



The Royal Blind Asylum and School, Edinburgh

Report and Financial Statements

Year ended 31 March 2011

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 Cullen, M.D., F.R.C.S., F.R.C.S.Ed.
Ms Aileen McGlynn O.B.E.

Board of Directors

Elected by Contributors

Douglas A Osler (Chairman)
David C Dunn (Vice-Chairman)
Iain C Lumsden (Vice-Chairman)
Margery M Browning
James M Finlay (Resigned 6 October 2010)
Dr Brian Fleck
Lorraine Grady (Appointed 6 October 2010)
Robert Hodge (Resigned 6 October 2010)
David Johnston
Gwenn McCreath (Appointed 6 October 2010)
Kenneth D Reid
Margaret M Sibbald
Peter Stephenson (Appointed 16 June 2010)
Glen Waddell

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, 65 Haymarket Terrace, 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 2011. This report is prepared in accordance with the Royal Charter of Incorporation and the recommendations of the Statement of Recommended Practice - Accounting and Reporting by Charities and complies with applicable law.

Directors' Responsibilities

The Directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Charity law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the organisation and of the incoming resources and application of resources of the organisation for the year. In preparing those financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the organisation will continue in operation.

The Directors are responsible for keeping accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of the organisation and enable them to ensure that the financial statements comply with regulations made under the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the 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 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) **Structure, governance and management (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 (who are the trustees of the charity for the purposes of charity law), 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 has been paid to any Director.

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 Leadership Team.

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

People

The resignation of two notable Board members took place during the year. Mr Jim Finlay served as a director for fourteen years, including seven years in the position of Chairman. Mr Bob Hodge served for ten years, eight as Convener of the Finance and General Purposes Committee. Their contributions have been greatly appreciated and we wish them both well. I am very pleased to welcome Peter Stephenson, Lorraine Grady and Gwenn McCreath to the Board. Their contributions have already been of great benefit.

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".

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

The Royal Blind School is a day and residential grant aided school providing education for visually impaired children aged 5 to 19. Craigmillar Park Campus is able to provide 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, and beyond.

Pupils come from a diverse range of backgrounds and present with vastly differing abilities and needs. Despite this diversity, each pupil's needs are met through Individual Education and Care Plans. The aim of these is to support the young people towards independence in a safe environment. Young people are appropriately challenged to develop their skills and knowledge.

The school provides high standards of education and care for our pupils. Emphasis is placed on multi-disciplinary team working and cross-curricular activities that are relevant to the young people's experience and which provide both depth and breadth of learning.

Forward Vision, a new service operational from August 2010, provides young adults aged 18-24, who have a visual impairment and complex support needs, care and support with a person-centred focus on strengths and abilities, encouraging greater independence. It is located adjacent to the school campus at Canaan Lane, Morningside, Edinburgh.

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

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.

ACHIEVEMENTS AND PERFORMANCE

The Royal Blind School

The pupils have celebrated many achievements this year.

- The leaving pupils from our Canaan Lane campus completed the ASDAN Transition module.
- Pupils demonstrated their considerable skills in the expressive arts through their performances at the Edinburgh Festival of Music, Speech and Dance, the school concerts, at the Scottish Parliament and in a range of concerts and celebration events.
- Art works by the pupils featured in an exhibition celebrating Braille Week.
- In sport, the pupils competed in the Scottish Athletics Championships and the British Championships.

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

- A range of pleasing SQA results were achieved across a broad range of curriculum areas including:
 - one pupil attaining A Grade in Advanced Higher Music
 - one pupil attaining Higher French
 - one pupil attaining Higher Modern Studies
 - three pupils attaining Higher Music
 - many pupils attaining Intermediate Biology, Business Management, English, French, Geography, History, Mathematics, Information Systems, Physical Education, Media Studies, Physics
 - many pupils attaining Standard Grade English, French, History, Physics

Inspections and accreditations

The Care Commission inspects schools twice a year. On each occasion, we were very pleased to receive a consistent evaluation of 'very good' across all quality indicators.

The rights of the individual are acknowledged and supported. In 2010-11, the school started on its journey to achieve accreditation as a Rights Respecting School. As part of this, we participated in 'A Right Blether', a conversation with Scotland's youth, initiated by the Children's Commissioner.

The school was very pleased to be awarded a Healthy Living Award in recognition of its work on providing nutritious school lunches and encouraging healthy eating.

Community Responsibility

- The young people in the school's eco-committee have been working with a local church to establish a prayer garden.
- Several of our secondary pupils participated in the Rock Foundation Winter Sleepout, raising money for homeless people in Edinburgh. At Harvest Festival time, the pupils also donated food to support this group.
- Wear It Pink Day was celebrated in support of Breast Cancer Awareness. Comic Relief Day was also celebrated.
- The young people participated in a variety of enterprise activities including the Christmas Fayre and the Coffee Shop, proceeds from which were donated to various charities.

Special Activities

Young people are encouraged to develop their independence to facilitate community participation. Boarding pupils have participated in a broad range of extra-curricular activities including Judo, Scouts, Guides and the Duke of Edinburgh Scheme.

Mobility training enables young people to develop skills that enable them to safely move about their community with confidence. We have been closely involved with the Institute of Education (University of London) and the Scottish Sensory Centre (Edinburgh University) in delivering the Paediatric Habilitation course which is

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

training participants to become either trained Habilitation Assistants or fully trained Habilitation Specialists.

A number of our pupils have attained swimming certificates for varying levels of water safety and swimming ability. They have also participated in a variety of outdoor education activities.

In cooperation with Royal Blind's Marketing and Fundraising Department, the school hosted a celebration event for Supporters at the school. The young people presented several musical items and participated in an interview in which they spoke about their achievements and aspirations. They represented the school very positively.

School staff have been involved in a European Comenius Lifelong Learning project which culminated this year in the production of a resource booklet called 'Optic – Optimising the Inclusive Classroom'. A special event was held in the Scottish Parliament to celebrate the publication of the booklet which has since been widely disseminated throughout the community.

We have again received extensive media coverage in the print media, profiling the school's activities and pupil achievement. We have also been featured on the websites of HMIE and Learning and Teaching Scotland in recognition of our excellent practice.

Links with Other Education Providers

We are very pleased to have strong partnerships with other education providers. Some of our young people attend the school part-time, attending their local schools on the other days of the week. We have excellent links with Firrhill, St Peters, St George's, George Heriot's, George Watson's and Hazelwood schools. We have also been working cooperatively with the other Grant-aided special schools, supported by the Support for Learning Department within the Scottish Government.

International Links

We continue our international links through MDVI Euronet and ICEVI (International Congress for Educators in Visual Impairment). This year, we hosted the annual meeting of the ICEVI Board.

Once again, a group of pupils and staff visited France to be immersed in the French language and culture for a week.

Pupil numbers and staffing

The number of pupils in the school reduced to 79 in August 2010, with a disproportionately large decrease in residential numbers. Our staff have remained highly motivated and supported our work through a difficult time when we have needed to adapt our staffing numbers to the pupil numbers and fee income level.

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

Our business plan is to continue to sustain the capacity across both campuses to enable us to serve up to around 120 pupils across all ages and abilities, as we had in quite recent times. However, to do this we have to sustain a significant financial deficit and keeping the school running is the main purpose to which we are devoting our voluntary income.

The Doran Review is considering the place of grant aided special schools in Scotland's education system, and the routes by which pupils are referred to such schools. We have the opportunity to feed our knowledge and views into that review, and it is our hope that the outcome will be to confirm our position and to open the way to higher numbers of referrals once again. However, we need to be prepared for the eventuality that the outcome is otherwise, and avoid over-committing resources. For this reason we took the decision to postpone the start of our building project at Craigmillar Park for which we have the design work and planning permission fully in place.

Forward Vision

This new service opened its doors in August 2010 and is establishing itself successfully, thanks to the experienced team that is developing and managing it. By September there were four young people receiving the full residential service and a further two regularly make short stays.

The young adults attend college courses such as games and sport. Dance performance and community activities enable them to interact with other young adults with similar needs.

We are building up networks of support in the surrounding community and among other organisations working with young people. Staff and young adults spent three days at the Hilton in Aviemore having ski lessons in a trip organised and funded by Disability Snowsport. The staff team has been joined by social work students one of whom is taking forward the introduction of advocacy services. A volunteer will work with staff to set up a music group. Another volunteer is working with one young person to facilitate further socialisation opportunities.

A gardening project has been started and is expanding with plants and vegetables being planted in pots in the courtyard as well as an area being identified within the grounds which will be used as a vegetable plot. Work at the allotment has also begun. Young adults and staff enjoyed a 'house' party to celebrate the recent Royal Wedding.

There have been continuing discussions and visits to other agencies providing care for young adults to look at what activities and college opportunities they are offering as well as looking at the type of accommodation and service on offer. These include group living and single tenancy settings.

REPORT OF THE DIRECTORS (continued)

ACHIEVEMENTS AND PERFORMANCE: Forward Vision (continued)

All the young adults have had an initial review, and these have been very positive. Feedback has also been gained from parents/carers, and this has also been very positive, verifying that our young people have made the progress we hoped they would make with us in independence and socialisation.

Braeside House

Braeside House is again graded 5's ("very good") across the board on Quality of care, quality of leadership and management, quality of environment, quality of staffing by SCSWIS (the body that supersedes the Care Commission). This places us solidly within the top 20% of Care Homes, a reflection on the high standard of care delivered and the commitment of our dedicated staff.

The home operated at an average of 95.0% (2009/10 97.4%) of full capacity through the year, which is a great achievement as over the year we had 48 (2009/10 32) vacancies to fill. Our average re-let period was 28 (2009/10 19) days. We reported last year that we closed that year with a number of vacancies, and the problem extended through until August 2010, exacerbated by the greater turnover of residents. For the last seven months of the year, we achieved 97.4% occupancy and a 16 day average relet period.

These excellent figures reflect our efficiency, our excellent reputation and the numbers of older people with visual impairments needing our support.

The average age in the Home is 92 years and the residents require increasingly complex care. Our programme of education keeps our staff up to date with current thinking on care practice, including dementia care and end of life care, both of which become increasingly important. The average length of stay of those residents who died at Braeside House during this financial year was 1.7 years.

Another major theme of our training this year has been in nutrition, and we have worked hard on introducing more formal procedures on weight monitoring of residents and pressure relieving care.

We have created two sitting areas with a "period" feel to them, with homely furnishings, fireplaces, ornaments and even big radios from the 1950's. Many of our residents find these spaces to be calming and reassuring. Our day activities are adapted to the interests and needs of the residents we have at any time, and our Royal Wedding celebrations were a major event in the home.

Serena Allan, our Head of Care, has been at the forefront of thinking on relationship centred care, having co-authored with Dr Mike Nolan of Sheffield University "Implementing Relationship Centred Care within a Care Home Setting" and made a joint presentation of that work in Dublin. Serena attended the National Care Award ceremony in London, having been included in a shortlist of five for the Registered Nurse of the Year award.

REPORT OF THE DIRECTORS (continued)
ACHIEVEMENTS AND PERFORMANCE: Braeside House (continued)

We would like to take this opportunity to thank all of the families, and friends of Braeside House for their continuing support over the past year, also the on-going hard work of our staff.

Scottish Braille Press

Our work for the financial sector, for whom we supply customer account statements and other documentation in large print, Braille and audio formats, grew strongly this year, as a result of which total sales increased by 40% to £1.5 million. The growth was particularly high in our specialist large print production. Much of the new business was gained from existing clients whose business has expanded.

As members of UKAAF, we are working towards the development and introduction of a Braille quality accreditation scheme. Staff member Jim McCafferty became a member of the "Braille Production Group" which looks at all aspects of Braille production including accreditation.

This year we worked with the publisher Waverley Books to publish the Braille edition of the novel "Mavis's Shoe" by Sue Reid Sexton on the same day as the print version was published. We continued to produce Braille magazines, for which we have 807 subscribers over our 4 titles. In addition, the Braille version of Royal Blind's Isite magazine goes out to 514 individuals.

Nine of our staff are Blind or have a measure of visual impairment, and eight staff are otherwise disabled. The oversight of our supported employees has gone through a significant change this year, with the Shaw Trust appointed to work with us on behalf of the Department for Work and Pensions, and a renewed contract with the City of Edinburgh Council that secures the funding of our present workforce into the future.

During the year, we celebrated the retirement of Jimmy Milliken after 45 years' service. Jimmy was a former pupil of the Royal Blind School.

Marketing and Fundraising

The key priorities for marketing and fundraising over the past year have been to raise the profile of Royal Blind, in order to increase the knowledge of the organisation among potential supporters and among those with whom we may work to provide future services, and to grow income from key target markets in order to build the financial viability of existing operations and services and build our capacity to raise funds, to enable future growth and security.

Having made a major investment in marketing and fundraising activities in the previous financial year in connection with our school building project, it was important this year to both build on the recognition and support we achieved last year and re-establish a firm base and financial return ratio. It is good to be able to report that this has been achieved, even though the postponement of the school

REPORT OF THE DIRECTORS (continued)

ACHIEVEMENTS AND PERFORMANCE: Marketing and fundraising (continued)

building project (see the report on the school, above) meant we had to suspend in mid-year the fundraising that we were doing for that specific purpose.

An important thrust for our marketing activities has been development of our website and of other related web-based activity. Our network of websites is now impressive, and is backed up less visibly by work and investment to ensure that search engine enquiries such as Google will bring anyone interested in our area of work to our website, whatever their purpose. This has an international reach and an enormous potential as increasingly people meet their information requirements in this way. Our activities are announced and commented upon through Facebook and Twitter to a growing community of followers.

We have continued to publish our charity magazine iSite three times yearly. The latest edition was redesigned and the paper stock changed to reflect the development of our services and the circulation is now over 15,000.

We have developed new marketing materials for Forward Vision and Braeside House to effectively market and promote the services.

Our range of campaigns and events included a repeat of our flagship event Try and Score, held in association with Aberdeen Asset Management. Light Relief Week – a week that encourages supporters to use an hour to actively fundraise for the charity – ran for the second time in October and is developing and growing as a way of raising support and funds.

National Braille Week aims to draw attention to Braille as a communication system which has been instrumental in opening up opportunities and empowering those who are blind or visually impaired. This year the campaign featured a unique exhibition, featuring artwork and Braille messages from a host of UK celebrities that included Stephen Fry, Susan Boyle, Michael Ball and Dougray Scott.

The Optic Event held at the Scottish Parliament (mentioned in the report on the Royal Blind School above) was widely publicised and provided good exposure and links for the organisation.

At the beginning of April 2011 we held an innovative event for donors and collectors to say “thank you” to those who support our work, many of whom have loyally supported us for many years. Bringing our supporters face to face with the people we support and who manage our services was a big motivator and we hope to hold similar events in the future.

Head Office and Governance

During the year, the Board formed an Adult Services Committee to oversee the work of the Forward Vision service and the development of further services for visually impaired adults.

REPORT OF THE DIRECTORS (continued)
ACHIEVEMENTS AND PERFORMANCE: HO and Governance (continued)

Our programme of internal audit completed its first year and all material recommended improvements were implemented. A new record keeping system for human resources management has been installed, and a new system of staff performance appraisal was introduced.

Our Information and Communications Technology team has been strengthened and relocated to a unified base at the Craigmillar Park Campus, ready to make significant improvements in 2011/12. New telephone systems are in place throughout the organisation.

PLANS FOR THE FUTURE

School developments

Planning has continued for the construction of a new residential building and re-design of the interior layout of the existing school building on the Craigmillar Park campus. As mentioned in the report on the school, above, the planned construction date has been postponed, pending the progress of the Scottish Government's Doran Review which may have implications for the future pattern of referral to the school.

The Royal Blind School provides a range of valuable services both to the pupils of the school and more broadly to educators and carers of children and young people with visual impairments. Looking to the future, we are keen to work in cooperation with Local Authorities and other providers to develop and diversify the range of services delivered by the school, as well as building and maintaining a vibrant and effective school. Ideas in development include an after-school club and ways of reaching out to pre-school pupils, and formalising and expanding the school's role as a specialist training provider to other organisations and authorities

Adult services

Our Forward Vision service is now under way, and we are already looking at the needs of the young people when they eventually leave that service at the age of 25. We are developing models and ideas for supporting adults with visual impairments and other disabilities in living in the community.

Older people

We are acutely aware that needs of the kind that we can meet so effectively in the Edinburgh area at Braeside House are equally present throughout the rest of Scotland, and so we continue to look for ways in which we might successfully expand outwards.

POLICIES

Risk Management

The Directors assess the major risks that may face the charity, in particular those relating to its operations and finances. Accordingly the Board ensures that suitable

REPORT OF THE DIRECTORS (continued)
POLICIES: Risk Management (continued)

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 the risks faced by the organisation have been reviewed by the committee again during 2011.

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. We are at present facing this eventuality, and a marketing plan for the school is being pursued to address it. The resultant operating deficit incurred in running the school, if it continues at the present level, will not lead to any curtailment of operating activities but it will reduce the organisation's potential to develop new services and facilities.

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

REPORT OF THE DIRECTORS (continued)
POLICIES: Investment Policy (continued)

- 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.

Reserves Policy

The organisation normally aims to accumulate resources to support future improvements in facilities and the provision of new services. The accumulated reserve also provides the protection the Directors require against financial difficulty in the event of adverse circumstances.

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 above under the heading "Plans for the Future". This reduces the remaining unrestricted invested reserve to £19.4 million, which is equivalent to 17 months' incoming resources. The responsibilities placed upon the Directors to maintain and sustain such important and resource-intensive services in the current uncertain and difficult times make it essential to maintain a strong reserve.

FINANCIAL REVIEW

Incoming Resources

Total incoming resources, at £13.3 million, decreased by 2% from the previous year. Income from school fees was reduced by £849,000 (16%) due to the decrease in the number of pupils and uptake of residential places. This decrease in school income was compensated by an increase in income from legacies after a low figure the previous year, the income earned by the new Forward Vision service and a good increase in sales at the Scottish Braille Press.

Braeside House's income was slightly decreased from the previous year, due to there having been vacant beds for the first few months of the financial year. Sales by the Scottish Braille Press rose by 40%, but a one-off refund of past capitation grant to Edinburgh Council meant that the increase in total income to the Press was restricted to 21%.

REPORT OF THE DIRECTORS (continued)
FINANCIAL REVIEW: Incoming resources (continued)

Dividend income from our investments decreased again, but by only 7% this time. The investment income figure in the Statement of Financial Activities is made lower by a £278,000 downward adjustment from applying the FRS17 pension costs standard, as is shown in note 2b to the financial statements.

Resources expended

As described under the heading “Marketing and Fundraising” earlier in this report, the cost of generating voluntary income and our other fundraising costs are both significantly less that they were in the previous financial year, which was when we launched our major campaign to attract support for the school building project.

Our staffing costs are inflated this year by the operation of FRS17 as the adjustment to this basis of accounting, from the basis of actual normal contributions, has added £348,000 to our staff cost for the year, whereas last year the adjustment reduced the cost by £63,000. Comparability of operating costs between the two years is affected thereby to the tune of £411,000. Next year’s effect is likely to be less adverse, so comparability will be difficult again.

Financial performance of the main activities

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

	Royal Blind School	Forw’d Vision	Braeside House	Scottish Braille Press
	£	£	£	£
Incoming Resources				
Income to general funds	<u>7,072,761</u>	<u>394,917</u>	<u>2,518,230</u>	<u>1,535,231</u>
Resources Expended				
Cost of Sales	-	-	-	148,073
Payroll costs (pension cost = contribution)	5,715,850	321,612	1,779,185	814,845
Other expenditure from general funds	<u>2,591,312</u>	<u>89,090</u>	<u>864,420</u>	<u>455,833</u>
Total	<u>8,307,162</u>	<u>410,702</u>	<u>2,643,605</u>	<u>1,418,751</u>
Net operating surplus/(deficit)	<u>(1,234,401)</u>	<u>(15,785)</u>	<u>(125,375)</u>	<u>116,480</u>
2009/10	<u>(1,178,895)</u>	-	<u>(87,969)</u>	6,711
Adjustment of pension cost basis	(221,926)	(16,936)	(99,887)	(58,632)
Inclusion of restricted fund transactions	(79,327)	-	(15,902)	-
Net Incoming/(Outgoing) Resources	<u>(1,535,654)</u>	<u>(32,921)</u>	<u>(241,164)</u>	<u>57,848</u>
2009/10	<u>(1,232,613)</u>	-	<u>(84,590)</u>	<u>15,332</u>

Although the school suffered a decrease in its income, its operating deficit remained at approximately £1.2 million. The school is the only service with a significant

REPORT OF THE DIRECTORS (continued)
FINANCIAL REVIEW: Main activities (continued)

recurring deficit. Our business plan is to continue to build up and market the school's services and influence the governmental review of special schooling. In the mean time we continue to trim our variable costs, and inevitably this has meant taking measures to reduce the workforce.

Expenditure on grants is shown as increased to £186,000 from £115,000 the previous year. This increase is due to our accounting for all grants as committed at the year-end date whereas in the previous year the undertaking to provide grant was not treated as a firm commitment. Thus two years' grant programmes for medical research are included.

Net outgoing resources before other gains and losses of £837,000 are affected by the £278,000 adjustment to investment income and the £348,000 adjustment to pension costs referred to above, and so the level of this deficit is not believed by the Directors to be a cause for major concern.

Other gains, and overall result

The value of the organisation's invested reserves has risen dramatically over the last two years from the low point reached in March 2009. This year's investment gains, at £2.4 million, are less dramatic than those of the previous year but nevertheless represent a healthy growth and more than compensate for the operating deficit.

While the adjustments to pension costs to the FRS17 basis have affected our operating deficit adversely, by contrast they also give us an actuarial gain of £8.3 million and the deficit attributable to the pension scheme in the Balance Sheet is much reduced. The gain arises from a number of causes, including a slightly lower assumption being made regarding future salary levels. All the assumptions are set out in note 16 to the financial statements. The apparent contradiction between the adjustment to costs and the actuarial gain arises partly because we have to apply the previous year's assumptions to our cost adjustment and the new year's assumptions to the actuarial gain.

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
22 June 2011

INDEPENDENT AUDITOR'S 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 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's directors as a body, in accordance with section 44 of the Charities and Trustee Investment (Scotland) Act 2005 and in accordance with the Royal Charter of Incorporation. Our audit work has been undertaken so that we might state to the charity's directors those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's directors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements, which give a true and fair view. We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

INDEPENDENT AUDITORS' REPORT (continued)

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the organisation's affairs as at 31 March 2011 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where regulations made under the Charities and Trustee Investment (Scotland) Act 2005 require us to report to you if, in our opinion:

- proper accounting records have not been kept in respect of the charity; or
- the financial statements do not accord with the accounting records; or
- any information contained in the financial statements is inconsistent in any material respect with the trustees report; or
- any information or explanation to which we are entitled has not been afforded to us.

PKF (UK) LLP
Statutory Auditor
Edinburgh, UK
22 June 2011

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2011

	Note	Unrestricted General Funds £	Restricted Funds £	Total 2011 £	Total 2010 £
Incoming Resources	2				
Incoming resources from generated funds					
Voluntary Income		946,885	77,413	1,024,298	851,863
Income from activities for generating funds		50,624	62,103	112,727	263,751
Investment Income		601,693	-	601,693	691,683
Incoming resources from charitable activities					
Royal Blind School		7,072,761	64,000	7,136,761	7,982,117
Forward Vision		394,917	-	394,917	-
Braeside House		2,518,230	-	2,518,230	2,533,209
Scottish Braille Press		<u>1,535,231</u>	<u>-</u>	<u>1,535,231</u>	<u>1,267,815</u>
Total Incoming Resources		<u>13,120,341</u>	<u>203,516</u>	<u>13,323,857</u>	<u>13,590,438</u>
Resources Expended	3				
Cost of Generating Funds					
Generating voluntary income		363,354	-	363,354	1,086,894
Fundraising: Cost of goods sold and other costs		62,185	-	62,185	554,244
Investment managers' fees		81,238	-	81,238	67,697
Charitable Activities					
Royal Blind School		8,529,088	143,327	8,672,415	9,214,730
Forward Vision		427,638	-	427,638	-
Braeside House		2,743,492	15,902	2,759,394	2,617,799
Scottish Braille Press		1,477,383	-	1,477,383	1,252,483
Service development		108,986	-	108,986	162,534
Grants and sundry		185,974	-	185,974	115,396
Governance Costs	5	<u>22,503</u>	<u>-</u>	<u>22,503</u>	<u>24,487</u>
Total Resources Expended		<u>14,001,841</u>	<u>159,229</u>	<u>14,161,070</u>	<u>15,096,264</u>
Net (Outgoing)/Incoming Resources before other recognised gains & losses		<u>(881,500)</u>	<u>44,287</u>	<u>(837,213)</u>	<u>(1,505,826)</u>
Other recognised gains and losses					
Net Gain in Year on Disposals of Investments		189,472	-	189,472	1,576,140
Revaluation of Investments		2,203,968	-	2,203,968	6,983,021
Actuarial Gain/(loss) on defined benefit pension scheme	16	<u>8,345,000</u>	<u>-</u>	<u>8,345,000</u>	<u>(5,202,000)</u>
		<u>10,738,440</u>	<u>-</u>	<u>10,738,440</u>	<u>3,357,161</u>
Total Recognised Gains		9,856,940	44,287	9,901,227	1,851,335
Total Funds at 31 March 2010		<u>37,471,716</u>	<u>1,427,482</u>	<u>38,899,198</u>	<u>37,047,863</u>
Total Funds at 31 March 2011		<u>47,328,656</u>	<u>1,471,769</u>	<u>48,800,425</u>	<u>38,899,198</u>

All amounts relate to continuing operations. On the historical cost basis total recognised gains for the year would have amounted to £377,379 (2010: losses £3,024,566). Net incoming resources included Capital Grant items amounting to £64,000 (2010: £58,694).

BALANCE SHEET AS AT 31 MARCH 2011

	Notes	2011 £	2010 £
Tangible Fixed Assets	7	16,626,497	16,981,685
Investments	8	<u>30,794,017</u>	<u>28,386,667</u>
		<u>47,420,514</u>	<u>45,368,352</u>
Current Assets			
Stock		47,129	40,514
Debtors	9	988,348	854,685
Cash at Bank and in Hand		<u>1,950,574</u>	<u>2,030,001</u>
		2,986,051	2,925,200
Creditors: amounts falling due within one year	10	<u>843,140</u>	<u>608,354</u>
Net Current Assets		<u>2,142,911</u>	<u>2,316,846</u>
Net assets excluding pension liability		<u>49,563,425</u>	<u>47,685,198</u>
Defined benefit pension liability		<u>(763,000)</u>	<u>(8,786,000)</u>
Net Assets including pension liability		<u>48,800,425</u>	<u>38,899,198</u>
Represented by			
Restricted Funds	11	<u>1,471,769</u>	<u>1,427,482</u>
Unrestricted Funds			
General fund	12	36,597,333	35,895,954
Investment reserve	12	6,494,323	5,361,762
Designated fund	12	5,000,000	5,000,000
Pension Reserve	16	<u>(763,000)</u>	<u>(8,786,000)</u>
		<u>47,328,656</u>	<u>37,471,716</u>
Total Funds		<u>48,800,425</u>	<u>38,899,198</u>

Approved by the Board and signed on their behalf

Douglas A Osler
Chairman
22 June 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	£	£
Reconciliation of net incoming resources to net cash inflow/(outflow) from activities		
Net (outgoing) resources before transfers between funds	(837,213)	(1,505,826)
(Gain) on sale of fixed assets	(6,649)	(5,300)
Adjustment to pension costs	322,000	(114,000)
Depreciation charges	703,362	722,812
(Increase)/Decrease in stocks	(6,615)	5,610
(Increase) in debtors	(120,858)	(125,553)
Increase in creditors	234,785	24,855
Interest and dividends	<u>(798,455)</u>	<u>(876,986)</u>
Net cash (outflow) from activities	<u>(509,643)</u>	<u>(1,874,388)</u>

Cash Flow Statement

Net cash (outflow) from activities	(509,643)	(1,874,388)
Returns on investments and servicing of finance (note 14)	785,651	876,986
Capital expenditure (note 14)	<u>(341,525)</u>	<u>(855,941)</u>
	(65,517)	(1,853,343)
Management of cash and investm'ts (note 14)	<u>(13,910)</u>	<u>984,197</u>
(Decrease) in cash	<u>(79,427)</u>	<u>(869,146)</u>

Reconciliation of net cash flow to movement in cash & investments (note 15)

(Decrease) in cash in the period	(79,427)	(869,146)
Changes in cash & investments	<u>13,910</u>	<u>(984,197)</u>
Change in cash and investments resulting from cash flows	(65,517)	(1,853,343)
Changes in market value of investments	<u>2,393,440</u>	<u>8,559,161</u>
Movement in cash & investments in the period	2,327,923	6,705,818
Cash and Investments at 1 April 2010	<u>30,416,668</u>	<u>23,710,850</u>
Cash and Investments at 31 March 2011	<u>32,744,591</u>	<u>30,416,668</u>

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2011

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 and ICT costs are then allocated to the departments within Royal Blind based on staff numbers. Maintenance is allocated based on square footage. 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 £5,000 are not capitalised.

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

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 noted 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.

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

	2011	2010
	£	£
Legacies	692,974	476,094
Other Donations and grants	<u>331,324</u>	<u>375,769</u>
Statement of Financial Activities	<u>1,024,298</u>	<u>851,863</u>

b) Investment income

Dividends	874,561	939,021
Pension Scheme difference between interest and expected return	(278,000)	(253,000)
Bank interest	<u>5,132</u>	<u>5,662</u>
Statement of Financial Activities	<u>601,693</u>	<u>691,683</u>

c) Incoming resources from charitable activities

Royal Blind School

School and residential fees	4,412,420	5,261,029
Recurrent grant from Scottish Govt	2,624,000	2,624,000
Non-recurrent grant from Sc Govt	64,000	59,934
Sundry income	30,054	31,854
Gain on disposal of fixed assets	<u>6,287</u>	<u>5,300</u>
Statement of Financial Activities	<u>7,136,761</u>	<u>7,982,117</u>

Forward Vision

Fees for services	<u>394,917</u>	-
Statement of Financial Activities	<u>394,917</u>	-

Braeside House

Fees for services	2,518,230	2,519,209
Non-recurrent grant from Sc Govt	-	14,000
Statement of Financial Activities	<u>2,518,230</u>	<u>2,533,209</u>

Scottish Braille Press

Sales	1,497,842	1,071,172
Capitation from local authorities	32,055	190,390
Sundry income	<u>5,334</u>	<u>6,253</u>
Statement of Financial Activities	<u>1,535,231</u>	<u>1,267,815</u>

Total from charitable activities	<u>11,585,139</u>	<u>11,783,141</u>
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NOTES TO THE ACCOUNTS (continued)

3 RESOURCES EXPENDED

	Activities undertaken directly £	Grants £	Support Costs (Note 4) £	Total 2011 £	Total 2010 £
Cost of generating funds					
Cost of generating voluntary income	347,352	-	16,002	363,354	1,086,894
Fundraising: Cost of goods sold and other costs	62,185	-	-	62,185	554,244
Investment managers' fees	<u>81,238</u>	<u>-</u>	<u>-</u>	<u>81,238</u>	<u>67,697</u>
	<u>490,775</u>	<u>-</u>	<u>16,002</u>	<u>506,777</u>	<u>1,708,835</u>
Charitable activities					
Royal Blind School	8,205,411	-	467,004	8,672,415	9,214,730
Forward Vision	395,745	-	31,893	427,638	-
Braeside House	2,614,803	-	144,591	2,759,394	2,617,799
Scottish Braille Press	1,409,471	-	67,912	1,477,383	1,252,483
Development	107,121	-	1,865	108,986	162,534
Grants for research	-	165,826	-	165,826	70,999
Other	<u>-</u>	<u>20,148</u>	<u>-</u>	<u>20,148</u>	<u>44,397</u>
	<u>12,732,551</u>	<u>185,974</u>	<u>713,265</u>	<u>13,631,790</u>	<u>13,362,942</u>
Governance					
	<u>22,503</u>	<u>-</u>	<u>-</u>	<u>22,503</u>	<u>24,487</u>
	<u>13,245,829</u>	<u>185,974</u>	<u>729,267</u>	<u>14,161,070</u>	<u>15,096,264</u>

4 SUPPORT COST ALLOCATION

	Man'ment £	Finance £	Human Res's £	I.T. £	Maint'ce £	Total £
School	104,236	80,092	52,686	54,230	175,760	467,004
Forward Vision	9,253	7,110	4,677	4,814	6,039	31,893
Braeside House	44,725	34,365	22,606	23,268	19,627	144,591
Sc Braille Press	18,902	14,524	9,554	9,834	15,098	67,912
Development	528	405	267	274	391	1,865
Mktg/Fundraising	<u>3,165</u>	<u>2,432</u>	<u>1,600</u>	<u>1,647</u>	<u>7,158</u>	<u>16,002</u>
Total	<u>180,809</u>	<u>138,928</u>	<u>91,390</u>	<u>94,067</u>	<u>224,073</u>	<u>729,267</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.

NOTES TO THE ACCOUNTS (continued)

5 GOVERNANCE COSTS

	2011	2010
	£	£
Trustees' indemnity insurance	1,733	1,733
External audit fees	9,950	7,895
Internal audit fees	5,890	4,030
Other	<u>4,930</u>	<u>10,829</u>
	<u>22,503</u>	<u>24,487</u>

6 STAFF NUMBERS AND COSTS

Wages and salaries	8,433,685	8,972,451
Social security costs	618,732	672,423
Pension contributions: ordinary	885,515	933,695
Pension contributions: exceptional	<u>304,000</u>	<u>304,000</u>
Total pension contributions	1,189,515	1,237,695
Adjustment to FRS17 basis	<u>44,000</u>	<u>(367,000)</u>
Pension costs	<u>1,233,515</u>	<u>870,695</u>
Total staff costs	<u>10,285,932</u>	<u>10,515,569</u>

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

	2011	2011	2010	2010
	FTE	Head	FTE	Head
Royal Blind School	205	239	249	288
Forward Vision	16	19	-	-
Braeside House	84	111	86	113
Scottish Braille Press	38	38	37	39
Head Office	<u>27</u>	<u>28</u>	<u>28</u>	<u>29</u>
	<u>370</u>	<u>435</u>	<u>400</u>	<u>469</u>

No remuneration has been paid to any director or member of committee in respect of their duties. (2010, Nil). Expenses of £128 were paid in respect of travel costs (2010, £260).

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

	2011	2010
	Number	Number
£60,001 - £70,000	-	1
£70,000 - £80,000	2	-

NOTES TO THE ACCOUNTS (continued)

7 TANGIBLE FIXED ASSETS

	Heritable Property £	Furniture & Equipt £	I.T. £	Vehicles £	Total £
Cost					
1 April 2010	19,915,428	1,246,715	641,617	342,718	22,146,478
Additions	258,604	59,175	10,771	32,545	361,095
Disposals	-	-	-	(35,419)	(35,419)
Balance at 31 March 2011	<u>20,174,032</u>	<u>1,305,890</u>	<u>652,388</u>	<u>339,844</u>	<u>22,472,154</u>
Accumulated depreciation					
1 April 2010	3,775,777	734,951	440,597	213,468	5,164,793
Charge for year	430,791	126,763	82,599	63,209	703,362
Disposals	-	-	-	(22,498)	(22,498)
Balance at 31 March 2011	<u>4,206,568</u>	<u>861,714</u>	<u>523,196</u>	<u>254,179</u>	<u>5,845,657</u>
Net book value					
31 March 2011	<u>15,967,464</u>	<u>444,176</u>	<u>129,192</u>	<u>85,665</u>	<u>16,626,497</u>
31 March 2010	<u>16,139,651</u>	<u>511,764</u>	<u>201,020</u>	<u>129,250</u>	<u>16,981,685</u>

Included in the above are assets in the course of construction £710,925 (2010, £604,773).

8 INVESTMENTS

	2011 £	2010 £
Market value as at 1 April 2010	26,813,242	18,368,065
Additions at cost	6,235,678	5,642,090
Disposals at opening book value	(4,952,359)	(4,179,934)
	28,096,561	19,830,221
Change in market value in the year	<u>2,203,968</u>	<u>6,983,021</u>
Market value as at 31 March 2011	30,300,529	26,813,242
Cash held for investment	493,488	1,573,425
Total investments	<u>30,794,017</u>	<u>28,386,667</u>
Investments held at cost	24,417,856	22,670,422
Cash held for investment	493,488	1,573,425
Cost as at 31 March 2011	<u>24,911,344</u>	<u>24,243,847</u>
The market value represents:		
Investments listed on a recognised stock exchange		
United Kingdom	25,775,838	22,328,884
Outside the United Kingdom	4,524,691	4,484,358
	<u>30,300,529</u>	<u>26,813,242</u>

NOTES TO THE ACCOUNTS (continued)

8 INVESTMENTS (Continued)

Three (2010, three) investments individually exceed 5% of the portfolio: Aberdeen Unit Trust Managers Asia Pacific Fund valued at £4,617,089 (2010, £4,098,140); Aberdeen Asset Managers Charity Select Bond Fund valued at £4,011,244 (2010, £2,392,506); Aberdeen Asset Managers Charity Select Global Ex-UK Equity Fund valued at £3,851,691 (2010, £1,703,068). All investments are held to provide an investment return.

9 DEBTORS

	2011	2010
	£	£
School debtors	196,423	104,647
Braeside House debtors	115,346	90,299
Scottish Braille Press debtors	355,948	191,798
Other debtors	5,444	14,349
Prepayments	-	2,304
Due from Scottish War Blinded	67,393	37,049
Taxation recoverable	17,527	18,985
Accrued income	<u>230,267</u>	<u>395,254</u>
	<u>988,348</u>	<u>854,685</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Suppliers and accruals	489,052	282,967
Due to HMRC	178,368	192,789
Pension costs	98,103	105,376
Deferred income	<u>77,617</u>	<u>27,222</u>
	<u>843,140</u>	<u>608,354</u>

Deferred Income of £29,203 relates to advanced sales of tables at the 'Try and Score' dinner which took place on 19th May 2011 and £48,414 relates to advance school fees for 2011/12.

11 RESTRICTED FUNDS

	Balance 31.3.10 £	Incoming Resources £	Transfers £	Resources Expended £	Balance 31.3.11 £
Capital grants	893,747	69,623	30,000	(159,229)	834,141
Light Up					
Lives appeal	524,735	133,893	(30,000)	-	628,628
Training grant	<u>9,000</u>	-	-	-	<u>9,000</u>
All restricted Funds	<u>1,427,482</u>	<u>203,516</u>	<u>-</u>	<u>(159,229)</u>	<u>1,471,769</u>

NOTES TO THE ACCOUNTS (continued)

11 RESTRICTED FUNDS(continued)

The Capital Grants fund was created to hold grants received relating to specific items of capital expenditure. The Light Up Lives appeal fund consists of donations earmarked for the redevelopment of the school's Craigmillar Park campus. The Training grant fund consists of the unspent portion of a grant received in January 2010 to be expended over a period of three years.

12 UNRESTRICTED FUNDS

	General Fund	Investm't Reserve £	Designated Fund £	Pension Reserve £	Total £
Balance 31.3.10	35,895,954	5,361,762	5,000,000	(8,786,000)	37,471,716
Net incoming res after transfers	(559,499)	-	-	(322,000)	(881,499)
Gain on disposal of investments	189,472	-	-	-	189,472
Realisation of inv't valuation	1,071,407	(1,071,407)	-	-	-
Gain in year on reval'n of inv'ts	-	2,203,968	-	-	2,203,968
Actuarial gains	-	-	-	<u>8,345,000</u>	<u>8,345,000</u>
Balance 31.3.11	<u>36,597,334</u>	<u>6,494,323</u>	<u>5,000,000</u>	<u>(763,000)</u>	<u>47,328,656</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 £
Restricted funds				
Capital grants reserve	834,140	-	-	834,140
Other restricted funds	<u>-</u>	<u>637,628</u>	<u>-</u>	<u>637,628</u>
	<u>834,140</u>	<u>637,628</u>	<u>-</u>	<u>1,471,768</u>
Designated funds	-	5,000,000	-	5,000,000
Other unrestricted funds				
	<u>15,792,357</u>	<u>24,393,389</u>	<u>2,142,911</u>	<u>42,328,657</u>
Total funds	<u>16,626,497</u>	<u>30,031,017</u>	<u>2,142,911</u>	<u>48,800,425</u>

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

14 GROSS CASH FLOWS

	2011 £	2010 £
Returns on investments and servicing of finance		
Dividends received	861,757	939,021
Interest received	5,132	5,662
Fund manager's fees	<u>(81,238)</u>	<u>(67,697)</u>
	<u>785,651</u>	<u>876,986</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(361,095)	(861,241)
Receipts from sale of tangible fixed assets	<u>19,570</u>	<u>5,300</u>
	<u>(341,525)</u>	<u>(855,941)</u>
Payments to acquire investments	(6,235,678)	(5,642,090)
Receipts from sale of investments	5,141,831	5,756,074
Net decrease in short term deposits	<u>1,079,937</u>	<u>870,213</u>
	<u>(13,910)</u>	<u>984,197</u>

NOTES TO THE ACCOUNTS (continued)

15 ANALYSIS OF CHANGES IN CASH AND INVESTMENTS

	At 31.3.10 £	Cash flows £	Other changes £	At 31.3.11 £
Bank accounts	2,030,001	(79,427)	-	1,950,574
Investments	<u>28,386,667</u>	<u>13,910</u>	<u>2,393,440</u>	<u>30,794,017</u>
	<u>30,416,668</u>	<u>(65,517)</u>	<u>2,393,440</u>	<u>32,744,591</u>

16 PENSION COSTS

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

The latest full actuarial valuation was conducted as at 1 April 2010 by a qualified independent actuary which showed the scheme to be 19% underfunded on an ongoing basis. After due consideration of the Actuary's report, the Board agreed to set the employer's contribution at 23.5% from 1st April 2011. The employees' contribution is at a rate of 5%. The major assumptions used by the Actuary were as follows:

Inflation	3.8%
Salary increases	1.0%
Expected return on investments	7.5%

The total payments to the scheme for the year amounted to £1,189,515 (2010: £1,237,695) and included £304,000 (2010: £304,000) 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 11 May 2011. 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 2011	at 31 March 2010
Discount rate	5.7%	5.6%
Retail price inflation	3.7%	3.8%
Consumer price inflation	3.0%	N/A
Salary increase rate	4.0%	4.8%
Pension increases (Limited Price Indexation)		
- LPI maximum 5%	3.7%	3.8%
Deferred pension revaluation	3.0%	3.8%

NOTES TO THE ACCOUNTS (continued)

16 PENSION COSTS (continued)

Following the Government announcement that the statutory inflation linking will in future be based on the CPI index rather than RPI, the employer has instructed the actuary for this year's disclosure to use the CPI assumption for future deferred pension revaluation.

Assets	31 Mar 2011		31 Mar 2010	
	£000's	long term return	£000's	long term return
Equities & property	15,054	7.4%	11,729	7.5%
Bonds	3,315	4.4%	4,818	5.1%
Cash	<u>457</u>	0.5%	<u>128</u>	3%
Total	<u>18,826</u>		<u>16,675</u>	

Liability and Funded Status at 31 March	2011	2010	2009	2008	2007
	£000's	£000's	£000's	£000's	£000's
Fair value of plan assets	18,826	16,675	11,794	13,877	13,824
Value of funded oblig'ns	<u>(19,589)</u>	<u>(25,461)</u>	<u>(15,492)</u>	<u>(15,833)</u>	<u>(17,903)</u>
(Deficit)	<u>(763)</u>	<u>(8,786)</u>	<u>(3,698)</u>	<u>(1,956)</u>	<u>(4,079)</u>

Analysis of amount recognised in Statement of Financial Activities	2011	2010
Actual return less expected return on assets	443	3,455
Experience gains on the liabilities	592	506
Change in assumptions	<u>7,310</u>	<u>(9,163)</u>
Actuarial gain /(loss) recognised in the SOFA	<u>8,345</u>	<u>(5,202)</u>

The change in assumption item includes a gain of £627,000 due to a change to using CPI for deferred pension revaluation.

Movement in deficit during the year	2011	2010
	£000's	£000's
Deficit at beginning of the year	(8,786)	(3,698)
Current service cost	(1,210)	(760)
Contributions	1,166	1,127
Expected return on assets	1,148	754
Interest on liabilities	(1,426)	(1,007)
Actuarial gain/(loss) in the SOFA	<u>8,345</u>	<u>(5,202)</u>
(Deficit) at end of the year	<u>(763)</u>	<u>(8,786)</u>

NOTES TO THE ACCOUNTS (continued)

16 PENSION COSTS (continued)

History of Experience Gains and Losses

Difference between the actual and expected return on assets	443	3,455
- as % of scheme assets	2%	21%
Experience gains/(losses) on liabilities	592	506
- as % of liabilities	3%	2%
Total amount recognised in the SOFA	8,345	(5,202)
- as % of liabilities	43%	20%

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 £67,393 (2010: £37,049).