



SCOTTISH WAR BLINDED

Scottish National Institution for the War Blinded

Report and Financial Statements

Year ended 31 March 2009

Scottish Charity Number: SC 002652

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LEGAL AND ADMINISTRATIVE INFORMATION

Scottish War Blinded is the operating name of the Scottish National Institution for the War Blinded, Scottish Charity Number SC 002652.

President

His Grace The Duke of Buccleuch and Queensberry, KBE

Vice Presidents

General Sir Michael Gow GCB, DL The Reverend J.M. Shields MBE, LTh

Trustees (The Board of Royal Blind)

Douglas A Osler (Chairman)
David C Dunn (Vice-Chairman)
Iain C Lumsden (Vice-Chairman)
Gordon W Banks
Margery M Browning
James Cook
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
Alex Scott
Cllr Conor Snowden
William A Stirling
Janis Sugden
Glen Waddell (Appointed 25 June 2008)

Chairman of the Council

The Reverend J.M. Shields, M.B.E., L.Th.

Other Members of the Council

General Officer Commanding the Army in the North
Flag Officer Scotland, Northern England and Northern Ireland
Air Officer Scotland
Assistant Chaplain General, Army HQ, 2nd Division
Fred Kaye, Representative, Royal British Legion Scotland

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

Principal Office - PO Box 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 TRUSTEES

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

TRUSTEES' RESPONSIBILITIES

The Trustees 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 Trustees to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year. In preparing these financial statements the Trustees 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 charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with Regulation 8 of the Charities Accounts (Scotland) Regulations 2006 and in accordance with the Constitution of the Scottish National Institution for the War Blinded. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity'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.

OBJECTIVES AND HISTORY

Scottish War Blinded was set up in 1915 by the Royal Blind Asylum and School (Now Royal Blind) to care for Scotland's servicemen and women who were blinded in the First World War. Training centres were opened in Edinburgh (Newington House) and in Glasgow. In 1944, to meet the needs of injured service men and women from the Second World War, the Linburn estate in West Lothian was purchased. At the height of its activities, there were seven workshops at Linburn teaching craft skills. Houses were built for beneficiaries within the grounds of the

estate and beyond, and there was hostel accommodation. Financial support and continuing contact was extended to beneficiaries who did not attend the workshop.

In 1988 the Constitution was altered to enable assistance to be given to any person who had been a member of the Armed Forces and had suffered a visual impairment. No strategic change was made at that time to address the needs of this wider group.

In 2006 the Constitution was revised to enable Scottish War Blinded to give grant aid, up to a limit of the prior year's surplus and, if the numbers supported directly are not expected to increase, up to 10% of its funds, to other organisations for the benefit of service veterans who are ill, disabled or wounded. In March 2007 grants to a total of £5.6 million were made. Later in 2007, the Trustees developed the following strategic priorities:

1. Continue to offer a high level of support to those who are war-blinded
2. Open up the welfare roll to those who have lost their sight subsequent to service
3. Offer grant aid to other organisations, as far as this is possible without detriment to the higher priorities.

In March 2008, further grants totalling £4.8 million were made. These are likely to have been our last set of grants on such a scale. The organisation has since made significant progress on its second priority and broadened its approach, aspiring now to be the provider of a broader range of direct services, and so the number of beneficiaries we support directly is now increasing rapidly and will continue to do so.

Scottish War Blinded now stands at the threshold of a new phase in its life. The workshop will be replaced in 2010 with a new centre which will serve a much broader spectrum of needs, and at the same time a new Outreach Service will be piloted.

ACTIVITIES

The workshop at Linburn provided services to nine beneficiaries through the year. Sadly, since 31 March there have been two deaths so that the number now stands at seven, ranging in age from 58 to 96. The 17 houses at Linburn remain in place and 7 are let to beneficiaries, including the widows of veterans.

Significant growth in the numbers we reach with welfare allowances and grants began in 2007/08 and has continued, through working in partnership with blind people's and veterans' organisations across Scotland. When a new member is identified a review is made of his or her circumstances, and advice is given to link them to services that are available from the wide networks of visual impairment organisations and veterans' support agencies that exist. Beneficiaries are contacted regularly by telephone and helped whenever they face difficulty. Biennial regional reunions are held.

The giving of grants to other organisations is having a very significant positive impact in the veterans' community. The grants are administered through an annual programme of approvals and disbursed at the time of need. Explicit grant criteria

are applied consistently, and our application form has been adopted as the standard for Scottish grant-giving veterans' charities.

In cooperation with Royal Blind and the Royal College of Surgeons, Edinburgh, a programme of research grants into visual impairment continues.

We continue to receive legacies and other donations, although it is our policy not to engage in fundraising while reserve levels remain relatively high in relation to our current and planned activities.

ACHIEVEMENTS AND PERFORMANCE

As at 31 March there were a total of 315 beneficiaries on our roll, of whom 48 were the widows of former beneficiaries.

At the Linburn workshops the production of a range of high quality articles continues at a pace appropriate to the men who attend. Wood, wire and cane work are still in active production for export, mail order, commission, and sale in the Showroom, which is open to the public Monday to Friday from 9.30 a.m. to 4.30 p.m. We arrange regular outings, a lunch club for the wives and widows, and leisure activities such as competitive dominoes.

Reunions are held at various locations throughout Scotland and this enables our more scattered members to meet the Convener and senior staff and fellow members living in their home area. This is especially beneficial for those who have recently joined us.

Over the year much work has been done to develop the concept and characteristics of the new centre at Linburn.

We are indebted to all who support our work, allowing us to continue to care for those who have given so much.

FINANCIAL REVIEW

Total incoming resources, at £3.5 million, decreased by 6% from the previous financial year. The dominant item is investment income, which makes up 60% of the total, and which decreased by 19%, largely due to the economic recession. 97% of the Voluntary income of £1.2 million was from legacies, which are prone to variation year by year. Income from let property decreased as a result sales of surplus property having been greater in the previous year.

The mix of expenditure on charitable activities shows a number of important changes from the previous year. Decreased expenditure on the workshop is partly a result of a decrease in the additional contribution made to the pension scheme and partly because the allocation of costs has been revised to properly reflect the amount of administrative and managerial work in handling the growing roll of beneficiaries. The cost of beneficiaries' welfare increased as a result of new beneficiaries coming onto the roll as explained under "Activities" above. This year there was a much reduced commitment of grants to other organisations for both strategic and constitutional reasons. There is still a large amount in the balance

sheet under “creditors” representing not only new commitments but also those from March 2008 and March 2007 which did not yet fall to be paid over. The payments will be financed where necessary by realising investments, so the fact that there are net current liabilities in the balance sheet is not a matter for concern. The organisations receiving the grants are shown in note 4 to the accounts.

For a second successive year there were significant holding losses on the organisation’s investments, as a result of downward movements in the stock market and the wider financial crisis. The Trustees remain confident in their selection of equities as the prime investment vehicle for the long term (see under “Investment Policy” below).

PLANS FOR THE FUTURE

The new Linburn Centre will be built on part of the Linburn Estate. Building work is planned to commence in Autumn 2009 and be completed in time to open the new Centre in September 2010. The centre will cost in the region of £3.3 million. It will be large enough to accommodate 35 members attending each day for a range of activities including arts, crafts, daily living skills, use of computers, gym and relaxation as well as activities outwith the building such as swimming sessions. It will function as a day centre for members resident within travelling distance and will also be a resource for occasional or short-course use for people from further afield.

The Outreach Service is envisaged as covering the whole of Scotland. Outreach workers will provide a one-stop contact point for dealing with statutory and voluntary agencies, assistance with benefits and daily living skills. Our research has indicated that there are many, particularly older, people who withdraw into isolation because they need more support to come to terms with their loss of sight, and it is our aim to fill these gaps, enabling members to live more fulfilling lives and rely less on those who have to care for them day by day.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The charity is governed by its Trustees, who hold their position ex officio, as the Directors of Royal Blind. A Council, which includes the Officers Commanding the three principal armed forces in Scotland, is convened annually to receive the Annual Report and question the Trustees. A committee comprising trustees and co-optees, the War-Blinded Executive Committee, monitors the performance of the organisation and makes policy recommendations to the Trustees.

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

Day to day management is delegated to the Chief Executive and the staff. The workshops at Linburn and the welfare service are managed by a Superintendent, who reports to the Chief Executive.

RISK MANAGEMENT

The Trustees assess the major risks that may face the charity, in particular those relating to its operations and finances. Accordingly the Trustees ensure that suitable systems, processes and procedures are put in place to control all of the services that support the main activities. An audit committee is in place to undertake delegated functions in this respect. An analysis of risks has recently been carried out to ensure that all the material risks facing the organisation have been identified and controlled.

The financial position of the organisation is such that there are very few potential occurrences that could undermine its capability of meeting its objectives.

INVESTMENT POLICY

It is the Trustees' basic objective that assets which are not required for operational purposes should be invested to provide a commercial return (whether 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 mostly in place for the long term, and therefore to invest principally in equities to provide capital growth as well as income.
- To invest in more than one equity market in order so as not to expose the whole portfolio to a single set of national or sectoral circumstances
- To hold part of the portfolio in assets which provide less risk
- To hold £6M in assets which are readily realisable in the next two years at relatively short notice without risk of requiring sale in disadvantageous market circumstances.
- To monitor annually the medium to long term financial projection
- 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.

Investment management arrangements with Aberdeen Asset Managers continue.

PENSION PROVISION

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

RESERVES POLICY

Scottish War Blinded has accumulated significant assets through having had a declining beneficiary group but continuing income from legacies, added to further by careful financial management over many years.

In the years ended 31 March 2007 and 31 March 2008, there was a policy of giving through a grant programme significant sums to other organisations, in pursuance of the power granted by our constitutional change in 2006 and in response to our carrying reserves that have been greater than our short term needs. The accumulated reserves continue to provide all the protection the Trustees require against any financial difficulty in the event of adverse circumstances. It is the view of the Trustees that proper stewardship demands that a reserve be maintained to guard against insolvency, but that the level of reserves currently held makes the likelihood of such an eventuality extremely remote in the short and medium term.

We now have the experience of our first steps in identifying members in our new category of beneficiaries, and we are planning an expansion of direct services to our widened membership. This membership can be expected to grow and maintain its level for a number of years until the generations who were required to perform National Service pass on, and to decrease in scale gradually thereafter. The organisation's financial planning is based therefore on a long term financial forecast which determines the extent of the services we can provide in the coming years, funded mainly from the existing reserves, leaving a reserve sufficient to enable us to sustain the organisation's activities thereafter.

GRANT GIVING POLICY

The Trustees apply consistent detailed grant criteria and guidance, which is available on request from the Principal Office.

PEOPLE

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

PROVISION OF INFORMATION TO AUDITORS

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

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

Douglas A Osler, Chairman
17 June 2009

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF THE SCOTTISH NATIONAL INSTITUTION FOR THE WAR BLINDED

We have audited the financial statements of The Scottish National Institution for the War Blinded 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 Trustees and Auditors

The Trustees' 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 Trustees' 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 are 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 Constitution of the Scottish National Institution for the War Blinded.

We also report to you if, in our opinion the information given in the Trustees' Annual 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 Trustees' 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 Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Institution'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 charity 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 Constitution of the Scottish National Institution for the War Blinded.

PKF (UK) LLP
Registered Auditors
Edinburgh, UK

17 June 2009

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 £	2008 As restated £
Incoming Resources	2		
Incoming resources from generated funds			
Voluntary Income		1,190,304	854,105
Investment Income		2,070,968	2,546,403
Incoming resources from charitable activities			
Workshops		8,673	14,759
Let property		<u>206,449</u>	<u>292,714</u>
Total Incoming Resources		<u>3,476,394</u>	<u>3,707,981</u>
Resources Expended	3		
Cost of Generating Funds			
Investment managers' fees		96,289	59,883
Charitable Activities			
Workshops		537,366	724,068
Let property		99,495	108,019
Beneficiaries' welfare		1,566,492	1,164,081
Grant giving	3,4	<u>234,861</u>	<u>4,856,846</u>
		2,438,214	6,853,014
Governance Costs	5	<u>12,395</u>	<u>8,031</u>
Total Resources Expended		<u>2,546,898</u>	<u>6,920,928</u>
Net Incoming/(outgoing) Resources before other recognised gains(losses)		929,496	(3,212,947)
Other recognised gains and losses			
Net Gain/(loss) in Year on:			
Disposals of Investments		(4,112,733)	(1,159,308)
Revaluation of Investments		(10,966,847)	(6,718,885)
Actuarial (losses)/gains on defined benefit pension scheme	14	<u>(471,000)</u>	<u>85,000</u>
Total Recognised (Losses)		<u>(14,621,084)</u>	<u>(11,006,140)</u>
Total Funds at 31 March 2007			59,234,016
Prior year adjustment: Adoption of FRS17	14		<u>(144,000)</u>
Total Funds at 31 March 2008 restated		48,083,876	59,090,016
Total Funds at 31 March 2009		<u>33,462,792</u>	<u>48,083,876</u>

All amounts relate to continuing operations. On a historical cost basis, total recognised losses for the year would have amounted to £10,683,998 (2008: £5,308,622).

BALANCE SHEET AS AT 31 MARCH 2009

	Notes	2009 £	2008 As restated £
Tangible Fixed Assets	7	<u>1,393,089</u>	<u>1,387,761</u>
Investments	8	<u>35,712,182</u>	<u>50,750,747</u>
Current Assets			
Stock		-	12,760
Debtors	9	284,589	620,993
Cash at Bank and in Hand		<u>764,358</u>	<u>2,197,122</u>
		1,048,947	2,830,875
Creditors: amounts falling due within one year	10	<u>(1,984,426)</u>	<u>(4,161,507)</u>
Net Current Liabilities		<u>(935,479)</u>	<u>(1,330,632)</u>
Total assets less current liabilities		36,169,792	50,807,876
Creditors: amounts falling due after more than one year	10	<u>(2,405,000)</u>	<u>(2,724,000)</u>
Net Assets excluding pension liability		33,764,792	48,083,876
Defined Benefit Pension Scheme liability	14	<u>(302,000)</u>	-
Net Assets including pension liability		<u>33,462,792</u>	<u>48,083,876</u>
Represented by			
Unrestricted Funds			
General fund	11	30,823,718	41,560,716
Investment reserve	11	2,941,074	6,407,160
Pension reserve	14	<u>(302,000)</u>	<u>116,000</u>
		<u>33,462,792</u>	<u>48,083,876</u>
Total Funds		<u>33,462,792</u>	<u>48,083,876</u>

Approved by the Trustees and signed on their behalf

Douglas A Osler
Chairman
17 June 2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	£	As restated £
Reconciliation of net incoming/(outgoing) resources to net cash (outflow) from activities		
Net incoming/(outgoing) resources before other recognised gains and losses	929,496	(3,212,947)
(Gain) on Sale of Fixed Assets	(157,849)	(227,395)
Adjustment to pension costs	(53,000)	(175,000)
Depreciation charges	32,100	23,703
Decrease in stocks	12,760	9,511
Decrease in debtors	220,404	29,708
(Decrease)/ Increase in creditors	(2,496,081)	1,112,942
Interest & Dividends	<u>(2,013,279)</u>	<u>(2,526,838)</u>
Net cash (outflow) from activities	<u>(3,525,449)</u>	<u>(4,966,316)</u>
Cash Flow Statement		
Net cash (outflow) from activities	(3,525,449)	(4,966,316)
Returns on investments and servicing of finance (note 12)	2,013,279	2,526,838
Capital expenditure (note 12)	<u>120,422</u>	<u>92,911</u>
	(1,391,748)	(2,346,567)
Management of cash and investments (note 12)	<u>(41,016)</u>	<u>2,824,658</u>
(Decrease)/Increase in cash	<u>(1,432,764)</u>	<u>478,091</u>
Reconciliation of net cash flow to movement in cash & investments (note 13)		
(Decrease)/ Increase in cash in the period	(1,432,764)	478,091
Changes in cash and investments	<u>41,016</u>	<u>(2,824,658)</u>
Change in cash and investments resulting from cash flows	(1,391,748)	(2,346,567)
Changes in market value of investments	<u>(15,079,580)</u>	<u>(7,878,193)</u>
Movement in cash & investments in the period	(16,471,328)	(10,224,760)
Cash and Investments at 1 April 2008	<u>52,947,869</u>	<u>63,172,629</u>
Cash and Investments at 31 March 2009	<u>36,476,541</u>	<u>52,947,869</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. Sales are accounted for in the period in which the sale occurred.

c) **Resources Expended**

Grants and donations made by the charity are charged when the Trustees have agreed to pay the grant. Support costs are the costs of central administration including staff, maintenance and IT costs. Governance costs are charged directly and include audit and trustees' and officers' liability insurance.

d) **Tangible Fixed Assets**

Heritable property is stated at cost. No depreciation is charged as it is the Trustees' practice to maintain the properties in a continual state of sound repair. The trustees consider that the residual values of properties are in excess of the book values and accordingly depreciation would be inappropriate. Property improvements are depreciated on a straight line basis over their estimated life between five and ten 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.

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 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.

NOTES TO THE ACCOUNTS (continued)
PRINCIPAL ACCOUNTING POLICIES (continued)

- 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) **Fund Accounting**
There are no restricted funds, endowment funds, or designated funds.
- h) **Pension Costs**
The Organisation, together with Royal Blind, operates a defined benefit pension scheme. The assets are held separately from the two charities in an independently administered fund.

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 11 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	1,155,815	778,318
Other donations and grants	<u>34,489</u>	<u>75,787</u>
Statement of Financial Activities	<u>1,190,304</u>	<u>854,105</u>

b) Investment income

Dividends	2,002,437	2,417,910
Pension Scheme difference between interest and expected return	10,000	25,000
Bank interest	<u>58,531</u>	<u>103,493</u>
Statement of Financial Activities	<u>2,070,968</u>	<u>2,546,403</u>

c) Incoming resources from charitable activities: Let property

Rental income	48,600	65,318
Sale of rental properties	<u>157,849</u>	<u>227,396</u>
Statement of Financial Activities	<u>206,449</u>	<u>292,714</u>

3 RESOURCES EXPENDED

	Activities undertaken directly £	Grants to other Org's £	Support Costs £	Total 2009 £	Total 2008 restated £
Cost of generating funds					
Investment managers fees	<u>96,289</u>	-	-	<u>96,289</u>	<u>59,883</u>
Charitable activities					
Workshop	<u>492,407</u>	-	<u>44,959</u>	<u>537,366</u>	<u>724,068</u>
Let properties	<u>88,898</u>	-	<u>10,597</u>	<u>99,495</u>	<u>108,019</u>
Beneficiaries welfare					
Direct cost	1,361,426	-	-	1,361,426	1,164,081
Administration	<u>40,442</u>	-	<u>164,624</u>	<u>205,066</u>	-
Total	<u>1,401,868</u>	-	<u>164,624</u>	<u>1,566,492</u>	<u>1,164,081</u>
Grant giving to organisations (Note 4)					
	-	<u>219,554</u>	<u>15,307</u>	<u>234,861</u>	<u>4,856,846</u>
	<u>2,079,462</u>	<u>219,554</u>	<u>235,487</u>	<u>2,534,503</u>	<u>6,912,897</u>
Governance					
	<u>12,395</u>	-	-	<u>12,395</u>	<u>8,031</u>

NOTES TO THE ACCOUNTS (continued)

4 GRANT GIVING TO ORGANISATIONS

	2009	2008
	£	Restated £
Research into visual impairment		
Royal College of Surgeons, Edinburgh	80,554	80,000
Rehabilitation, education, training, care, employment and maintenance		
Scottish Veterans' Residences	122,000	-
Gardening Leave	76,000	100,000
Combat Stress	66,000	170,000
Scottish Veterans' Garden City Assn	30,000	1,500,000
Erskine	(150,000)	550,000
FEBA Sport and Leisure	(5,000)	30,000
William Simpson Home	-	2,000,000
Haig Homes	-	175,000
Visibility	-	138,242
Dundee Blind and Partially Sighted Society	-	100,000
	<u>219,554</u>	<u>4,843,242</u>

Negative (bracketed) amounts denote the reduction of a commitment made in a prior year.

5 GOVERNANCE COSTS

External audit fees	7,850	7,550
Other	<u>4,545</u>	<u>481</u>
	<u>12,395</u>	<u>8,031</u>

6 STAFF NUMBERS AND COSTS

	2009	2008
	£	Restated £
Wages and salaries	154,785	150,742
Social security costs	10,968	10,735
Pension contributions made: ordinary	21,549	26,385
Pension contributions made: exceptional	<u>45,225</u>	<u>116,667</u>
Total pension contributions made	66,774	143,052
Adjustment to FRS17 basis	<u>(43,000)</u>	<u>(150,000)</u>
Pension costs	<u>23,774</u>	<u>(6,948)</u>
Total staff costs	<u>189,527</u>	<u>154,529</u>

NOTES TO THE ACCOUNTS (continued)

6 STAFF NUMBERS AND COSTS (continued)

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

	2009	2008
Workshop	5	6
Manager	1	1
Administration	<u>3</u>	<u>2</u>
	<u>9</u>	<u>9</u>

No remuneration or expenses have been paid to any trustee or member of committee or Council in respect of their duties. (2008 Nil). No employee received emoluments exceeding £60,000 (2008 £60,000).

7 TANGIBLE FIXED ASSETS

	Heritable property And improve's £	Furniture, equipment & IT £	Vehicles £	Total £
Cost				
Balance at 1 April 2008	1,375,751	32,092	115,636	1,523,479
Additions	43,224	-	20,000	63,224
Disposals	<u>(25,796)</u>	<u>-</u>	<u>-</u>	<u>(25,796)</u>
Balance at 31 March 2009	<u>1,393,179</u>	<u>32,092</u>	<u>135,636</u>	<u>1,560,907</u>
Accumulated depreciation				
Balance at 1 April 2008	26,262	27,378	82,078	135,718
Charge for year	21,818	707	9,575	32,100
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2009	<u>48,080</u>	<u>28,085</u>	<u>91,653</u>	<u>167,818</u>
Net book value				
31 March 2009	<u>1,345,099</u>	<u>4,007</u>	<u>43,983</u>	<u>1,393,089</u>
31 March 2008	<u>1,349,489</u>	<u>4,714</u>	<u>33,558</u>	<u>1,387,761</u>

NOTES TO THE ACCOUNTS (continued)

8 INVESTMENTS

	2009	2008
	£	£
Market value as at 1 April 2008	50,413,500	61,140,994
Additions at cost	5,396,474	15,028,491
Disposals at opening book value	<u>(11,623,113)</u>	<u>(19,037,100)</u>
	44,186,861	57,132,385
Change in market value in the year	<u>(10,966,847)</u>	<u>(6,718,885)</u>
Market value as at 31 March 2009	33,220,014	50,413,500
Cash held for investment	<u>2,492,168</u>	<u>337,247</u>
Total investments	<u><u>35,712,182</u></u>	<u><u>50,750,747</u></u>
Investments held at cost	40,557,350	43,994,593
Cash held for investment	<u>2,492,168</u>	<u>337,247</u>
Cost as at 31 March 2009	<u><u>43,049,518</u></u>	<u><u>44,331,840</u></u>
The market value represents:		
Investments listed on a recognised stock exchange		
United Kingdom	26,783,608	41,580,751
Rest of world	<u>6,436,406</u>	<u>8,832,749</u>
	<u><u>33,220,014</u></u>	<u><u>50,413,500</u></u>

One investment exceeds 5% of the portfolio: Aberdeen Unit Trust Managers Asia Pacific Fund valued at £4,490,650(2008:£5,813,184). All investments are held to provide an investment return.

9 DEBTORS

	2009	2008
	£	As restated £
Taxation recoverable	6,067	4,548
Other debtors	209	3,960
Defined benefit pension scheme asset	-	116,000
Prepayments	-	1,782
Accrued income	<u>278,313</u>	<u>494,703</u>
	<u><u>284,589</u></u>	<u><u>620,993</u></u>

NOTES TO THE ACCOUNTS (continued)

10 CREDITORS

	2009	2008
	£	£
Amounts Falling Due Within One Year		
Suppliers	14,160	25,626
Accruals	50,750	11,540
Grants payable	1,783,500	3,795,824
Sundry creditors	12,276	9,402
Due to Royal Blind	<u>123,740</u>	<u>319,115</u>
	<u>1,984,426</u>	<u>4,161,507</u>
Amounts Falling Due After More Than One Year		
Grants payable	<u>2,405,000</u>	<u>2,724,000</u>
Total Grants Payable		
Falling due within one year	1,783,500	3,795,824
Falling due after more than one year	<u>2,405,000</u>	<u>2,724,000</u>
Total grants payable	<u>4,188,500</u>	<u>6,519,824</u>

11 UNRESTRICTED FUNDS

	General Fund	Investm't Reserve	Pension Reserve	Total
		£		£
Balance 31 March 2008	41,560,716	6,407,160	-	47,967,876
FRS17 Pension adjustment	<u>-</u>	<u>-</u>	<u>116,000</u>	<u>116,000</u>
As restated	41,560,716	6,407,160	116,000	48,083,876
Net incoming resources before other recognised gains	876,496	-	53,000	929,496
(Loss) on disposal of investm'ts	(4,112,733)	-	-	(4,112,733)
Realisation of investm't val'n	(7,500,761)	7,500,761	-	-
(Loss) in year on revaluation of investments	-	(10,966,847)	-	(10,966,847)
Actuarial losses	<u>-</u>	<u>-</u>	<u>(471,000)</u>	<u>(471,000)</u>
Balance at 31 March 2009	<u>30,823,718</u>	<u>2,941,074</u>	<u>(302,000)</u>	<u>33,462,792</u>

NOTES TO THE ACCOUNTS (continued)

12 GROSS CASH FLOWS

	2009 £	2008 £
Returns on investments and servicing of finance		
Dividends received	2,002,437	2,417,910
Interest received	58,531	103,493
Rental income	48,600	65,318
Fund manager's fees	<u>(96,289)</u>	<u>(59,883)</u>
	<u>2,013,279</u>	<u>2,526,838</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(63,224)	(135,484)
Receipts from sale of tangible fixed assets	<u>183,646</u>	<u>228,395</u>
	<u>120,422</u>	<u>92,911</u>
Management of cash and investments		
Payments to acquire investments	(5,396,475)	(15,028,491)
Receipts from sale of investments	7,510,380	17,877,792
Net (increase)/decrease in short term deposits	<u>(2,154,921)</u>	<u>(24,643)</u>
	<u>(41,016)</u>	<u>2,824,658</u>

13 ANALYSIS OF CHANGES IN CASH AND INVESTMENTS

	At 31.3.08 £	Cash flows £	Other changes £	At 31.3.09 £
Bank accounts	2,197,122	(1,432,764)	-	764,358
Investments	<u>50,750,747</u>	<u>41,016</u>	<u>(15,079,580)</u>	<u>35,712,183</u>
	<u>52,947,869</u>	<u>(1,391,748)</u>	<u>(15,079,580)</u>	<u>36,476,541</u>

14 PENSION COSTS

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

The latest full actuarial valuation was conducted as at 1 April 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

NOTES TO THE ACCOUNTS (continued)

14 PENSION COSTS (continued)

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 £66,774 (2008: £143,052) and included £45,225 (2008: £116,667) 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 Trustees as the basis of the valuation, are shown below.

Assumptions	at 31 March	at 31 March
	2009	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%

Assets	31 Mar 2009		31 Mar 2008	
	£000's	long term return	£000's	long term return
Equities & property	1,168	7%	1,454	7.5%
Bonds	479	4.36%	631	4.56%
Cash	<u>3</u>	0.5%	<u>8</u>	5.25%
Total	<u>1,650</u>		<u>2,093</u>	

Liability and Funded Status	at 31 March	at 31 March
	2009	2008
Fair value of plan assets	1,650	2,093
Value of funded obligations	<u>(1,952)</u>	<u>(1,977)</u>
(Deficit)/Surplus	<u>(302)</u>	<u>116</u>

Analysis of amount recognised in Statement of Financial Activities	2009	2008
Actual return less expected return on assets	(539)	(238)
Experience (losses)/gains on the liabilities	(16)	78
Change in assumptions	<u>84</u>	<u>245</u>
Actuarial (loss)/gain recognised in the SOFA	<u>(471)</u>	<u>85</u>

NOTES TO THE ACCOUNTS (continued)

14 PENSION COSTS (continued)

Movement in deficit during the year	2009	2008
	£000's	£000's
Surplus/(deficit) at beginning of the year	116	(144)
Current service cost	(28)	(40)
Contributions	71	190
Settlements/curtailments	-	-
Past service costs	-	-
Net return from other finance income	10	25
Actuarial gain or loss in the SOFA	<u>(471)</u>	<u>85</u>
(Deficit)/Surplus at end of the year	<u>(302)</u>	<u>116</u>
History of Experience Gains and Losses		
Difference between the actual and expected return on assets	(539)	(238)
- as % of scheme assets	33%	11%
Experience gains/(losses) on liabilities	(16)	78
- as % of liabilities	1%	4%
Total amount recognised in the SOFA	(471)	85
- as % of liabilities	24%	4%

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.

15 CONNECTED ORGANISATION

The Trustees of Scottish War Blinded are the directors of the Royal Blind Asylum and School, Edinburgh, operating as Royal Blind. This is a separate charity having its own funds and properties. Royal Blind provides administrative services for which a fee is paid.

At the balance sheet date a balance was due to Royal Blind amounting to £123,740 (2008: £ 319,115).