawkhead Centre opened its doors to members in October 2017, exactly on schedule. Large numbers of members in the West of Scotland were interested in attending from the remainder of 2017, and all were offered one day a week at the centre. Attendance was deliberately kept low to begin with so that staff and members could get to know each other and develop the service in a way that was comfortable for all. By 31 March 2018, there were 127 members on the roll and the average daily attendance was 25.

An active members' council was developed from those members who had assisted us with the recruitment of the centre staff, and they continue to engage with the Centre Manager to provide invaluable feedback and suggestions about all aspects of the service.

Case study from the Hawkhead Centre

A member came to the centre on the open day in September 2017 and then started attending. The first few times that he attended the centre he stated that he was not sure if the centre would be of any use to him and he was not sure if he would even come back.

REPORT OF THE TRUSTEES (Continued) **Achievements and Performance (continued)**

However, during the strength and balance activity he really came out of his shell and was so keen whilst taking part. He also expressed an interest in the gym at the centre. He is now taking part in the 12-week fitness programme provided by the University of the West of Scotland and has requested a second day a week at the centre.

At his six-week review, when asked how he was enjoying the centre he said 'it's the nicest place I've ever been with the nicest people who can't do enough for me'.

The provision of equipment to members

Equipment to a value of approx. £283,000 was provided to members. This includes both specialist vision impairment equipment and IT devices.

We continue to offer a wide variety of equipment that is agreed by the rehabilitation team. Small items are provided by the outreach workers to assist members with day to day tasks, such as talking watches and a liquid level indicator. Others of higher value are provided following a specialist assessment by the rehabilitation officers. The budget for the equipment is now managed centrally and the rehabilitation assistant works with all our suppliers to ensure the best possible discount for us as bulk buyers. He has also set up and manages a recycling programme for pieces of equipment that are no longer required by one member, to be checked and then passed to another member who needs it.

In addition to the specialist equipment to assist with vision impairment, it was also agreed during 2017 that Scottish War Blinded would begin to provide IT equipment such as tablets and smart phones. Access to the internet, to emails, Skype and all the other specialist tools these devices can provide are now a key component of the support we can offer, and the feedback from our members has been excellent. In all during 2017/18, we provided 24 smart phones and 18 tablets with Synaptic software to our members, also ensuring that we provided training in how to use the devices available to them.

Other activities

Reunions

During 2017/18, we held nine reunions in different areas of Scotland. These were attended by a total of 204 members and 160 of their guests. Our Glasgow reunions were this year held in Paisley to allow members to see the Hawkhead Centre even if they had not yet attended. It produced considerable interest and enthusiasm amongst members.

Annual Gathering

Our annual Gathering was held in the Stirling Court Hotel for a second time. In all 69 members and 57 guests attended, many of them staying overnight. As usual, feedback was excellent with 89% of those who completed the evaluations giving it the highest possible score for enjoyment. As well as appreciating the chance to socialize with other members, feedback showed that members enjoyed all aspects of the event from the equipment display to the chance to meet staff from across the different services.

REPORT OF THE TRUSTEES (Continued) **Achievements and Performance (continued)**

The Gathering hosted the Scottish War Blinded AGM and allowed members the opportunity to hear from and question the Board, the new Chief Executive and the Head of Scottish War Blinded.

UK based trip

Following the success of the battlefield trips in previous years (to the WW1 battlefields and Normandy), it was decided to undertake a UK based trip in 2017. This took place in September and included a tour of the National Arboretum in Staffordshire and visits to the Staffordshire Regiment's museum and the German and Austrian War Cemetery at Canning Chase. The tour once again proved popular with those members able to go. The trip to the Arboretum was particularly poignant for some: one member was able to lay a wreath at the South Atlantic memorial in honour of her husband who fell in the Falklands conflict. Another member was able to visit individual memorials dedicated to servicemen who had served with him in his own regiment. In all eight Linburn members and nine members from other areas of Scotland were involved, supported by seven family members and six staff.

Electronic records system

During 2017/18 Scottish War Blinded finalised the development and implementation of a new electronic records system for membership data. It has allowed for secure storage of records and the sharing of essential information across sites, which was invaluable as the Hawkhead Centre opened. Manual inputting of the old paper records is now almost complete and with the appointment of a database administrator we will shortly be well placed to use the systems to generate data based reports on which we can base operational decisions. It has also ensured that we will be well placed to ensure our compliance with the new GDPR legislation.

Marketing and external relations

Considerable work took place in 2017/18 to raise awareness of Scottish War Blinded in the West of Scotland to prepare for the opening of the Hawkhead Centre. Our membership rose during the year in that area and it is noticeable that the membership roll at the Hawkhead Centre is already higher than that at the Linburn Centre.

Marketing and outreach staff continued to exhibit at a wide range of events, including Armed Forces Days and events relating to sight loss and older people, and numerous presentations were given to relevant groups.

The quarterly newsletter for all Scottish War Blinded members thrives, and is named The Bugle. The monthly Linburn newsletter, The Salute, started last year and the Hawkhead Centre produces Dispatches for members who attend. All three newsletters are popular with members and are now offered in large print, electronic and audio formats.

REPORT OF THE TRUSTEES (Continued) **Achievements and Performance (continued)**

Research

We became a founding partner in Action Against AMD (AAA) along with three other leading sight loss charities: Blind Veterans UK, Fight for Sight and the Macular Society. AAA's main objective is to facilitate the funding of medical research aimed at finding an effective treatment for early-stage Age-related Macular Degeneration (AMD).

AMD is one of the leading causes of blindness in the world and a significant cause of sight loss amongst our members. Around 10 million people have late-stage AMD globally. It is the most common cause of sight loss in the developed world. In the UK alone, there are more than 600,000 people whose sight is affected by this devastating disease. With world populations ageing, AMD cases are expected to double by 2040.

Action Against AMD's vision is a world where AMD is stopped before it causes sight loss. Their aim is to develop a therapy that will stop or significantly slow the development of late-stage, blinding, AMD. AMD destroys central vision leaving a person unable to read, drive, or recognise faces. It is associated with social isolation, loneliness, falls, poorer general health and significant mental illness including depression and even suicide.

Plans for the future

After the developments of 2017/18, 2018/19 will be a year of consolidation for Scottish War Blinded. All services have undergone change recently and it is essential that each of the services work individually and together to ensure they provide the highest quality of support to our members. A quality assurance system for Scottish War Blinded will be finalised and implemented and work will continue to embed the new Health and Social Care Standards in our systems and processes.

The Trustees have agreed that a longer-term strategic review should be undertaken, which will begin during 2018/19. The purpose will be to develop an effective strategy to ensure that we continue to reach the maximum number of eligible members over the next decade and beyond; that we have the best possible understanding of the demographics involved and that we have a clear plan to use our resources accordingly.

PEOPLE

All members of the War Blinded Committee of The Scottish National Institute for the War Blinded automatically joined the War Blinded Committee of Scottish War Blinded on 1 April 2017.

The Reverend John Shields resigned on 22 September after many years as Vice President and the Trustees wish to record their gratitude for his many years of voluntary service. Cameron Rose resigned from the War Blinded Committee and the Royal Blind Board on 4 May 2017. Col Martin Gibson resigned on 28 February 2018 and Derek McDonald resigned on 8 December 2017.

REPORT OF THE TRUSTEES (Continued) **People (Continued)**

In June 2017, Mark O'Donnell was appointed Chief Executive of Royal Blind and Scottish War Blinded, and the previous Chief Executive, Richard Hellewell, retired in July 2017 after 10 years' service.

Gender Pay Gap

The Scottish War Blinded gender pay gap report was published voluntarily in February 2018. The report shows that in April 2017 our gender pay gap was negative (mean at -7.8%, median at -9.8%), which means that on average women were paid more than men. This is due to the types of roles men occupied across the organisation at the time. Our staff numbers in Scottish War Blinded are however very low overall, so 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.

POLICIES

Risk management

The Trustees 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 Trustees consider the most significant single risks to the organisation to be

- A significant fall in the value of the charity's investments
- 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.

Investment

The Trustees have the power to invest in such stocks, shares, investments and property as they see fit.

It is the Trustees' 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

REPORT OF THE TRUSTEES (Continued) **Policies (Continued)**

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.

- 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
 - 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

Reserves policy

Scottish War Blinded has received the full transfer of reserves from the Scottish National Institute for the War Blinded.

The charity's financial plans are based on a long term financial forecast, which determines the extent of the services we can fund in the coming years, mainly from the existing reserves, leaving a reserve sufficient to enable us to sustain the organisation's activities thereafter. The strategic review, highlighted above under 'Future Plans' will serve to keep this reserves policy under review.

REPORT OF THE TRUSTEES (Continued) **Policies (Continued)**

The present position is as shown in note 10 to the accounts. Total funds are £67 million, all unrestricted as to their purpose. Of that £67 million, £16 million can only be realised by disposing of tangible fixed assets and £50.6 million is in investments. Our free reserves are therefore £400,000 but our investments of £50.6 million can be realised as required.

The accumulated reserves continue to provide all the protection the Trustees require against any financial difficulty in the event of adverse circumstances. It is the view of the Trustees that proper stewardship demands that a reserve be maintained to guard against insolvency, but that the level of reserves currently held makes the likelihood of such an eventuality extremely remote in the short and medium term.

PENSION PROVISION

The Trustees operate a Defined Benefits 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.

FINANCIAL REVIEW

Income is shown in total at £69 million and £68 million of that is a direct transfer of all funds from the Scottish National Institute for the War Blinded. The remainder is income derived from donations and charitable activities of Scottish War Blinded SCIO. Income from legacies at £238,000 is lower than what we had generally received in recent years. Investment income is also lower and represents 1.7% of the closing market value of our investments.

Expenditure at the Linburn Centre was within budget, despite some maintenance issues that are starting to emerge now that the centre has been open for seven years. We plan an enhanced maintenance programme in the coming year to freshen the centre up for our members. Financial support to members continues to decrease as we lost some of our more long-standing members in the last year.

Our new centre in Paisley opened in October 2017 and the six months running costs of £522,000 are lower than what we might expect in the future because we did not operate at a full capacity and staffing level until January 2018. We expect that annual expenditure at the Hawkhead Centre will be roughly the same as the Linburn Centre over a year of full operation.

The result from our operations, including everything except the gains on our investments and the actuarial gain on the pension scheme, was a deficit of £1.5 million, not including the £68 million transferred from The Scottish National Institute for the War Blinded. This is in line with our strategy to utilise our reserves for the benefit of members and developing innovative services for them.

Gains in the value of the investments totalled £1.3 million, following a year where equities in particular held up well. We have drawn from our investments during the year to sustain

REPORT OF THE TRUSTEES (Continued) **FINANCIAL REVIEW (continued)**

both capital and revenue expenditure and we aim to continue to reduce our reserves overall in the coming year.

The overall result (Net movement in funds) is a gain of £66.5 million, wholly as a result of the transfer from The Scottish National Institute for the War Blinded. Taking away that transfer, we incurred a net reduction in funds of £1.5 Million, a prudent distribution of our reserves in order to broaden our services.

The balance sheet shows tangible fixed assets of £15.6 million, mainly comprising of our two day centres, properties at Linburn and associated vehicles. We maintained a healthy cash and bank balance in order to meet our commitments and our designated fund, which was introduced to facilitate the cost of the Hawkhead Centre building, has now been fully utilised.

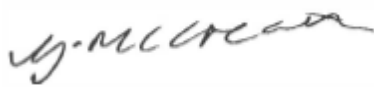
Going Concern

The Trustees 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 Trustees are aware at the time the report is approved:

- there is no relevant audit information of which the charity's auditor is unaware, and
- the Trustees 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 TRUSTEES OF SCOTTISH WAR BLINDED

Opinion

We have audited the financial statements of Scottish War Blinded ("the charity") for the year ended 31 March 2018 which comprise the statement of financial activities, balance sheet and 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees 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 12 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 Trustees. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except from 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 Trustees' 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 Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees 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 Trustees 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 Trustees 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 trustees 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 Trustees, 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 Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Boo 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	2018 £000
Income from:	3	
Transfer from Scottish National Institute for the War Blinded		67,968
Donations and legacies		313
Charitable activities:		
Linburn Centre		-
Hawkhead Centre		-
Outreach and member services		2
Let property		93
Total charitable activities		95
Investments		865
Other		-
Total		<u>69,241</u>
Expenditure on:	4	
Raising funds		5
Charitable Activities:		
Linburn Centre		1,329
Hawkhead Centre		543
Outreach and member services		1,103
Let property		192
Financial support to members		839
Grant giving to other charities		16
Total charitable activities		4,022
Other		-
Total		<u>4,027</u>
Net income before investment gains		65,214
Net gains on investments		<u>1,290</u>
Net income		<u>66,504</u>
Other recognised gains and losses		
Actuarial loss on defined benefit pension scheme	11	<u>(4)</u>
Net movement in funds		<u>66,500</u>
Reconciliation of funds:		
Total Funds at 31 March 2017		<u>0</u>
Total Funds at 31 March 2018	10	<u>66,500</u>

All amounts relate to continuing operations. All funds are unrestricted.

The notes on page 25 to 35 form part of these financial statements.

BALANCE SHEET AS AT 31 MARCH 2018

	Notes	2018 £000
Fixed Assets		
Tangible assets	6	15,585
Investments	7	<u>50,591</u>
Total fixed assets		66,176
Current Assets		
Debtors	8	123
Cash at Bank and in Hand		<u>740</u>
Total current assets		863
Liabilities		
Creditors: amounts falling due within one year	9	<u>(539)</u>
Net Current Assets		<u>324</u>
Net Assets excluding pension liability		<u>66,500</u>
Defined benefit pension scheme liability	11	<u>-</u>
Net Assets		<u>66,500</u>
Represented by		
Unrestricted Funds		
General fund	10	65,393
Investment reserve	10	1,107
Designated fund	10	-
Pension reserve	11	<u>-</u>
Total unrestricted funds		<u>66,500</u>
Total Funds		<u>66,500</u>

Approved by the Trustees and signed on their behalf on 5 September 2018



Gwenn McCreath
Chair

The notes on page 25 to 35 form part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

2018

£000

Reconciliation of net income/expenditure to net cash flow from operating activities

Net income as per the SOFA 66,504

Adjustments for:

(Gains) on investments (1,290)

(Gain) on sale of fixed assets (2)

Write-off of fixed assets -

Adjustment to pension costs 4

Depreciation charges 377

Donation from Scottish National Institute for the War Blinded, net of cash received (67,565)

Decrease in debtors 1,199

Increase in creditors 266

Interest and dividends (865)

Pension scheme deficit recovery (34)

Net cash used in operating activities (1,406)

Cash flows from investing activities

Dividends, interest and rents from investments 906

Purchase of property, plant and equipment (2,504)

Proceeds from sale of property, plant & equipment 9

Proceeds from sale of investments 4,572

Purchase of investments (815)

Net cash provided by investing activities 2,168

Change in cash and cash equivalents 762

Cash and cash equivalents at the beginning of the reporting period =

Cash and cash equivalents at the end of the reporting period 762

Analysis of cash and cash equivalents

Cash at bank and in hand 740

Cash held for investment 22

Total cash and cash equivalents 762

The notes on page 25 to 35 form part of these financial statements.

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

1 **PRINCIPAL ACCOUNTING POLICIES**

Scottish War Blinded, which commenced operations on 1 April 2017, is a Scottish Charitable Incorporated Organisation. 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 Trustees.

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.

Scottish War Blinded 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 Trustees to exercise judgement in applying the charity's accounting policies, as shown in note 2 below.

The functional 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 Trustees 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 Scottish War Blinded 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 Scottish War Blinded and concluded that it operates 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. Sales are accounted for in the period in which the sale occurred. Property lease rentals are accounted for in the period in which they are due. Dividends are accrued when our right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (continued)
PRINCIPAL ACCOUNTING POLICIES (continued)

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**

Support costs are the costs charged by Royal Blind for central administration including staff, maintenance and IT costs. 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 an estimate of the relative time involved for staff. Grants and donations made by the charity are charged when the Trustees have agreed to pay the grant.

e) **Tangible Fixed Assets**

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

Plant and equipment, furniture and fixtures, I.T 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 10 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) **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.

h) **Fund Accounting**

The nature and purpose of each fund is explained in Note 10.

i) **Pension Costs**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

PRINCIPAL ACCOUNTING POLICIES (continued)

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 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.

j) 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 15.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 INCOME

2018

£000

a)	Transfer from Scottish National Institute for the War Blinded	<u>67,968</u>
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The Scottish National Institute for the War Blinded transferred all of its assets to Scottish War Blinded on 1 April 2017. The Scottish National Institute for the War Blinded ceased operations on 31 March 2017 and all staff and operations also transferred to Scottish War Blinded on 1 April 2017. The Transfer of assets from The Scottish National Institute for the War Blinded consisted of the following:

	£000
Tangible fixed assets	13,874
Investments	<u>53,057</u>
Total Fixed assets	<u>66,931</u>
Debtors	1,363
Cash in bank and hand	<u>380</u>
Total Current Assets	<u>1,743</u>
Creditors: amounts falling due Within one year	<u>(682)</u>
Net Current Assets	<u>1,061</u>
Net Assets excluding pension Liability	<u>67,992</u>
Defined benefit pension scheme liability	(24)
Net Assets	<u>67,968</u>

The Trustees consider there to be no material difference between the fair value and carrying value of the assets and liabilities and accordingly no adjustments were required.

b)	Donations and legacies	
	Legacies	238
	Other donations and grants	<u>75</u>
	Statement of Financial Activities	<u>313</u>

c)	Investments	
	Dividends	865
	Bank interest	<u>-</u>
	Statement of Financial Activities	<u>865</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 INCOME (continued)

	2018 £000
c) Charitable activities	
Outreach and member services: Gain on disposal of fixed assets	2
Let property: Rental Income	<u>93</u> <u>95</u>

4 EXPENDITURE

	Activities undertaken directly £000	Support Costs £000	Total 2018 £000
Raising funds			
Investment managers fees	<u>5</u>	<u>-</u>	<u>5</u>
Charitable activities			
Linburn Centre	1,075	254	1,329
Hawkhead Centre	452	91	543
Outreach and member serv's	971	132	1,103
Let properties	162	30	192
Grant giving to organisations	16	-	16
Financial support to members			
Direct cost	796	-	796
Administration	35	8	43
Total	<u>831</u>	<u>8</u>	<u>839</u>
Total charitable activities	<u>3,507</u>	<u>515</u>	<u>4,022</u>
Total Expenditure	<u>3,512</u>	<u>515</u>	<u>4,027</u>

Support costs of £515,000 include a £432,000 charge paid to Royal Blind which covers management, finance, human resources, IT, facilities management and marketing, and Governance costs of £13,000. Governance costs are external audit fees of £13,000. Other support costs of £70,000 include direct marketing, report costs and administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 STAFF NUMBERS AND COSTS 2018

	£000
Wages and salaries	1,089
Social security costs	98
Pension contributions	95
Adjustment to FRS102 basis	0
Pension costs	<u>95</u>
Total staff costs	<u>1,282</u>

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

	2018 FTE	2018 Head
Managers	4	4
Linburn Centre	16	19
Hawkhead Centre	6	8
Outreach Service	12	13
Administration	<u>5</u>	<u>6</u>
	<u>43</u>	<u>50</u>

No remuneration or expenses have been paid to any Trustee or member of committee or Council in respect of their duties. No employee received emoluments exceeding £60,000.

Two members of staff are regarded by the Directors as being “Key Management” as defined in FRS102, these being the Chief Executive and the Head of Scottish War Blinded. The Chief Executive is also Chief Executive of Royal Blind, which pays the full remuneration and recovers the cost of Scottish War Blinded’s portion through the management charge. The total remuneration of the Chief Executive for work with both charities and that of the Head of Scottish War Blinded, including national insurance and pension contributions, totalled £179,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6 TANGIBLE FIXED ASSETS

	Heritable property £000	Furniture, equipment £000	Vehicles £000	Total £000
Cost				
Additions	15,087	340	542	15,969
Disposals	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>(23)</u>
31 March 2018	<u>15,087</u>	<u>340</u>	<u>519</u>	<u>15,946</u>
Accumulated depreciation				
Charge for year	245	35	97	377
Disposals	<u>-</u>	<u>-</u>	<u>(16)</u>	<u>(16)</u>
31 March 2018	<u>245</u>	<u>35</u>	<u>81</u>	<u>361</u>
Net book value				
31 March 2018	<u>14,842</u>	<u>305</u>	<u>438</u>	<u>15,585</u>

Included in heritable property is:

- land, which is not subject to a depreciation charge, £1,674,000
- capital work in progress, £274,000.
- let properties, cost £1,562,000, accumulated depreciation £151,000, net book value £1,411,000.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7 INVESTMENTS

	2018
	£000
Market value as at 1 April 2017	0
Additions at cost	53,849
Disposals at opening book value	<u>(4,566)</u>
	49,283
Change in market value in the year	<u>1,286</u>
Market value as at 31 March 2018	50,569
Cash held for investment	<u>22</u>
Total investments	<u><u>50,591</u></u>
Investments held at cost	47,090
Cash held for investment	<u>22</u>
Cost as at 31 March 2018	<u><u>47,112</u></u>
The market value represents:	
Investments listed on a recognised stock exchange	
United Kingdom	44,079
Rest of world	<u>6,490</u>
	<u><u>50,569</u></u>

Five Investments individually exceed 5% of the portfolio:

Aberdeen Diversified Growth Fund valued at £13,162,000

The Partners Fund valued at £14,388,000

Henderson Multi Asset Credit Fund valued at £13,113,000

Legal and General International Index Trust valued at £6,490,000

Aberdeen Unit Trust Managers Charities Property Fund valued at £3,407,000

All investments are held to provide an investment return.

The total value of investments in the Scottish National Institute for the War Blinded at 31 March 2017 was £53,057,000.

8 DEBTORS

	2018
	£000
Prepayments	12
Accrued income	110
Other debtors	<u>1</u>
	<u><u>123</u></u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £000
Amounts Falling Due Within One Year	
Suppliers	40
Accruals	240
Due to HMRC	30
Due to Royal Blind	<u>229</u>
	<u>539</u>

10 UNRESTRICTED FUNDS

	General Fund £000	Inv'tment Reserve £000	Desig. Fund £000	Pension Reserve £000	Total £000
Net Income before other recognised gains	66,504	-	-	-	66,504
Pension deficit recovery	(34)	-	-	34	-
Release of Pension Reserve	34	-	-	(34)	-
Investment disposals, gains and losses	(1,107)	1,107	-	-	-
Release of designated fund	-	-	-	-	-
Actuarial gain	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
Balance at 31 March 2018	<u>65,393</u>	<u>1,107</u>	<u>-</u>	<u>-</u>	<u>66,500</u>

The designated fund was set up by the Trustees of The Scottish National Institute for the War Blinded at 31 March 2015 and inherited by Scottish War Blinded to meet the expected cost of the new centre planned at Hawkhead Road in Paisley. The centre has now been completed and open and the designated fund is now depleted.

11 PENSION COSTS

The organisation, together with Royal Blind, 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% under-funded on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 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 £64,000 and included £34,000 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 £65,000, which will include £34,000 in deficit recovery contributions.

The fund has been valued in accordance with the requirements of FRS102 by David Watson of Scottish Widows on 8 May 2017. The actuarial valuation of the fund and any potential liabilities, and the assumptions made by the Trustees as the basis of the valuation, are shown below.

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

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
For a male aged 65 now	21.2
At 65 for a male member aged 45 now	23.3
For a female aged 65 now	23.3
At 65 for a female member aged 45 now	25.6

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 PENSION COSTS (continued)

Assets	31 Mar 2018	
	£000	%
Invested assets	<u>3,119</u>	<u>100</u>
Total	<u>3,119</u>	<u>100</u>

Liability and Funded Status at 31 March	2018 £000
Fair value of plan assets	3,119
Value of funded oblig'ns	(3,031)
Restriction of surplus	<u>(88)</u>
Surplus/(Deficit)	<u>-</u>

The charge to the Statement of Financial Activities	2018 £000's
Service cost	36
Net interest expense	<u>-</u>
Total included in employer expense	<u>36</u>

Analysis of the change in the defined benefit obligation	
Opening defined benefit obligation	3,115
Current service cost	36
Interest on obligation	79
Actuarial (gains)	(22)
Benefits paid	<u>(177)</u>
	<u>3,031</u>

Analysis of the change in fair value of plan assets	
Opening fair value of plan assets	3,091
Expected return on assets	79
Actuarial gains	62
Contributions	64
Benefits paid	<u>(117)</u>
	<u>3,179</u>

Analysis of actuarial gains/(losses)	
Asset return (less interest income recognised in the SOFA)	62
Experience losses on benefit obligation	(19)
Effect of assumptions changes on benefit obligation	41
Restriction of defined pension asset	<u>(88)</u>
Total actuarial losses	<u>(4)</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 PENSION COSTS (continued)

History of Experience Gains and Losses

Difference between the asset return and the interest income recognised in the SOFA	62
- as % of scheme assets	2%
Experience gains/(losses) on obligation	(19)
- as % of liabilities	1%
Total amount recognised in the SOFA	84
- as % of liabilities	3%

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 CONNECTED ORGANISATION

The Trustees of Scottish War Blinded are the directors of the Royal Blind Asylum and School, Edinburgh, operating as Royal Blind. Each is a separate charity having its own funds and properties. Royal Blind provided administrative services for which a fee was paid, as shown under support costs in note 4. At the balance sheet date a balance was due to Royal Blind amounting to £229,000. The total value of transactions between the two organisations was £515,000.

13 FINANCIAL INSTRUMENTS

	2017
	£000's
Financial assets	
Financial assets measured at fair value	50,591
Financial assets measured at amortised cost	<u>851</u>
	<u>51,442</u>
Financial liabilities	
Financial liabilities measured at amortised cost	<u>509</u>

Financial assets measured at fair value are listed investments. Financial assets measured at amortised cost include cash at bank, accrued income and other debtors. Financial liabilities measured at amortised cost comprise suppliers and accruals, grants payable and the amount payable to Royal Blind.