



The Royal Blind Asylum and School, Edinburgh

Report and Financial Statements

Year ended 31 March 2009

Scottish Charity Number: SC 017167

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LEGAL AND ADMINISTRATIVE INFORMATION

Royal Blind is the operating name of The Royal Blind Asylum and School, Edinburgh, Scottish Charity Number SC 017167.

President

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

Vice Presidents

The Hon. Mrs Janet Buchanan-Smith, C.B.E.
Dr. Barry F Cullen, M.D., F.R.C.S., F.R.C.S.E.

Board of Directors

Elected by Contributors

Douglas A Osler (Chairman)
David C Dunn (Vice-Chairman)
Iain C Lumsden (Vice-Chairman)
Margery M Browning
Dr. Barry F Cullen (Resigned 8 October 2008)
James M Finlay
Dr Brian Fleck (Appointed 8 October 2008)
Robert Hodge
Georgina R Innes
Margaret M Sibbald
William A Stirling
Glen Waddell (Appointed 25 June 2008)

Elected by Public Bodies

Gordon W Banks - Edinburgh Merchant Company
James Cook - Scottish Trade Union Congress
Cllr Conor Snowden - City of Edinburgh Council
Janis Sugden - University of Edinburgh
Alex Scott - Scottish Council of the National League of the Blind and Disabled

Chief Executive and Secretary – Richard G Hellewell, BA Econ FCA

Principal Office - P.O. Box No. 500, Gillespie Crescent, Edinburgh, EH10 4HZ

Auditors - PKF (UK) LLP, Registered Auditors, 17 Rothesay Place, Edinburgh

Bankers - The Royal Bank of Scotland plc, 26 Home Street, Edinburgh

Solicitors – Pagan Osborne, 55-56 Queen Street, Edinburgh

Investment Managers - Aberdeen Asset Managers Limited, Donaldson House, 97 Haymarket Terrace, Edinburgh

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their report for the year ended 31 March 2009. This report is prepared in accordance with the Royal Charter of Incorporation and the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities and complies with applicable law.

Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Charity law applicable in Scotland requires the Directors to prepare financial statements for each financial year which give a true and fair view of the Organisation's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements the Directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Organisation will continue in operation.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Organisation and enable them to ensure that the financial statements comply with Regulation 8 of the Charity Accounts (Scotland) Regulations 2006 and the Royal Charter of Incorporation. They are also responsible for safeguarding the assets of the Organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the organisation's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

Structure, governance and management

The Royal Blind Asylum and School, Edinburgh is a charity registered in Scotland. The Edinburgh Asylum for the Industrious Blind, founded in 1793, the Home for the Female Blind, founded in 1822 and the Edinburgh School for Blind Children, founded in 1835 amalgamated in 1876 under the charity's current name. In 1898 it was

REPORT OF THE DIRECTORS (continued)

incorporated by Royal Charter and this charter, as supplemented in 1977, is its governing instrument.

Royal Blind is governed and directed by a Board of up to nineteen Directors, comprising twelve members elected by the qualified contributors (subscribers of £2 or more for the year ended each 31 March) and seven members who are elected by public bodies. The Directors endeavour to ensure that they recruit to the Board members who are best suited to govern the charity. New members of the Board receive an induction, which includes briefings on the objectives and activities of the organisation and how it is presently organised to deliver its objectives. The induction also covers the roles and responsibilities of charity trustees. No remuneration or expenses have been paid to the Board of Directors.

There are three main activities and these are each overseen by a committee of Directors and co-opted members. These committees have responsibility of oversight and detailed consideration of budgets, plans and decisions which are then the subject of recommendation to the Board.

The day to day management of the organisation is delegated to the staff, headed by the Chief Executive. Each operation has a defined management structure and a manager accountable for its whole function. The largest operation is the Royal Blind School, which is under the management of the school Principal and Senior Management Team.

The Directors are also Trustees of the Scottish National Institution for the Scottish War Blinded, operating as Scottish War Blinded, a separate charity (Charity number SC 002652) having its own funds and properties.

Risk Management

The Directors assess the major risks that may face the charity, in particular those relating to its operations and finances. Accordingly the Board ensures that suitable systems, processes and procedures are put in place to control all of the services that support the main activities of the charity. An audit committee is in place to undertake delegated functions in this respect and a fresh analysis of risks has been completed during 2009.

The Directors consider the most material risk to the organisation to be the emergence of any developments that lead to a reduction in the numbers of pupils being referred to the school. The risk of a major fall in investment values has unfortunately come to pass this year. It will not in itself lead to any curtailment of operating activities but it does reduce the organisation's potential to develop new services and facilities.

REPORT OF THE DIRECTORS (continued)

Investment Policy

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

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

The organisation's investment principles are:

- To regard the invested reserve as partly short to medium term and partly long term, and therefore to invest a set amount in lower risk assets (bonds and cash), and the remainder in equities to provide capital growth as well as income. The equity portfolio will also be seen as covering contingencies, so long as it is deemed large enough even after a fall in values.
- To monitor annually the expected need to realise assets over the next three to five years, and adjust the part of the portfolio that is held in investments with low short to medium term value fluctuation on a timescale that fits with the market circumstances pertaining at the time.
- To place the portfolio in active management by a competent and successful investment manager at the lowest fee level that can reasonably be negotiated.
- To set benchmarks for the allocation of the portfolio between investment categories, and to set performance benchmarks against which the manager's performance will be monitored
- To invest in more than one equity market in order so as not to expose the whole equity portfolio to a single set of national or sectoral circumstances.

Investment management arrangements with Aberdeen Asset Managers continue.

Pension Provision

The organisation operates a Defined Benefits Pension Scheme which was closed to new members in March 2006. A Group Personal Pension Plan operates from April 2006.

REPORT OF THE DIRECTORS (continued)

Reserves Policy

The organisation budgets to gather a surplus from its operations each year in order to accumulate resources to support future improvements in facilities and the provision of new services. The combination of the budgeted surplus and the accumulated reserves also provides the protection the Directors require against financial difficulty in the event of adverse circumstances.

It is the view of the Directors that proper stewardship demands that a reserve be maintained to guard against adverse financial circumstances in order to protect the service which it is committed to providing for the long term, and that it would be undesirable to borrow to a degree that puts the operational assets at risk. In addition, income from investments is required to support the operating deficit of the school at times when its roll falls below its capacity, as at present.

The present position is as shown in note 13 to the accounts. The Directors have designated a fund of £5 million for the school building project referred to below under the heading "Plans for the Future". This reduces the remaining unrestricted invested reserve to £11.9 million, which is equivalent to 9.5 months' incoming resources. The responsibility placed upon the Directors by the Scottish Government to maintain and sustain such an important and resource intensive service in uncertain times make it inappropriate in their opinion to commit any further resource.

People

The Directors mourned the passing of our Vice-President, the Lord Clyde, during the year. Dr Barry Cullen was appointed Vice President at the 2008 Annual General Meeting, following many years of service as a Director.

I am very pleased to welcome Dr Brian Fleck and Glen Waddell to the Board and I look forward to working with them.

OBJECTIVES AND ACTIVITIES

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

The Royal Blind School is a day and residential grant aided school providing education for visually impaired children aged 3 to 19. Craigmillar Park Campus provides services for over 60 students whilst the Canaan Lane Campus can cater for over 50 multiply disabled visually impaired pupils. The School provides services to children from throughout the UK.

REPORT OF THE DIRECTORS (continued) OBJECTIVES AND ACTIVITIES (continued)

The Scottish Braille Press supplies Braille, large print and audio media to a wide range of commercial customers, improving access to mainstream services such as banking and education for thousands of visually impaired people. It also produces Braille books and its own series of magazine titles. It provides opportunities for the employment of visually impaired and disabled workers.

Braeside House Nursing Home in Liberton, Edinburgh, provides excellent purpose built accommodation for 70 visually impaired elderly people and very high standards of nursing and residential care.

ACHIEVEMENTS AND PERFORMANCE

Royal Blind School

The school roll across both the Craigmillar and Canaan Lane campuses during the 2008-09 academic session was 105 (2008: 120), with 45 being residential (2008: 55). This decrease was anticipated in last year's Annual Report and was budgeted for. The decrease in residential numbers had a disproportionately large effect as some of the leavers were resident for the full 52 weeks per year.

As ever, given the huge range of activities, events, and experiences in which our pupils participate, it is impossible to list them all. A number of events, however, stand out and warrant special mention. On 2nd September 2008 the First Minister visited the Craigmillar Park campus as part of our National Braille Week initiative. The First Minister was unstinting in his praise for the school and his admiration for the achievements of our children and young people and the work of all staff. Subsequently, a group of staff and pupils from the school attended the First Minister's Christmas Party at his official residence at Bute House at his invitation – a memorable experience for all involved.

Our international links also featured strongly this year. In September, a group of staff and pupils visited Paris. March '09 saw a group of our staff and pupils in Prague – undertaking a trip to the Skola Jaraslova Jezka to reciprocate an earlier visit from Prague pupils. This presented a great opportunity for our pupils to develop confidence and experience something of life – and school – in another country. The school's involvement in European projects such as Comenius continues to be significant. In the course of this school year we have hosted visitors from 9 European Countries – with the Vice-Principal taking a leading role.

Enterprise continues to be well supported – with the Tea-Jenny Café in the lodge at Craigmillar Park Campus featuring in Learning and Teaching Scotland's website as an exemplar of good practice. We have now reached the top 3 for the *Enterprising Schools Award* and have received a visit from Learning and Teaching Scotland. "Red Nose Day", UNICEF fund-raising day and other charitable activities across both campuses further demonstrated the pupils' enterprising skills not just in the choice of activities but in the relationship between enterprise, social skills, self-esteem, and participation in helping others in the wider world.

REPORT OF THE DIRECTORS (continued)
ACHIEVEMENTS AND PERFORMANCE: Royal Blind School (continued)

If nothing succeeds like success, then the young people of The Royal Blind School have an enviable record this year:

- On the Kielder Challenge weekend in September our pupils achieved runner up placing out of some 200 teams from across the UK. The young people and staff involved have to be commended for their excellent performance.
- The St George's Project this year encompassed 4 days of joint activities between the two groups of pupils focused on the "Year of Homecoming" – including preparing traditional Scottish dishes shared by both groups. Visits to the Royal Mile and Stirling also featured.
- The Forest Schools Project – involving pupils in activities such as shelter building and outdoor-related skills and processes – has been both challenging and rewarding in helping our students find ways of dealing with options and choices. This has been done in partnership with VI Scotland and the Forest Education Development Officer with the City of Edinburgh Community Services – with the school raising our partners' awareness of visual impairment.
- Supported by our Art department, senior pupils have been involved in a project with Pentland Art Club. An exhibition will run from May 2009 to January 2010 in the Writers' Museum, displaying artwork inspired by the poetry of Robert Burns.
- Again in the arts, classes 3 and 7 from the Canaan Lane Campus participated in the Fiesta class of the Edinburgh Festival of Music, Speech and Dance at Stockbridge Parish Church –performing in front of an audience and being part of an audience themselves.

The school continues to provide a tailored curriculum customised to individual care and educational need. This is reflected in the broad range of courses on offer – as many as possible leading to certification or accreditation. Many students have now completed and achieved Access 1 and 2 in a range of subjects and have gained Personal Development Units. Senior pupils at Canaan Lane have been participating in the ASDAN Transition Challenge and 3 of our pupils in the leavers' class will receive certificates in June. A number of our young people in S5 and S6 continue to achieve Caledonian Awards in recognition of their personal effectiveness.

The young people in the various residential facilities have had a very busy schedule of leisure time activities – including hobbies and clubs encouraging their personal development and ensuring their continued health. Judo, gym, indoor and outdoor bowls, swimming and athletics, and playing the bagpipes regularly feature as recreational activities. In addition, a number of our young people are involved in local and national swimming events such as the Grangemouth Gala. The school's Eco-school credentials remain high with our young people at Canaan Lane growing a wide range of plants and vegetables in the school allotment.

REPORT OF THE DIRECTORS (continued)
ACHIEVEMENTS AND PERFORMANCE: Royal Blind School (continued)

Attainment and achievement are not exclusive to our children and young people. A member of the senior management team became one of the first professionals to achieve VI Competency using the new competency framework designed by ourselves, the Scottish Sensory Centre, and Edinburgh University. A number of teaching staff continue to support the Scottish Qualifications Authority in the adaptation of assessment materials for young people with a visual impairment. The input of staff is valuable and valued. One of our principal teachers is currently involved in writing a paper for publication by the SQA identifying good practice in teaching PE to young people who are blind or visually impaired. Staff continue to make very good use of the staff development opportunities provided, and the skills gained enable them to move to positions of responsibility both within and beyond the school.

Staff and pupils contributed to the HMIE conference '*Going boldly....*' – *A community of Good Practice in Special Schools and Units across Scotland* – in November at Hampden Park, Glasgow. A group of staff also presented their achievements in collaborative practice at a HMIE/Care Commission Conference on self-evaluation within integrated working held on 2nd December at the Carnegie Conference Centre in Dunfermline. The invitation to present at these national events reflects the ongoing and increasing profile of the school as a leading contributor to developments in Scottish education.

There has been a significant element of staff movement in the course of this year – with one of our depute heads emigrating abroad, and a long-established and much valued principal teacher retiring after a period as acting depute. Both will be missed for their commitment and professionalism. The resultant appointment of two new depute head teachers has enhanced the senior management team through the professional strengths and experiences they bring from both within and outwith the school. One of our principal teachers was appointed to a depute head teacher post in a local authority special school – evidence, again, of the quality and skills base of the staff group within the school.

Working with others remains a core element of staff and pupil activity. This year pupils from The Royal Blind School demonstrated online Internet-based resources created by an international partner at The Scottish Learning Festival in Glasgow. Visitors to the stand commented on our pupils' confidence and proficiency – seeing them as very much a credit to the school. Our pupils in 5M1 visited the Cowgate Centre as part of their reading of a novel on homelessness. Supported by staff and parents, they subsequently raised over £120 and collected boxes of toiletries – all of which went to the Centre.

REPORT OF THE DIRECTORS (continued)
ACHIEVEMENTS AND PERFORMANCE (continued)

BBC Scotland implemented a one-day project with some of our pupils on "Film Making" – with our pupils being challenged to come up with ideas, storyboards, and scripts prior to filming and directing, finishing by producing the musical accompaniment. The film, once edited, will feature on the BBC Scotland website. Professional actors visit the school regularly to work with senior pupils. Staff and young people work closely together – ensuring that every pupil in the school is involved in a public performance in the course of the year. No Christmas term would be complete without the Christmas performances. The children and young people at the Canaan Lane campus presented music, dance and drama – all providing a feast for the senses, while at Craigmillar Park campus, pupils performed the pantomime - Cinderella, complete with Daleks! While perhaps not quite faithful to the original fairy tale, its content was certainly topical and the children and young people performing excelled themselves.

Our young people's involvement in the performing arts was further extended this year with performances by our Samba Band and the Hostel Rock Band – offering very different but highly enjoyable musical experiences.

The current school year has again been a successful and rewarding one for both students and staff. This says much about the enthusiasm, determination, and sheer love of life shown by our children and young people as well as the ongoing dedication and commitment of staff to the best interests of our pupils.

In the summer of 2010, we plan to commence a major programme of building at the Craigmillar Park campus. Our priorities are to enable all the residential pupils to be housed outwith the main school building in high quality new accommodation, and to replace the swimming pool which is nearing the end of its operating life. The cost will need to be met from externally raised funds, combined with a sizeable contribution from our own invested reserves.

Elizabeth Horne, the school's Principal for the last three years, leaves the school imminently, having made a significant contribution to the life of the school during her tenure.

Scottish Braille Press

The press has continued its level of output of approximately six million pages of Braille and five million pages of large print per year. At the close of the year we had 10 employees who were blind or partially sighted and 9 who were otherwise disabled. Most were supported by the Department of Work and Pensions through the Workstep scheme administered by Edinburgh Council.

REPORT OF THE DIRECTORS (continued)
ACHIEVEMENTS AND PERFORMANCE: Scottish Braille Press (continued)

During the year we added a further large financial institution, the National Australia Bank, to our list of customers. We are widening the range of product we supply to existing customers such as Nationwide. Our relationships with some of the UK's largest companies and Government Departments continue to develop. Thousands of their customers are blind and visually impaired, and depend on our work if they are to maintain their independence in conducting their financial affairs. A small but important part of the business is audio – we issued approximately 13,000 audio tapes in the year.

Examples of new areas of business this year are Council Tax bills, produced for a London borough, and Braille brochures for Edinburgh venues the Traverse Theatre, the Royal Lyceum Theatre and the Filmhouse.

As the balance of our work changes, and to make the most of the potential of our workforce, we have been retraining our staff to be able to each offer a broader range of skills, so that more of our workforce can operate the large digital Braille embossers, proof-read large print documents, and carry out a range of other tasks. We continue to invest in new IT and embossing technology, and in the capability of the business to give assurance to our commercial customers. During the year we improved and tested our Business Continuity Plan and our Disaster Recovery Plan and invested in new security cameras. On the IT front, we have upgraded our "firewalls" to protect the confidentiality of client data and have improved our facility for receiving electronic files securely.

We have continued to produce our line of Braille magazines, with over 900 regular subscriptions to our four magazine titles, which we are able to subsidise from our commercial work. A new relationship has been developed with the publisher Waverley Books which will enable us to produce a book in Braille on the same day as the print version is published. Our first was printed in early June 2009 and we expect to be able to produce three or four a year to begin with.

National Braille week was a bigger event this year, coinciding with the bicentenary of the birth of Louis Braille. Alex Salmond, First Minister, toured the Press in advance of the Week, and Ian Rankin assisted with publicity in the Week itself, which led to excellent TV and press coverage. A new Braille edition of Ian Rankin's book "Death is not the End" was produced at the Press to mark the occasion.

REPORT OF THE DIRECTORS (continued)
ACHIEVEMENTS AND PERFORMANCE (continued)

Braeside House

The quality of our home at Braeside House was further affirmed by the year's Care Commission inspections in July and February. The process of inspection has changed and gradings are now awarded. We are pleased to report that Braeside House achieved the following gradings:

- | | | |
|----------------------------------------|---|-----------|
| • Quality of Care and Support | 5 | very good |
| • Quality of Environment | 6 | excellent |
| • Quality of Staffing | 4 | good |
| • Quality of Management and Leadership | 5 | very good |

Neither report included any requirements or recommendations.

We were nominated for two categories in the Scottish Care Awards this year. Morag Francis deservedly won the Training and Development Award, just before her promotion to Deputy Matron, and we were runner-up in the Specialist Care Home Provider of the year.

The home operated at an average of 96.8% (2007/08 97.5%) of full capacity through the year, which is a great achievement as over the year we had 28 (2007/08 30) vacancies to fill. Our average re-let period was 22 (2007/08 19) days. These performance figures are slightly worse than the previous year due to a period near the beginning of the year when a number of new entrants' finances took time to sort out. The result is nevertheless excellent and is as a result of our efficiency, our excellent reputation and the numbers of older people with visual impairments needing our support, which mean we now have a waiting list of 40, longer than ever before, of people ready to come in.

The average age in the Home is 92 years and the residents require increasingly complex care. Staff education remains high on our list of priorities. Recently 9 staff members have successfully completed their SVQ level 3 in Care and another group are about to embark on this course. They are to be commended on their achievement. This will impact positively on the care provided.

We are also looking forward to celebrating another 100th birthday in August when Mrs Janette Gailey will celebrate her centenary.

The residents continue to enjoy a great selection of activities and events available and our Activities team continue to be supported by a group of willing and faithful volunteers.

Our Sensory Garden project was completed last year and it is a well utilised resource. The residents are making use of the facilities and enjoying the sights, sounds and scents in our maturing garden. We are looking forward to the official unveiling which is being planned for the summer.

REPORT OF THE DIRECTORS (continued)
ACHIEVEMENTS AND PERFORMANCE (continued)

Marketing and Fundraising

This has been a second year of new initiatives taken forward by our energetic marketing and fundraising team. Our objective has still been to build a wide base of support around Royal Blind, which was launched as our operating name the previous year. Our magazine I-Site goes from strength to strength, and a great deal of publicity was achieved around the National Braille Week, marking the bicentenary of Louis Braille. This followed hot on the heels of our Christmas campaign which included TV, cinema and poster ads and our adoption by the Scotsman newspaper as its charity for the run-up to Christmas. Our first Try and Score dinner was so successful that we followed it up in May 2009 with an even more successful one.

The large scale awareness work over the past two years forms the foundation of a major approach to the public and to trusts and corporate donors for the forthcoming major building project at the Craigmillar Park campus of the school. Some of the initial costs of this campaign were borne in the 2008/09 financial year.

More information on fundraising will be found in our separate Annual Report publication.

Head Office and Governance

The year saw further initiatives to improve the effectiveness of the governance structure. In particular, our business planning has been significantly improved and placed on an annual cycle, and a process has begun to revise and complete the documentation of our financial control procedures, to finish in 2009. During 2009 a fresh risk review is under way, and a scheme of internal audit will be instituted.

FINANCIAL REVIEW

Incoming Resources

Total incoming resources, at just under £15 million, decreased by 5% from the previous year due to falling numbers of residential pupils at the school. The dominant source of voluntary income continued to be legacies, which are prone to fluctuation year by year, and this year the amount received was a little below the previous year's.

Braeside House's income increased by 9%, as a result of high occupancy and more of the residents receiving nursing care as opposed to residential care. Income to the Scottish Braille Press remained steady, having fallen a little in the previous year.

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

Financial performance of the main activities

The statement below shows how net incoming resources divide between the three principal activities of the organisation, and gives the breakdown of cost for each between payroll and other costs.

	Royal Blind School	Scottish Braille Press	Braeside House
	£	£	£
Incoming Resources			
Incoming resources from charitable activities	<u>8,886,448</u>	<u>1,345,814</u>	<u>2,300,846</u>
Resources Expended			
Cost of Sales	-	176,878	-
Payroll costs	7,124,322	867,709	1,818,836
Other expenditure	<u>2,530,461</u>	<u>258,676</u>	<u>800,328</u>
Resources expended as per the Statement of Financial Activities (SOFA)	<u>9,654,783</u>	<u>1,303,263</u>	<u>2,619,219</u>
Net Incoming/(outgoing) Resources	<u>(768,335)</u>	<u>42,551</u>	<u>(318,318)</u>
2007/08	<u>(643,127)</u>	<u>5,518</u>	<u>(522,627)</u>

The increased deficit in the school was a result of the reduced fee income, while the improvement for Braeside House was a result of the increased income referred to above.

Overview

Voluntary income and investment income were more than sufficient to meet the net running costs of the school and of Braeside house, and net incoming resources before other recognised gains/losses at £0.7 million remains a strong performance.

The year has been even less favourable than the previous one for stock market investment and hence there are losses on investments in the year of £8.3 million and actuarial losses in the pension scheme (under the FRS17 method of calculation) of £2.1 million. It is these items that have led to total recognised losses for the year of £9.7 million. The Directors remain confident in their selection of equities as the prime investment vehicle for the long term (see under "Investment Policy" above).

REPORT OF THE DIRECTORS (continued)

PLANS FOR THE FUTURE

At the beginning of 2009 we launched our fundraising campaign towards the cost of a number of proposed building works at the Craigmillar Park campus of the school. The project will span at least three years, commencing July 2010, and will provide accommodation for resident pupils at our Craigmillar Park campus which will be fully separated from the classroom accommodation, and a new swimming pool and sports hall. We plan to relocate the Scottish Braille Press and the Head Office to a corner of the site to provide improved outdoor spaces and segregation of use.

A number of needs are apparent which the organisation may be well placed to address through a diversification of its activities. During 2008 a development manager was appointed to begin to assess possibilities for new services.

PROVISION OF INFORMATION TO AUDITORS

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

- there is no relevant audit information of which the organisation's auditors are unaware, and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Douglas A Osler, Chairman
17 June 2009

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THE ROYAL BLIND ASYLUM AND SCHOOL

We have audited the financial statements of The Royal Blind Asylum and School for the year ended 31 March 2009 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities.

We have been appointed as auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and with the Royal Charter of Incorporation.

We also report to you if, in our opinion the information given in the Directors' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the organisation's circumstances, consistently applied and adequately disclosed.

INDEPENDENT AUDITORS' REPORT (continued)

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the organisation as at 31 March 2009 and of its incoming resources and application of resources, for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and with the Royal Charter of Incorporation; and
- the information given in the Directors' report is consistent with the financial statements.

PKF (UK) LLP
Registered Auditors
Edinburgh, UK
17 June 2009

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2009

	Note	Unrestricted General Funds £	Restricted Funds £	Total 2009 £	Total 2008 As restated £
Incoming Resources	2				
Incoming resources from generated funds					
Voluntary Income		1,024,148	134,062	1,158,210	1,243,270
Investment Income		1,218,408	3,302	1,221,710	1,490,191
Incoming resources from charitable activities					
Royal Blind School		8,803,797	82,651	8,886,448	9,541,998
Scottish Braille Press		1,345,814	-	1,345,814	1,316,606
Braeside House		<u>2,300,846</u>	<u>-</u>	<u>2,300,846</u>	<u>2,115,187</u>
Total Incoming Resources		<u>14,693,013</u>	<u>220,015</u>	<u>14,913,028</u>	<u>15,707,252</u>
Resources Expended	3				
Cost of Generating Funds					
Generating voluntary income		517,862	-	517,862	193,396
Investment managers' fees		56,749	-	56,749	39,862
Charitable Activities					
Royal Blind School		9,565,985	(1,202)	9,564,783	10,120,478
Scottish Braille Press		1,303,263	-	1,303,263	1,297,957
Braeside House		2,603,741	15,478	2,619,219	2,615,592
Grants and sundry		117,718	-	117,718	165,876
Governance Costs	5	<u>16,198</u>	<u>-</u>	<u>16,198</u>	<u>9,283</u>
Total Resources Expended		<u>14,181,516</u>	<u>14,276</u>	<u>14,195,792</u>	<u>14,442,444</u>
Net Incoming Resources before transfers		<u>511,497</u>	<u>205,739</u>	<u>717,236</u>	<u>1,264,808</u>
Transfers between Funds					
Net Transfers	11	<u>(18,928)</u>	<u>18,928</u>	<u>-</u>	<u>-</u>
Net Incoming Resources before other recognised gains & losses		<u>492,569</u>	<u>224,667</u>	<u>717,236</u>	<u>1,264,808</u>
Other recognised gains and losses					
Net (Loss) in Year on Disposals of Investments		(2,183,650)	-	(2,183,650)	(726,915)
Revaluation of Investments		(6,108,127)	-	(6,108,127)	(3,718,527)
Actuarial (losses)/gains on defined benefit pension scheme	16	<u>(2,110,000)</u>	<u>-</u>	<u>(2,110,000)</u>	<u>2,020,000</u>
		<u>(10,401,777)</u>	<u>-</u>	<u>(10,401,777)</u>	<u>(2,425,442)</u>
Total Recognised Gains/ (Losses)		(9,909,208)	224,667	(9,684,541)	(1,160,634)
Total Funds at 31 March 2007					51,972,038
Prior year adjustment: FRS17					<u>(4,079,000)</u>
Total Funds at 31 March 2008 re-stated		<u>45,716,044</u>	<u>1,016,360</u>	<u>46,732,404</u>	<u>47,893,038</u>
Total Funds at 31 March 2009		<u>35,806,836</u>	<u>1,241,027</u>	<u>37,047,863</u>	<u>46,732,404</u>

All amounts relate to continuing operations. On a historical cost basis total recognised losses for the year would have amounted to £5,640,031 (2008: £604,175). Net incoming resources included Capital Grant Items amounting to £82,561 (2008: £295,714).

BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009 £	2008 As restated £
Tangible Fixed Assets	7	16,843,256	16,753,422
Investments	8	<u>20,811,703</u>	<u>29,072,967</u>
		<u>37,654,959</u>	<u>45,826,389</u>
Current Assets			
Stock		46,124	50,030
Debtors	9	729,132	1,077,692
Cash at Bank and in Hand		<u>2,899,147</u>	<u>2,503,421</u>
		<u>3,674,403</u>	<u>3,631,143</u>
Creditors: amounts falling due within one year	10	<u>583,499</u>	<u>769,128</u>
Net Current Assets		<u>3,090,904</u>	<u>2,862,015</u>
Net assets excluding pension liability		<u>40,745,863</u>	<u>48,688,404</u>
Defined benefit pension liability		<u>(3,698,000)</u>	<u>(1,956,000)</u>
Net Assets including pension liability		<u>37,047,863</u>	<u>46,732,404</u>
Represented by			
Endowment funds	11	<u>137,770</u>	<u>137,520</u>
Restricted Funds	11	<u>1,103,257</u>	<u>878,840</u>
Unrestricted Funds			
General fund	12	32,985,388	43,993,419
Investment reserve	12	1,519,448	3,678,625
Designated fund	12	5,000,000	-
Pension Reserve	16	<u>(3,698,000)</u>	<u>(1,956,000)</u>
		<u>35,806,836</u>	<u>45,716,044</u>
Total Funds		<u>37,047,863</u>	<u>46,732,404</u>

Approved by the Board and signed on their behalf

Douglas A Osler
Chairman
17 June 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	£	£
Reconciliation of net incoming resources to net cash inflow/(outflow) from activities		
Net incoming resources before transfers between funds	717,236	1,264,808
(Gain)/Loss on sale of fixed assets	2,484	(6,072)
Adjustment to pension costs	(368,000)	(103,000)
Depreciation charges	616,773	575,605
Decrease in stocks	3,906	1,361
Decrease/(Increase) in debtors	348,560	(144,166)
(Decrease) in creditors	(185,629)	(335,974)
Interest and dividends	<u>(1,238,961)</u>	<u>(1,447,329)</u>
Net cash (outflow) from activities	<u>(103,631)</u>	<u>(194,767)</u>
 Cash Flow Statement		
Net cash (outflow) from activities	(103,631)	(194,767)
Returns on investments and servicing of finance (note 14)	1,238,961	1,447,329
Capital expenditure (note 14)	<u>(709,091)</u>	<u>(474,345)</u>
	426,239	778,217
Management of cash and investm'ts (note 14)	<u>(30,513)</u>	<u>(77,115)</u>
Increase in cash	<u>395,726</u>	<u>701,102</u>
 Reconciliation of net cash flow to movement in cash & investments (note 15)		
Increase in cash in the period	395,726	701,102
Cash used to increase cash & investments	<u>30,513</u>	<u>77,115</u>
Change in cash and investments resulting from cash flows	426,239	778,217
Changes in market value of investments	<u>(8,291,777)</u>	<u>(4,445,442)</u>
Movement in cash & investments in the period	(7,865,538)	(3,667,225)
Cash and Investments at 1 April 2008	<u>31,576,388</u>	<u>35,243,613</u>
Cash and Investments at 31 March 2009	<u>23,710,850</u>	<u>31,576,388</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2009

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards, The Charities and Trustee Investment (Scotland) Act 2005 and associated regulations and the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

a) Accounting Convention

The financial statements are prepared on the historical cost basis of accounting modified by the revaluation of investments. The financial statements are prepared on an accruals basis.

b) Incoming Resources

Donations and similar incoming resources are included in the year in which they are receivable, which is when the charity becomes entitled to the resource. Legacies are recognised either at the point at which they are received or if earlier the point at which their monetary value due to the charity is known with certainty. Fees and sales are accounted for in the period in which the activity occurred. Grants are accounted for in the year in which they are received and are allocated to the activity to which they relate.

c) Resources Expended

Direct costs are charged to the charitable activities and the cost of generating funds. Support costs are allocated on a relevant basis. Head Office costs are allocated between Royal Blind and Scottish War Blinded. Head Office costs are then allocated to the departments within Royal Blind based on staff numbers. Maintenance is allocated based on square footage. I.T. costs are allocated based on number of computers. Grants and donations made by the charity are charged when the Directors have agreed to pay the grant. Governance costs are charged directly and include audit fees and directors' and officers' liability insurance.

d) Tangible Fixed Assets

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

Plant & equipment, furniture & fixtures, I.T. & vehicles are stated at cost less depreciation on the straight line method at various rates calculated to write them off over their estimated useful lives between three and ten years. Items under £1,000 are not capitalised.

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

e) Investments

Investments listed on a recognised stock exchange are stated at market value. All movements in value arising from investment changes or

NOTES TO THE ACCOUNTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

revaluations are shown in the Statement of Financial Activities and included with unrestricted funds. Gains and losses on disposal and revaluation of investments are credited or charged to the Statement of Financial Activities.

f) **Stock**

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

g) **Capital Grants**

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

h) **Fund Accounting**

The nature and purpose of each fund is explained in Notes 11 and 12.

i) **Pension Costs**

The Organisation, together with Scottish War Blinded, operates a defined benefits pension scheme. The assets are held separately from the two charities in an independently administered fund.

On 31 March 2009 the organisation fully adopted the Financial Reporting Standard FRS17 'Retirement Benefits'. The scheme actuary has calculated the split of net assets and liabilities between the two charities and comparative figures have been restated. The impact on the results and on reserves is given in note 12 to the financial statements and the Statement of Financial Activities.

The Statement of Financial Activities is charged with the cost of providing pension benefits earned by employees in the period. The expected return on pension scheme assets less the interest on pension scheme liabilities is included as part of this charge. Actuarial gains and losses arising in the period from the difference between actual and expected returns on pension scheme assets, experience gains and losses on pension scheme liabilities and the effects of changes in demographics and financial assumptions, are included in total recognised gains and losses.

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

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

NOTES TO THE ACCOUNTS (continued)

2 INCOMING RESOURCES

a) Voluntary Income

	2009	2008
	£	£
Legacies	883,427	927,426
Other Donations and grants	<u>274,783</u>	<u>315,844</u>
Statement of Financial Activities	<u>1,158,210</u>	<u>1,243,270</u>

b) Investment income

Dividends	1,182,135	1,376,187
Pension Scheme difference between interest and expected return	(74,000)	3,000
Bank interest	<u>113,575</u>	<u>111,004</u>
Statement of Financial Activities	<u>1,221,710</u>	<u>1,490,191</u>

c) Incoming resources from charitable activities

Royal Blind School

School and residential fees	6,145,505	6,589,446
Recurrent grant from Scottish Govt	2,624,000	2,627,804
Non-recurrent grant from S Govt	82,561	295,714
Sundry school income	34,382	22,962
Gains on disposal of fixed assets	-	6,072
Statement of Financial Activities	<u>8,886,448</u>	<u>9,541,998</u>

Scottish Braille Press

Sales	1,146,157	1,177,856
Capitation from local authorities	198,848	138,750
Sundry press income	809	-
Statement of Financial Activities	<u>1,345,814</u>	<u>1,316,606</u>

Braeside House

Fees for services	<u>2,300,846</u>	<u>2,115,187</u>
Statement of Financial Activities	<u>2,300,846</u>	<u>2,115,187</u>

Total from charitable activities	<u>12,533,108</u>	<u>12,973,791</u>
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Total Incoming Resources	<u>14,913,028</u>	<u>15,707,252</u>
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NOTES TO THE ACCOUNTS (continued)

3 RESOURCES EXPENDED

	Activities undertaken directly £	Grants £	Support Costs (Note 4) £	Total 2009 £	Total 2008 As restated £
Cost of generating funds					
Cost of generating voluntary income	506,571	-	11,291	517,862	193,396
Investment managers' fees	<u>56,749</u>	<u>-</u>	<u>-</u>	<u>56,749</u>	<u>39,862</u>
	<u>563,320</u>	<u>-</u>	<u>11,291</u>	<u>574,611</u>	<u>233,258</u>
Charitable activities					
Royal Blind School	9,079,426	-	485,357	9,564,783	10,120,478
Scottish Braille Press	1,248,262	-	55,001	1,303,263	1,297,957
Braeside House	2,489,296	-	129,923	2,619,219	2,615,592
Grants for research	-	80,554	-	80,554	80,000
Other	<u>-</u>	<u>29,495</u>	<u>7,669</u>	<u>37,164</u>	<u>85,876</u>
	<u>12,816,984</u>	<u>110,049</u>	<u>677,950</u>	<u>13,604,983</u>	<u>14,199,903</u>
Governance					
	<u>16,198</u>	<u>-</u>	<u>-</u>	<u>16,198</u>	<u>9,283</u>
	<u>13,396,502</u>	<u>110,049</u>	<u>689,241</u>	<u>14,195,792</u>	<u>14,442,444</u>

The cost of generating voluntary income is increased due to preparations for a major fundraising campaign intended to raise funds in subsequent financial years for the planned redevelopment of the School's Craigmillar Park campus.

4 SUPPORT COST ALLOCATION

Support cost	F'hall Road £	Fund- raising £	School £	Press £	Braeside House £	Total £
Management	-	2,908	176,199	22,679	62,222	264,008
Finance	-	790	47,847	6,158	16,896	71,691
Human Resources	-	878	53,189	6,846	18,783	79,696
I.T.	-	470	28,461	3,663	10,051	42,645
Maintenance	<u>7,669</u>	<u>6,245</u>	<u>179,661</u>	<u>15,655</u>	<u>21,971</u>	<u>231,201</u>
	<u>7,669</u>	<u>11,291</u>	<u>485,357</u>	<u>55,001</u>	<u>129,923</u>	<u>689,241</u>

Management, Finance Human Resources and I.T are allocated based on an average number of staff. Maintenance is allocated based on an estimation of floor area. Fountainhall (F'hall) Road is premises owned by the charity and currently used by another visual impairment charity.

NOTES TO THE ACCOUNTS (continued)

5 GOVERNANCE COSTS

	2009	2008
	£	£
Trustees' indemnity insurance	1,733	1,733
External audit fees	7,850	7,550
Other	<u>6,615</u>	<u>-</u>
	<u>16,198</u>	<u>9,283</u>

6 STAFF NUMBERS AND COSTS

Wages and salaries	9,066,309	9,074,742
Social security costs	684,262	681,994
Pension contributions: ordinary	921,676	1,071,852
Pension contributions: exceptional	<u>418,396</u>	<u>233,333</u>
Total pension contributions	1,340,072	1,305,185
Adjustment to FRS17 basis	<u>(442,000)</u>	<u>(100,000)</u>
Pension costs	<u>898,072</u>	<u>1,205,185</u>
Total staff costs	<u>10,648,643</u>	<u>10,961,921</u>

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

	2009	2009	2008	2008
	FTE	Head	FTE	Head
Royal Blind School	265	303	272	315
Braeside House	84	107	86	112
Scottish Braille Press	38	39	39	40
Head Office	<u>28</u>	<u>28</u>	<u>27</u>	<u>27</u>
	<u>415</u>	<u>477</u>	<u>424</u>	<u>494</u>

No remuneration or expenses have been paid to any director or member of committee in respect of their duties. (2008 Nil).

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

	2009	2008
	Number	Number
£60,001 - £70,000	1	1
£70,000 - £80,000	-	-
£80,000 - £90,000	1	1

NOTES TO THE ACCOUNTS (continued)

7 TANGIBLE FIXED ASSETS

	Heritable Property £	Furniture & Equipt £	I.T. £	Vehicles £	Total £
Cost					
Balance at 1 April 2008	18,956,793	992,512	371,467	280,814	20,601,586
Additions	291,917	126,692	213,789	82,193	714,591
Disposals	-	-	-	(18,250)	(18,250)
Balance at 31 March 2009	<u>19,248,710</u>	<u>1,119,204</u>	<u>585,256</u>	<u>344,757</u>	<u>21,297,927</u>
Accumulated depreciation					
Balance at 1 April 2008	2,963,047	512,735	277,454	94,928	3,848,164
Charge for year	390,541	99,589	60,230	66,413	616,773
Disposals	-	-	-	(10,266)	(10,266)
Balance at 31 March 2009	<u>3,353,588</u>	<u>612,324</u>	<u>337,684</u>	<u>151,075</u>	<u>4,454,671</u>
Net book value					
31 March 2009	<u>15,895,122</u>	<u>506,880</u>	<u>247,572</u>	<u>193,682</u>	<u>16,843,256</u>
31 March 2008	<u>15,993,746</u>	<u>479,777</u>	<u>94,013</u>	<u>185,886</u>	<u>16,753,422</u>

Included within I.T. are assets in the course of construction £48,148 (2008, within heritable property, £169,501).

8 INVESTMENTS

	2009 £	2008 £
Market value as at 1 April 2008	28,660,830	33,202,088
Additions at cost	3,377,942	7,254,559
Disposals at opening book value	<u>(7,562,580)</u>	<u>(8,077,290)</u>
	24,476,192	32,379,357
Change in market value in the year	<u>(6,108,127)</u>	<u>(3,718,527)</u>
Market value as at 31 March 2009	18,368,065	28,660,830
Cash held for investment	2,443,638	412,137
Total investments	<u>20,811,703</u>	<u>29,072,967</u>
Investments held at cost	22,617,325	25,101,285
Cash held for investment	2,443,638	412,137
Cost as at 31 March 2009	<u>25,060,963</u>	<u>25,513,422</u>
The market value represents:		
Investments listed on a recognised stock exchange		
United Kingdom	15,357,094	28,093,523
Europe	<u>3,010,971</u>	<u>567,307</u>
	<u>18,368,065</u>	<u>28,660,830</u>

NOTES TO THE ACCOUNTS (continued)

8 INVESTMENTS (Continued)

One investment exceeds 5% of the portfolio: Aberdeen Unit Trust Managers Asia Pacific Fund, valued at £2,390,184 (2008 £3,094,114). All investments are held to provide an investment return.

9 DEBTORS

	2009	2008
	£	£
School debtors	150,357	131,596
Residential Home debtors	102,005	85,492
Scottish Braille Press debtors	170,366	231,036
Other debtors	15,261	-
Prepayments	-	20,708
Due from Scottish War Blinded	123,740	319,115
Taxation recoverable	8,102	18,161
Accrued income	<u>159,301</u>	<u>271,584</u>
	<u>729,132</u>	<u>1,077,692</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Suppliers and accruals	350,263	497,120
Due to HMRC	202,366	211,944
Deferred income	<u>30,870</u>	<u>60,064</u>
	<u>583,499</u>	<u>769,128</u>

Deferred Income of £30,870 relates to advanced sales of tables at the 'Try and Score' dinner which took place on 14th May 2009.

11 RESTRICTED FUNDS

	Balance	Incoming	Transfers	Resources	Balance
	31.3.08	Resources		Expended	31.3.09
	£	£	£	£	£
Endowment funds	<u>137,520</u>	<u>3,302</u>	<u>(3,052)</u>	<u>-</u>	<u>137,770</u>
Capital grants reserve	788,522	185,418	21,288	10,177	1,005,405
Beneficiaries' funds	90,318	27,000	692	(24,453)	93,557
Light Up Lives	<u>-</u>	<u>4,295</u>	<u>-</u>	<u>-</u>	<u>4,295</u>
	<u>878,840</u>	<u>216,713</u>	<u>21,980</u>	<u>(14,276)</u>	<u>1,103,257</u>
All restricted Funds	<u>1,016,360</u>	<u>220,015</u>	<u>18,928</u>	<u>(14,276)</u>	<u>1,241,027</u>

NOTES TO THE ACCOUNTS (continued)

11 RESTRICTED FUNDS(continued)

Endowment Funds are credited directly with endowments received. Income arising is allocated either to unrestricted funds or to restricted funds (Beneficiaries' Funds), depending on the nature of the Endowment.

The Capital Grants Reserve Fund was created to hold grants received relating to specific items of capital expenditure. The transfer to the fund corrects a prior year charge that was double counted. Resources expended include a £140,135 prior year correction in respect of Capital items incorrectly treated as current expenditure in the 2008 accounts. Resources expended relating to the current year amount to (£129,958).

The three Beneficiaries' funds (School Leavers' Fund, School Pupils' Fund and Braeside House Home Comforts Fund) were created from monies received from benefactors.

The Light Up Lives Fund consists of donations earmarked for the redevelopment of the school's Craigmillar Park campus.

12 UNRESTRICTED FUNDS

	General Fund	Investm't Reserve £	Designated Fund £	Pension Reserve £	Total £
Balance 31.3.08	43,993,419	3,678,625	-	-	47,672,044
FRS17 pension adjustment	-	-	-	(1,956,000)	(1,956,000)
Balance 31.3.08 as restated	43,993,419	3,678,625	-	(1,956,000)	45,716,044
Net incoming res after transfers	124,569	-	-	368,000	492,569
Transfer to desig fund	(5,000,000)	-	5,000,000	-	-
Loss on disposal of investments	(2,183,650)	-	-	-	(2,183,650)
Realisation of inv't valuation	(3,948,950)	3,948,950	-	-	-
Loss in year on reval'n of inv'ts	-	(6,108,127)	-	-	(6,108,127)
Actuarial losses	-	-	-	(2,110,000)	(2,110,000)
Balance 31.3.09	<u>32,985,388</u>	<u>1,519,448</u>	<u>5,000,000</u>	<u>(3,698,000)</u>	<u>35,806,836</u>

The Directors have designated a fund of £5,000,000 for planned building works at the Craigmillar Park Campus of the Royal Blind School.

NOTES TO THE ACCOUNTS (continued)

13 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible fixed assets £	Invest- ments £	Net current assets £	Total funds £
Endowment funds	-	137,770	-	137,770
Restricted funds				
Capital grants reserve	1,005,405	-	-	1,005,405
Other restricted funds	-	<u>97,852</u>	-	<u>97,852</u>
	<u>1,005,405</u>	<u>97,852</u>	-	<u>1,103,257</u>
Designated funds	-	5,000,000	-	5,000,000
Other unrestricted funds	<u>15,837,851</u>	<u>11,878,081</u>	<u>3,090,904</u>	<u>30,806,836</u>
Total funds	<u>16,843,256</u>	<u>17,113,703</u>	<u>3,090,904</u>	<u>37,047,863</u>

Within other unrestricted funds the Pension Reserve is net against investments.

14 GROSS CASH FLOWS

	2009 £	2008 £
Returns on investments and servicing of finance		
Dividends received	1,182,135	1,376,187
Interest received	113,575	111,004
Fund manager's fees	<u>(56,749)</u>	<u>(39,862)</u>
	<u>1,238,961</u>	<u>1,447,329</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(714,591)	(498,795)
Receipts from sale of tangible fixed assets	<u>5,500</u>	<u>24,450</u>
	<u>(709,091)</u>	<u>(474,345)</u>
Payments to acquire investments	(3,377,942)	(7,254,559)
Receipts from sale of investments	5,378,930	7,350,375
Net (increase) in short term deposits	<u>(2,031,501)</u>	<u>(172,931)</u>
	<u>(30,513)</u>	<u>(77,115)</u>

NOTES TO THE ACCOUNTS (continued)

15 ANALYSIS OF CHANGES IN CASH AND INVESTMENTS

	At 31.3.08 £	Cash flows £	Other changes £	At 31.3.09 £
Bank accounts	2,503,421	395,726	-	2,899,147
Investments	<u>29,072,967</u>	<u>30,513</u>	<u>(8,291,777)</u>	<u>20,811,703</u>
	<u>31,576,388</u>	<u>426,239</u>	<u>(8,291,777)</u>	<u>23,710,850</u>

16 PENSION COSTS

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

The latest full actuarial valuation was conducted as at 1 April 2007 by a qualified independent actuary which showed the scheme to be 11% under-funded on an ongoing basis. After due consideration of the Actuary's report the Board agreed to set the employer's contribution at 17.7% from 1st April 2008. The employees' contribution is at a rate of 5%. The major assumptions used by the Actuary were as follows:

Inflation	3.3%
Salary increases	2.0%
Expected return on investments	7.8%

The total payments to the scheme for the year amounted to £1,340,072 (2008: £1,305,185) and included £418,396 (2008: £233,333) of exceptional contribution made to address the estimated pension scheme deficit. The exceptional contribution was made under an ongoing recovery plan.

The fund has been valued in accordance with the requirements of FRS17 by David Watson of Scottish Widows on 22 May 2009. The actuarial valuation of the fund and any potential liabilities, and the assumptions made by the Directors as the basis of the valuation, are shown below.

Assumptions	at 31 March 2009	at 31 March 2008
Discount rate	6.5%	6.4%
Retail price inflation	3.0%	3.4%
Salary increase rate	4.5%	4.9%
Pension increases (Limited Price Indexation)		
- LPI maximum 5%	3.0%	3.4%
Deferred pension revaluation	3.0%	3.4%

NOTES TO THE ACCOUNTS (continued)

16 PENSION COSTS (continued)

Assets	31 Mar 2009		31 Mar 2008	
	£000's	long term return	£000's	long term return
Equities & property	8,347	7%	9,643	7.5%
Bonds	3,425	4.36%	4,183	4.56%
Cash	<u>22</u>	0.5%	<u>51</u>	5.25%
Total	<u>11,794</u>		<u>13,877</u>	

Liability and Funded Status	at 31 March 2009	at 31 March 2008
Fair value of plan assets	11,794	13,877
Value of funded obligations	<u>(15,492)</u>	<u>(15,833)</u>
(Deficit)	<u>(3,698)</u>	<u>(1,956)</u>

Analysis of amount recognised in Statement of Financial Activities	2009	2008
Actual return less expected return on assets	(3,698)	(1,598)
Experience gains on the liabilities	89	561
Change in assumptions	<u>1,499</u>	<u>3,057</u>
Actuarial (loss)/gain recognised in the SOFA	<u>(2,110)</u>	<u>2,020</u>

Movement in deficit during the year	2009 £000's	2008 £000's
Deficit at beginning of the year	(1,956)	(4,079)
Current service cost	(902)	(1,157)
Contributions	1,344	1,257
Expected return on assets	939	952
Interest on liabilities	(1,013)	(949)
Actuarial (loss)/gain in the SOFA	<u>(2,110)</u>	<u>2,020</u>
(Deficit) at end of the year	<u>(3,698)</u>	<u>(1,956)</u>

History of Experience Gains and Losses		
Difference between the actual and expected return on assets	(3,698)	(1,598)
- as % of scheme assets	31%	12%
Experience gains/(losses) on liabilities	89	561
- as % of liabilities	1%	4%
Total amount recognised in the SOFA	(2,110)	2,020
- as % of liabilities	14%	13%

NOTES TO THE ACCOUNTS (continued)

16 PENSION COSTS (continued)

From 1 April 2006 the defined benefits scheme was closed to new members. A group personal pension plan has been established for employees who wish to join.

17 CONNECTED ORGANISATION

The Directors of Royal Blind act as Trustees of The Scottish National Institution for the War Blinded (Operating as Scottish War Blinded). This is a separate charity having its own funds and properties. Royal Blind provides administrative services for which a fee is charged.

At the balance sheet date a balance was due from Scottish War Blinded amounting to £123,740 (2008: £319,115).