



SCOTTISH WAR BLINDED

*Scottish National Institution for the War Blinded*

Report and Financial Statements

Year ended 31 March 2017

Scottish Charity Number: SC 002652

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## LEGAL AND ADMINISTRATIVE INFORMATION

Scottish War Blinded was the operating name of the Scottish National Institution for the War Blinded, Scottish Charity Number SC 002652. On 1 April 2017 the engagements, assets and liabilities of the Scottish National Institution for the War Blinded were transferred to Scottish War Blinded, a Scottish Charitable Incorporated Organisation (Charity number SC 047192) with the same Trustees. The Scottish National Institution for the War Blinded continues to exist in a dormant state with no assets or liabilities.

**Patron:** His Royal Highness the Duke of Gloucester, K.G., G.C.V.O.

**President:** His Grace the Duke of Buccleuch and Queensberry, KBE

**Vice President:** The Reverend J.M. Shields MBE, LTh

### **Trustees (The Directors of Royal Blind)**

Gwenn McCreath (Chair) \*  
Kate Cherry (Vice-Chair)  
David Johnston (Vice-Chair) \*  
Dawn Burrows \*  
Michael Craig  
Jamie Cuthbertson \* (Appointed 5 October 2016)  
Patsy Gillies \*  
James Law  
J Grant Macrae  
Michelle McWilliams  
Michael Martin  
James Milhench  
Robert Moonie  
Kenneth D Reid (Resigned 5 October 2016)  
Cameron Rose \*  
Sandra Warburton

\* Members of the War Blinded Committee

### **Other members of the War Blinded Committee**

Group Captain (rtd.) Philip Cox  
Colonel Martin Gibson OBE DL  
Derek McDonald

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

**Principal Office** - 50 Gillespie Crescent, Edinburgh, EH10 4JB

**Auditor** - BDO LLP, Citypoint, 65 Haymarket Terrace, Edinburgh EH12 5HD

**Bankers** - The Royal Bank of Scotland plc, 26 Home Street, Edinburgh EH3 9LZ

**Solicitors** – Pagan Osborne, Clarendon House, 116 George Street, Edinburgh EH2 4LH  
(and others)

**Investment Advisers** – Barnett Waddingham LLP, 163 West George Street, Glasgow G2 2JJ

## **REPORT OF THE TRUSTEES**

The Trustees have pleasure in presenting their report for the year ended 31 March 2017. 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.

## **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The Trustees are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that year.

In preparing those financial statements the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the organisation's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may differ from legislation in other jurisdictions. The maintenance and integrity of the website and of the financial statements in it is the responsibility of the trustees.

## REPORT OF THE TRUSTEES (Continued)

### STRUCTURE, GOVERNANCE AND MANAGEMENT

Scottish National Institution for the War Blinded, operating as Scottish War Blinded was a charity registered in Scotland. Its constitution as a charitable trust was in the form of a scheme for the variation of trust purposes, approved by means of a deed of the Court of Session on 19 July 2006. On 1 April 2017 the engagements, assets and liabilities of the Scottish National Institution for the War Blinded were transferred to Scottish War Blinded, a Scottish Charitable Incorporated Organisation (Charity number SC 047192) with the same Trustees. This Report and Financial Statements reports the old Trust and the new SCIO as being a continuation of the same charity, which for all outward purposes is the case.

The charity is governed by its Trustees, who hold their position *ex officio*, as the Directors of the Royal Blind Asylum and School, Edinburgh, operating as Royal Blind, a separate charity (Charity number SC 017167) having its own objectives, funds and properties. Royal Blind is managed together with Scottish War Blinded as a group, though they are financially separate, have different charitable objectives and neither organisation exerts control over the other.

The Trustees endeavour to ensure that they recruit to the Board people who are best suited to govern both charities. New trustees 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. Trustees normally serve for a term of six years, which may be extended in the case of the Chair, the Vice-Chairs and committee conveners. No remuneration has been paid to any Trustee.

A Finance and General Purposes Committee and an Audit Committee are in place, covering both group charities. A Remuneration Committee, consisting of the Chair, the Vice Chairs and the Finance Convener, oversees the operation of the Remuneration Policy and determines the remuneration of the Chief Executive, which for the present incumbent was last reviewed in 2014 using the services of a professional consultant.

The operational activities of Scottish War Blinded are overseen by the War-Blinded Committee, which has the responsibilities 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. The Chief Executive and other Head Office management are employed by Royal Blind and their duties cover both organisations. Each service has a defined management structure and a manager accountable for it who reports to the Head of Operations and Development, who in turn reports to the Chief Executive.

We use the term “member” to describe those who are eligible and willing to receive services and support from us and are known to us. No voting right 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 Committee. The Trustees benefit from trustee indemnity insurance arranged by Royal Blind.

## REPORT OF THE TRUSTEES (Continued)

### OBJECTIVES

Our prime objects in the 2006 deed were to provide rehabilitation, training, employment, maintenance and after-care for ex-service personnel with a visual impairment, and also their widows. Secondary objects existed which could be addressed only if there was surplus income or if the numbers expected to benefit from our prime function were declining.

Our current **statement of purpose**: Scottish War Blinded supports service veterans with visual impairments to maintain and increase their independence and improve their quality of life. Our **vision** is to see a community in which blind and partially sighted people, including those who have other disabilities, are fully included and lead fulfilling lives. Our **mission** as it applies to Scottish War Blinded is to:

- Develop people's skills and resources for independent living
- Provide support and care to meet needs
- Support people to fulfil their aspirations
- Involve blind and partially sighted people as leaders, employees and supporters and in shaping and improving the services they receive
- Be innovative and add to the diversity of available services.

Scottish War Blinded **aims** to:

- Support our service veterans with visual impairments to maintain and increase their independence
- Improve the quality of life of members through social activity in an environment of dignity and respect
- Provide welcoming, safe environments
- Allow members choice and influence in developing and selecting services and activities
- Give all our members an active voice in the running of the services we provide.

The needs Scottish War Blinded aims to meet are visual impairment related issues generally, social isolation, restricted mobility, cognitive impairment and issues of service veteran resettlement and integration, old age, financial hardship, employment and housing need.

We support our members and ensure they receive the physical, emotional and financial support they require to lead a full life. This may mean providing services ourselves, identifying external providers or advocating on our members' behalf.

Our strategic objective is to sustain and improve the set of services the charity provides for the benefit of those who use them. Over the longer term our aim is to find and take opportunities to grow and diversify our services, as resources permit, to make a meaningful contribution to the lives of service veterans with a visual impairment in Scotland.

## **REPORT OF THE TRUSTEES (Continued)**

### **ACTIVITIES**

Our Outreach Service covers the whole of Scotland. Outreach workers provide a one-stop contact point for dealing with statutory and voluntary agencies, assistance with benefits and daily living skills. Our research 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 our service fills these gaps, enabling members to live more fulfilling lives and rely less on those who have to care for them day by day. Training by the Macular Society Skills for Seeing programme enables Outreach Workers to assist members in using their residual vision, particularly in reading. Our Rehabilitation Officers work with members to provide specialist assessment of low vision and other needs. Following the assessment, members are provided with advice, access to free equipment and training in independent living skills and mobility.

Our services complement, and cooperate with, local authority services and charities for visually impaired people and for service veterans. We provide equipment for members to assist them to live independently and with confidence. We enable and fund members to take short breaks/respite care, and a sitting service enables members who have caring responsibilities to take part in our activities. A younger members' group enables members from across Scotland to take part together in outdoor and other activities.

Reunions are held annually at various locations throughout Scotland and this enables our more scattered members to meet the trustees and senior staff and fellow members living in their home area. We hold an annual event known as The Gathering.

The Linburn Centre in Wilkieston, outside Edinburgh provides centre based opportunities for Scottish War Blinded members resident within travelling distance, as well as a resource for occasional or short course use for people from further afield. Members can experience a range of activities including arts and crafts, woodworking, daily living skills, IT, gym and strength and fitness sessions, archery and acoustic shooting. In addition we offer other community based activities including swimming, gliding, sailing and visits to places of interests. The Centre provides its support and most of its activities free of charge to the members. Activities outwith the centre allow members to maintain a level of independence while also increasing the wider public's awareness of some of the challenges faced by them.

We have 22 houses at Linburn, including four newly built bungalows, for the purpose of housing members. As at 31 March 2017, twelve were let to members or widows of members (2016: 9). The remainder were let to tenants on short assured tenancies to provide an income.

## **REPORT OF THE TRUSTEES (Continued)**

### **ACHIEVEMENTS AND PERFORMANCE**

#### **Membership**

Our membership increased from 820 at 31 March 2016 to 912 at 31 March 2017, a net increase of 92 members. 216 new members joined in the year, 120 members died and 4 moved away from Scotland.

Of the 912 members, 32 (2016: 34) were the widows or dependants of former members to whom we continue to provide services commenced under previously existing policies.

#### **The Outreach Service**

The nine outreach workers carried out a total of 1,868 home visits to members (2016, 1,625). These range from social calls to check on a member's welfare, to helping members deal with a wide variety of personal problems.

There are 12 lunch groups across Scotland (2016, 10) meeting at a variety of intervals providing social opportunities for members and their partners/guests in their home area.

Equipment to a value of £165,000 was provided to members (2016, £132,000). Some pieces of equipment were small items that have a big impact on a member's independence such as liquid level indicators, daylight bulbs, and big button phones. Others were more specialised items provided after assessment by one of the rehabilitation officers. They ensured that each piece of equipment was the best possible solution for the member and provided follow up training so that the member was able to get the best out of it. The equipment provided included 10 CCTVs, 18 Text to speech devices, 8 video magnifiers and 44 electronic magnifiers.

Over the year we provided other support through respite for 2 members, and a regular sitting service for 13 members.

£15,000 was given in assistance in kind to 7 members. (2016, 9 members £14,000). These comprised 3 wet room/shower adaptations, 1 stair lift, 2 cookers, 1 auto bed. Special financial assistance was given to one member in the form of help with council tax arrears.

Outreach staff promoted the charity in order to reach potential members, attending Armed Forces Days and giving presentations to a variety of statutory and third sector groups, and through their close working with the organisations supporting visually impaired people in their areas.

#### **Two stories of our outreach work this year**

Fife Society for the Blind referred a new member to us having assessed him for a CCTV and arranged for a supplier to send one to him on loan for a two week trial period. However he could not afford to buy it. The Outreach Worker contacted the supplier to advise that he was in the process of becoming a member of Scottish War Blinded and the supplier agreed to leave the machine with him until his membership was confirmed.

## **REPORT OF THE TRUSTEES (Continued)** **Achievements and Performance (continued)**

When informed of this by our worker, he was so delighted that he cried and said that the machine had transformed his life, and he could not stand the thought of being without it. He has since been accepted as a member and we have paid for him to keep the machine.

One member had been a keen artist but had stopped 8 years ago when his sight deteriorated. His outreach worker suggested an assessment for a magnifier to enable him to paint and draw again. He declined this, having previously been disappointed. The outreach worker continued to work with him, and waited until she felt that he was more receptive and then persuaded him to allow the rehabilitation officer to visit and assess. Following assessment, we provided an electronic magnifier. A week later, he emailed us a photo of the first drawing he had done in 8 years.

### **The Linburn Centre**

The number of members attending weekly at 31 March 2017 was 113 (2016, 113). Although this number has stayed stable there has been a regular number of new members through the year, but a similar number leaving because of ill health or death.

A wide range of activities in the Centre and the local community continues to be provided, from the gym and armchair exercises to reminiscence sessions and the choir. Members continue to be supported to increase and maintain their independence through work in the skills kitchen, mobility training, rehabilitation and IT training. During the year the Centenary Hall was finally opened and acoustic shooting, archery and indoor bowls are proving popular with members. The large and well-lit space provided by the hall was also an ideal location for the Christmas party with the 3 course meal served by personnel from 3<sup>rd</sup> Battalion, the Rifles, who have adopted us as their charity.

The members' liaison group continues to meet on a monthly basis to provide member feedback to management on all aspects of the service and suggestions for new activities and outings.

Since the Linburn Centre opened in 2011 it has been a service registered with the Care Inspectorate. This enables us to provide support to members who require personal care, although very few members attending the centre are in this category, and having to comply with registration requirements for all the members has been an inconvenience to our members as well as to our staff. The members' liaison group prompted us to query the basis of the centre's registration with the Care Inspectorate and a unique and pioneering agreement was reached to allow the registration to cover only 5 places per day. This means that other members are now able to attend the Centre without being part of a registered service and we are no longer under any externally placed restriction on total numbers. A small working party of staff and members is leading in designing the changes we can now make to the way the centre operates.

The centre entered a garden at Gardening Scotland 2016, supported by a number of local organisations. This proved a great success, with members involved in all aspects of

## **REPORT OF THE TRUSTEES (Continued)** **Achievements and Performance (continued)**

creating the garden. Considerable publicity was generated in the national press and the garden was awarded a silver gilt medal and the best newcomer award. A semi-derelict walled garden on the estate is being brought back to life through a unique partnership with the Cyrenians and volunteers from J P Morgan. It will provide a productive space to support the Cyrenians' work and leisure space for our members.

In February 2016 the Care Inspectorate's latest routine inspection covered Quality of Care and Support, grading 5 (previously 5) and Quality of Management 5 (previously 4).

A new member who joined the service in October needs high levels of physical support because of his disabilities and has limited communication since a stroke. He had previously attended other day services unsuccessfully. He now regularly attends the workshop and although he has limited physical ability he is able to enjoy some woodwork tasks and to continue to rebuild his communication skills through his interaction with the other members. His partner has noticed a significant improvement in his mood and communication, as he talks with enjoyment about his day at Linburn when he returns home.

### **Other member activities and feedback**

28 members, with a number of staff and relatives, travelled to the battlefields of Normandy in September. The group travelled by bus and ferry to St Valerie, Merville Battery, Arromanche, Ranville, Pegusus Bridge, Pont de Hoc, Longue Sur Mer, Juno , Sword and Omaha beaches as well as Cambes en Plein. The trip was particularly poignant as the party included two D-Day veterans.

Our third Gathering took place over two days in September 2016 in Glasgow, attended by 71 members and 46 guests. For the first time it incorporated the annual public meeting which meant that as many members as possible were able to hear reports from the Board and ask questions of Board and management. We were particularly fortunate to have presentations by Ian Hamilton the documentary maker who had featured SWB in "The Dark Way Home" earlier in the year, and the Royal Artillery celebrating their the history. The Carers Trust brought an information stand and assisted us to provide pampering sessions for carers who were attending to accompany members.

In order to evaluate our service provision and plan the future direction of our services, an all-member questionnaire was sent out in August 2016. The response rate was an encouraging 32%, and the feedback received has been invaluable. Overall it was clear that members found all aspects of our work of benefit to them and a large number of comments were received that demonstrated how highly valued our staff and services are by members: "I am treated as an individual with respect and not as a patient as often happens with some other social services"; "Until now I would never have expected to participate and enjoy such activities with the sight loss I have". Some members asked for more contact with staff, and a number of suggestions were made that have been included in the Business Plan.

## **REPORT OF THE TRUSTEES (Continued)** **Achievements and Performance (continued)**

### **Marketing and external relations**

The marketing and PR department focuses on improving stakeholders' and the general public's awareness of what Scottish War Blinded does in order to extend our help to as many people as possible. We have been proactive in developing relations with local stakeholders in the West of Scotland, to build interest in the Hawkhead development referred to below under "Plans for the Future".

We launched a new advertising campaign 'We Don't Care How' to challenge perceptions of who is eligible for our support, and to raise awareness that we give support to all veterans, no matter the cause of sight loss. This campaign has run across radio, taxis, and professionals in health and social care. We exhibited at a wide range of events, including Armed Forces Days and events relating to sight loss and older people.

We continue to provide internal communications to the membership, with the addition this year of a monthly newsletter to Linburn Centre attendees.

### **PLANS FOR THE FUTURE**

We have purchased a former garden centre site in Hawkhead Road, Paisley, on which we are building a new centre to make available to our members in the West of Scotland the kind of activities and support that we provide in the Linburn Centre for those in the East. The design process has had the advantage of significant input from both staff and members at Linburn. The centre will be similar in the size and range of its facilities to the existing Linburn Centre, including the Centenary Hall. Completion is expected September 2017.

Following feedback from members that many would like to come and stay locally to use the facilities at the Linburn Centre, an unused bungalow on the estate is being refurbished to provide short stay accommodation and rehabilitation.

### **PEOPLE**

One Board member stepped down during 2016, Ken Reid. We have welcomed to the Board Jamie Cuthbertson, who is a member, and brings experience of providing services for and supporting visually impaired people.

Rebecca Barr joined the staff in May 2016 as Head of Operations and Development. At the beginning of July 2017, our Chief Executive and Secretary Richard Hellewell will retire, having completed ten years in post. He will be replaced by Mark O'Donnell, who is currently Chief Executive of Chest, Heart and Stroke Scotland.

### **POLICIES**

#### **Risk management**

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

## **REPORT OF THE TRUSTEES (Continued)** **Policies (Continued)**

processes and procedures are put in place to control all of the services that support the main activities of the charity. The Audit Committee undertakes delegated functions in this respect, but the risks that score highest in impact and likelihood are reported annually to, and considered by, the Board itself.

The Trustees consider the most significant single risks to the organisation to be

- A significant fall in the value of the charity's investments
- Abuse or failure to safeguard vulnerable people, neglect or other instance of poor professional practice, and the loss of trust and reputational damage that might arise from it.

### **Investment**

The Directors have the power to invest in such stocks, shares, investments and property as they see fit.

It is the Trustees' 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 in 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 competent and successful investment managers at a competitive fee level.
- To set performance benchmarks for the section of the portfolio managed by each investment manager, against which the manager's performance will be monitored
- To invest in multiple markets so as not to expose the whole equity portfolio to a single set of national or sectoral circumstances.

The investment strategy for our overall asset allocation is:

- retention of holdings in a property fund, and of the remainder -
- 25% passive global equity funds to provide cost-effective equity exposure and access to long term expected returns

## **REPORT OF THE TRUSTEES (Continued)**

### **Policies (Continued)**

- 75% multi-asset funds to provide exposure to active asset allocation as a source of potential returns
  - 25% in a diversified growth fund to diversify exposure to liquid asset classes away from equity, benefitting from equity-type returns but with protection against market downturns
  - 25% in Multi Asset Credit to provide exposure to less liquid credit holdings, with an income focus
  - 25% in multi-alternatives to provide access to low liquidity asset classes not provided elsewhere in the portfolio

### **Reserves policy**

Scottish War Blinded has accumulated significant reserves through having had, for a period of several decades up to 2009, a declining beneficiary group and level of service and a continuing income from legacies. The charity's financial plans are based on a long term financial forecast, which determines the extent of the services we can fund in the coming years, mainly from the existing reserves, leaving a reserve sufficient to enable us to sustain the organisation's activities thereafter.

The present position is as shown in note 10 to the accounts. Total funds are £68 million, all unrestricted as to their purpose. £3 million has been designated for future projects, which will be used over the period 1 April 2017 to 31 March 2018. Of the remaining £65 million, £14 million can only be realised by disposing of tangible fixed assets, leaving a free reserve of £51 million. This is equivalent to 16 years' expenditure, and will mostly be utilised in providing services at a higher level than those presently provided, over the next 20 years. We cannot predict what the appropriate level will be after that.

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.

### **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 to which auto-enrolment applies.

### **FINANCIAL REVIEW**

Total income, at just over £3 million, was higher than in the previous financial year, due to a higher income from legacies and the gain on the sale of a house. 95% of our income from donations and legacies was from legacies, and we were especially grateful to receive a legacy currently estimated at £800,000 from the late Miss Kathleen Elliot. Income from investments decreased by 10% from the previous year following a change in our investment strategy, but was still the largest source of income for the year.

## **REPORT OF THE TRUSTEES (Continued)** **Financial review (Continued)**

The breakdown of expenditure between our various charitable activities shows a steady level of expenditure on running the Linburn Centre and a rise of 22% in outreach and member services. Financial support to members remains an important financial outgoing, as we honour commitments that were made to members under previous policies. The amount once again decreased from the previous year, as a result of the deaths of some of those members.

The result from our operations, including everything except the gains on our investments and the actuarial gain on the pension scheme, was a deficit of £155,000, just under 5% of total expenditure.

Gains in the value of the investments totalled £8.9 million, having suffered losses of £4.9 million the previous year. This is the result of the surges in both UK and world markets that were experienced. The change in investment policy that was made earlier in the year resulted in our disposing of most of our investments in stages through the year and replacing them with others, so that most of our investment gains are shown as realised and the amount we need to hold in our investment reserve is reduced.

The overall result (Net movement in funds) is a gain of £8.8 million, almost wholly as a result of the gains on our investments. We therefore still have the resources to further expand our services and to provide them free of any reliance on external funding for the foreseeable future. With the addition of the planned new service in Paisley we are on a course to gradually reduce our reserves in accordance with our reserves policy by applying them to service provision over the next twenty years, during which we cannot be sure that we will continue to receive the same generous support through legacies as we have in the past.

The balance sheet shows an investment of £4.6 million in fixed assets during the year, mainly in the construction of the new Hawkhead Centre in Paisley. A designated fund of £2.7 million remains in place for the completion of the project.

### **PROVISION OF INFORMATION TO AUDITOR**

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 auditor is unaware, and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



Gwenn McCreath, Chair  
28 June 2017

## **INDEPENDENT AUDITOR'S 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 2017 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 trustees as a body, in accordance with regulations made under section 44 of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Trustees and Auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of 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 regulations made under 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 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; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

## INDEPENDENT AUDITOR'S REPORT (continued)

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charity Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

**BDO LLP**  
Statutory Auditor  
Edinburgh  
United Kingdom  
28 June 2017

BDO LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £000	2016 £000
<b>Income from:</b>	<b>3</b>		
Donations and legacies		1,428	1,376
Charitable activities:			
Linburn Centre		-	9
Outreach and member services		9	-
Let property		262	78
Total charitable activities		271	87
Investments		1,383	1,535
Other		<u>35</u>	<u>-</u>
<b>Total</b>		<b><u>3,117</u></b>	<b><u>2,998</u></b>
<b>Expenditure on:</b>	<b>4</b>		
Raising funds		9	(62)
Charitable Activities:			
Linburn Centre		1,259	1,263
Outreach and member services		890	727
Let property		190	109
Financial support to members		906	940
Grant giving to other charities		18	(8)
Total charitable activities		3,263	3,031
Other		<u>-</u>	<u>135</u>
<b>Total</b>		<b><u>3,272</u></b>	<b><u>3,104</u></b>
Net expenditure before investment gains/ losses		(155)	(106)
Net gains/(losses) on investments		<u>8,882</u>	<u>(4,911)</u>
Net income/(expenditure)		<u>8,727</u>	<u>(5,017)</u>
<b>Other recognised gains and losses</b>			
Actuarial gain/(loss) on defined benefit pension scheme	<b>11</b>	<u>58</u>	<u>(9)</u>
<b>Net movement in funds</b>		<b><u>8,785</u></b>	<b><u>(5,026)</u></b>
<b>Reconciliation of funds:</b>			
Total Funds at 31 March 2016		<u>59,183</u>	<u>64,209</u>
<b>Total Funds at 31 March 2017</b>	<b>10</b>	<b><u>67,968</u></b>	<b><u>59,183</u></b>

All amounts relate to continuing operations. All funds are unrestricted.

**BALANCE SHEET AS AT 31 MARCH 2017**

	Notes	2017 £000	2016 £000
<b>Fixed Assets</b>			
Tangible assets	6	13,874	9,254
Investments	7	<u>53,057</u>	<u>49,927</u>
Total fixed assets		66,931	59,181
<b>Current Assets</b>			
Debtors	8	1,363	504
Cash at Bank and in Hand		<u>380</u>	<u>152</u>
Total current assets		1,743	656
<b>Liabilities</b>			
Creditors: amounts falling due within one year	9	<u>(682)</u>	<u>(409)</u>
Net Current Assets		<u>1,061</u>	<u>247</u>
<b>Net Assets excluding pension liability</b>		<u>67,992</u>	<u>59,428</u>
Defined benefit pension scheme liability	11	<u>(24)</u>	<u>(245)</u>
<b>Net Assets</b>		<u>67,968</u>	<u>59,183</u>
<b>Represented by</b>			
<b>Unrestricted Funds</b>			
General fund	10	63,247	46,463
Investment reserve	10	2,058	6,965
Designated fund	10	2,687	6,000
Pension reserve	11	<u>(24)</u>	<u>(245)</u>
Total unrestricted funds		<u>67,968</u>	<u>59,183</u>
<b>Total Funds</b>		<u>67,968</u>	<u>59,183</u>

Approved by the Trustees and signed on their behalf



Gwenn McCreath  
Chair  
28 June 2017

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	2017 £000	2016 £000
<b>Reconciliation of net income/expenditure to net cash flow from operating activities</b>		
Net income as per the SOFA	8,727	(5,017)
<b>Adjustments for:</b>		
(Gains)/losses on investments	(8,882)	4,911
(Gain) on sale of fixed assets	(172)	(10)
Write-off of fixed assets	-	135
Adjustment to pension costs	5	14
Depreciation charges	309	242
(Increase)/decrease in debtors	(820)	47
(Decrease)/increase in creditors	(167)	43
Interest and dividends	(1,383)	(1,535)
Exceptional contribution to pension scheme	(170)	-
<b>Net cash used in operating activities</b>	<u>(2,553)</u>	<u>(1,170)</u>
<b>Cash flows from investing activities</b>		
Dividends, interest and rents from investments	1,510	1,471
Purchase of property, plant and equipment	(4,499)	(3,890)
Proceeds from sale of investments	87,520	5,770
Purchase of investments	(83,374)	(1,541)
<b>Net cash provided by investing activities</b>	<u>1,157</u>	<u>1,810</u>
<b>Change in cash and cash equivalents</b>	<u>(1,396)</u>	<u>640</u>
Cash and cash equivalents at the beginning of the reporting period	<u>1,799</u>	<u>1,159</u>
Cash and cash equivalents at the end of the reporting period	<u>403</u>	<u>1,799</u>
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	380	152
Cash held for investment	<u>23</u>	<u>1,647</u>
Total cash and cash equivalents	<u>403</u>	<u>1,799</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

### 1 PRINCIPAL ACCOUNTING POLICIES

The Scottish National Institution for the War Blinded, operating until 1 April 2017 as Scottish War Blinded, was an unincorporated charity. The address of the office registered with OSCR is given on the legal and administrative information page and the nature of charity's operations and its principal activities are set out in the Report of the Trustees.

The financial statements have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102)" effective 1 January 2015.

Scottish War Blinded constitutes a public benefit entity as defined by FRS102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Trustees to exercise judgement in applying the charity's accounting policies, as shown in note 2 below.

#### a) Accounting Conventions

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. The Trustees have reviewed the charity's financial position and have concluded that there are sufficient resources to manage any operational or financial risks, so that it is reasonable to expect that Scottish War Blinded will continue in operational existence for the foreseeable future. The financial statements have therefore been prepared on a going concern basis.

#### b) Income

Donations and similar income are included in the year in which they are receivable, which is when the charity becomes entitled, receipt is probable and the amount can be measured reliably. Sales are accounted for in the period in which the sale occurred. Property lease rentals are accounted for in the period in which they are due. Dividends are accrued when our right to receive payment is established.

Legacies are recognised either at the point at which they are received or, if earlier, at the point at which their monetary value due to the charity can be estimated with reasonable accuracy and their receipt is probable.

#### c) Expenditure

Support costs are the costs charged by Royal Blind for central administration including staff, maintenance and IT costs. Support costs are allocated on a relevant basis. Head Office costs and ICT costs are allocated to the departments based on staff numbers. Maintenance is allocated based on an estimate of the relative time involved for staff. Grants and donations made by the charity are charged when the Directors have agreed to pay the grant.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**PRINCIPAL ACCOUNTING POLICIES (continued)**

d) **Tangible Fixed Assets**

Land is not depreciated. Heritable property is stated at cost less depreciation on a 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 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) **Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank, cash on deposit where funds can be accessed without penalty within three months or less from the opening of the account and cash held with the investment manager.

g) **Fund Accounting**

The nature and purpose of each fund is explained in Note 10.

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.

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.

Any 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 FINANCIAL STATEMENTS (continued)**  
**PRINCIPAL ACCOUNTING POLICIES (continued)**

i) **Financial instruments**

Under FRS 102, financial assets and financial liabilities are given the technical term “financial instruments”, and we are required to indicate how these are recognised and measured in the financial statements. Ours are all basic financial instruments and are treated according to well established accounting convention. An analysis is given in note 15.

**2 JUDGEMENTS AND ESTIMATES**

The preparation of these financial statements has required the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts. The areas involving a degree of judgement significant to the view given by these statements are:

- Actuarial assumptions in respect of the defined benefit pension scheme. In making these assumptions, advice has been taken from an independent qualified actuary. The assumptions are all shown in note 11.
- Tangible fixed assets, as mentioned in (d) above, are depreciated over a period intended to reflect their estimated useful lives. The applicability of the assumed lives is reviewed annually, taking into account factors such as physical condition, maintenance and obsolescence.
- Tangible fixed assets are also assessed as to whether there are indicators of impairment. This assessment involves consideration of the economic viability of the purpose for which the asset is used.

**3 INCOME**

a) **Donations and legacies**

	<b>2017</b>	<b>2016</b>
	£000	£ 000
Legacies	1,354	1,315
Other donations and grants	<u>74</u>	<u>61</u>
Statement of Financial Activities	<u>1,428</u>	<u>1,376</u>

b) **Investments**

Dividends	1,382	1,533
Bank interest	<u>1</u>	<u>2</u>
Statement of Financial Activities	<u>1,383</u>	<u>1,535</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 3 INCOME (continued)

#### c) Charitable activities

	2017 £000	2016 £ 000
Linburn Centre: Gain on disposal of fixed assets	-	<u>9</u>
Outreach and member services: Gain on disposal of fixed assets	<u>9</u>	-
Let property:		
Rental income	99	78
Gain on disposal of fixed assets	<u>163</u>	<u>-</u>
Total Charitable Activities	<u>262</u>	<u>78</u>

#### d) Other

Sundry income	<u>35</u>	<u>-</u>
Total Charitable Activities	<u>35</u>	<u>-</u>

### 4 EXPENDITURE

	Activities undertaken directly £000	Support Costs £000	Total 2017 £000	Total 2016 £000
<b>Raising funds</b>				
Investment managers fees	<u>9</u>	-	<u>9</u>	<u>(62)</u>
<b>Charitable activities</b>				
Linburn Centre	971	288	1,259	1,263
Outreach and member serv's	765	125	890	727
Let properties	156	34	190	109
Grant giving to organisations	18	-	18	(8)
Financial support to members				
Direct cost	861	-	861	896
Administration	35	10	45	44
Total	<u>896</u>	<u>10</u>	<u>906</u>	<u>940</u>
Total charitable activities	<u>2,806</u>	<u>457</u>	<u>3,263</u>	<u>3,031</u>
<b>Other</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>135</u>
<b>Total Resources Expended</b>	<u>2,815</u>	<u>457</u>	<u>3,272</u>	<u>3,104</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4 EXPENDITURE (continued)

Investment fees are charged to investment funds, from which income is received net. Where such fees exceeded our over-riding fee agreement with our fund manager, we received a rebate from the fund manager which is included above as a negative fee.

Other costs of £135,000 in 2016 were the writing off of costs incurred preparatory to a sale of land which were previously capitalised.

Support costs of £457,000 consist of a £391,000 charge paid to Royal Blind which covers management, finance, human resources, IT, facilities management and marketing, and Governance costs of £7,000 (2016, £9,000). Governance costs include external audit fees of £7,000 (2016, £8,400).

### 5 STAFF NUMBERS AND COSTS

	<b>2017</b> £000	<b>2016</b> £000
Wages and salaries	797	703
Social security costs	71	59
Pension contributions	75	67
Adjustment to FRS102 basis	2	7
Pension costs	<u>77</u>	<u>74</u>
Total staff costs	<u>945</u>	<u>836</u>

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

	<b>2017</b> <b>FTE</b>	<b>2017</b> <b>Head</b>	<b>2016</b> <b>FTE</b>	<b>2016</b> <b>Head</b>
Managers	3	3	2	2
Linburn Centre	18	15	14	18
Outreach Service	10	10	10	10
Administration	<u>4</u>	<u>4</u>	<u>3</u>	<u>3</u>
	<u>35</u>	<u>32</u>	<u>29</u>	<u>33</u>

No remuneration or expenses have been paid to any trustee or member of committee or Council in respect of their duties. (2016, £0). No employee received emoluments exceeding £60,000 (2016, None).

Two members of staff are regarded by the Directors as being “Key Management” as defined in FRS102, these being the Chief Executive and the Head of Operations and Development. The Chief Executive is also Chief Executive of Royal Blind, which pays the full remuneration and recovers the cost of Scottish War Blinded’s portion through the management charge. The total remuneration of the Chief Executive for work with both charities and that of the Head of Operations and Development, including national insurance and pension contributions, totalled £173,000 (2016, Chief Executive only, £117,000).

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6 TANGIBLE FIXED ASSETS

	Heritable property £000	Furniture, equipment £000	Vehicles £000	Total £000
<b>Cost</b>				
1 April 2016	9,532	227	570	10,329
Additions	4,814	30	95	4,939
Disposals	<u>(3)</u>	<u>-</u>	<u>(43)</u>	<u>(46)</u>
31 March 2017	<u>14,343</u>	<u>257</u>	<u>622</u>	<u>15,222</u>
<b>Accumulated depreciation</b>				
1 April 2016	656	128	291	1,075
Charge for year	188	32	89	309
Disposals	<u>-</u>	<u>-</u>	<u>(36)</u>	<u>(36)</u>
31 March 2017	<u>844</u>	<u>160</u>	<u>344</u>	<u>1,348</u>
<b>Net book value</b>				
31 March 2017	<u>13,499</u>	<u>97</u>	<u>278</u>	<u>13,874</u>
31 March 2016	<u>8,876</u>	<u>99</u>	<u>279</u>	<u>9,254</u>

Included in heritable property is:

- land, which is not subject to a depreciation charge, £1,674,000 (2016, £1,674,000)
- capital work in progress, £6,473,000 (2016, £1,657,000).
- Let properties, cost £1,383,000 (2016, £1,387,000); accumulated depreciation £84,000 (2016, £84,000); net book value £1,299,000 (2016, £1,303,000).

### 7 INVESTMENTS

	2017 £000	2016 £000
Market value as at 1 April 2016	48,280	57,415
Additions at cost	83,374	1,541
Disposals at opening book value	<u>(79,906)</u>	<u>(5,853)</u>
	51,748	53,103
Change in market value in the year	<u>1,286</u>	<u>(4,823)</u>
Market value as at 31 March 2017	53,034	48,280
Cash held for investment	<u>23</u>	<u>1,647</u>
Total investments	<u>53,057</u>	<u>49,927</u>
Investments held at cost	50,976	41,315
Cash held for investment	<u>23</u>	<u>1,647</u>
Cost as at 31 March 2017	<u>50,999</u>	<u>42,962</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 7 INVESTMENTS (continued)

	2017 £000	2016 £000
The market value represents: Investments listed on a recognised stock exchange		
United Kingdom	47,080	20,140
Rest of world	<u>5,954</u>	<u>28,140</u>
	<u>53,034</u>	<u>48,280</u>

Six (2016, Three) investments individually exceed 5% of the portfolio:

Aberdeen Diversified Growth Fund valued at £13,948,000 (2016, nil)

The Partners Fund valued at £13,449,000 (2016, nil)

Henderson Multi Asset Credit Fund valued at £13,047,000 (2016, nil)

Legal and General International Index Trust valued at £5,954,000 (2016, nil)

Aberdeen Unit Trust Managers Charities Property Fund valued at £3,197,000  
(2016, £2,996,000)

Legal and General Sterling Liquidity Fund valued at £2,832,000 (2016, nil)

All investments are held to provide an investment return.

### 8 DEBTORS

	2017 £000	2016 £000
Prepayments	9	18
Accrued income	1,348	486
Other debtors	<u>6</u>	<u>-</u>
	<u>1,363</u>	<u>504</u>

### 9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £000	2016 £000
<b>Amounts Falling Due Within One Year</b>		
Suppliers	310	44
Accruals	205	111
Grants payable	-	97
Due to HMRC	18	16
Due to Royal Blind	<u>149</u>	<u>141</u>
	<u>682</u>	<u>409</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 10 UNRESTRICTED FUNDS

	General Fund £000	Inv'tment Reserve £000	Desig. Fund £000	Pension Reserve £000	Total £000
Balance 31.3.16	46,463	6,965	6,000	(245)	59,183
Net (expenditure) before other recognised gains	8,734	-	-	(7)	8,727
Exceptional contribution	(170)	-	-	170	-
Investment disposals, gains and losses	4,907	(4,907)	-	-	-
Release of designated fund	3,313	-	(3,313)	-	-
Actuarial gain	-	-	-	58	58
Balance at 31 March 2017	<u>63,247</u>	<u>2,058</u>	<u>2,687</u>	<u>(24)</u>	<u>67,968</u>

The designated fund was set up by the Trustees at 31 March 2015 to meet the expected cost of the new centre planned at Hawkhead Road Paisley, to be incurred over two years. The balance at 31 March 2017 is designed to meet the remaining costs.

### 11 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 2016 by a qualified independent actuary which showed the scheme to be 10% under-funded on an ongoing basis. After due consideration of the Actuary's report, and a consultation with staff, the Board decided to reduce the rate of accrual of benefit from 1 April 2017 onwards and to increase the employer's contribution from 26.6% to 28% from 1st April 2017. The employees' contribution is at a rate of 5%. The major assumptions used by the Actuary were as follows:

Inflation	2.4%
Salary increases	2.9%
Expected return on investments pre-retirement	5.2%

The total payments to the scheme for the year amounted to £196,000 (2016: £28,000) and included £170,000 (2016: £nil) of exceptional contribution made to address the estimated pension scheme deficit. We estimate that payments to the scheme in the year to 31 March 2018 will be £61,000, which will include £34,000 in exceptional contributions.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11 PENSION COSTS (continued)

The fund has been valued in accordance with the requirements of FRS102 by David Watson of Scottish Widows on 8 May 2017. 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
	2017	2016
Discount rate	2.6%	3.6%
Retail price inflation	3.6%	3.3%
Consumer price inflation	2.6%	2.3%
Salary increase rate	3.1%	2.8%
Pension increases (Limited Price Indexation)		
- RPI maximum 5%	3.4%	3.1%
- RPI maximum 5% minimum 3%	3.8%	3.7%
Deferred pension revaluation	2.6%	2.3%

The actuary has used the CPI assumption for future deferred pension revaluation.

Assuming retirement at age 65, life expectancies in years based on the mortality assumption used are as follows:

	at 31 March	at 31 March
	2017	2016
For a male aged 65 now	21.1	22.4
At 65 for a male member aged 45 now	23.2	23.9
For a female aged 65 now	23.2	24.7
At 65 for a female member aged 45 now	25.4	26.3

Assets	31 Mar 2017		31 Mar 2016	
	£000	%	£000	%
Invested assets	<u>3,091</u>	<u>100</u>	<u>2,641</u>	<u>100</u>
Total	<u>3,091</u>	<u>100</u>	<u>2,641</u>	<u>100</u>

Liability and Funded Status at 31 March	2017	2016	2015	2014	2013
	£000	£000	£000	£000	£000
Fair value of plan assets	3,091	2,641	2,846	2,730	2,720
Value of funded oblig'ns	<u>(3,115)</u>	<u>(2,886)</u>	<u>(3,068)</u>	<u>(2,728)</u>	<u>(2,431)</u>
Surplus/(Deficit)	<u>(24)</u>	<u>(245)</u>	<u>(222)</u>	<u>2</u>	<u>289</u>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11 PENSION COSTS (continued)

<b>The charge to the Statement of Financial Activities</b>	<b>2017</b>	<b>2016</b>
	£000's	£000's
Service cost	28	35
Net interest expense	<u>5</u>	<u>7</u>
Total included in employer expense	<u>33</u>	<u>42</u>
<b>Analysis of the change in the defined benefit obligation</b>		
Opening defined benefit obligation	2,886	3,068
Current service cost	28	35
Interest on obligation	101	102
Actuarial losses/(gains)	234	(185)
Benefits paid	<u>(134)</u>	<u>(134)</u>
	<u>3,115</u>	<u>2,886</u>
<b>Analysis of the change in fair value of plan assets</b>		
Opening fair value of plan assets	2,641	2,846
Expected return on assets	96	95
Actuarial gains/(losses)	292	(194)
Contributions	196	28
Benefits paid	<u>(134)</u>	<u>(134)</u>
	<u>3,091</u>	<u>2,641</u>
<b>Analysis of actuarial gains/(losses)</b>		
Asset return less interest income recognised in the SOFA	292	(194)
Experience gains/(losses) on benefit obligation	(47)	185
Effect of assumptions changes on benefit obligation	<u>(187)</u>	<u>0</u>
Total recognised in the SOFA	<u>58</u>	<u>(9)</u>
<b>History of Experience Gains and Losses</b>		
Difference between the asset return and the interest income recognised in the SOFA	292	(194)
- as % of scheme assets	9%	7%
Experience gains/(losses) on obligation	(47)	185
- as % of liabilities	2%	6%
Total amount recognised in the SOFA	58	(9)
- as % of liabilities	2%	0%

From 1 April 2006 the defined benefits scheme was closed to new members. A group personal pension plan is provided for employees who are not members of the defined benefits scheme to which auto-enrolment applies.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12 CONNECTED ORGANISATION

The Trustees of Scottish War Blinded are the directors of the Royal Blind Asylum and School, Edinburgh, operating as Royal Blind. Each was a separate charity having its own funds and properties. Royal Blind provided administrative services for which a fee was paid, as shown in note 4. At the balance sheet date a balance was due to Royal Blind amounting to £149,000 (2016: £141,000). The total value of transactions between the two organisations was £381,000 (2016: £355,000).

### 13 CAPITAL COMMITMENT

At 31 March 2017 the charity had a contracted capital commitment of £1,322,000 for the construction of the Hawkhead Centre in Paisley.

### 14 POST BALANCE SHEET EVENT

On 1 April 2017 the engagements, assets and liabilities of the Scottish National Institution for the War Blinded were transferred to Scottish War Blinded, a Scottish Charitable Incorporated Organisation (Charity number SC 047192) with the same Trustees.

### 15 FINANCIAL INSTRUMENTS

	2017 £000's	2016 £000's
<b>Financial assets</b>		
Financial assets measured at fair value	53,057	49,927
Financial assets measured at amortised cost	<u>1,725</u>	<u>638</u>
	<u>54,782</u>	<u>50,565</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>664</u>	<u>393</u>

Financial assets measured at fair value are listed investments. Financial assets measured at amortised cost include cash at bank, accrued income and other debtors. Financial liabilities measured at amortised cost comprise suppliers and accruals, grants payable and the amount payable to Royal Blind.