



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

**Year ended 30 September 2019**

**Charity Registration Number SC014096**

**Registered Company Number SC194893 (Scotland)**

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)  
REPORT OF THE TRUSTEES incorporating a STRATEGIC REPORT**

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## **THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)** **REPORT OF THE TRUSTEES incorporating a STRATEGIC REPORT**

The Trustees submit their annual report, which incorporates a strategic report, and audited consolidated financial statements for the year ended 30 September 2019.

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), revised 1 January 2016).

### **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. 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

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

### **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.

The trustees have considered the potential impact of the significant control measures enacted by the UK Government to fight the Covid-19 virus on the ability of the Group to continue as a going concern for a period of at least 12 months from the date of signing the accounts.

The most significant areas of financial impact across the Group are:

Fundraising – income from individual supporters will likely decline due to the cancellation of fundraising events, pressure on household finances and challenging conditions in the property and investment markets impacting legacy income.

Investments – the market value of the group's investments stood at £11.1 million at 30 September 2019, all of which are held with Sarasin & Partners. Following a period of intense stock market volatility, the value of the Sarasin portfolio stood at £10.6 million on 30 April 2020, at the current market levels this demonstrates a 5 per cent loss in market value. The length of time control measures remain in place and the resulting economic impact will determine the speed at which investment values recover.

Pension deficit – the Group defined benefit pension deficits of the group stood at £1.8 million at 30 September 2019. Whilst the deficit is likely to increase, a reliable estimate of the impact cannot be made at this time. The triennial valuation of the schemes is currently taking place and is due to be completed by 30 June 2020 and will be reflected in the 2020 accounts. It should be noted that the pension deficit is a long-term liability, which will crystallise over several years.

Lady Haig's Poppy Factory – We have forecast scenarios where the factory returns to work by September, which would result in a 17 per cent reduction in sales, and a more pessimistic scenario which would see a 59 per cent reduction in sales if the Poppy Appeal is significantly affected, but there is the opportunity to obtain savings in direct labour costs should we not require to provide a factory service for the 2020 Poppy Appeal which will somewhat negate these losses in income. The Lady Haig site in Edinburgh is undergoing a significant refurbishment which has been delayed due to Covid-19, this will impact the expenditure from the existing restricted funding that we hold of £2.2 million, and the drawdown of funding from unrestricted reserves, but the refurbishment is expected to continue when construction companies return to work.

We have forecast our income, expenditure, gains, and losses for the financial years ending 30 September 2020 and 2021 using two scenarios. Our more pessimistic scenario assumes that Poppy Appeal 2020 is significantly affected, overall income reduces by 73 per cent and investment values continue to decline to 30 September 2021, with a result that we could see a loss of up to one third of the investment portfolio value. In this scenario we would continue to be a going concern.

At the start of the pandemic, the Poppyscotland group had a strong and liquid balance sheet and our analysis shows that the group would remain a going concern in the scenario described above.

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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.

### **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 helping 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 Poppyscotland's 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 £414k (2018: £386k) of investment income and net valuation gains of £483k (2018: Losses £25). The total portfolio valuation as at 30 September 2019 was £11,088k (2018: £10,583k).

### **Reserves Policy**

Poppyscotland is a wholly owned subsidiary of The Royal British Legion and the two organisations are increasingly closely integrated in many operational areas. The Royal British Legion's mission is to support the armed forces community throughout the UK. It is therefore committed for the long term to ensuring that veterans in Scotland receive the support they need, as they do elsewhere in the UK. It achieves this through its relationship with Poppyscotland. RBL will agree with PS, as part of the process of setting plans and budgets across the RBL Group, plans and budgets for services and Scotland. Poppyscotland therefore does not seek to maintain its own separate unrestricted reserves.

Total funds amount to £13,886k (2018: £13,302k) of which free unrestricted reserves amount to £10,705k (2018: £10,382k).

Restricted reserves of £3,181k were held at 30 September 2019 (2018: £2,920k) 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 activities undertaken by The Lady Haig Poppy Factory Limited (LHPF).

Designated reserves of £1,335k were held at 30 September 2019 (2018: £1,349k) 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;

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- 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 The Royal British Legion, and including the Director General and two members of the Board of Trustees of The Royal British Legion. The remaining members of the board are based in Scotland.

### **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

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- 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 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 on induction onto the board and regularly updated when training needs are identified by the board, The Royal British Legion or Senior Management Team.

### **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.

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**Reference and Administration Information**

**Poppyscotland Senior Management Team**

**Chief Executive**

Mark Bibbey

**Head of Finance**

Jennifer McCartney

**Head of HR & Administration**

Pamela Beattie

**Head of Marketing & Commercial Services**

Fraser Bedwell

**Head of Fundraising**

Gordon Michie

**Head of Welfare Services**

Gary Gray

**The Lady Haig Poppy Factory Manager**

Charlie Pelling

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**

Charles Byrne

Una Cleminson BEM, TD (Resigned 15 May 2019)

Professor Alexander Davison RD

Colonel Allan Lapsley QVRM TD DL

Patrick O'Meara

Anthony Macaulay (Appointed 21 November 2018) (Chairman)

Colin Kemp (Appointed 19 May 2019, Resigned 14 August 2019)

Joe Falzon OSJ BEM (Appointed 30 September 2019)

Kenneth Barclay (Resigned 21 November 2018)

**Legal Adviser**

Gillespie Macandrew LLP  
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Edinburgh  
EH3 8EJ

**Auditor**

Deloitte LLP  
Hill House  
1 Little New Street  
London  
EC4A 3TR

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

## REPORT OF THE TRUSTEES incorporating a 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 services<sup>1</sup>, 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 2019 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 growing the relationship and increasing the income received from our Merchandise range with a view to expand to an all year-round merchandise offering.
  - iv. Continuing to develop our relationship with Legion Scotland and our colleagues within TRBL.
  - v. Developing fundraising plans and strategy for the potential redevelopment of the Lady Haig Poppy Factory with a campaign target of £1.5m.
  - vi. Develop fundraising plans and strategy to BUD, our mobile education initiative which is taking the Story of the Poppy and remembrance to schools and the wider community throughout Scotland.

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

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- 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.
- d) Education.
- To provide education activities that creates public awareness of the work of Poppyscotland and support for our welfare services.
  - To ensure that BUD has a full engagement programme of visits to schools and public events, supporting the Poppyscotland Welfare services department.
  - To ensure that the broader education requirement is included in the refurbishment of the Poppy Factory, providing 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 £0.943 million (2018: £0.844 million) (see note 9a).

Some £725k was spent directly on supporting 1,534 individuals (2018: £703k; 1,617 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 201 (2018: 243) 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 13 grants at a cost of £2,812k (2018: 18 grants, £3,133k) were provided to support charitable activities by organisations delivering services supporting Scotland's Armed Forces community. 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 programme
- Regular Forces Employment Association
- Combat Stress
- Funding Sacro to deliver a disclosure service for veterans with a criminal conviction as well as supporting their Veterans Mentoring Service
- 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.

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In addition, we have continued to work with 15 partner organisations to deliver the Unforgotten forces project, which has been possible through the Aged Veterans Fund, funded by the Chancellor using LIBOR funds.

### *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 £551k (£371k unrestricted, £180k restricted funding) (2018: £522k, £384k unrestricted, £138k restricted funding) (see note 9a(ii)).

ASAP is delivered in 11 regions across Scotland and supported by a National Telephone Helpline. The service has supported more than 2,347 individual clients with nearly 12,300 new and repeat issues. The client financial gain since the start of ASAP, in July 2010, is £15.1 million as at 30 September 2019. This equates to approximately £4.24 for every £1 of funding invested in the project.

### *Development of support available from our Welfare Centre in Inverness:*

During the reporting period, Poppyscotland Inverness has received 985 (2018: 790) 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 1,813 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.

### *Delivery of support from our Welfare Centre in Kilmarnock:*

Our Welfare Centre in Kilmarnock has been open for a shorter time than its sister centre in Inverness. During the reporting period, Poppyscotland Ayrshire received 737 (2018: 481) general enquiries. Our welfare staff provided holistic support and guidance to 2,206 people seeking help. The Centre has now firmly established itself in its locale and over the course of the next 12 months, we will look to extend our footprint to the furthest corners of Ayrshire.

### *Welfare Support Service:*

Following a review of our welfare offering, a decision was made in the early part of FY18/19 to introduce a new Welfare Support Service. We had identified that in some parts of Scotland there were members of the Armed Forces community not receiving as timely support as we would have liked, and a changing landscape suggested the we need to take steps to future proof the delivery of our welfare offering. In close dialogue with TRBL, who provided initial funding for this development, a new Welfare Support Service was launched on 1 April 2019. The team comprises 7 individuals; a head of service, 4 welfare support officers and 2 independent living advisors. Following intensive training, the team went operational on 13-May 2019. The team have been extremely busy and in the short time that they have been operational and our decision to introduce the new service has been vindicated. During the period under review the Welfare Support Service undertook 369 visits supporting 193 individuals.

### *Engagement with Veterans Scotland:*

We continue to be represented on the Veterans Scotland Executive Committee and chair annual working groups about grants to both individuals and organisations. We also were instrumental in the establishment of a Public Policy Group under the Veterans Scotland umbrella and continue to provide rent free accommodation to Veterans Scotland and eight other charities in New Haig House.

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

Unforgotten Forces, our collaboration in support of veterans aged 65 and over, continued to deliver significant support to Scotland's older veterans. The consortium, possible through £4 million from the Aged Veterans Fund (funded by the Chancellor using LIBOR funds), has now entered its 3<sup>rd</sup> year of service delivery. During the year, the Royal Air Forces Association became the 16<sup>th</sup> member of the consortium and since the launch of Unforgotten Forces in July 2017, there have been 8,608 episodes of support. The challenge facing the consortium in its final year of funding is to identify sustainability funding.

*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 activities targeted at those who are most detached from the workplace. Our expenditure across our employment services has been £184k (2018: £178k) (see note 9a(ii)), the most prominent of these services being our Employ-Able programme, a partnership with the Scottish Association for Mental Health (SAMH). Employ-Able has helped 219 veterans during the year (2018: 207), 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 21 (2018: 25) individuals participated through our relationship with the Royal British Legion Industries. Our Employment Grants has seen an increase in interest with 48 (2018: 36) individuals achieving qualifications to assist them into employment.

*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 36 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, £277k, representing the charitable element of expenditure incurred in manufacturing the poppies is treated as a welfare expense within Poppyscotland's accounts (see note 9a(ii)).

Poppy Factory income and expenditure arising from all activities during the year was £1,431k and £1,650k respectively (2018: £3,323k and £1,015k respectively). Sales of poppies to Poppyscotland and related activities, such as refurbishing poppy tins, undertaken on behalf of Poppyscotland, amounted to £468k, a decrease on the previous year total of £505k, which included the production of commemorative poppies for the 2018 appeal. 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 £64k (see note 8 for detailed breakdown of expenditure).

### **b) Fundraising**

During this financial year we benefitted from the National focus on the 100<sup>th</sup> Anniversary Commemorations of the signing of the Armistice, this ensured that we had maximum exposure for our work. It was also a key message in driving forward the rest of our all-year-round fundraising activities to support our core welfare provision. The previous work undertaken through our Legacy review has produced a new legacy proposition that developed into an organisational wide fundraising proposition that has been rolled out across our campaigns.

*Behind them Always.*

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The review of our digital fundraising strategy continues, and we have been able to test certain digital led tasks 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 £2.948 million (2018: £2.818 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 addition of dedicated Supermarket Area organisers has also been a positive step to ensure that we have the widest coverage against the greatest footfall.

The Volunteer Coordinator role continues to prove successful in ensuring that our relationship with Area Organisers keeps apace with ongoing recruitment and development requirements.

The Scottish Poppy Appeal heavily relies on the 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. This year we introduced and tested the Supermarket AO role – this role is like the traditional AO remit but focusses on a single supermarket and this successful test will be rolled out in future years. 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 ensures that the Scottish Poppy Appeal can generate the income that it does annually to support our wider welfare services. We are indebted to all our supporters for their enthusiastic support with the Poppy Appeal.

### *Income from non-Poppy Appeal sources:*

Unrestricted income raised from donations, legacies and other activities such as raffles and events amounted to £1,662k (2018: £1,060k) (see note 3). The raffle programme has been further tested this year with prize draw mailings being added to the mix and this has seen an ever-increasing return within our Direct Marketing (DM) programme, and our newsletter stewardship programme is also seeing increased returns. This year we again saw an increased participation in the Sportive cycling event, which is now in its fifth year, with 916 cyclists registering to participate (2018 – 1,200). The Sportive continues to grow and be a flagship in our calendar and was nominated last year for a travel industry award. It has this year been shortlisted for the best volunteer group within the annual Institute of Scotland Fundraising Awards. The ongoing partnership with the State Band of Scotland the Band of the Royal Regiment of Scotland has been strengthened again with our 2<sup>nd</sup> Walking with Heroes tour.

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.

The 1918 Poppy Pledge campaign ended in this year, but the concept was so successful we will roll this out as a new programme to commemorate the 2021 anniversary of the Poppy Appeal; due to

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the success of the initiative, it has been shortlisted for an award in the annual Institute of Fundraising Scotland awards.

Continued 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 and was officially named BUD in 2019. This ambitious and bold project takes elements of our museum collection, key parts of Lady Haig's Poppy Factory tour experience, digital interpretation and learning facilities on the road. The early response from schools and the general public has been very positive and we are seeing a full diary of bookings in the year ahead.

Our partnership with the WW100Scotland Commemorations panel has led them to ask Poppyscotland's learning team to be the custodians of the collateral collected during the last 5 years and we will ensure that their legacy to commemorate the centenary of the end of the First World War will continue to support the fundraising associated with the centenaries of the first Poppy Appeal in 2021 and the opening of Lady Haig's Poppy Factory in 1926.

Corporate Fundraising Strategy also received a positive increase in activity due to the 100<sup>th</sup> year commemorations and these only helped to further strengthen many UK-wide and Scotland only relationships. These relationships are crucial in the long-term redevelopment of Lady Haig's Poppy Factory.

Given the recognition of the importance yet volatile nature of legacy income to the charity's income streams, the first phases of our legacy strategy were rolled out in 2019, with a mix of traditional and digital messaging being used to deliver our new proposition of Behind Them. Always.

**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 100<sup>th</sup> 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 programme 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.

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Our 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 gained widespread media coverage and the project was recognized by a global award in the 2019 International Serious Play Award Programme. This innovative partnership will continue to develop new ways to use Virtual Reality in our work.

**Group Financial Review**

Income for the 12-month period to 30 September 2019 amounted to £8,888k (2018: £9,847k).

Unrestricted income amounted to £6,263k (2018: £5,663k)

Donations and legacies (note 3). The majority of the company's income comes from The Scottish Poppy Appeal, which raised £2,948k (2018: £2,818k), equivalent to 47% (2018: 50%) 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 unrestricted donations and income raised from various fundraising activities such as raffles, events, trusts, regular supporters and legacies amounted to £1.712 million (2018: £1.060 million), a 62% increase on the previous year.

The Royal British Legion (TRBL) and the Officers Association Scotland provided grant support of £546k (2018: £748k) and £5k (2018: £5k) respectively (note 4a). The grant from TRBL was received to offset our budgeted deficit of £1,091k as approved by the Board of Trustees of TRBL, but strong income on Legacies and Poppy Appeal meant that only half of the grant was required.

Lady Haig's Poppy Factory supported group activities with the production and distribution of poppies, wreaths and Remembrance Crosses and contributed £570k to group unrestricted income on a consolidated basis (2018: £518k) (note 4b).

During the year under review, the investment portfolio generated £397k (2018: £383k) of investment income, with £17k (2018: £3k) of bank interest being received (note 5).

Other income of £20k (2018: £39k) was received from a variety of sources including rents receivable (note 6).

Unrestricted expenditure for the 12-month period to 30 September 2019 amounted to £6,318k (2018: £5,594k).

The unrestricted cost to the group of generating funds amounted to £2,562k (2018: £2,329k) 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 £3,819k (2018: £3,265k) 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 36 veterans. The overall cost to the group of £586k (2018: £421k) (note 8). Expenditure of £277k (2018: £322k) (note 9a(ii)) was recognised

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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 £365k (2018: £44k) principally due to strong gains on investments of £483k, and higher than expected income from Poppy Appeal 2018 and Legacies, offset by expenditure on the relocation of Lady Haig's Poppy Factory of £327k funded from reserves. Following transfers between funds and actuarial losses of £41k in respect of the defined benefit pension scheme, the group has total unrestricted funds of £10,705k (2018: £10,382k).

Restricted income and expenditure for the 12-month period to 30 September 2019 amounted to £2,625k (2018: £4,184k) and £2,365k (2018: £2,084k) 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 £105k from Jobcentre Plus (2018: £112k), and other donation income of £66k (2018: £16k).

The restricted surplus before transfers amounted to £260k (2018: £2,100k)

Following transfers between funds the group has total restricted funds of £3,181k (2018: £2,920k).

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 scheme it closed to future accrual with effect from 31 March 2018.

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 £1,811k as at 30 September 2019 (2018: £1,747k) 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 £625k (2018: £2,144k) which is lower than prior year due to a significant restricted fund (£2.1m) received in 2018, which was exceptional in nature. Legacies received and a strong poppy appeal in 2018 has resulted in higher income levels. Strong investment gains have also ensured a positive net position. Following transfers between funds and actuarial losses of £41k in respect of the defined benefit pension scheme (2018: actuarial gain of £191k), the group has total funds of £13,886k (2018: £13,302k).

**Plans for the Future**

The following objectives have been set and agreed by the Board as integral to the 2019-20 business plan for the period from October 2019 to September 2020 and have factored in the impact of COVID-19 as part of financial forecasting for the financial years ending 30 September 2020 and 30 September 2021.



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- 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<sup>2</sup> 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:
- i. Building on the success of Poppy Appeal activity by ensuring our volunteer management is effective. We are ensuring that volunteers are well informed of current government guidance around social distancing and the approach that will be employed during Poppy Appeal 2020.
  - ii. Development of year-round fundraising including an events programme, subject to government guidance on COVID-19, direct marketing, building our supporter base, rolling out our legacy strategy and rolling out our digital fundraising strategy.
  - iii. Continuing to develop our relationship with Legion Scotland.
  - iv. Continuing to work in partnership with TRBL surrounding the VE/VJ day 75-year anniversaries.
- c) Education.  
To provide education activities which create public awareness of the work of Poppyscotland and support for our welfare services.
- d) Infrastructure.  
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.
  - ii. Complete the Pay & Grading review in conjunction with TRBL.

**BY ORDER OF THE BOARD**



**Anthony Macaulay**  
**Chairman**  
**3 June 2020**

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

# 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 (the 'group')):

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 30 September 2019 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 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 27.

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 Financial Reporting Council's (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.

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 the 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.

We have nothing to report in respect of these matters.

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

### **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 FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://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 trustees' report, 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 and the directors' report included within the trustees' report 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 trustees' report.

### 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

3 June 2020

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 2019**  
**Incorporating an Income and expenditure account**

	Notes	2019 Unrest'd Funds £'000	2019 Restrict'd Funds £'000	2019 Total Funds £'000	2018 Restated Unrest'd Funds £'000	2018 Restated Restrict' Funds £'000	2018 Restated Total Funds £'000
<b>Income from:</b>							
Donations and legacies	3	4,660	438	5,098	3,878	290	4,168
Charitable activities							
Welfare grants	4a)	611	2,174	2,785	753	1,688	2,441
Trading activities	4b)	570	-	570	518	2,204	2,722
		<u>1,181</u>	<u>2,174</u>	<u>3,355</u>	<u>1,271</u>	<u>3,892</u>	<u>5,163</u>
Other trading activities		1	-	1	91	-	91
Investments	5	401	13	414	386	-	386
Other	6	20	-	20	37	2	39
		<u>6,263</u>	<u>2,625</u>	<u>8,888</u>	<u>5,663</u>	<u>4,184</u>	<u>9,847</u>
<b>Expenditure on:</b>							
Raising funds	7	2,562	413	2,975	2,329	87	2,416
Charitable activities							
-Poppy manufacturing costs	8	586	289	875	421	14	435
-Welfare services	9	3,233	1,663	4,896	2,844	1,983	4,827
		<u>3,819</u>	<u>1,952</u>	<u>5,771</u>	<u>3,265</u>	<u>1,997</u>	<u>5,262</u>
<b>Total Expenditure</b>		<b>6,381</b>	<b>2,365</b>	<b>8,746</b>	<b>5,594</b>	<b>2,084</b>	<b>7,678</b>
Net gains on investments	15	483	-	483	(25)	-	(25)
<b>Net Income</b>		<b>365</b>	<b>260</b>	<b>625</b>	<b>44</b>	<b>2,100</b>	<b>2,144</b>
Transfers between Funds		(1)	1	-	79	(79)	-
<b>Other recognised gains/ (losses)</b>							
Actuarial (losses)/gains on defined benefit pension scheme	22	(41)	-	(41)	191	-	191
<b>Net movement in Funds</b>		<b>323</b>	<b>261</b>	<b>584</b>	<b>314</b>	<b>2,021</b>	<b>2,335</b>
<b>Reconciliation of funds</b>	<b>19</b>						
Total funds brought forward		10,382	2,920	13,302	10,068	899	10,967
<b>Total funds carried forward</b>		<b>10,705</b>	<b>3,181</b>	<b>13,886</b>	<b>10,382</b>	<b>2,920</b>	<b>13,302</b>

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 25 to 44 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 2019**  
**Incorporating an Income and expenditure account**

	Notes	2019 Unrest'd Funds £'000	2019 Restricted Funds £'000	2019 Total Funds £'000	2018 Unrest'd Funds £'000	2018 Restated Restricted Funds £'000	2018 Total Funds £'000
<b>Income from:</b>							
Donations and legacies	3	4,610	422	5,032	3,878	276	4,154
Charitable activities							
Welfare grants	4a)	611	2,174	2,785	753	1,688	2,441
Other trading activities		-	-	-	91	-	91
Investments	5	401	-	401	386	-	386
Other	6	13	-	13	32	-	32
		<u>5,635</u>	<u>2,596</u>	<u>8,231</u>	<u>5,140</u>	<u>1,964</u>	<u>7,104</u>
<b>Expenditure on:</b>							
Raising funds	7	2,562	413	2,975	2,329	87	2,416
Charitable activities	9	3,233	1,663	4,896	2,844	1,983	4,827
<b>Total Expenditure</b>		<b>5,795</b>	<b>2,076</b>	<b>7,871</b>	<b>5,173</b>	<b>2,070</b>	<b>7,243</b>
Net gains on investments	15	483	-	483	(25)	-	(25)
<b>Net Income / (Expenditure)</b>	24	<b>323</b>	<b>520</b>	<b>843</b>	<b>(58)</b>	<b>(106)</b>	<b>(164)</b>
Transfers between Funds		-	-	-	79	(79)	-
<b>Other recognised gains/ (losses)</b>							
Actuarial (losses) / gains on defined benefit pension scheme	22	(41)	-	(41)	191	-	191
<b>Net movement in Funds</b>		<b>282</b>	<b>520</b>	<b>802</b>	<b>212</b>	<b>(185)</b>	<b>27</b>
<b>Reconciliation of funds</b>							
Total funds brought forward	19	9,402	697	10,099	9,190	882	10,072
<b>Total funds carried forward</b>		<b>9,684</b>	<b>1,217</b>	<b>10,901</b>	<b>9,402</b>	<b>697</b>	<b>10,099</b>

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 25 to 44 form part of the financial statements.

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Balance Sheets as at 30 September 2019**

	Notes	2019 Group £'000	2018 Group £'000	2019 Company £'000	2018 Company £'000
<b>Fixed Assets</b>					
Tangible Assets	13	1,168	891	1,168	891
Investment in subsidiary	14	-	-	1	1
Investments	15	<u>11,088</u>	<u>10,583</u>	<u>11,088</u>	<u>10,583</u>
<b>Total Fixed Assets</b>		<b><u>12,256</u></b>	<b><u>11,474</u></b>	<b><u>12,257</u></b>	<b><u>11,475</u></b>
<b>Current Assets</b>					
Stock	16	464	438	-	-
Debtors	17	554	442	463	355
Cash at Bank		<u>2,907</u>	<u>3,062</u>	<u>687</u>	<u>655</u>
		<u>3,925</u>	<u>3,942</u>	<u>1,150</u>	<u>1,010</u>
<b>Liabilities</b>					
Creditors: amounts falling due within one year	18	<u>(484)</u>	<u>(367)</u>	<u>(695)</u>	<u>(639)</u>
Net Current Assets		3,441	3,575	455	371
<b>Total assets less current liabilities</b>		<b><u>15,697</u></b>	<b><u>15,049</u></b>	<b><u>12,712</u></b>	<b><u>11,846</u></b>
Defined benefit pension scheme liability	22	<u>(1,811)</u>	<u>(1,747)</u>	<u>(1,811)</u>	<u>(1,747)</u>
<b>TOTAL NET ASSETS</b>		<b><u>13,886</u></b>	<b><u>13,302</u></b>	<b><u>10,901</u></b>	<b><u>10,099</u></b>
<b>Funds</b>					
Restricted funds	19	<u>3,181</u>	<u>2,920</u>	<u>1,217</u>	<u>697</u>
<b>Unrestricted Funds</b>					
Designated funds		1,335	1,349	1,333	1,348
Revaluation Reserve		1,851	1,377	1,851	1,377
General Fund		<u>9,330</u>	<u>9,403</u>	<u>8,311</u>	<u>8,424</u>
General funds excluding pension liability		12,516	12,129	11,495	11,149
Pension Reserve		<u>(1,811)</u>	<u>(1,747)</u>	<u>(1,811)</u>	<u>(1,747)</u>
Unrestricted funds		<u>10,705</u>	<u>10,382</u>	<u>9,684</u>	<u>9,402</u>
<b>Total Funds</b>		<b><u>13,886</u></b>	<b><u>13,302</u></b>	<b><u>10,901</u></b>	<b><u>10,099</u></b>

The financial statements on pages 25 to 44 were approved by the Trustees, authorised for issue and signed on their behalf by:



Anthony Macaulay  
Chairman  
3 June 2020

Registered company no: SC194893

The notes on pages 25 to 44 form part of the financial statements.

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Consolidated Cash Flow Statement for the year ended 30 September 2019**

Consolidated Cash Flow Statement

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities	21	(163)	1,450
Dividends and interest from investments	5	414	387
Proceeds from sale of investments	15	-	230
Purchase of investments	15	(22)	(8)
Purchase of property, plant and equipment	13	(384)	(107)
Net cash provided by investing activities		<u>8</u>	<u>502</u>
Change in cash and cash equivalents in the reporting period		(155)	1,952
Cash and cash equivalents at the beginning of the year		3,062	1,110
Cash and cash equivalents at the end of the year		<u><u>2,907</u></u>	<u><u>3,062</u></u>

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

The notes on pages 25 to 44 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 2019**

**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 4HQ. 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 2015), revised 1 January 2016), 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 trustees have assessed the charitable company's ability to continue as a going concern including considering the impact of the COVID-19 pandemic as set out in page 4 of the financial statements. The trustees therefore 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 4, Report of the Trustees.

**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, which 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 are 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 2019.

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

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.

**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.

Donated facilities are recognized in income at their fair value when their economic benefit is probable, it can be measured reliably, and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity based on the open market rental income applicable to the premises donated. A corresponding amount is recognized in expenditure.

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

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

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.

**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 includes 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 bad 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 or 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

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

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.

**3. Donations and Legacies**

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
	Unrest'd	Restricted	Unrest'd	Restricted
The Earl Haig Fund Scotland				
Poppy Collection	2,948	-	2,818	-
Donations	1,182	-	840	-
Events	192	-	158	-
Legacies	288	62	62	-
Bud Poppy Scotland Truck - Heritage Lottery Fund	-	170	-	(4)
Bud Poppy Scotland Truck - LIBOR/HM Treasury	-	-	-	183
Bud Poppy Scotland Truck - Celtic Football Club	-	10	-	10
Bud Poppy Scotland Truck - Wilson Brown Legacy	-	50	-	-
Bud Poppy Scotland Truck - Miscellaneous	-	17	-	-
Bud Poppy Scotland Truck - Total	-	247	-	189
WW100 – Travel Exhibition	-	45	-	-
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 – Dickson Minto	-	-	-	5
Far, Far from Ypres – Morton Charitable Trust	-	-	-	5
Far, Far from Ypres – Miscellaneous	-	10	-	9
Far, Far from Ypres – Ticket Sales	-	33	-	10
Far, Far from Ypres – Clydesdale Bank	-	25	-	-
Far, Far from Ypres – Total	-	68	-	87
The Earl Haig Fund Scotland Total	4,610	422	3,878	276
The Lady Haig's Poppy Factory Limited - Donations	50	16	-	14
Group Total Donations and Legacies	4,660	438	3,878	290

The total number of poppies distributed on behalf of the Scottish Poppy Appeal in the 12 months to 30 September 2019 was 3,196,280 (12 months to September 2018: 4,667,370).

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

**4. Charitable Activities**

	2019 £'000 Unrest'd	2019 £'000 Restricted	2018 Restated £'000 Unrest'd	2018 Restated £'000 Restricted
4a) The Earl Haig Fund Scotland				
The Officers Association Scotland	5	-	5	-
The Royal British Legion	546	-	748	-
Welfare Services Income	58	-	-	-
Employment	2	-	-	-
ASAP - The Army Benevolent Fund	-	65	-	52
ASAP - The Royal Navy Marines Trust	-	25	-	13
ASAP - SSAFA Scottish resources committee	-	10	-	10
ASAP - The RAF Benevolent Fund	-	-	-	20
ASAP - Seafarers UK	-	-	-	8
ASAP - MEB Trust	-	-	-	3
ASAP - Dr Isabel Harvey Charitable Trust	-	-	-	2
ASAP - AEB Trust	-	10	-	-
ASAP - The Officers Association Scotland	-	25	-	-
ASAP - LIBOR/HM Treasury	-	-	-	52
<b>Total ASAP Funding</b>	<b>-</b>	<b>135</b>	<b>-</b>	<b>160</b>
Ayrshire Welfare Centre - Stewarts of Ballymena	-	-	-	37
Vocational Training Grants	-	56	-	37
Unforgotten Forces - Ministry of Defence	-	1,398	-	1,454
NHS Highland	-	521	-	-
Welfare General	-	64	-	-
<b>The Earl Haig Fund Scotland Total</b>	<b>611</b>	<b>2,174</b>	<b>753</b>	<b>1,688</b>
4b) The Lady Haig's Poppy Factory Limited				
Trading Activities	1,042	303	1,023	75
Sales to Poppy Scotland and grant (excluded from consolidated figures)	(472)	(303)	( 505)	(75)
HM Treasury Grant	-	-	-	2,204
<b>Lady Haig's Poppy Factory Limited Total</b>	<b>570</b>	<b>-</b>	<b>518</b>	<b>2,204</b>
<b>Group Total Charitable Activities</b>	<b>1,181</b>	<b>2,174</b>	<b>1,271</b>	<b>3,892</b>

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

**5. Investment Income**

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
	Unrest'd	Restricted	Unrest'd	Restricted
Income from listed investments	376	-	355	-
Income from deposit interest	4	-	3	-
Income from deposit interest - Lady Haig's Poppy Factory Limited	-	13	-	-
Gains on disposal of investments	-	-	5	-
Investment management fee rebate	21	-	23	-
	<b>401</b>	<b>13</b>	<b>386</b>	<b>-</b>

**6. Other Income**

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
	Unrest'd	Restricted	Unrest'd	Restricted
Rental income	2	-	16	-
Miscellaneous income	11	-	16	-
The Earl Haig Fund Scotland	13	-	32	-
Welfare	-	-	-	2
Miscellaneous Income	7	-	5	-
Lady Haig's Poppy Factory Limited	7	-	5	2
Group Unrestricted	<b>20</b>	<b>-</b>	<b>37</b>	<b>2</b>

**7. Expenditure on Raising Funds**

	2019 £'000	2019 £'000	2018 £'000	2018 £'000
	Unrest'd	Restricted	Unrest'd	Restricted
<u>Direct Costs</u>				
Salaries, National Insurance and pension costs	578	110	536	37
Other Supporting Costs	680	303	710	50
Purchase of poppies and crosses from Lady Haig's Poppy Factory	305	-	317	-
	<b>1,563</b>	<b>413</b>	<b>1,563</b>	<b>87</b>
<u>Indirect Costs</u>				
Salaries, National Insurance and pension costs	300	-	308	-
Other Supporting Costs	372	-	344	-
Expenditure on Poppy Factory Relocation	327	-	114	-
	<b>999</b>	<b>-</b>	<b>766</b>	<b>-</b>
	<b>2,562</b>	<b>413</b>	<b>2,329</b>	<b>87</b>

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

**8. Poppy Manufacturing Costs**

	2019 £'000 Unrest'd	2019 £'000 Restricted	2018 Restated £'000 Unrest'd	2018 Restated £'000 Restricted
Salaries, National Insurance and pension costs	619	-	583	-
Materials Consumed	106	-	74	-
(Increase) / decrease in finished goods	(32)	-	(18)	-
Operating expenses	87	24	68	14
Support costs	278	568	219	75
Lady Haig's Poppy Factory Costs	1058	592	926	89
Deduct cost of poppies and crosses from Lady Haig's Poppy Factory, Pension Grants and Factory relocation costs	(472)	(303)	(505)	(75)
Group Poppy manufacturing Costs	586	289	421	14

**9. a) Welfare Services**

	2019 No.	2018 No.
<b>i. Grants to individuals</b>		
Annual review cases at start of year	83	82
Additions / (withdrawals)	(20)	1
Annual review cases at end of year	63	83
Individual cases	1,534	1,617
Annual pension grants to ex-factory employees	17	17
Total Grants awarded to Individuals	1,614	1,717

	2019 £'000 Unrest'd	2019 £'000 Restricted	2018 £'000 Unrest'd	2018 £'000 Restricted
<u>Unrestricted</u>				
Individual cases	708	17	703	-
Annual review cases	84	-	95	-
Sandilands	9	-	-	-
Employment	59	56	-	37
Annual pension grants to ex-factory employees	10	-	9	-
Total Grants to Individuals	870	73	807	37

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

ii. Grants to other organisations	2019	2019	2018	2018
	£'000		Restated	
	Unrest'd	£'000	Unrest'd	Restricted
		Restricted		
The Royal British Legion Scotland	217	-	197	-
The Lady Haig's Poppy Factory – welfare support	277	-	322	-
Veterans Scotland	-	-	1	-
Soldiers Sailors Air Force Families Association	12	-	15	-
Combat Stress	25	-	25	-
ASAP - Citizens Advice Scotland	371	180	384	138
The Regular Forces Employment Association	25	-	25	-
Unforgotten Forces - Ministry of defence	-	1,384	-	1,714
The MacRobert Trust	-	26	-	94
Sacro	25	-	25	-
Crisis	5	-	-	-
Royal Caledonian Education Trust	-	-	3	-
Miscellaneous	-	-	12	-
Employment Services - Royal British Legion Industries	55	-	51	-
Employment Services - Scottish Association for Mental Health	129	-	127	-
Employment Services Total	184	-	178	-
<u>Indirect costs – support of tenant charities</u>				
Salaries, National Insurance and pension costs	50	-	35	-
Other Supporting costs	31	-	33	-
	81	-	68	-
Total Grants to other Organisation	1,222	1,590	1,187	1,946
<b>Total Grants Awarded</b>	<b>10</b>	<b>3</b>	<b>15</b>	<b>3</b>

The Earl Haig Fund Scotland also 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 £81k (2018: £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
Combat Stress	



**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

**9. b) Welfare Support Costs**

	2019 £'000	2019 £'000	2018 Restated £'000	2018 Restated £'000
	Unrest'd	Restricted	Unrest'd	Restricted
<u>Direct Costs</u>				
Salaries, National Insurance and pension costs	525	-	389	-
Other supporting costs	83	-	66	-
	<u>608</u>	<u>-</u>	<u>455</u>	<u>-</u>
<u>Indirect Costs</u>				
Salaries, National Insurance and pension costs	212	-	223	-
Other supporting costs	321	-	172	-
	<u>533</u>	<u>-</u>	<u>395</u>	<u>-</u>
Total Support Costs	<u>1,141</u>	<u>-</u>	<u>850</u>	<u>-</u>
<b>Total Welfare Costs</b>	<b><u>3,233</u></b>	<b><u>1,663</u></b>	<b><u>2,844</u></b>	<b><u>1,983</u></b>

**10. Allocation of General Support and overhead costs**

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

	Staff Costs 2019 £'000	General Overheads 2019 £'000	Staff Costs 2018 £'000	General Overheads 2018 £'000
Raising Funds	300	372	308	344
Charitable Activities	212	321	223	172
Support to other organisations	31	50	35	68
	<u>543</u>	<u>743</u>	<u>566</u>	<u>584</u>

Governance costs of £51,245 (2018: £17,228) 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 £18,000 (2018: £16,120) for the Earl Haig Fund Scotland and £9,500 (2018: £8,600) for the subsidiary.

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

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

The average monthly number of employees was:

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 No.
Raising Funds	23	20	23	20
Charitable Activities	57	51	21	18
Support to other organisations	21	19	14	13
	<u>101</u>	<u>90</u>	<u>58</u>	<u>51</u>

The aggregate remuneration comprised:

	Group 2019 £'000	Group 2018 (restated) £'000	Company 2019 £'000	Company 2018 (restated) £'000
Wages and Salaries	2,249	1,955	1,539	1,279
Social security costs	187	164	134	118
Other pension costs	329	309	286	261
	<u>2,765</u>	<u>2,428</u>	<u>1,959</u>	<u>1,658</u>

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

	Group 2019 No.	Group 2018 No.	Company 2019 No.	Company 2018 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 £451k (2018: £428k).

**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 £828 for travel and subsistence whilst on group business (2018: £634, one trustee).

**12. Taxation**

The Earl Haig Fund Scotland and The Lady Haig Poppy Factory are both 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 2019**

**13. Tangible Fixed Assets**

	Property Freehold £'000	Property Leasehold £'000	Information Technology £'000	BUD Truck £'000	Company /Group Total £'000
Cost					
At 1 October 2018	864	305	65	95	1,329
Additions	-	-	-	384	384
At 30 September 2019	<u>864</u>	<u>305</u>	<u>65</u>	<u>479</u>	<u>1,713</u>
At 1 October 2018	316	70	52	-	438
Charge for Year	17	30	10	50	107
At 30 September 2019	<u>333</u>	<u>100</u>	<u>62</u>	<u>50</u>	<u>545</u>
Net Book Value					
At 1 October 2018	<u>548</u>	<u>235</u>	<u>13</u>	<u>95</u>	<u>891</u>
At 30 September 2019	<u>531</u>	<u>205</u>	<u>3</u>	<u>429</u>	<u>1,168</u>

Included in Freehold property is an amount of £26,000 (2018: £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**

	2019 £'000	2018 £'000
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 4HQ), 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:

	2019 £'000	2018 £'000
Total Income	1,431	3,323
Total Expenditure	<u>1,650</u>	<u>1,015</u>
	<u>(219)</u>	<u>2,308</u>

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

	2019 £'000	2018 £'000
Current assets	3,023	3,287
Current liabilities	<u>38</u>	<u>83</u>
	<u>2,985</u>	<u>3,204</u>

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

**15. Investments**

**Group and Company**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Market value of listed securities at 1 October	10,583	10,829
Additions net of rebate	22	8
Disposal proceeds	-	(229)
Unrealised gain / (loss) during the period	483	(25)
<b>Market value of listed securities at 30 September</b>	<u>11,088</u>	<u>10,583</u>
Investment categories:		
Bonds	5,329	5,016
Equities	4,601	4,320
Other	1,158	1,247
<b>Market value of listed securities at 30 September</b>	<u>11,088</u>	<u>10,583</u>
Cost at 30 September of listed securities	9,217	9,206
Revaluation Reserve	1,871	1,377
<b>Market value of listed securities at 30 September</b>	<u>11,088</u>	<u>10,583</u>

**16. Stock**

	Group	Group	Company	Company
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Finished goods	388	355	-	-
Work in progress	76	83	-	-
	<u>464</u>	<u>438</u>	<u>-</u>	<u>-</u>

Materials expensed shown in Note 8.

**17. Debtors: due within one year**

	Group	Group	Company	Company
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Trade debtors	123	109	42	24
The Royal British Legion	204	139	204	139
Other Debtors	-	40	-	39
Prepayments	227	154	217	153
	<u>554</u>	<u>442</u>	<u>463</u>	<u>355</u>

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

**18. Creditors: Amounts falling due within one year**

	Group 2019 £'000	Group 2018 £'000	Company 2019 £'000	Company 2018 £'000
The Lady Haig's Poppy Factory Limited	-	-	249	356
Grants payable	-	25	-	25
Trade Creditors	166	79	163	56
Pension Creditor	28	30	28	23
Accruals	244	187	216	169
Tax and social security	46	29	39	-
Sundry creditors	-	17	-	10
	<u>484</u>	<u>367</u>	<u>695</u>	<u>639</u>

**19. Funds**

	Balance 1 Oct 2018 £'000	Income £'000	Expense £'000	Other gains / (losses) £'000	Transfer between funds £'000	Balance 30 Sept 2019 £'000
<b>(a) Group</b>						
BUD Poppy Scotland Truck	337	247	(331)	-	-	253
FFFY	45	68	(76)	-	-	37
ASAP	86	135	(135)	-	-	86
Inverness	20	-	(5)	-	-	15
Legacies	-	62	(62)	-	-	-
Welfare Centre Ayrshire	122	-	(21)	-	-	101
Unforgotten Forces	87	1,397	(1,384)	-	-	100
Welfare General	-	64	-	-	-	64
Vocational Training Grants	-	56	(56)	-	-	-
WW100	-	45	(6)	-	-	39
NHS Highland	-	522	-	-	-	522
LHPF Refurbishment	2,202	13	(266)	-	-	1,949
Mobile Military Museum	2	-	(3)	-	1	-
LHPF Welfare Fund	19	16	(20)	-	-	15
<b>Restricted Funds</b>	<b>2,920</b>	<b>2,625</b>	<b>(2,365)</b>	<b>-</b>	<b>1</b>	<b>3,181</b>
Sandilands memorial trust	142	7	(9)	9	-	149
Capital Fund (Cameronians)	180	-	(4)	-	-	176
LHPF Relocation	158	-	(327)	-	200	31
Capital Reserve	869	-	-	-	110	979
Designated Funds	1,349	7	(340)	9	310	1,335
Revaluation reserve	1,377	-	-	474	-	1,851
General fund	9,403	6,256	(6,018)	-	(311)	9,330
	12,129	6,263	(6,358)	483	(1)	12,516
Pension reserve	(1,747)	-	(23)	(41)	-	(1,811)
<b>Unrestricted funds</b>	<b>10,382</b>	<b>6,263</b>	<b>(6,318)</b>	<b>442</b>	<b>(1)</b>	<b>10,705</b>
<b>Total funds</b>	<b>13,302</b>	<b>8,824</b>	<b>(8,746)</b>	<b>442</b>	<b>-</b>	<b>13,886</b>

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

	Balance 1 Oct 2018 £'000	Income £'000	Expense £'000	Other gains / (losses) £'000	Transfer between funds £'000	Balance 30 Sept 2019 £'000
<b>(b) Company</b>						
BUD Poppy Scotland Truck	337	247	(331)	-	-	253
FFFY	45	68	(76)	-	-	37
ASAP	86	135	(135)	-	-	86
Inverness	20	-	(5)	-	-	15
Legacies	-	62	(62)	-	-	-
Welfare Centre Ayrshire	122	-	(21)	-	-	101
Unforgotten Forces	87	1,397	(1,384)	-	-	100
Welfare General	-	64	-	-	-	64
Vocational Training Grants	-	56	(56)	-	-	-
WW100	-	45	(6)	-	-	39
NHS Highland	-	522	-	-	-	522
<b>Restricted Funds</b>	<b>697</b>	<b>2,596</b>	<b>(2,076)</b>	-	-	<b>1,217</b>
Sandilands memorial trust	142	7	(9)	9	-	149
Capital Fund (Cameronians)	180	-	(4)	-	-	176
LHPF Relocation	158	-	(327)	-	199	30
Capital Reserve	868	-	-	-	110	978
Designated funds	1,348	7	(340)	9	309	1,333
Revaluation reserve	1,377	-	-	474	-	1,851
General fund	8,424	5,628	(5,432)	-	(309)	8,311
	11,149	5,635	(5,772)	483	-	11,495
Pension reserve	(1,747)	-	(23)	(41)	-	(1,811)
<b>Unrestricted funds</b>	<b>9,402</b>	<b>5,635</b>	<b>(5,795)</b>	<b>442</b>	-	<b>9,684</b>
<b>Total funds</b>	<b>10,099</b>	<b>8,231</b>	<b>(7,871)</b>	<b>442</b>	-	<b>10,901</b>

**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 lifestyle.

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.

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**  
**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.

**20. Analysis of Net Assets**

	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	2019 Total Funds £'000
<b>a) Group</b>				
Fund balance are represented by:				
Tangible Fixed assets	1,168	-	-	1,168
Investments	191	-	10,897	11,088
Current assets	-	3,181	744	3,925
Current liabilities	(24)	-	(460)	(484)
Long-term liabilities	-	-	(1,811)	(1,811)
	<u>1,335</u>	<u>3,181</u>	<u>9,370</u>	<u>13,886</u>
<b>b) Company</b>				
Fund balance are represented by:				
Tangible Fixed assets	1,168	-	-	1,168
Investments	191	-	10,898	11,089
Current assets	-	1,217	(67)	1,150
Current liabilities	(26)	-	(669)	(695)
Long-term liabilities	-	-	(1,811)	(1,811)
	<u>1,333</u>	<u>1,217</u>	<u>8,351</u>	<u>10,901</u>

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	2018 Total Funds £'000
<b>c) Group</b>				
Fund balance are represented by:				
Tangible Fixed assets	891	-	-	891
Investments	321	-	10,261	10,582
Current assets	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>

<b>d) Company</b>				
Fund balance are represented by:				
Tangible Fixed assets	891	-	-	891
Investments	322	-	10,262	10,584
Current assets	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**

	2019 £'000	2018 £'000
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period	625	2,144
Adjustments for:		
Depreciation charges	13	107
(Gain) / Loss on investments	15	(483)
Dividends and interests from investments	5	(387)
Increase in stocks		(26)
Increase in debtors		(112)
Increase / (decrease) in creditors		117
Adjustment for pension funding		23
Total net cashflow at 30 September 2019	<u>(163)</u>	<u>1,450</u>



**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

**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 £158,696 (2018: £191,536)

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 £38,237 (2018: £20,286).

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 contributions 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**

	<b>12 months to 30 Sept 2019 £'000</b>	<b>12 months to 30 Sept 2018 £'000</b>
<u>Analysis of amounts charged against net income</u>		
Current service cost	21	33
Administration expenses	82	106
Net interest cost	48	49
Total cost recognised	<u>151</u>	<u>188</u>
Actuarial losses/(gains) on liabilities	41	(191)
Total decrease/(increase) in net funds recognised at 30 September	<u>192</u>	<u>(3)</u>
<u>Reconciliation to the Balance Sheet at 30 September</u>		
Market value of assets	5,603	5,255
Present value of liabilities	<u>(7,414)</u>	<u>(7,002)</u>
Deficit in the fund	<u>(1,811)</u>	<u>(1,747)</u>

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

	12 months to 30 Sept 2019 £'000	12 months to 30 Sept 2018 £'000
<u>Analysis of changes on the value of fund liabilities over the year</u>		
Value of liabilities at 1 October	7,002	7,455
Service cost	21	33
Interest cost	191	188
Member contribution	-	5
Benefits paid	(341)	(476)
Actuarial losses/(gains)	541	(203)
	<hr/>	<hr/>
Value of liabilities at 30 September	7,414	7,002
<u>Reconciliation to the Balance Sheet at 30 September</u>		
Opening value of assets	5,255	5,541
Administration expenses	(82)	(106)
Interest income	143	139
Returns on assets excluding interest income	500	(12)
Employer contributions	128	164
Member contributions	-	5
Benefits paid	(341)	(476)
	<hr/>	<hr/>
Closing Market value of assets	5,603	5,255

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

The cumulative amount of actuarial losses recognised (since 2011) is a cumulative loss of £1.492 million (2018: £1.405 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 2019 are shown below:

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

<u>Asset Class</u>	<b>12 months to 30 Sept 2019 £'000</b>	<b>12 months to 30 Sept 2018 £'000</b>
Equities	2,441	2,363
Cash	15	50
Annuities	500	560
Other assets	<u>2,647</u>	<u>2,282</u>
Total Assets	<u>5,603</u>	<u>5,255</u>
	<b>12 months to 30 Sept 2019 Pa %</b>	<b>12 months to 30 Sept 2018 Pa %</b>
<u>Financial assumptions</u>		
Discount Rate	1.70	2.80
Retail price index (RPI) inflation	3.20	3.30
Consumer prices index (CPI) inflation	2.20	2.30
Salary Increases	3.30	3.30
Rate of increases of pensions in payment: 5% or CPI if less with min increases rate of 3% pa	3.10	3.20
2.5% or CPI if less	1.80	1.90
Rate of increase for deferred pensioners	2.20	2.30
<u>Life expectancies</u>	Years	Years
	Males	26.4
Life expectancy for an individual aged 60 in 2019	Females	27.5
	Males	28.9
Life Expectancy at age 60 for an individual aged	Females	29.5
40 in 2019	Males	27.9
	Females	30.4
	31.1	

**23. Financial Commitments**

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

	Buildings 2019 £'000	Other 2019 £'000	Buildings 2018 £'000	Other 2018 £'000
Within one year	55	23	45	21
Between one and five years	186	46	243	25
After five years	<u>89</u>	<u>-</u>	<u>164</u>	<u>-</u>
	<u>330</u>	<u>69</u>	<u>452</u>	<u>46</u>

**THE EARL HAIG FUND SCOTLAND (A Company Limited by Guarantee)**  
**Notes to the Financial Statements for the year ended 30 September 2019**

**24. Net Income**

Net Income is calculated after charging the following:

	Buildings 2019 £'000	Other 2019 £'000	Buildings 2018 £'000	Other 2018 £'000
Operating Lease Commitments	55	26	46	21
Depreciation	<u>47</u>	<u>63</u>	<u>47</u>	<u>13</u>

**25. 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. There are no other related parties in the year (2018: nil)

**26. 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.

**27. Post Balance Sheet Events**

In early 2020, the existence of a new coronavirus, known as Covid-19, was confirmed. The virus spread from China, where it originated, to a significant number of other countries. Covid-19 has caused disruption to daily life and economic activity and is likely to lead to a global recession. We consider the emergence and spread of Covid-19 to be a non-adjusting post balance sheet event as at 30 September 2019. As set out in the Report of the Trustees on p4, the trustees have considered the potential impact of the virus on the Poppyscotland group income, expenditure, assets and liabilities, using different scenarios to assess the charity's ability to continue as a going concern and meet its liabilities as they fall due. The trustees have concluded that the group remains a going concern and these accounts are therefore prepared on a going concern basis. The Covid-19 situation continues to evolve and given the inherent uncertainty it is not practicable at this time to provide a financial estimate of the impact of Covid-19 on the Group.