



**Annual Report and Group and Company
Financial Statements for The Earl Haig Fund
Scotland (Poppyscotland)**

Year ended 30 September 2018

Charity Registration Number SC014096

Registered Company Number SC194893 (Scotland)

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)

Contents

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 30 SEPTEMBER 2018.....	4
Mission	4
Risk Management	4
Structure Governance and Management	6
Reference and Administration Information.....	9
Objectives and Activities.....	10
Achievements and Performance	11
Group Financial Review	15
Plans for the Future.....	17
INDEPENDENT AUDITOR'S REPORT	19
Consolidated Statement of Financial Activities.....	22
Company Statement of Financial Activities	23
Consolidated and Company Balance Sheets.....	24
Consolidated Cash Flow Statement	25
Notes to the Financial Statements	26

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

The Trustees submit their annual report, which incorporates a strategic report, and audited consolidated financial statements for the year ended 30 September 2018.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Mission

The Earl Haig Fund Scotland (trading as “Poppyscotland”) is a member of The Royal British Legion (TRBL) Group of charities supporting those in need who have served in the Armed Forces and their dependents in Scotland. The charity raises funds and relies on the commitment of individual volunteers, groups of volunteers, and other ex-Service organisations to meet these challenges.

Risk Management

The Board of Trustees has responsibility for the oversight of risk management at Poppyscotland. It applies a system through which major risks are identified, assessed, effectively addressed and monitored. A Risk Register is maintained and kept under review by the charity’s Chief Executive and Senior Management Team, and TRBL. During the current financial year the major risks to which the charity is exposed were reviewed and the key risks and controls identified as follows:

- a. Risk - Inappropriate salary levels leading to failure to recruit suitable staff, loss of key staff.
Mitigating response
 - i) Job Evaluation system adopted and alignment with TRBL pay scales being adopted
 - ii) Appropriate benchmarking being undertaken with charity sector in Scotland
 - iii) TRBL appraisal system in use with performance related pay element
- b. Risk - Failure to achieve budgeted fundraising targets from Poppy Appeal and non-Poppy Appeal income streams.
Mitigating response
 - i) Business plans and targets in place and reviewed quarterly
 - ii) Monitoring success of fundraising initiatives and forecast income levels against budget with the ability to flex budgets and put contingency plans in place as required
- c. Risk - Dilapidation of estate or major property damage leading to major operational breakdown.
Mitigating response
 - i) Long term strategic plan to renovate the site
 - ii) Regular repairs and maintenance schedule
- d. Risk - Failure of IT software critical to operational administration and finance, e.g. failure and loss of records including penetration by hackers.
Mitigating response
 - i) IT is all managed by TRBL IT Department
 - ii) Appropriate Firewalls are in place and monitored
 - iii) Systems are backed up daily
 - iv) Appropriate insurance cover is in place
- e. Risk - Serious business interruption for Edinburgh site especially relating to Poppy manufacture.
Mitigating response
 - i) Insurance cover in place for loss of revenue equal to £2 million and increased cost of production equal to £100,000
 - ii) Regular repairs schedule
 - iii) Contingency level of Poppy stock maintained

Appropriate and robust controls and actions to address these risks are in place and are regularly reviewed as part of the risk management procedure.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

Grant Making Policy

Grants are made to individuals in need following an assessment of the beneficiary's financial situation. These grants, in the form of cash, goods or services, are relatively small in value but large in volume. The charity's policy is to direct beneficiaries to expert, personalised advice and support rather than reliance on direct financial assistance; the aim of providing assistance being to promote longer-term self-reliance and resilience among its beneficiaries. Underlying this however is a firm resolve and practice not to leave need unmet or fail to address immediate financial crises facing beneficiaries. In such circumstances Poppyscotland works collaboratively with the Service benevolent funds, Regimental Associations and other agencies in bringing financial and more general support for individuals in need.

External grants to other organisations are provided where a third party has expertise or facilities unavailable within Poppyscotlands resources, or presents a project judged likely to bring benefit to our beneficiary group. All grants are subject to a detailed and rigorous process of prior vetting and approval.

Investment Policy and Returns

The investment objective is "to achieve a total return targeting RPI +2% over the medium to longer term". The portfolio is managed by Sarasin and Partners LLP and invested in two pooled funds with an ethical bias.

During the year under review the investment portfolio generated £ k (2017: £ k) of investment income, together with net valuation losses of £25k (2017: Gain £142k). This is equivalent to 3.5% (2017: 4.2%) on a total return basis, ahead of the uplift in RPI + 2% = 5.5% over the 12 month period to September 2018. The total portfolio valuation as at 30 September 2018 was £10,583k (2017: £10,829k).

Reserves Policy

The policy is to hold two years' of unrestricted expenditure in reserves. These reserves are maintained to generate income to meet a proportion of the company's running costs and to cover any major and unavoidable drop in income which might arise from, for example, unusually severe weather during the Poppy Appeal period; the Appeal generally representing in excess of 60% of annual income.

The Trustees also recognise that the charity's facilities in Edinburgh, particularly the Poppy Factory, do not meet current building (health and safety and group building standards). A project board has been established to consider the options to address this. It is anticipated that the works will be completed by the end of 2020.

Total funds amount to £13,302k (2017: £10,967k) of which free unrestricted reserves amount to £10,382k (2017: £10,057k), which represents the trustees' target of maintaining approximately two years of unrestricted expenditure.

Restricted reserves of £2,920k were held at 30 September 2018 (2017: £910k) in respect of funds provided by organisations and individuals in support of specific projects such as the Armed Services Advice Project undertaken by Poppyscotland and welfare programs undertaken by The Lady Haig Poppy Factory Limited (LHPF).

Designated reserves of £1,349k were held at 30 September 2018 (2017: £1,176k) relating to:-

- Funds received from The Sandilands Memorial Trust following the winding up of the Trust in 2013 on the understanding that the funds are to be used for the benefit of former members of the Royal Artillery in Scotland and their dependents until such funds are depleted or the need for such support no longer exists;
- capital fund relating to Cameronian House;

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

- LHPF relocation and refurbishment reserve, an approved transfer from General reserves to fund the relocation of LHPF to Redford; and
- the capital reserve, which represents the depreciated value of assets owned and leased by The Earl Haig Fund Scotland.

Structure Governance and Management

The Earl Haig Fund Scotland group consists of The Earl Haig Fund Scotland (operating as Poppyscotland) and its subsidiary, The Lady Haig Poppy Factory Limited, and is a subsidiary of The Royal British Legion.

The Earl Haig Fund Scotland is a registered Scottish charitable company limited by guarantee and is governed by its Memorandum and Articles of Association.

The Lady Haig Poppy Factory Limited is a company limited by shares and a direct subsidiary of The Earl Haig Fund Scotland.

Both organisations are involved in a range of activities for the benefit of the ex-Service community in Scotland, including fundraising and the provision of welfare services.

Governance

The Poppyscotland Board is constituted in a six-member format, appointed by, and including one member of, the Board of Trustees of The Royal British Legion.

Appointment of Trustees

As set out in the Articles of Association the Board of Trustees (who are also directors of The Earl Haig Fund Scotland for the purposes of company law) shall comprise six members appointed by TRBL, who may in this respect appoint a member of the Board at any time by written notice to the company.

A member of the Board shall hold office for three years from the date of his appointment, when his/her appointment shall terminate unless re-appointed by TRBL in accordance with Article 25 of the Articles of Association. The appointed trustee is eligible for reappointment for a second and any number of subsequent terms.

Trustees' Responsibilities

The trustees (who are also directors of The Earl Haig Fund Scotland for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102, the financial reporting standard applicable in the UK and Republic of Ireland.

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- There is no relevant audit information of which the charitable company'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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Trustees' induction and training

Training for Trustees is provided through The Royal British Legion or by local providers.

Remuneration Policy

The aim of the remuneration policy is to offer remuneration that is fair and appropriate. Poppyscotland expects to pay at a level comparable to that in the public sector and the charity sector.

Public Benefit

The Trustees have considered the requirements of the public benefit guidance published under FRS 102 and the Charities and Trustee Investment (Scotland) Act 2005. They are satisfied that the level of welfare support provided to the beneficiaries of The Earl Haig Fund Scotland group of charities as well as the support provided to other charitable organisations satisfied the public benefit requirements as laid out in relevant legislation.

Management and Decision Making

Responsibility for the day-to-day operations of Poppyscotland is delegated to the Chief Executive, supported by the Senior Management Team and staff. The management structure undertakes the operational activities of Poppyscotland within a clearly defined decision-making and reporting structure. The manager of the Lady Haig Poppy Factory is part of the Senior Management Team of Poppyscotland and the CEO of Poppyscotland is a member of the Board of Trustees of the Lady Haig Poppy Factory. Operational integration with The Royal British Legion is achieved through the CEO's line management.

Auditor

Deloitte LLP are the auditors of the company and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
STRATEGIC REPORT**

Poppyscotland Senior Management Team

Chief Executive

Mark Bibbey

Head of Finance

Jennifer McCartney (appointed 21 May 2018)

Alistair Christie (retired 31 July 2018)

Head of HR & Administration

Pamela Beattie

Head of Welfare Services

Gary Gray

Head of Fundraising

Gordon Michie

Head of Marketing & Commercial Services

Fraser Bedwell

The Lady Haig Poppy Factory Manager

Charlie Pelling

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

Reference and Administration Information

The Earl Haig Fund Scotland (trading as Poppyscotland) is a charitable company with one subsidiary, The Lady Haig Poppy Factory Limited, producing group financial statements. It is a company limited by guarantee. The company is involved in a range of activities for the benefit of the ex-Service community in Scotland, including fundraising and the provision of welfare services.

Registered and Principal Office

New Haig House
Logie Green Road,
Edinburgh
EH7 4HQ

Charity Registration Number

SC014096

Registered Company Number

SC194893 (Scotland)

President

Lieutenant General Sir Alistair Irwin KCB CBE MA FCMI Finst CPD

Trustees

Kenneth Barclay (resigned 21 November 2018)
Charles Byrne
Una Cleminson BEM, TD
Professor Alexander Davison
Colonel Allan Lapsley QVRM TD DL
Patrick O'Meara (appointed 12 December 2017)
Anthony Macaulay (appointed 21 November 2018)

Legal Adviser

Gillespie Macandrew LLP
5 Atholl Crescent
Edinburgh
EH3 8EJ

Statutory Auditor

Deloitte LLP
2 New Street Square
London
United Kingdom
EC4A 3BZ

Bankers

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

Investment Advisers

Sarasin and Partners LLP
Juxon House
100 St Paul's Churchyard
London, EC4M 8BU

The Trustees report (incorporating the Trustees Strategic Report) as approved by the Board, in their capacity as company directors, and authorised for issue on 27 June 2019 and signed on its behalf by:



Allan Lapsley, Trustee

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

Objectives and Activities

The charity's principal objectives are to relieve suffering, hardship and distress and to promote education:

- Among persons, who have at any time served with any branch of the Armed Forces of the Crown and allied nursing services and who are resident in Scotland or were born in Scotland or were domiciled in Scotland when they joined the forces of the Crown; and
- among the spouses, widows, widowers, children and dependents of any of the aforementioned persons who are resident in Scotland or were domiciled in Scotland at the time of the death of the member of the Forces of the Crown or allied nursing services with whom they were connected.

Our long-term strategy to deliver our objectives is to:

- Develop welfare services¹, such that the beneficiary experience across the United Kingdom is equal as measured against those services available from The Royal British Legion;
- develop sustainable levels of funding to provide that level of welfare provision, by increasing giving and extending fundraising opportunities as a result of the charity's membership of the Royal British Legion Group;
- develop Poppyscotland's infrastructure such that it is compliant with statutory requirements and fit for purpose in the delivery of both welfare and fundraising objectives; and
- provide education activities, which contribute to public awareness, understanding and support for our welfare services.

For the year ended 30 September 2018 our specific goals were as follows:

- a) Welfare. To continue to provide and where possible enhance the level of support available to our Armed Forces community within the current seven areas of welfare operations including, amongst other things, by:
 - i. Building effective partnerships and taking advantage of other organisations' strengths to deliver services which are highly effective and cost efficient.
 - ii. Establishing Poppyscotland Ayrshire as a valuable and essential resource for the Armed Forces community in that area.
 - iii. Leading the Unforgotten Forces consortium to ensure that veterans over the age of 65 receive the most holistic and appropriate support.
- b) Fundraising. Development of Fundraising activities including by:
 - i. Build on the success of Poppy Appeal activity by ensuring our volunteer management is effective.
 - ii. Development of year-round fundraising including an events programme and direct marketing, building our supporter base, developing our legacy strategy and develop a digital fundraising strategy.
 - iii. Continuing to develop our relationship with Legion Scotland.
 - iv. Roll out the 2018 Poppy Pledge challenge that commemorated the end of World War One.
 - v. Developing fundraising plans and strategy for the potential redevelopment of the Lady Haig Poppy Factory.
 - vi. Develop fundraising plans and strategy to support the Moving Poppy project— a mobile education initiative aimed at taking the Story of the Poppy and remembrance to schools and the wider community throughout Scotland.
- c) Infrastructure. To ensure compliance with statutory obligations, by being a part of TRBL's facilities management contract and progressing with plans for the refurbishment of the Lady Haig's Poppy Factory which will improve health and safety and disabled access.

¹ Tailored Support and funding to individuals and organisations, advice, employment, mobility, housing, mental health and respite breaks

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

d) Education. To provide education activities that creates public awareness of the work of Poppyscotland and support for our welfare services.

To deliver the Heritage Lottery and LIBOR funded 'Moving Poppy' project

To ensure that the broader education requirement is included in the refurbishment of the Poppy Factory provides a more balanced and rounded delivery of learning encompassing our partners within Legion Scotland and The Lady Haig's Poppy Factory.

Achievements and Performance

In the reporting period we achieved the following in the delivery of our goals for the year:

a) **Welfare.**

Delivered support to individuals in financial need:

Expenditure on financial assistance and support for the year amounted to £0.844 million (2017: £0.739 million) (see note 9a).

Some £703k was spent directly on supporting 1,617 (2017: £624k; 1,485 individuals) across a wide range of welfare services, including direct financial assistance and the provision of respite breaks. Poppyscotland continues to work side by side with SSAFA - The Armed Forces Charity's Scottish caseworkers and this partnership affords both resource efficiencies and integrity of process in providing grant support. We are indebted to the dedicated work and diligence of the many SSAFA volunteers who support us in this way.

There were 243 (2017: 237) individuals who enjoyed Poppy Breaks at The Royal British Legion Break Centres or Family Breaks at Holiday Parks.

Delivery of welfare through partnerships:

Partnership working is at the heart of our welfare offering and we continued to grow our services in association with key partners such as SSAFA, Citizens Advice Scotland, Scottish Association for Mental Health and many other organisations, including those that make up the Unforgotten Forces consortium.

During the year, a total of 18 grants at a cost of £3,133k (2017: 13 grants, £1,538k) were provided to support charitable activities by organisations delivering services supporting Scotland's Armed Forces community (see note 9a). This includes:

- Grants to Citizens Advice Scotland for the delivery of the Armed Services Advice Project
- Scottish Association for Mental Health for the Employ-Able program
- Regular Forces Employment Association
- Combat Stress
- Royal Caledonian Education Trust
- Funding Sacro to deliver a disclosure service for veterans with a criminal conviction as well as supporting their Veterans Mentoring Service
- We also entered into a three year pledge with Scotland's Bravest Manufacturing Company (SBMC), a new initiative based in the grounds of our sister ex-Service charity Erskine. SBMC is a subsidiary of The Royal British Legion Industries.
- Work with 14 partner organisations to deliver the Unforgotten forces project, funded by the Ministry of Defence.

Major funder of the Armed Services Advice Project (ASAP) in collaboration with Citizens Advice Scotland:

The project, which provides advice and support directly tailored to the needs of the Armed Forces Community, continues to go from strength to strength. The grant to Citizens Advice Scotland for the delivery of the Armed Services Advice Project was £522k (2017: £487k) (see note 9a(ii)).

At the start of FY2017/18 ASAP was delivered in ten regions across Scotland and supported by a National Telephone Helpline provided by Advice Direct Scotland. The service has supported more

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)

STRATEGIC REPORT

than 2,550 individual clients with nearly 12,000 new and repeat issues. The client financial gain since the start of ASAP is £11.75 million as at 30 September 2018. This equates to approximately £3.89 for every £1 of funding invested in the project. In April 2018 ASAP was extended to take in Ayrshire, taking the total number of ASAP regions to 11, following a successful Libor funding application.

Development of support available from our Welfare Centre in Inverness:

During the reporting period, Poppyscotland Inverness has received 790 (2017: 772) general enquiries, ranging from veterans in immediate need of help to members of the public wishing to find out more about the charity. Our welfare staff has provided holistic support and guidance to 297 people seeking help with problems relating to their finances, housing, employment, health, benefits and debt. We continue to engage with NHS Highland around the roll-out of health services for veterans following their successful funding application to Libor in 2017.

Establishment of Poppyscotland Ayrshire:

Poppyscotland Ayrshire opened its doors to the public in October 2017. This was a culmination of input from a variety of agencies and was made possible by significant awards from both the MacRobert Trust and the Chancellor using Libor funds. We were very grateful for these awards and the support provided by colleagues from the Commercial Department of the Royal British Legion and other departments from within Poppyscotland. The centre, named The MacRobert Centre in recognition of the grant they provided, was formally opened by Air Marshal Stuart Atha CB DSO ADC RAF, Deputy Commander Operations on 21 March 2018. Our Welfare Services team has already established the centre at the heart of the community in Ayrshire and in its first year of operation has had more than 2,000 interactions with members of the Armed Forces community in Ayrshire. The centre also hosts a wide variety of external partners on a regular basis.

Welfare Services Enhancement

Our parent company, TRBL, has funded a Project Manager position, on a fixed term basis, to oversee the enhancement of Poppyscotland's welfare offering in order that it is more comparable with that offered by TRBL. The Project Manager, who is on an internal secondment, started work in June 2018, but it will be into 2018/19 before there are any outcomes from this work.

Engagement with Veterans Scotland:

We continue to be represented on the Veterans Scotland Executive Committee and chair annual working groups on the subjects of grants to both individuals and organisations. Until July 2017 we continued to lead the Support Pillar of Veterans Scotland promoting collaborative working through our stewardship of working groups covering Employment, Grants to Individuals and Grants to Organisations, as well as participating in the work of the Health and Well Being Pillar. In July 2017 we elected to step down from leading the Support Pillar whilst Veterans Scotland carried out a review into the structure within which they operate. We continue to sit on the Veterans Scotland Executive Committee and participate in Pillar activity where it is appropriate and relevant for us to do so. Poppyscotland also provides rent free accommodation to Veterans Scotland and eight other charities in New Haig House.

Investigated service-delivery opportunities to meet the needs of older veterans:

Following a successful funding application, on behalf of a 15-member consortium that came together to form Unforgotten Forces, £4 million of funding was secured from the Aged Veterans Fund, a fund administered by the MoD and resulting from bankers' Libor fines. Unforgotten Forces supports Scotland's older veterans (over the age of 65). The program was formally launched by Eric Fraser, Scotland's Veterans Commissioner, in October 2017 and in the first year of operation the consortium has supported more than 3,000 of Scotland's older veterans.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

Developed our employment offering to ensure that those most detached from the workplace receive the necessary training and support:

We have continued to work with a variety of partners to deliver employability programs targeted at those who are most detached from the workplace. Our expenditure across our employment services has been £178k (2017: £171k) (see note 9a(ii)), the most prominent of these services being our Employ-Able program; a partnership with the Scottish Association for Mental Health (SAMH). Employ-Able has helped 207 veterans during the year (2017: 209), with the primary aim being to assist them to achieve positive vocational goals by utilising training, volunteering to enable progression to employment.

This year we facilitated two LifeWorks courses in Scotland as well as supporting a number of veterans to attend training elsewhere in the UK. A combined total of 25 individuals participated through our relationship with the Royal British Legion Industries.

Provided employment to disabled veterans via The Lady Haig Poppy Factory:

Poppies, wreaths and other items used by Poppyscotland during the Scottish Poppy Appeal are manufactured by 41 disabled veterans in our subsidiary company, Lady Haig's Poppy Factory. Though the production cost is higher than it would be by machine, the cost of all items produced is shown as a charitable activity in the accounts of the Factory. On consolidation, £188k, representing the charitable element of expenditure incurred in manufacturing the poppies is treated as a welfare expense within Poppyscotland's accounts (see note 9b).

Poppy Factory income and expenditure arising from all activities during the year was £3,323k and £1,015k respectively (2017: £885k and £854k respectively). Sales of poppies to Poppyscotland and related activities, such as refurbishing poppy tins, undertaken on behalf of Poppyscotland, amounted to £505k an increase on the previous year total of £361k due to the production of commemorative poppies. An increasing number of orders for wreaths are being received through the Factory's online shop, which is proving increasingly popular with new customers, and this has attributed to an increase in other sales of £91k.

b) Fundraising

During this financial year we embedded the changes in structure from the previous year into the fundraising team which is allowing us to deliver on the increased challenges of growing the annual Scottish Poppy Appeal, driving forward all-year-round fundraising activities to support our core welfare provision. The second phase of our legacy review was also completed and an implementation program designed for launch within the next financial year. We were also able to start the delivery of a review of our digital fundraising strategy that will allow us to mitigate the onset of a cashless society.

Increased income obtained from The Scottish Poppy Appeal:

Income from all sources attributed to the Scottish Poppy Appeal amounted to £2.818 million (2017: £2.875 million) (see note 3). The continuing strategy of working with our Area Organisers to use supermarkets, out-of-town shopping centres and transport hubs as preferred points of collection has continued and conjoined with our strengthening partnership with a variety of major corporates including ScotRail has proved successful.

The realigned Volunteer Coordinator role has proven successful in ensuring that our relationship with Area Organisers keeps pace with ongoing recruitment and development requirements. During the year almost 75 Area Organisers retired. A significant recruitment campaign generated more than 200 enquiries, resulting in over 60 new Area Organisers and 98 new collectors being recruited.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

The Scottish Poppy Appeal completely relies on the incredible efforts of our many volunteers across Scotland. This includes many members of The Royal British Legion Scotland who help with the Appeal. The volunteer support is principally in connection with the fundraising work primarily related to the Scottish Poppy Appeal. The country is split geographically into approximately 450 sub-regions with a lead volunteer known as an Area Organiser (AO). The AO leads teams of varying sizes to support the collections in their area by ensuring that poppies and tins are located across their territory to ensure that every community in Scotland has access to a poppy to wear during the Remembrance period. The AO thereafter ensures that all monies for their area is banked, the remaining poppies and tins returned in preparation for the next years Appeal. It is impossible to enumerate accurately the total contribution our volunteers make, but we estimate that over the year, our volunteers have contributed at least 40,000 hours which insures that the Scottish Poppy Appeal can generate the income that it does annually to support our wider welfare services. We are indebted to all of our supporters for their enthusiastic support-with the Poppy Appeal.

Income from non-Poppy Appeal sources:

Income raised from donations, legacies and other trading activities such as raffles and events amounted to £840k (2017: £380k) (see note 3). The revised Raffle concept that was introduced last year has seen an ever-increasing return within our DM programme and our newsletter stewardship program is also seeing increased returns; this coupled with new stewardship strategy stands us in good stead for the years ahead. This has been highlighted by our winter mailing being awarded with recognition in the annual Institute of Fundraising awards. This year we again saw an increased participation in the Sportive cycling event, which is now in its fifth year, with 1200 cyclists registering to participated (2017 – 900). The Sportive continues to grow and be a flagship in our calendar and has been nominated for a travel industry award. This year we have worked in partnership with WW100 Scotland to deliver a national tour of the Far Far From Ypres production and along with the State Band of Scotland the Band of the Royal Regiment of Scotland we have conducted a nationwide tour and released a CD.

The #Teampoppy continues to grow with increased participation in third party and ad-hoc fundraising events. This is where individual members of the public participate in a sponsored event of their own choice and fundraise on behalf of Poppyscotland.

Our innovative 1918 Poppy Pledge campaign has been very successful with more than 160 entities taking on the Pledge to raise £1918 between November 2017 and November 2018. The majority of this income will come in during the first quarter of the next financial year; however, the success of the initiative, the imaginative fundraising and widespread press coverage has certainly ensured that our wider work has been highlighted over the course of the full year and not just our traditional peak during the Remembrance period.

The development of the relationship with our merchandise supplier and the introduction of new ranges such as the highly successful football pin badges will ensure that this becomes a stable mainstay of our fundraising income in years ahead.

The Moving Poppy project was launched in 2017. It is an ambitious and bold project taking elements of our museum collection, key parts of Lady Haig's Poppy Factory tour experience, digital interpretation and learning facilities on the road. The unit will tour Scotland from late Autumn 2019 as a legacy to commemorate the centenary of the end of the First World War and will also support the fundraising associated with the centenaries of the first Poppy Appeal in 2021 and the opening of Lady Haig's Poppy Factory in 2026. It will start conversations about the poppy, Remembrance and veterans. We successfully received Stage 1 and 2 funding from the Heritage Lottery Fund. This has allowed us this year to move forward and the 18 tonne truck is in production and will be ready to go live in the spring of 2019.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

Now in its third full year, the Corporate Fundraising Strategy is beginning to strengthen many UK-wide and Scotland only relationships. These relationships are crucial in the long term redevelopment of Lady Haig's Poppy Factory and the short term relationships that have been generated around the 100th Centenary commemorations of the end of world war one.

Given the recognition of the importance yet volatile nature of legacy income to the charity's income streams, the second stage of our legacy review was completed during this FY and we now have a strategy and plan to roll out a new legacy offering to our supporter base and the wider public in early 2019.

c) Infrastructure

Ensure compliance with statutory obligations; for instance by being a part of TRBL's Facilities Management contract and progressing with plans for the refurbishment of the Lady Haig's Poppy Factory:

Since April 2017 Poppyscotland has been part of the collaborative contract with The Royal British Legion Group for statutory facilities management provision with the Servest Group. The aim of the contract is to deliver a higher quality facilities management service at a lower cost and ensure Poppyscotland, as a member of the TRBL Group of charities, is compliant for all health and safety statutory matters.

In September 2016, the Board authorised the CEO to further develop plans to refurbish Lady Haig's Poppy Factory and upgrade some essential facilities in New Haig House; namely to ensure health and safety compliance and that disability access and facilities are improved. A Project Board was formed in May 2017, architects were procured in August 2017 and a fully costed plan was presented in 2018. The targeted completion date for refurbishment works is 2021. That is coincident with the 100th anniversary of Poppy Appeal, when we expect that Lady Haig's Poppy Factory will be reinstated into their accommodations on Logie Green Road from Redford Barracks.

d) Education

Provide education activities that create public awareness and support for our welfare services:

The Sowing the Poppy Seed program continues to be positively received by schools across the country. It is a combined approach of online resources for teachers following the Curriculum for Excellence and an inspiring annual competition to engage young people with the concept of Remembrance and highlight the welfare offering of Poppyscotland.

To commemorate the Armistice centenary, we have published a story book based on the Story of the Poppy aimed at seven to 11-year-olds. We have also entered into a successful partnership with Abertay University to develop a virtual reality (VR) project based on the experiences of our Poppy-makers and their real-life stories of service.

Group Financial Review

Income for the 12 month period to 30 September 2018 amounted to £9,8477k (2017: £6,402k).

Unrestricted income amounted to £5,663k (2017: £5,104k)

Donations and legacies (note 3). The majority of the company's income comes from The Scottish Poppy Appeal, which raised £2,818k (2017: £2,875k), equivalent to 50% (2017: 56%) of unrestricted income. This level of monetary support is an encouraging reflection of the continuing generosity of the general public throughout Scotland and the importance of the Appeal to the work of the charity.

Other donations and income raised from various fundraising activities such as raffles, events, trusts, regular supporters and legacies amounted to £1.061 million (2017: £0.570 million), a 86% increase on the previous year.

The Royal British Legion and the Officers Association Scotland provided grant support of £748k and £5k respectively (note 4a). The grant from TBRL was made as a result of Poppyscotland's budgeted

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

deficit of £734k for 2017-18 being approved by the Board of Trustees of TRBL, and a subsequent increase to the grant relating to Poppyscotland's welfare services expansion project of £14k.

Lady Haig's Poppy Factory supported group activities with the production and distribution of poppies, wreaths and Remembrance Crosses and contributed £518k to group income on a consolidated basis (2017: £384k) (note 4b).

The investment portfolio continued to provide additional income of £ k (2017: £ k), equivalent to an average yield of 3.65% (2016: 3.83%) with £3k (2017: £4k) of bank interest being received (note 5).

Other income of £40k was received from a variety of sources including rents receivable (note 6).

Unrestricted expenditure for the 12-month period to 30 September 2018 amounted to £5,594k (2017: £5,154k).

The unrestricted cost to the group of generating funds amounted to £2,329k (2017: £2,160k) and reflects the established policy of controlling costs in the face of an increasingly challenging fundraising environment.

The unrestricted cost of charitable activities, which includes the provision of employment by Lady Haig's Poppy Factory and Poppyscotland's welfare services provision, amounted to £3,265k (2017: £2,994k) and reflects the continuing level of resource required to support the needs of the ex-Service community in Scotland.

Lady Haig's Poppy Factory continues to produce poppies and wreaths in support of the annual Poppy Appeal and in doing so provides employment opportunities for 41 veterans. The overall cost to the group of £623k (2017: £681k) (note 8). Expenditure of £188k (2017: £188k) was recognised under welfare services in relation to the production costs incurred by Lady Haig's Poppy Factory as a result of the charitable basis on which it is operated.

The unrestricted surplus amounted to £44k (2017: £ 92k) due principally to receipt of the delayed £230k corporate funding, offset by expenditure on the relocation of Lady Haig's Poppy Factory of £114k funded from reserves. Following transfers between funds and actuarial gains of £191k in respect of the defined benefit pension scheme, the group has total unrestricted funds of £10,382k (2017: £10,057k).

Restricted income and expenditure for the 12 month period to 30 September 2018 amounted to £4,184k (2017: £1,298k) and £2,084k (2017: £510k) respectively.

Following a marked increase in Poppyscotland's involvement in a variety of special initiatives, restricted funding was received for a variety of projects as detailed in note 4a.

In addition, Lady Haig's Poppy Factory received a Supported Employment Grant of £112k from Jobcentre Plus (2017: £115k), and other donation income of £16k (2017: £25k).

The restricted surplus before transfers amounted to £2,100 (2017: £788k)

Following transfers between funds the group has total restricted funds of £2,920k (2017: £910k).

Pension Schemes. A defined-benefit pension scheme was available for all eligible members of staff to join until closing to new entrants in 2002. The assets of this scheme are held separately from those of the company and are managed by independent trustees. Given the financial strain on this type of pension

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee) STRATEGIC REPORT

scheme it will close to future accrual with effect from 31 March 2018. The scheme has three remaining active members.

In accordance with Financial Reporting Standard FRS 102, an actuarial valuation of the Final Salary Pension Scheme has been prepared. Based on the assumptions adopted by the actuary it has been established that the Scheme had a funding deficit of £1,747k as at 30 September 2018 (2017: £1,914k) as reported in Note 22 of the financial statements. The deficit continues to be our major liability.

After 2002, new eligible members of staff were offered the opportunity to contribute to a money-purchase scheme funded by both the employee and the company. Following the introduction of The Pensions Act 2008 and Poppyscotland's staging date of August 2015 all eligible staff are automatically enrolled into a pension scheme.

Net Income. Net income amounted to £2,144k (2017: £880k) due principally to restricted funding received for the refurbishment of the Lady Haig Poppy Factory. Following transfers between funds and actuarial gains of £191k in respect of the defined benefit pension scheme (2017: actuarial gain of £229k), the group has total funds of £13,302k (2017: £10,967k).

Going Concern. Poppyscotland has been a subsidiary of The Royal British Legion since June 2011. Whilst the charity continues to depend on the commitment and generosity of the Scottish public to provide funds through the annual Poppy Appeal and a range of year-round fundraising activities and events, the level of investments provides financial security to the company. On this basis, the Trustees are confident the charity will continue to function as a going concern for the foreseeable future and certainly for at least one year from the date of signing the financial statements.

Plans for the Future

The following objectives have been set and agreed by the Board as integral to the 2018-19 business plan for the period from October 2018 to September 2019.

- a) Welfare. To continue to provide and where possible enhance the level of support available to our Armed Forces Community within the current seven areas of welfare operations² including, amongst other things, by:
 - i. Building effective partnerships and taking advantage of other organisations' strengths to deliver services which are highly effective and cost efficient.
 - ii. Ensuring that our Welfare Centres in Inverness and Kilmarnock continue to be valuable and essential resources for the Armed Forces community in those areas.
 - iii. Leading the Unforgotten Forces consortium to ensure that veterans over the age of 65 receive the most holistic and appropriate support.
 - iv. Work with colleagues at TRBL to ensure that Poppyscotland's welfare services are relevant to the needs of the Armed Forces community in Scotland and to establish new services where a need is demonstrated.

- b) Fundraising. Development of Fundraising activities including by:
 - v. Building on the success of Poppy Appeal activity by ensuring our volunteer management is effective.
 - vi. Development of year-round fundraising including an events programme and direct marketing, building our supporter base, rolling out our legacy strategy and developing a digital fundraising strategy.
 - vii. Continuing to develop our relationship with Legion Scotland.

² Tailored Support and funding to individuals and organisations, advice, employment, mobility, housing, mental health and respite breaks

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
STRATEGIC REPORT**

- viii. Build on the successes of the 1918 Poppy Pledge Centenary Fundraising Challenge to commemorate the end of world war one by introducing a similar programme to commemorate the 100th anniversary of TRBL and to continue to engage with those mid level donors recruited in the previous FY.
 - ix. Working in partnership with TRBL surrounding the D-Day 75 anniversaries.
- c) Education.
- i. To provide education activities which create public awareness of the work of Poppyscotland and support for our welfare services.
 - ii. To deliver the 'Moving Poppy' project – a mobile education initiative aimed at taking the Story of the Poppy and Remembrance to schools and the wider community throughout Scotland – with a view to launching it in April 2019.
- d) Infrastructure.
- i. Progressing plans for the refurbishment of the Edinburgh estate (New Haig House and the Lady Haig Poppy Factory) by implementing a development plan with agreed budgets and timescales
- e) Human Resources
- i. Advance gradual convergence with TRBL human resource policies and systems.

BY ORDER OF THE BOARD



**Allan Lapsley
Trustee
27 June 2019**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of the Earl Haig Fund Scotland (the 'charitable company' and its subsidiary:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 30 September 2018 and of the group's and parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements of the Earl Haig Fund Scotland (the 'charitable company') and its subsidiary (the 'group') which comprise:

- the consolidated and company statements of financial activities (incorporating an income and expenditure account);
- the consolidated and company balance sheets;
- the consolidated cash flow statement; and
- the related notes 1 to 25.

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).

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 group and the parent charitable company in accordance with the ethical requirements that are 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 relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in 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 group's and parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)

We have nothing to report in respect of these matters.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) 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 determine 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 group's and the parent charitable company'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 group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those 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 on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report included within the Report to the Trustees have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the Report to the Trustees.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate and proper accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and 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 charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Reza Motazedi, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

27 June 2019

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

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Consolidated Statement of Financial Activities for the year ending 30 September 2018
Incorporating an income and expenditure account

	Notes	2018 Unrest'd Funds £'000	2018 Restricted Funds £'000	2018 Total Funds £'000	2017 Unrest'd Funds £'000	2017 Restricted Funds £'000	2017 Total Funds £'000
Income from:							
Donations and legacies	3	3,878	290	4,168	3,434	25	3,459
Charitable activities							
Welfare grants	4a)	753	1,688	2,441	703	1,158	1,861
Trading activities	4b)	518	2,204	2,722	384	115	499
Other trading activities		91	-	91	156	-	156
Investments	5	386	-	386	397	-	397
Other	6	37	2	39	30	-	30
		5,663	4,184	9,847	5,104	1,298	6,402
Expenditure on:							
Raising funds	7	2,329	87	2,416	2,160	-	2,160
Charitable activities							
-Poppy manufacturing costs	8	609	14	623	548	133	681
-Welfare services	9	2,656	1,983	4,639	2,446	377	2,823
		3,265	1,997	5,262	2,994	510	3,504
Total Expenditure		5,594	2,084	7,678	5,154	510	5,664
Net gains on investments	15	(25)	-	(25)	142	-	142
Net Income		44	2,100	2,144	92	788	880
Transfers between Funds		79	(79)	0	5	(5)	-
Other recognised gains/ (losses)							
Actuarial gains / (losses) on defined benefit pension scheme	22	191	-	191	229	-	229
Net movement in Funds		314	2,021	2,335	326	783	1,109
Reconciliation of funds							
Total funds brought forward	19	10,068	899	10,967	9,731	127	9,858
Total funds carried forward	19	10,382	2,920	13,302	10,057	910	10,967

There are no other recognised gains or losses other than those listed above and the net income for the year. All income and expenditure derives from continuing operations

The notes on pages 26 to 43 form part of the financial statements.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Company Statement of Financial Activities for the year ending 30 September 2018
Incorporating an income and expenditure account

	Notes	2018 Unrest'd Funds £'000	2018 Restricted Funds £'000	2018 Total Funds £'000	2017 Unrest'd Funds £'000	2017 Restricted Funds £'000	2017 Total Funds £'000
Income from:							
Donations and legacies	3	3,878	276	4,154	3,434	-	3,434
Charitable activities							
Welfare grants	4a)	753	1,688	2,441	703	1,158	1,861
Other trading activities		91	-	91	155	-	155
Investments	5	386	-	386	397	-	397
Other	6	32	-	32	30	-	30
		<u>5,140</u>	<u>1,964</u>	<u>7,104</u>	<u>4,719</u>	<u>1,158</u>	<u>5,877</u>
Expenditure on:							
Raising funds	7	2,329	87	2,416	2,160	-	2,160
Charitable activities	9	<u>2,844</u>	<u>1,983</u>	<u>4,827</u>	<u>2,634</u>	<u>377</u>	<u>3,011</u>
Total Expenditure		5,173	2,070	7,243	4,794	377	5,171
Net gains on investments	15	(25)	-	(25)	142	-	142
Net (Expenditure) / Income		(58)	(106)	(164)	67	781	848
Transfers between Funds		79	(79)	0	5	(5)	-
Other recognised gains/ (losses)							
Actuarial gains / (losses) on defined benefit pension scheme	22	191	-	191	229	-	229
Net movement in Funds		212	(185)	27	301	776	1,077
Reconciliation of funds							
Total funds brought forward	19	9,190	882	10,072	8,889	106	8,995
Total funds carried forward	19	9,402	697	10,099	9,190	882	10,072

There are no other recognised gains or losses other than those listed above and the net income for the year.
All income and expenditure derives from continuing operations

The notes on pages 26 to 43 form part of the financial statements.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Balance Sheets as at 30 September 2018

	Notes	2018 Group £'000	2017 Group £'000	2018 Company £'000	2017 Company £'000
Fixed Assets					
Tangible Assets	13	891	844	891	844
Investment in subsidiary	14			1	1
Investments	15	10,583	10,829	10,583	10,829
Total Fixed Assets		11,474	11,673	11,475	11,674
Current Assets					
Stock	16	438	410	-	-
Debtors	17	442	303	355	215
Cash at Bank		3,062	1,110	655	1,051
		3,942	1,823	1,010	1,266
Liabilities					
Creditors: amounts falling due within one year	18	(367)	(615)	(639)	(954)
Net Current Assets		3,575	1,208	371	312
Total assets less current liabilities		15,049	12,881	11,846	11,986
Defined benefit pension scheme liability	22	(1,747)	(1,914)	(1,747)	(1,914)
TOTAL NET ASSETS		13,302	10,967	10,099	10,072
Funds					
Unrestricted Funds					
Revaluation Reserve		1,377	1,395	1,377	1,395
General Fund		9,403	9,411	8,424	8,534
General funds excluding pension liability		10,780	10,806	9,801	9,929
Pension Reserve		(1,747)	(1,914)	(1,747)	(1,914)
Total general funds		9,033	8,892	8,054	8,015
Designated funds		1,349	1,176	1,348	1,175
Total unrestricted funds		10,382	10,068	9,402	9,190
Restricted funds		2,920	899	697	882
Total Funds		13,302	10,967	10,099	10,072

The financial statements on pages 22 to 43 were approved by the Trustees, authorised for issue and signed on their behalf by:



Allan Lapsley
Trustee
27 June 2019

Registered company no: SC194893

The notes on pages 26 to 43 form part of the financial statements.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Consolidated Cash Flow Statement for year ended 30 September 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities	21	1,450	364
Dividends and interest from investments	5	387	397
Proceeds from sale of investments	15	230	100
Purchase of investments	15	(8)	(22)
Purchase of property, plant and equipment	13	(107)	(202)
Net cash provided by investing activities		<u>502</u>	<u>273</u>
Change in cash and cash equivalents in the reporting period		1,952	637
Cash and cash equivalents at the beginning of the year		1,110	473
Cash and cash equivalents at the end of the year		<u><u>3,062</u></u>	<u><u>1,110</u></u>

There are no cash equivalents and therefore cash and cash equivalents comprise cash at bank.

The notes on pages 26 to 43 form part of the financial statements.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

1. Company Information

The Earl Haig Fund Scotland is a charitable company limited by guarantee incorporated and domiciled in Scotland with registered company number SC194893 and charity number SC014096. The registered office is New Haig House, Logie Green Road, Edinburgh, EH7 4HR. The Earl Haig Fund Scotland is a public benefit entity.

In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

The financial statements have been presented in Pound Sterling as this is the functional and presentational currency of the company.

2. Accounting Policies

a) Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of investments and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016) (Charities SORP 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Assets and liabilities are recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Going Concern

The financial statements have been prepared on a going concern basis. The directors have assessed the charitable company's ability to continue as a going concern and have reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements. For more information on the use of the going concern basis, please see page 10, Strategic Report.

c) Group Financial Statements

The Group Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the company and its wholly owned subsidiary undertaking, The Lady Haig Poppy Factory. The results of the subsidiary are consolidated on a line by line basis. Uniform accounting policies are adopted and intra-group transactions are eliminated on consolidation. The results of the subsidiary undertaking are disclosed in note 14.

d) Fund Accounting

General funds are unrestricted funds, which are available for use at the discretion of the charity in furtherance of the general objectives of the company, and have not been designated for other purposes.

Designated funds comprise unrestricted funds, which have been set aside for a specific purpose. The aim and use of each designated fund is set out in notes to the financial statements.

The pension reserve reflects the excess of pension liabilities as calculated during the actuarial valuation exercise provided under FRS102 as at 30 September 2018.

Restricted funds comprise amounts donated for specific purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

e) Income

Income in respect of donations, legacies and grants is recognised in the Statement of Financial Activities when the group and charity have entitlement to the funds, any performance conditions attached to the receipt of the income have been met, it is probable that the income will be received and the amount can be measured reliably.

A significant amount of donations received by the charity is due to the unstinting work of the many volunteers involved in ensuring the success of the annual Poppy Appeal and the diverse other fundraising activities undertaken on behalf of the charity. It is recorded in the Strategic Report that volunteers contribute some 40,000 hours of voluntary assistance during the year for which no income benefit is recorded in the financial statements.

Income from investments and bank interest is recognised and accrued in the period in which it is receivable

No political donations were received in the year.

f) Expenditure

Expenditure is recognised where there is a legal or constructive obligation to make a payment to a third party, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Expenditure on raising funds includes the cost incurred in generating or promoting the need for fundraising income to support the activities of the group and charity and includes an appropriate allocation of support costs.
- Expenditure on charitable activities includes grants given to relieve need amongst members of the Armed Forces Community and their dependents and other charitable organisations working to relieve distress amongst members of the Armed Forces Community;
- the direct costs incurred of delivering the welfare offering of the group and charity; and
- an appropriate allocation of support costs incurred by those functions which support the work of the group and charity but do not directly undertake charitable activities. Support costs include back office costs such as PR and marketing, finance, personnel, payroll, governance and overheads.

g) Cost Allocation

Governance and indirect general support and overhead costs as scheduled in note 10 of the financial statements have been allocated across the core functions on the basis of staff numbers within the respective functions of expenditure.

h) Tangible Fixed Assets and Depreciation

Capital purchases equal to or greater than £50,000 are capitalised. Depreciation is provided on such tangible assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:-

Land	Nil
Buildings	50 years
Leased Property	Period of lease
Information technology and other equipment	1-5 years

Payments for leased properties are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

i) Investments

Fixed Asset investments are stated at market value. Gains and losses arising from either the change in market value or on sale are included in the Statement of Financial Activities. Income from listed investments is accrued when due for payment. Interest on deposits is accrued on a daily basis.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

j) Stock

Stock held by The Earl Haig Fund Scotland Group relates solely to stock held by its subsidiary, The Lady Haig Poppy Factory and is valued at the lower of cost and net realisable value and include direct costs of labour and materials plus an allocation of general overheads. Poppies and wreaths produced for distribution during the Poppy Appeal are expensed immediately.

Poppyscotland recognises that the Lady Haig Poppy Factory is a supported business with at least 50% of the workforce registered as disabled resulting in additional costs being incurred in order to provide a caring and appropriate environment for the workforce. Accordingly, a standard cost of product manufactured for Poppyscotland is allocated to “expenditure on raising funds” with the balance relating to the costs of providing a supportive working environment being allocated to “grants to other organisations”, within “expenditure on charitable activities”, and expensed in the financial period during which stock is purchased.

k) Financial Instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognized at transaction price (including transaction costs) and subsequently measured at their settlement value.

Trade and other debtors are recognized at the settlement amount due after any discount offered and net of any trade debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured of estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

l) Staff Pension Schemes

There is one pension scheme which is accounted for in accordance with FRS102 section 28, the Earl Haig Defined Benefit Scheme.

For the defined benefit schemes, valuations are undertaken by an independent actuary. The current service costs of the Earl Haig Defined Benefit Scheme are charged to employee costs over the anticipated period of employment. Net pension finance income or costs are included immediately in other income or employee costs as appropriate. Actuarial gains and losses are recognised immediately on the face of the Statement of Financial Activities. The Group share of the scheme deficit is included as a liability in the balance sheet.

m) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In application of the accounting policies, which are described in note 2, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The Trustees do not consider there are any critical judgements or key sources of estimation uncertainty requiring disclosure that are not already described within note 2 above.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

3. Donations and Legacies

	2018	2017
	£'000	£'000
3a)The Earl Haig Fund Scotland		
Poppy Collection	2,818	2,875
Donations	840	380
Events	158	68
Legacies	63	111
The Earl Haig Fund Scotland unrestricted	3,878	3,434
Moving Poppy - Heritage Lottery Fund	(4)	-
Moving Poppy - LIBOR/HM Treasury	183	-
Moving Poppy - Celtic Football Club	10	-
Moving Poppy - Total	189	-
Far, Far from Ypres - Scottish Government	25	-
Far, Far from Ypres - Creative Scotland	15	-
Far, Far from Ypres - CRH Trust	17	-
Far, Far from Ypres - Ness Trust	1	-
Far, Far from Ypres - TBI 20.02.2018	5	-
Far, Far from Ypres – TBI 20.02.2018	5	-
Far, Far from Ypres – Miscellaneous	9	-
Far, Far from Ypres – Ticket Sales	10	-
Far, Far from Ypres – Total	87	-
The Earl Haig Fund Scotland restricted	276	-
3b)The Lady Haig’s Poppy Factory Limited		
Unrestricted Donations	-	11
Restricted Donations	14	14
Lady Haig’s Poppy Factory Limited Total	14	25
3c)		
Group unrestricted	3,878	3,434
Group restricted	290	25
Group Total	4,168	3,459

The total number of poppies distributed on behalf of the Scottish Poppy Appeal in the 12 months to 30 September 2018 was 4,667,370 (12 months to September 2017: 4,581,100).

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

4. Charitable Activities

	2018 £'000	2017 £'000
4a) The Earl Haig Fund Scotland		
The Officers Association Scotland	5	3
The Royal British Legion	748	700
The Earl Haig Fund Scotland unrestricted	<u>753</u>	<u>703</u>
ASAP - The Army Benevolent Fund	52	52
ASAP - The Royal Navy Marines Trust	13	10
ASAP - SSAFA Scottish resources committee	10	10
ASPA - The RAF Benevolent Fund	20	20
ASPA - Seafarers UK	8	-
ASAP - MEB Trust	3	-
ASAP - Dr Isable Harvey Charitable Trust	2	-
ASAP Ayrshire - LIBOR/HM Treasury	52	-
Total ASAP Restricted Funding	<u>160</u>	<u>92</u>
Ayrshire Welfare Centre - Stewarts of Ballymena	37	-
Ayrshire Welfare Centre - LIBOR/HM Treasury	-	250
Ayrshire Welfare Centre - The MacRobert Trust	-	67
Total Ayrshire Welfare Centre Funding	<u>37</u>	<u>317</u>
Moving Poppy - LIBOR/HM Treasury	-	183
Moving Poppy - Heritage Lottery Fund	-	13
Total Moving Poppy Funding	<u>-</u>	<u>196</u>
Vocational Training Grants – Various Organisations	37	-
Unforgotten Forces - Ministry of Defence	1,454	545
Far Far From Ypres - HM Treasury	-	8
The Earl Haig Fund Scotland restricted	<u>1,688</u>	<u>1,158</u>
The Earl Haig Fund Scotland Total	<u>2,441</u>	<u>1,861</u>
4b) The Lady Haig's Poppy Factory Limited		
Sales of Remembrance items	911	746
Shaw Trust	112	-
Sales to Poppy Scotland (excluded from consolidated figures)	(505)	(362)
Lady Haig's Poppy Factory Limited unrestricted Total	<u>518</u>	<u>384</u>
Lady Haig's Poppy Factory Limited restricted Total (HM Treasury Grant)	<u>2,204</u>	<u>115</u>
Lady Haig's Poppy Factory Limited Total	<u>2,722</u>	<u>499</u>
4c) Group Total		
Group unrestricted	1,271	1,087
Group restricted	<u>3,892</u>	<u>1,273</u>
Group Total	<u>5,163</u>	<u>2,360</u>

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

5. Investment Income

	2018	2017
	£'000	£'000
Income from listed investments	355	371
Income from deposit interest	3	4
Gains on disposal of investments	5	-
Investment management fee rebate	23	22
	<u>386</u>	<u>397</u>

6. Other Income

	2018	2017
	£'000	£'000
Rental income	16	13
Miscellaneous income	16	17
The Earl Haig Fund Scotland	<u>32</u>	<u>30</u>
Mobile Museum	2	-
Miscellaneous Income	5	-
Lady Haig's Poppy Factory Limited	<u>7</u>	<u>-</u>
Group Unrestricted	38	30
Group Restricted	1	-
Group Total	<u>39</u>	<u>30</u>

7. Expenditure on Raising Funds

	2018	2017
	£'000	£'000
<u>Direct Costs</u>		
Salaries, National Insurance and pension costs	573	632
Other Supporting Costs	760	965
Purchase of poppies and crosses from Lady Haig's Poppy Factory	317	173
	<u>1,650</u>	<u>1,770</u>
<u>Indirect Costs</u>		
Salaries, National Insurance and pension costs	308	249
Other Supporting Costs	344	141
Expenditure on Poppy Factory Relocation (funded from Reserves)	114	-
	<u>766</u>	<u>390</u>
	<u>2,416</u>	<u>2,160</u>
Analysed as Follows		
Unrestricted activities	2,329	2,160
Restricted activities	87	-
	<u>2,416</u>	<u>2,160</u>

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

8. Poppy Manufacturing Costs

	2018	2017
	£'000	£'000
Salaries, National Insurance and pension costs	583	726
Materials Consumed	74	102
(Increase) / decrease in finished goods	(18)	(107)
Operating expenses	157	115
Support costs	219	18
	<u>1,015</u>	<u>854</u>
Deduct cost of poppies and crosses from Lady Haig's Poppy Factory and Factory relocation costs	(392)	(173)
	<u>623</u>	<u>681</u>
Analysed as Follows		
Unrestricted	609	548
Restricted	14	133
	<u>623</u>	<u>681</u>

9. a) Welfare Services

	2018	2017
	No.	No.
i. Grants to individuals		
Annual review cases at start of year	82	87
Additions / (withdrawals)	1	(5)
Annual review cases at end of year	<u>83</u>	<u>82</u>
Individual cases	<u>1,617</u>	<u>1,485</u>
Annual pension grants to ex-factory employees	<u>17</u>	<u>17</u>

<u>Unrestricted</u>	2018	2017
	£'000	£'000
Individual cases	703	624
Annual review cases	95	107
Annual pension grants to ex-factory employees	9	8
	<u>807</u>	<u>739</u>
<u>Restricted</u>		
Vocational training grants	37	-
	<u>844</u>	<u>739</u>

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

ii. Grants to other organisations

<u>Unrestricted</u>	2018 £'000	2017 £'000
The Royal British Legion Scotland	197	222
The Lady Haig's Poppy Factory	254	236
Veterans Scotland	1	1
Soldiers Sailors Air Force Families Association	15	6
Combat Stress	25	25
ASAP - Citizens Advice Scotland	384	385
The Regular Forces Employment Association	25	-
Sacro	25	10
Royal Caledonian Education Trust	3	4
Miscellaneous	12	13
Employment Services - Royal British Legion Industries	51	30
Employment Services - Scottish Association for Mental Health	127	141
	<u>1,119</u>	<u>1,073</u>

The Earl Haig fund Scotland provides rent free accommodation and support services to the following Local charities located at New Haig House in Edinburgh and Cameronian House in Glasgow at a notional value of £68k:

The Royal British Legion Scotland	The Officers' Association Scotland
Soldiers Sailors Air Force Families Association	The Scottish Veterans' Garden City Association
Veterans' Scotland	The Regular Forces Employment Association

<u>Indirect costs – support of tenant charities</u>	2018 £'000	2017 £'000
Salaries, National Insurance and pension costs	35	65
Other Supporting costs	33	23
	<u>68</u>	<u>88</u>

<u>Restricted</u>	2018 £'000	2017 £'000
Unforgotten Forces - Ministry of defence	1,714	199
Veterans Scotland	-	4
Ayrshire Welfare Centre – LIBOR/The MacRobert Trust	94	62
ASAP - Citizens Advice Scotland	138	102
Moving Poppy - Heritage Lottery Fund	-	10
	<u>1,946</u>	<u>377</u>
Total Grants to other organisations	<u>3,133</u>	<u>1,538</u>

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

9. b) Welfare Support Costs

<u>Direct Costs</u>	2018 £'000	2017 £'000
Salaries, National Insurance and pension costs	389	340
Other supporting costs	66	108
	<u>455</u>	<u>448</u>
 <u>Indirect Costs</u>		
Salaries, National Insurance and pension costs	223	224
Other supporting costs	172	62
	<u>395</u>	<u>286</u>
Unrestricted Support Costs	<u>850</u>	<u>734</u>
	2018	2017
Group Welfare Costs	£'000	£'000
Unrestricted activities	2,656	2,446
Restricted activities	1,983	377
	<u>4,639</u>	<u>2,823</u>
	2018	2017
Company Welfare Costs	£'000	£'000
Unrestricted activities	2,844	2,634
Restricted activities Other supporting costs	1,983	377
	<u>4,827</u>	<u>3,011</u>

10. Allocation of General Support and overhead costs

General support and overhead costs have been allocated across the core functions on the basis of staff numbers within core functions

	Staff Costs 2018 £'000	General Overheads 2018 £'000	Staff Costs 2017 £'000	General Overheads 2017 £'000
Raising Funds	308	344	249	141
Charitable Activities	223	172	224	62
Support to other organisations	35	68	65	23
	<u>566</u>	<u>584</u>	<u>538</u>	<u>226</u>

Governance costs of £17,228 (2017: £20,000) have been included in general overheads, split equally across the costs of raising funds and charitable activities and allocated accordingly. Governance costs include statutory auditors' remuneration relating to the audit of the financial statements of £16,120 (2017: £18,000) for the Earl Haig Fund Scotland and £8,600 (2017: £8,000) for the subsidiary.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

11. Analysis of Staff costs, trustee remuneration and expenses, and the cost of key management personnel

The average monthly number of employees was:

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
Raising Funds	20	17	20	17
Charitable Activities	51	42	18	9
Support to other organisations	19	16	13	10
	<u>90</u>	<u>75</u>	<u>51</u>	<u>36</u>

The aggregate remuneration comprised:

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Wages and Salaries	1,910	1,724	1,234	1,097
Social security costs	163	145	117	102
Other pension costs	280	367	233	316
	<u>2,353</u>	<u>2,236</u>	<u>1,584</u>	<u>1,515</u>

The number of group employees whose emoluments excluding pension contributions but including benefits in kind were in excess of £60,000 was

	Group 2018 No.	Group 2017 No.	Company 2018 No.	Company 2017 No.
£80,000 - £90,000	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The key management personnel of the group comprise those of the charity and its wholly owned subsidiary. The total remuneration (including pension contributions and social security costs) of the key management personnel of the group (and the charity) for the year was £108k (2017: £106k).

Trustees' Remuneration

No trustee of the charity or its subsidiary received remuneration during the year. Two trustees were reimbursed for expenses during the current year to the sum of £634 for travel and subsistence whilst on group business (2017: £163).

12. Taxation

Both The Earl Haig Fund Scotland and The Lady Haig Poppy Factory are registered charities, and as such are entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of each charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes. Accordingly, no tax expense has been recognized in these financial statements.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

13. Tangible Fixed Assets

	Property Freehold	Property Leasehold	Information Technology	Moving Poppy (AUC)	Company and Group Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 October 2017	864	293	65	-	1,222
Additions	-	12	-	95	107
At 30 September 2018	<u>864</u>	<u>305</u>	<u>65</u>	<u>95</u>	<u>1,329</u>
Depreciation					
At 1 October 2017	299	40	39	-	378
Charge for Year	17	30	13	-	60
At 30 September 2018	<u>316</u>	<u>70</u>	<u>52</u>		<u>438</u>
Net Book Value					
At 1 October 2017	565	253	26		844
At 30 September 2018	<u>548</u>	<u>235</u>	<u>13</u>	<u>95</u>	<u>891</u>

Included in Freehold property is an amount of £26,000 (2017: £26,000) in respect of land which has not been depreciated. There are no tangible fixed assets held by Lady Haig's Poppy Factory Limited.

14. Investment in Subsidiary

	2018 £'000	2017 £'000
Group and Company		
1,000 Ordinary shares of £1 at cost	<u>1</u>	<u>1</u>

The investment represents 100% of the share capital of The Lady Haig's Poppy Factory Limited a Scottish registered charitable company (company number SC194777, charity number SC016682, registered office New Haig House, Logie Green Road, Edinburgh, EH7 4HD), whose principal activity is the employment of disabled ex-service personnel to manufacture poppies and wreaths. Poppyscotland provides factory space to the Lady Haig's Poppy Factory Limited at nil consideration. It is not considered possible to estimate the value of this benefit.

A summary of the results of the subsidiary are shown below:

	2018 £'000	2017 £'000
Total Income	3,323	885
Total Expenditure	<u>1,015</u>	<u>854</u>
	<u>2,308</u>	<u>31</u>

The aggregate of assets, liabilities and funds of The Lady Haig's Poppy Factory Limited was:

	2018 £'000	2017 £'000
Current assets	3,287	949
Current liabilities	<u>83</u>	<u>52</u>
	<u>3,204</u>	<u>897</u>

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

15. Investments

Group and Company

	2018	2017
	£'000	£'000
Market value of listed securities at 1 October	10,829	10,765
Additions	8	22
Disposal proceeds	(229)	(100)
Unrealised (loss)/gain during the period	(25)	142
Market value of listed securities at 30 September	10,583	10,829
Investment categories:		
Bonds	5,016	5,547
Equities	4,320	4,218
Other	1,247	1,064
Market value of listed securities at 30 September	10,583	10,829
Cost at 30 September of listed securities	9,206	9,434
Revaluation Reserve	1,377	1,395
Market value of listed securities at 30 September	10,583	10,829

16. Stock

	Group	Group	Company	Company
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Finished good	355	338	-	-
Work in progress	83	72	-	-
	<u>438</u>	<u>410</u>	<u>-</u>	<u>-</u>

Materials expensed shown in Note 8.

17. Debtors

	Group	Group	Company	Company
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	109	77	24	-
The Royal British Legion	139	-	139	-
Other Debtors	40	60	39	60
Prepayments	154	166	153	155
	<u>442</u>	<u>303</u>	<u>355</u>	<u>215</u>

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

18. Creditors: Amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	Company 2018 £'000	Company 2017 £'000
The Royal British Legion	-	121	-	121
The Lady Haig's Poppy Factory Limited	-	-	356	391
Grants payable	25	-	25	-
Trade Creditors	79	11	56	-
Pension Creditor	30	-	23	-
Accruals	187	268	169	235
Tax and social security	29	39	-	31
Sundry creditors	17	176	10	176
	<u>367</u>	<u>615</u>	<u>639</u>	<u>954</u>

19. Funds

	Balance 1 Oct 2017 £'000	Income £'000	Expense £'000	Other gains / (losses) £'000	Transfer between funds £'000	Balance 30 Sept 2018 £'000
(a) Group						
Moving Poppy	186	189	(37)	-	-	338
FFFY	8	87	(50)	-	-	45
ASAP	61	160	(138)	-	-	83
Inverness	25	-	-	-	(5)	20
Welfare Centre Ayrshire	254	37	(94)	-	(74)	123
Unforgotten Forces	346	1,454	(1,714)	-	-	86
Vocational Training Grants	-	37	(37)	-	-	0
LHPF Refurbishment	-	2,204	-	-	-	2,204
Mobile Military Museum	2	2	(2)	-	-	2
LHPF Welfare Fund	17	14	(12)	-	-	19
Restricted Funds	899	4,184	(2,084)	-	(79)	2,920
Sandilands memorial trust	148	6	-	-	(12)	142
Capital Fund – Cameronians	184	-	-	-	(4)	180
LHPF Relocation	-	-	(114)	-	250	136
Capital Reserve	844	-	-	-	47	891
Designated Funds	1,176	6	(114)	-	281	1,349
Revaluation reserve	1,395	-	-	-	(18)	1,377
General fund	9,411	5,657	(5,456)	(25)	(184)	9,403
	11,982	5,663	(5,570)	(25)	79	12,129
Pension reserve	(1,914)	-	(24)	191	-	(1,747)
Unrestricted funds	10,068	5,663	(5,594)	166	79	10,382
Total funds	10,967	9,847	(7,678)	166	0	13,302

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

	Balance 1 Oct 2017 £'000	Income £'000	Expense £'000	Other gains / (losses) £'000	Transfer between funds £'000	Balance 30 Sept 2018 £'000
(b) Company						
Moving Poppy	186	189	(37)	-	-	338
FFFY	8	87	(50)	-	-	45
ASAP	62	160	(138)	-	-	84
Inverness	25	-	-	-	(5)	20
Welfare Centre Ayrshire	254	37	(94)	-	(74)	123
Unforgotten Forces	347	1,454	(1,714)	-	-	87
Vocational Training Grants	-	37	(37)	-	-	0
Restricted Funds	882	1,964	(2,070)	-	(79)	697
Sandilands memorial trust	147	6	-	0	(12)	141
Capital Fund – Cameronians	184	-	-	-	(4)	180
LHPF Relocation	-	-	(114)	-	250	136
Capital Reserve	844	-	-	-	47	891
Designated funds	1,175	6	(114)	0	281	1,348
Revaluation reserve	1,395	-	-	-	(18)	1,377
General fund	8,534	5,137	(5,038)	(25)	(184)	8,424
	11,104	5,143	(5,152)	(25)	79	11,149
Pension reserve	(1,914)	-	(24)	191	-	(1,747)
Unrestricted funds	9,190	5,143	(5,176)	166	79	9,402
Total funds	10,072	7,107	(7,246)	166	0	10,099

Restricted Funds

Third Party Grants

Represents monies received by The Earl Haig Fund Scotland and The Lady Haig Poppy Factory to provide tailored support and training in order to find, secure and retain jobs for individuals with disabilities who face more complex barriers to finding and maintaining an appropriate life-style.

Welfare Fund

As operated by The Lady Haig's Poppy Factory to subsidise catering and leisure facilities for the benefit of the Factory's disabled ex-service workforce.

Designated Funds

The Sandilands Memorial Trust

Following the winding up of the Trust in 2013, the Trustees of The Sandilands Memorial Trust transferred all assets to The Earl Haig Fund Scotland with the expectation that capital and income arising from the transferred assets be applied for the support of ex-Royal Artillery personnel and their dependants.

Capital Reserve

The Capital Reserve represents the depreciated value of the owned and leased properties held by Poppyscotland.

Unrestricted Funds

The General Fund represents the funds of the charity for its general purpose and which are not designated for any specific purpose.

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

20. Analysis of Net Assets

	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	Total Funds £'000
a) Group				
Fund balance are represented by:				
Tangible Fixed assets	891	-	-	891
Investments	321	-	10,261	10,582
Current Asset	136	3,017	790	3,943
Current liabilities	-	-	(367)	(367)
Long-term liabilities	-	-	(1,747)	(1,747)
	<u>1,348</u>	<u>3,017</u>	<u>8,937</u>	<u>13,302</u>

	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	Total Funds £'000
b) Company				
Fund balance are represented by:				
Tangible Fixed assets	891	-	-	891
Investments	322	-	10,262	10,584
Current Asset	136	790	84	1,010
Current liabilities	-	-	(639)	(639)
Long-term liabilities	-	-	(1,747)	(1,747)
	<u>1,349</u>	<u>790</u>	<u>7,960</u>	<u>10,099</u>

21. Note to the Cash Flow Statement

	2018 £'000	2017 £'000
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period	2,144	880
Adjustments for:		
Depreciation charges	60	39
Loss / (Gain) on investments	25	(142)
Dividends and interests from investments	(387)	(397)
(Increase) / decrease in stocks	(28)	(96)
(Increase) / decrease in debtors	(140)	6
Increase / (decrease) in creditors	(248)	33
Adjustment for pension funding	24	41
Total net cashflow at 30 September 2018	<u>1,450</u>	<u>364</u>

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

22. Retirement Benefits

The Earl Haig Fund Scotland Group pension arrangements comprise the following schemes:-

The Earl Haig Fund Scotland – Stakeholder Scheme (Standard Life); this is a defined contribution pension scheme, which was made available to permanent employees following the closure of the defined benefit scheme to new members in July 2002. The standard contribution rates have been set at 6% and 12% by the employee and the employer respectively. Employer contributions amounted to £191,536 (2017:£102,516).

The Lady Haig Poppy Factory – Stakeholder Scheme (Standard Life): this is a defined contribution pension scheme available to the factory workforce. The standard contribution rates have been set at 3% by the employee and the employer. Employer contributions amounted to £20,286 (2017: £35,878).

The Earl Haig Fund Scotland – Stanplan F (KPMG): this is a defined benefit pension scheme, which all permanent employees were eligible to join until the scheme was closed to new members in July 2002. The assets of the Scheme are held separately from those of the charity and are managed by independent Trustees. The annual contribution paid into the Scheme is determined following discussion with the Scheme’s actuaries and is intended to spread the cost of pensions over the anticipated service life of the employees participating in the Scheme. Employee contributions to this plan ceased on 31 March 2018.

As part of the triennial reporting process an actuarial valuation was carried out as at 31 March 2016 and reported a scheme deficit of £1,233 million. As a result, and in order to make inroads into the reported deficit, the employer agreed to make an initial payment of £100,000 into the scheme by August 2017 along with annual deficit contributions of £75,000 with effect from 1 July 2017 until 30 April 2025, increasing by 3% annually from July 2018. In addition, the employer will continue to make annual contributions of £50,000 as an allowance towards scheme expenses. The actuary has stated within his report dated 28 January 2017 that these agreed contributions are expected to improve the funding level from the reported position of 79% at March 2016 to 85% by March 2019.

During the financial period under review employer contribution on behalf of active employees amounted to £16,754. The scheme closed to employee contributions on 31 March 2018.

Amounts recognized in the Statement of Financial Activities

	12 months to 30 Sept 2018 £’000	12 months to 30 Sept 2017 £’000
<u>Analysis of amounts charged against net income</u>		
Current service cost	33	39
Administration expenses	106	168
Net interest cost	49	50
Total cost recognised	<u>188</u>	<u>257</u>
Actuarial (gains) / losses on liabilities	(191)	(229)
Total (increase) / decrease in net funds recognised at 30 September	<u>(3)</u>	<u>28</u>
<u>Reconciliation to the Balance Sheet at 30 September</u>		
Market value of assets	5,255	5,541
Present value of liabilities	<u>(7,002)</u>	<u>(7,455)</u>
Deficit in the fund	<u>(1,747)</u>	<u>(1,914)</u>
<u>Analysis of changes on the value of fund liabilities over the year</u>		
Value of liabilities at 1 October	7,455	8,099
Service cost	33	39

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

	12 months to 30 Sept 2018 £'000	12 months to 30 Sept 2017 £'000
Interest cost	188	191
Member contribution	5	6
Benefits paid	(476)	(327)
Actuarial (gains) / losses	(203)	(553)
Value of liabilities at 30 September	7,002	7,455
<u>Reconciliation to the Balance Sheet at 30 September</u>		
Opening value of assets	5,541	5,997
Administration expenses	(106)	(168)
Interest income	139	141
Actuarial (gains) / losses	(12)	(324)
Employer contributions	164	216
Member contributions	5	6
Benefits paid	(476)	(327)
Closing Market value of assets	5,255	5,541

The amounts shown in the table above for the value of assets are quoted at bid-price.

The cumulative amount of actuarial losses recognises (since 2011) is a cumulative loss of £1,405 million (2017: £1.596 million).

The assets of The Earl Haig Fund Scotland – Stanplan F are managed by Hewitt Risk Management Services Limited. Details of the allocation of assets held as at 30 September 2018 are shown below:

<u>Asset Class</u>	12 months to 30 Sept 2018 £'000	12 months to 30 Sept 2017 £'000
Equities	2,363	2,426
Cash	50	107
Annuities	560	625
Other assets	2,282	2,383
Total Assets	5,255	5,541

Financial assumptions

	Pa %	Pa %
Discount Rate	2.80	2.60
Retail price index (RPI) inflation	3.30	3.30
Consumer prices index (CPI) inflation	2.30	2.30
Salary Increases	3.30	3.30

THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)
Notes to the Financial Statements for the year ended 30 September 2018

Rate of increases of pensions in payment: 5% or CPI if less with min increases rate of 3% pa		3.20	3.20
2.5% or CPI if less		1.90	1.90
Rate of increase for deferred pensioners		2.30	2.30
<u>Life expectancies</u>		Years	Years
Life expectancy for an individual aged 60 in 2016	Males	27.4	27.6
	Females	29.4	29.6
Life Expectancy at age 60 for an individual aged 40 in 2016	Males	29.0	29.2
	Females	31.0	31.2

23. Financial Commitments

Operating lease commitments – the total future minimum lease payments under non-cancellable operating leases:

	Buildings 2018 £'000	Other 2018 £'000	Buildings 2017 £'000	Other 2017 £'000
Within one year	45	21	45	13
Between one and five years	243	25	243	-
After five years	164	-	209	-
	<u>452</u>	<u>46</u>	<u>497</u>	<u>13</u>

24. Related Parties

Advantage has been taken of the exemptions available under FRS 102 to not disclose balances with or transactions between The Earl Haig Fund Scotland and The Royal British Legion.

25. Parent Undertaking and Ultimate Controlling Party

The immediate and ultimate parent company is The Royal British Legion, a charity registered in England and Wales (charity number 219279). The financial statements of The Earl Haig Fund Scotland are consolidated into the financial statements of The Royal British Legion. The consolidated financial statements can be obtained from The Royal British Legion at 199 Borough High Street, London, SE1 1AA.