



**Annual Report and Group and Company Financial  
Statements for The Earl Haig Fund Scotland  
(trading as Poppyscotland) for the financial year  
ended 30 September 2015**

**MISSION STATEMENT**

The Earl Haig Fund Scotland supports those in need who have served in the Armed Forces and their dependants in Scotland. The charity raises funds and relies on the commitment of individual volunteers, groups of volunteers, and other ex-Service organisations to meet these challenges.

The Earl Haig Fund Scotland will do this by:-

- Organising the annual Scottish Poppy Appeal;
- Organising additional fundraising/publicity events throughout the year;
- Identifying and relieving need;
- Providing sheltered employment; and
- Promoting the development of Veterans Scotland

WEDNESDAY



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COMPANIES HOUSE

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**THE EARL HAIG FUND SCOTLAND, Scottish Charity Number SC014096  
A Company Limited by Guarantee, Company Number SC 194893**

**GROUP AND COMPANY ANNUAL REPORT and FINANCIAL STATEMENTS**

**For the year ended 30 September 2015**

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**THE EARL HAIG FUND SCOTLAND**  
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The Earl Haig Fund Scotland (trading as Poppyscotland) is a charitable company with one subsidiary, The Lady Haig Poppy Factory Limited, producing group financial statements. The company is involved in a range of activities for the benefit of the ex-Service community in Scotland, including fundraising and the provision of welfare services.

**Reference and Administrative Information**

**President**

Lieutenant General Sir Alistair Irwin KCB CBE MA FCMJ First CPD

**Corporate Trustee**

The Royal British Legion (terminated 30 September 2015)

**Trustees**

Colonel N Salisbury (appointed 1 October 2015)

Dr C Simpkins DMA HonDUniv DL

**Chief Executive**

Mr I M McGregor MA Hons (Oxon) Dip Mgmt

**Company Secretary**

Mrs D M Barclay BA Cert Mgmt  
(resigned 15 October 2015)

Mr Luke Joannou  
(appointed 15 October 2015)

**Head of Finance**

Mr A J Christie MA (Hons) CA

**Head of Fundraising**

Mr C Flinn

**HR and Training Manager**

Mrs D M Barclay BA Cert Mgmt

(resigned October 2015)

Miss P Beattie MA Hons PG Dip MCIPD  
(appointed October 2015)

**Head of Marketing & Commercial  
Services**

Mr F Bedwell

**Head of Welfare Services**

Mr G Gray

**The Lady Haig Poppy Factory  
Manager**

Major C Pelling

**Registered Office**

New Haig House  
Logie Green Road,  
Edinburgh EH7 4HQ

**Charity Registration Number**  
SC014096

**Registered Company Number**  
SC194893 (Scotland)

**Legal Adviser**

Gillespie Macandrew LLP  
5 Atholl Crescent  
Edinburgh  
EH3 8EJ

**Chartered Accountants and  
Statutory Auditor**

Deloitte LLP  
2 New Street Square  
London EC4A 3BZ

**Bankers**

The Royal Bank of Scotland plc  
36 St Andrew Square  
Edinburgh  
EH2 2YB

**Investment Advisers**

Sarasin and Partners  
Juxon House  
100 St Pauls Churchyard  
London EC4M 8BU

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**CHIEF EXECUTIVE'S REPORT**

Poppyscotland has had another active and energetic year, looking as always to bring swift and practical support to bear in addressing the needs of our beneficiaries. Our work has progressed against the background of all save a very small number of United Kingdom Forces personnel having withdrawn from Afghanistan, albeit there have been further active operations in other overseas theatres. Alive to the fact that as a consequence, Armed Forces and veterans' welfare may begin to receive less media, and thus less public attention than in recent years, we have been striving to work harder and more effectively to keep our cause to the fore, to further develop and deliver our welfare offering, and to increase our income from all sources.

Our financial results have been very positive overall, compared against the original budget for 2014/15. The charity has been going through a planned phase of investment in our fundraising and expansion of our welfare offering. This has involved budgeting for deficits to fund this process, as part of a structured, 5-year strategy to equalise support to veterans across the United Kingdom and to fulfil our maximum fundraising potential. This remains very much a work in progress, but it is heartening to be able to report that having budgeted for a deficit of £726k this year in pursuit of this strategy, we have achieved a significantly improved year-end outturn, with net outgoing resources before investment gains/losses of £104k. Overall voluntary income amounted to £3.48m, an increase of 7.5% on 2013/14. The Scottish Poppy Appeal raised some £2.85m, a record total and an increase of 7% on our preceding year's result. To continue to enjoy the level of strong support represented by these increases is a huge encouragement to us in our work and reflects wonderfully well on the Scottish public, its generosity and support for our Armed Forces and veterans. This is particularly pertinent since the economic environment continues to be fragile. It is noteworthy too, that these results have been achieved despite the national media agenda having been dominated for much of the year by the September 2014 referendum on Scottish independence. Though the vote was over and done with before the Poppy Appeal began, we were conscious that discussion of, and reflection upon, First World War commemoration had, for example, to vie with strongly competing coverage of political issues. It has thus been reassuring, and heartening, to note that both support for our cause and our income streams have not merely held up, they have held up very well.

The year has seen our Inverness office celebrate its second year of operation, our Armed Services Advice project collaboration with Citizens Advice Scotland pass its fifth, highly successful year and our suite of services, including our expanded employment offering, further develop to deliver greater support for our beneficiaries. More detailed outcomes on these and the other areas of our activity are set out in the pages which follow. Suffice it to say that the charity, though only as effective as its future performance, has nonetheless had a purposeful and productive year, working steadily to do more and better for its beneficiaries. Key to this has been the work undertaken by the charity's staff and in particular, our volunteers, prominent among them so very many branches and members of The Royal British Legion Scotland, who work with such dedication and without whom the charity simply could not do what it does. We are indebted to them for their energy, enthusiasm and industry on our behalf.

In closing, I must report on one significant change which, though due to occur in the next reporting period, nonetheless warrants mention as a development with its origins in the year just completed. When Poppyscotland joined The Royal British Legion Group of charities in June 2011, its then Board of Trustees stood down. Poppyscotland's Articles of Association were revised and a new Board was formed, comprising The Royal British Legion Board of Trustees as Corporate trustee and the Legion's Director General as a trustee-in-person. The new Board was in turn assisted by a separately-formed Scottish Advisory Committee with a remit to advise the trustees on matters of policy and the charity's operations, but without the Committee's members having any trustee responsibilities. This structure has worked well up to now, but during the year two factors combined to prompt a revision of Poppyscotland's governance. Changes to Companies Law and a desire to strengthen communication between Poppyscotland and The Royal British Legion prompted the decision that a continuation of a corporate trusteeship as an element of the charity's governance was no longer feasible or desirable. Consequently, it was resolved that the Board of Poppyscotland should be

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reformed. As an interim measure, The Royal British Legion Board of Trustees stood down as corporate trustee. It was replaced with effect from 1 October 2015 by Colonel Neil Sallsbury, who is both a Legion trustee and member of the Scottish Advisory Committee, with the intention that the Poppyscotland Articles of Association be revised and the Poppyscotland Board of Trustees fully reconstituted to have 6 members, formed from a mix of independent trustees from Scotland and trustees nominated by the Legion Board. These changes should, subject to the approval of the Office of the Scottish Charity Regulator, be put in place in the next reporting period and greatly improve the robustness of our governance. I must therefore, offer my thanks and tribute to those members of the Scottish Advisory Committee who stood down on its dissolution in November 2015, and will not be joining the new Poppyscotland Board: Mr Graham Curran; Alex Fergusson MSP, the former Presiding Officer of the Scottish Parliament; Lieutenant Colonel Colin Hogg; Mr Sandy Watson; Mr George Sutherland; and Lieutenant Colonel Helen Homewood. All served previously on the Poppyscotland Board prior to the charity joining the Legion group, save Lieutenant Colonel Homewood who served on the Board of Trustees of the Lady Haig Poppy Factory. All have given sage advice and willing, practical support to me and my staff throughout what has been a period of crucial and highly beneficial change for the charity. I cannot commend them too highly for the contribution they have made, both individually and collectively. To them, to their Chairman, Lieutenant Commander Graeme Alexander and to Lieutenant General Sir Alistair Irwin, who throughout this time has been, and remains, our most loyal and committed President, I offer my most sincere thanks and appreciation.



Ian M McGregor  
Chief Executive

9 December 2015

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**For the year ended 30 September 2015**

**REPORT OF THE TRUSTEES**

The Trustees submit their annual report, which incorporates a strategic report, and audited consolidated financial statements for the year ended 30 September 2015. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) *Accounting and Reporting by Charities* issued in March 2005 in preparing the annual report and financial statements of the company.

**Structure, Governance & Management**

The company, which is a registered Scottish charity, is limited by guarantee and is governed by a Memorandum and Articles of Association. It was incorporated on 26 March 1999. Before that date the activities of the company were carried out by The Earl Haig Fund Scotland, an unincorporated charitable body, which ceased its activities and transferred all of its assets and liabilities to the company on 1 May 1999.

The Earl Haig Fund Scotland, of which Poppyscotland is the operating name, is both an independent charity and company limited by guarantee which is a constituent member of The Royal British Legion group of companies.

**Decision Making**

Responsibility for the day-to-day operations of Poppyscotland is delegated to the Chief Executive of Poppyscotland, supported by the management team and administrative staff. The Chief Executive has established a management structure for Poppyscotland to undertake the operational activities of Poppyscotland within a clearly defined decision-making and reporting structure. Operational integration with The Royal British Legion is achieved through his line management reports.

For the period to 30 September 2015 covered in this report, there were only two trustees: the corporate trustee (The Royal British Legion) and the appointed trustee. From 1 October 2015 the Corporate Trustee was replaced by a further appointed trustee, Colonel Neil Salisbury, pending a fuller reconstitution of the Poppyscotland board early in 2016. In accordance with the company's Articles, the term of the appointed trustee cannot exceed 3 years. The appointed trustee is eligible for reappointment for a second and any number of subsequent terms. Given the current corporate structure, training for trustees is provided through The Royal British Legion.

The Chief Executive and the trustees were supported by the Scottish Advisory Committee until 10 November 2015. The purpose of the Scottish Advisory Committee was to develop recommendations to the Board of Trustees of The Royal British Legion for the Charity's policies in Scotland and to advise the Board as necessary on issues of relevance to Scottish veterans and beneficiaries. A member of the Board of Trustees of The Royal British Legion was also a member of the Scottish Advisory Committee. Meetings of the Scottish Advisory Committee took place quarterly.

It should be noted that the governance of Poppyscotland has been subject to review during the reporting period and, as stated above, will be revised during the year to 30 September 2016. This has been prompted by two factors. Firstly the enactment from 1 October 2015 of Section 87 of the Small Business Enterprise and Employment Act 2015, which applies to and amends the Companies Act 2006(1), and removes any provision for companies with fewer than 250 employees companies to have corporate directors. Secondly, the Board of Trustees wishes to both bolster communication between The Royal British Legion and Poppyscotland and to achieve more direct Scottish input to the charity's governance through the makeup of the Poppyscotland Board. It is therefore, intended to reconstitute the Poppyscotland Board in a 6 member format, with a mix of independent trustees from Scotland and trustees who are also appointed by and in two instances, members, of the Board of Trustees of The Royal British Legion. The Scottish Advisory Committee will be dissolved, though continuity will be achieved by 5 of its current members joining the new Poppyscotland Board. These changes will be subject to the approval of the Office of the Scottish Charities

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Regulator and the company's next Annual Report and Accounts will confirm if they have proceeded or if alternative arrangements have been put in place.

**Objectives & Activities**

Poppyscotland supports those in need who have served in the Armed Forces and their dependants in Scotland. The charity raises funds and relies on the commitment of individual volunteers, groups of volunteers, and other ex-Service organisations to meet these challenges.

The Charity's principal objectives are to relieve suffering, hardship and distress and to promote the relief of need and to promote education:

- among persons, who have at any time served with any branch of the naval, military and air forces of the Crown and allied nursing services and who are resident in Scotland or were born in Scotland or were domiciled in Scotland when they joined the forces of the Crown; and
- among the spouses, widows, widowers, children and dependants of any of the aforementioned persons who are resident in Scotland or were domiciled in Scotland at the time of the death of the member of the forces of the Crown or allied nursing services with whom they were connected.

Poppyscotland will achieve these objectives by:

- a. organising the annual Scottish Poppy Appeal;
- b. undertaking additional fundraising throughout the year;
- c. identifying and relieving need by making grants of money, loans, guarantees and generally by any other financial methods and generally by aiding, assisting and promoting the benefit of all such persons in any manner which is charitable;
- d. providing sheltered employment through its wholly-owned subsidiary, The Lady Haig Poppy Factory; and
- e. assuming a leading role in the activity of Veterans Scotland.

More specific objectives for the year ended 30 September 2015 were to

- a. continue to support individuals in financial need;
- b. further increase the provision of Poppy Breaks to beneficiaries in need of respite;
- c. continue the enhancement of the Armed Services Advice Project in collaboration with Citizens' Advice Scotland;
- d. build on the positive start for our Welfare Centre in Inverness and develop the range of services that it offers;
- e. continue to lead the Support Pillar of Veterans Scotland;
- f. continue to work with our colleagues at The Royal British Legion in order that Poppyscotland can deliver a closely comparable welfare services model;
- g. investigate the older peoples strategy agenda for Scotland to
  - i. identify further service-delivery opportunities to meet the needs of older veterans; and
  - ii. identify relevant networks and communication media for raising awareness of Poppyscotland's services to support the needs of older veterans;

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- h. further increase income obtained from The Scottish Poppy Appeal and implement plans to strengthen the performance of less well-performing fundraising areas;
- i. increase our income generation from Events and Community activity;
- j. increase our income from major companies;
- k. review the Poppyscotland website and our digital fundraising activity;
- l. grow our retail activity further still, including more poppy-up shops during the Appeal period and develop our wholesale offering; and
- m. progress the development of a long-term, comprehensive development solution for the New Haig site, including The Lady Haig Poppy Factory Limited.

**Strategic Report**

The overarching strategy of the charity is to meet its objects by

- gradually developing its welfare services to achieve the aim, adopted in 2011 on joining The Royal British Legion Group of charities, of equalising the beneficiary experience across the United Kingdom as measured against those services available from The Royal British Legion; and
- achieving the charity's fullest fundraising potential through a policy of 'saturation and penetration', i.e. increasing giving and extending fundraising opportunities as a result of the charity's membership of the Legion Group.

**Statement of Trustees' responsibilities**

The trustees (who are also directors of The Earl Haig Fund Scotland for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.



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

### **Achievements and Performance**

#### **Welfare Services**

The reporting period saw considerable progress in meeting our objectives and the key aim of relieving suffering, hardship and distress. Financial assistance and support totalled £2.45m (2013/14: £2.60m). Throughout the year we worked in close collaboration with colleagues at The Royal British Legion, with regular meetings between senior staff to maintain and further develop closely comparable and harmonized service-delivery models.

Assistance to individuals. In excess of £762k was spent directly on supporting more than 1,400 individuals across a wide-range of Welfare Services including areas such as direct financial assistance through our one-off and annual grants programmes and the provision of respite breaks for 215 (2013/14: 196) individuals to enjoy Poppy Breaks at The Royal British Legion Break Centres or Family Breaks at Haven Holiday Parks.

Poppyscotland continues to work side by side with SSAFA's Scottish caseworkers and this partnership affords both resource efficiencies and integrity of process in providing grant support. We are indebted to the dedicated work and diligence of the many SSAFA volunteers who support us in this way.

Advice. On 30 June 2015 the Armed Services Advice Project (ASAP), our collaborative project with Citizens Advice Scotland, completed its fifth year of operation. The project, which provides advice and support directly tailored to the needs of Armed Forces community, continues to go from strength to strength. During the year its reach was further extended to take in Argyll and Bute raising the number of locations in Scotland with a physical ASAP presence to ten. Over the five years of the project there have been a total of 7,303 ASAP individual clients seen. The client financial gain for the corresponding period has been in excess of £5m, a return of £3.52 for every £1 of funding for the project over the period.

During the reporting period, in its second year of operation, Poppyscotland Inverness has received some 540 general enquiries, ranging from veterans in need of help to members of the public wishing to find out more about the charity. Its 3 welfare staff have provided support and guidance to 230 people seeking assistance with problems relating to their finances, housing, employment, health, benefits and debt, for example, bringing the total number supported since opening in June 2013 to nearly 580. The majority of those accessing support were aged between 25 and 59. During the year the Centre marked the 2nd Anniversary of its opening by hosting a 'Tea and Toast' fundraising and media event.

Employment. Tailored programmes developed in conjunction with other charitable organisations, provide valuable support for those wishing to improve their employment prospects and are aimed at assisting veterans with training for and, coping with personal barriers of a physical or mental nature to employment and offer a vocational-assessment service to support those most detached from the workplace through disability or vulnerability. A disclosure service to help veterans with a criminal conviction prepare for the job market is also available.

Employ-Able, delivered in partnership with the Scottish Association for Mental Health, helped 105 veterans during the year and was the subject of a highly positive independent evaluation. Through our partnership with Royal British Legion Industries, three *LifeWorks* courses were run during the year, one of these being at Castle Huntly, Scotland's only open prison. Work with APEX Scotland, to assist veterans with a criminal record back into employment has continued and Poppyscotland continues to participate in the Scottish Prison Service Veterans In-Reach Working Group. Employment Support Grants, our longest-established employment offering, continued to attract interest although there was a drop in demand this year with only 32 grants being awarded compared with 42 grants in the previous year. Of those who have completed their training, 70% have entered employment.

Poppyscotland continues to be an active participant in the 'Sorted!' employment consortium, a collaborative initiative with The Royal British Legion, The Poppy Factory (London), the Officers' Association, the Officers' Association Scotland, Royal British Legion Industries and

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the Regular Forces Employment Association aimed at delivering improved services to assist individuals prepare for and secure employment after leaving the Forces. In addition to chairing the Veterans Scotland Supported Employment Working Group, we also participate in a Confederation of British Service and Ex-Services Organisations' working group which looks at the employment needs of Wounded, Injured and Sick Service Leavers.

Veterans Scotland. Poppyscotland continues to be a prominent member of Veterans Scotland, the overarching membership organisation for Scottish veterans charities. Veterans Scotland seeks to promote collaborative working, deconfliction of service provision and the exchange of information and best practice between its member charities, splitting its activity into four general areas of activity known as 'pillars': Housing, Comradeship, Health and Wellbeing, and Support. Poppyscotland heads the Support Pillar of Veterans Scotland, which primarily focuses on employment support, criminal justice matters, financial advice and support to individuals and to organisations, and the provision of more general life skills advice to veterans and their dependants. Poppyscotland was highly active in this role, chairing separate working groups on Employment, Grants to Individuals, Grants to Organisations, and initiating the establishment of a group to consider the needs of veterans in the criminal justice system. In addition to giving financial support, Poppyscotland also provides rent free accommodation to Veterans Scotland in New Haig House.

Grants to Other Organisations. During the year, a total of 19 grants at a cost of £1.02m were provided to support charitable activities undertaken by organisations delivering services supporting the Armed Forces community. These awards included grants to Citizens Advice Scotland for the delivery of the Armed Services Advice Project (£445k), the Scottish Association for Mental Health for the *Employ-Able* programme (£116k) SACRO for the provision of a mentoring service for veterans (£26k) the Regular Forces Employment Association towards the cost of running their employment service in support of veterans (£20k). Smaller grants were awarded to, assist with funding the work undertaken by organisations such as Horseback UK, Gardening Leave and The Royal Caledonian Educational Trust.

Support to the Elderly. To progress improvements in support to older veterans, we will be working with the Royal Voluntary Service (RVS) to promote the support available to members of the Armed Forces community as well as identifying volunteering opportunities for veterans through the RVS service, in areas such as driving, café and retail. In addition, we will also continue to engage with Age Scotland to ensure that veterans accessing their services are aware of the wider support available to them from organisations such as Poppyscotland.

Veterans in the Criminal Justice System. In March 2015 Poppyscotland hosted a conference which considered the topic of Veterans in the Criminal Justice System. The conference was funded by the Scottish Government's Scottish Veterans Fund and brought together a wide range of Third Sector and public agency organisations with an interest in the topic. Very positive feedback from the event was received and during the coming months we will seek to build on the experiences gained at the conference. For example, we have committed to funding SSAFA - The Armed Forces Charity to deliver a specifically-designed course for their caseworkers on Veterans in the Criminal Justice System.

Research. In December 2014 we published a supplement to the Royal British Legion's UK Household Survey of the ex-Service community 2014 entitled, *'Health and welfare of the ex-Service community in Scotland 2014'*. This report will provide meaningful intelligence to assist with the development of our charitable offering moving forward but is also of interest to the wider veterans community in Scotland. In 2009 we commissioned research into the employment needs of veterans with disabilities and vulnerabilities and in April 2015 we published *'Six years on: Revisiting the Employment Support Needs of Veterans in Scotland - update to the 2009 findings'*. Again, this research will enable Poppyscotland and other stakeholder organisations to consider how they can best support veterans who are seeking to re-enter the job market. This latter piece of research was funded by a grant from the Scottish Government's Scottish Veterans Fund.

### **Fundraising**

During the year £3.68m (2013/14:£3.43m) was raised through the various fundraising initiatives undertaken by the fundraising arm of Poppyscotland.

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As in previous years the Scottish Poppy Appeal provided the largest income stream with an increased range of other year-round fundraising activities and legacies contributing to a 7% increase over the previous financial period.

Scottish Poppy Appeal. Income from all sources attributed to the Scottish Poppy Appeal raised £2.85m (2013/14: £2.69m), a 6% increase over the previous year. Our core activity (tins and street collections) rose by 3.2% with major growth coming from the 100% increase in income raised through merchandising. In addition, the Scottish elements of UK corporate partnerships increased by 24%, raising over £105k. Such successes, achieved by increasing the range and reach of fundraising activity during Poppy Appeal, vindicate our strategy of saturation and penetration and provide the necessary confidence to persist with this in the year ahead.

Donor Recruitment. 2014/15 was a challenging year in relation to our individual giving and direct mail activities. The Poppyscotland raffle saw a slow down in both ticket sales and donations, with £152k raised (2013/14: £165k). The Little Remembrance Cross initiative saw a 35% reduction in income against the previous year, due to the autumn mailing being delayed by a couple of weeks. Nevertheless, additional year-on-year income is expected in the first month of the new financial period as a result of this delay. More positively, we continued to operate a rolling programme of regular-giving promotion, raising £111k (2013/14: £99k), an increase of 12% on last year. As a result of these initiatives, the year has seen a further increase in the number of active donors to Poppyscotland of 10,079, (10%) to 112,062 as at the end of September 2015.

Events and Community. As in the previous reporting period, this year has seen continued growth in our Events and Community activity. In total, £156k (2013/14: £137k) was raised, an increase of 14%. We continued to offer a varied portfolio of activities to supporters, introducing a variety of new supporter-fundraising initiatives such as 'Tea and Toast'. The East Lothian Cycling Sportive, with sponsorship from Fred Olsen Renewables, has built on the success achieved last year by doubling its participant numbers to 320 and raising £20k. We continue to develop local support groups and these raised £82k through social and sporting activities and challenges at a local level throughout Scotland, with a 10% increase in the number of events available to supporters. A developing area for such activities is specific-group support to the Poppy Appeal, such as the corporate and student raids and Edinburgh Poppy day. These initiatives raised £26k.

Corporate. During the year we recruited a dedicated corporate fundraiser with the key responsibilities of developing corporate support to the Poppy Appeal, supporting the Scottish element of UK corporate relationships and generating income from Scottish companies to Poppyscotland. We again increased the number of corporates supporting the Appeal, with 167 taking part, an increase of 8% on the previous year. As noted above, our support to UK corporate relationships generated £105k (2013/14: £63k) and a number of new relationships were formed, most notably with Fred Olsen Renewables, Barclays and Scotrail (Abellio).

Education. The Poppyscotland Learning programme, *Sowing the Poppy* continued to be our main focus this year. Our 2015 pack was sent to all primary and secondary schools in Scotland (2,703 in total) and comprised four posters, one of which commemorated the 100<sup>th</sup> anniversary of the writing of the poem *In Flanders Fields*, with another linking into Global Citizenship targets within the Scottish National Curriculum, highlighting conflicts involving British service personnel since the end of the Second World War. In addition, 7,699 packets of poppy seeds were sent out on request to schools and youth groups. Visits to the Education section of the Poppyscotland website remained steady, totaling 16,751 (2013/14: 16,777), but with a significant number of new visitors (77.8%) as opposed to returning visitors (22.2%).

**Volunteers**

The charity relies upon and greatly appreciates the efforts of its many volunteers across Scotland, especially the many members of The Royal British Legion Scotland who help with the annual Scottish Poppy Appeal. During the year we had over 60 Area Organisers retire, the most in any year in recent memory. However, we had planned for this and undertook a major volunteer recruitment campaign which generated over 600 enquiries. At the time of this report we are well on the way to replacing 95% of retirees and are confident of replacing all of them in due course. We are also indebted to all of our very many supporters for their enthusiastic help outwith the Poppy Appeal. We are grateful in particular to the volunteers of

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SSAFA for the casework they do which enables us to make our welfare awards. It is impossible to enumerate accurately the total contribution our volunteers make during the year, but we estimate that over the year, volunteers contributed at least 60,000 hours to Poppyscotland, principally to support our fundraising and welfare casework.

### **Marketing and Communications**

Case for support and brand strategy. A detailed review of our brand proposition was undertaken. Following an extensive selection process, we appointed one of Scotland's most renowned marketing agencies, The Union, to assist us in this. This resulted in a significant refinement of our proposition and our development of a more cohesive brand strategy. We also developed several new campaigns, including a volunteer recruitment campaign, the Scottish Poppy Appeal campaign, new fundraising mailings and amassed marketing collateral for several areas of fundraising and welfare services activity.

Digital engagement. Social media continues to be a core asset in our communications mix. Our focus over the past year has been on driving greater supporter engagement, providing information both about our work and giving opportunities, as well as increasing our overall reach. Facebook remains our key platform and our total number of followers grew from 145k to 165k during the year. We placed emphasis on generating more content than before and the total volume of posts to our Facebook pages increased by 27%. YouTube also performed well for us, with video viewing and minutes watched both increasing by over 30% year-on-year. Twitter users' interest in our work has grown steadily too, our following increasing by 40% and our engagement by more than 50%. We also relaunched the Poppyscotland website with an updated look, more intuitive navigation and a vastly improved content management system.

Retail merchandise. The Poppyscotland retail merchandise operation again grew significantly over the year. During the Scottish Poppy Appeal period we doubled the number of temporary retail units, known as Poppy-Up shops, from 11 in the previous year to 22 this year. This helped generate a 100% growth in net income from retail merchandise in 2014/15 to more than £220k, providing welcome increased funding to augment the Scottish Poppy Appeal collections. An area that remains however, unexploited and an objective for the year that went unmet was the development of wholesale retail activity. Despite making some good exploratory inroads early in the year, we did not succeed in fully developing the necessary relationships and connections with the key buyers in the businesses we had targeted. This remains an area with great potential and will be pursued as a matter of priority in the coming year.

### **Properties**

Following a preliminary feasibility study undertaken during 2014 to consider the future development of our Edinburgh site, including The Lady Haig Poppy Factory, further work has been undertaken to inform an intended decision regarding the way forward for the site. A conclusion to this had been expected during 2015, but was delayed by the considerable complexities involved. It is intended to progress this more conclusively during the next reporting period. Poppyscotland's property in Glasgow, Cameronian House, though occupied and in use since late 2013, was formally opened by HRH The Princess Royal on 19 May 2015 and remains in full occupation and use. Poppyscotland continues to occupy leased premises in Inverness as a Welfare and Advice Centre.

### **Poppy and Wreath Manufacturing**

Poppies used by Poppyscotland during the Scottish Poppy Appeal are in the main manufactured by our subsidiary company, The Lady Haig Poppy Factory. Separate accounts are drawn up for the Factory and consolidated into Poppyscotland's group accounts. The Factory employs disabled veterans to make the poppies and the cost is higher than that achievable using automated manufacturing. The cost of poppies produced is a charitable activity in the accounts of the Factory and on consolidation, an amount representing the charitable element of expenditure incurred in manufacturing the poppies is treated as a welfare expense in Poppyscotland's accounts.

Poppy Factory income and expenditure arising from all activities during the 12 month period was £957k and £847k respectively (2013/14: £1.05m and £995k respectively) generating an improved surplus over the period of £110k (2013/14: £57k).

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Wreath sales increased to £373k (2013/14: £306k) due to an increase in demand from the public arising from commemorative events related to the centenary of the First World War and the increasing number of orders received through the Factory's on-line shop, which is proving increasingly popular with new customers.

**Group Financial Review**

Incoming resources for the 12 month period to 30 September 2015 amounted to £4.63m (2013/14: £4.32m).

Voluntary income. The majority of the company's income came from The Scottish Poppy Appeal, held annually in November, which raised £2.85m (2013/14: £2.69m). This is equivalent to 61% of total incoming resources excluding the realized gain on the disposal of investments referred to in Note 6 to the financial statements and reflects the continuing importance of the Appeal to the work of the charity. Other donations and income raised from various fundraising activities such as raffles, events, trusts, regular supporters and legacies amounted to £627k (2013/14: £537k), resulting in total voluntary income of £3.48m (2013/14: £3.23m).

Incoming resources from charitable activities. The Lady Haig Poppy Factory supported group activities with the production and distribution of poppies, wreaths and Remembrance Crosses and contributed £403k to group income on a consolidated basis (2013/14: £386k).

A further £130k was provided by other charitable organisations in support of activities undertaken by The Earl Haig Fund Scotland and included the following principal contributors to Poppyscotland's flagship welfare initiative "The Armed Services Advice Project":

The Army Benevolent Fund	£52k
The Royal Navy & Royal Marines Trust	£15k
SSAFA Scottish Resources Committee	£10k
Seafarers UK	£15k
The RAF Benevolent Fund	£25k

Resources expended amounted to £4.74m (2013/14: £4.72m).

The cost to the group of generating funds over the 12 month period covered by this report amounted to £1.86m (2013/14: £1.65m) and reflects the cost of developing and extending the coverage of fundraising initiatives in such areas as corporate and event activity. Other new initiatives aimed at increasing the number of regular active supporters were also undertaken during the latter part of the financial period and are expected to benefit income streams in the coming financial periods.

The cost of activities in furtherance of the company's charitable objectives amounted to £2.77m (2013/14: £2.95m) and reflects the continuing level of resources required to support the needs of the ex-Service community in Scotland. Financial assistance in excess of £762k was provided directly to support veterans or their dependents (2013/14: £775k) and £1.01m (2013/14: £1.19m) was allocated to support the activities of other charitable organisations providing services and support to the service and ex-Service communities.

The Lady Haig Poppy Factory continues to produce poppies and wreaths in support of the annual Poppy Appeal and in doing so provides employment opportunities for 37 veterans at an overall cost to the group of £843k (2013/14: 39 veterans at a total cost of £990k).

Pension Schemes. The charity provided a defined-benefit pension scheme, made available to all eligible members of staff until the scheme closed to new entrants in 2002. The assets of this scheme are held separately from those of the company and are managed by independent trustees. During the reporting period the decision was made to close the scheme to new accruals with effect from 31 March 2018. Since 2002 new eligible members of staff have been offered the opportunity to contribute to a money-purchase scheme funded by both the employee and the company.

In accordance with the Statement of Recommended Practice 2005 an actuarial valuation of the Final Salary Pension Scheme has been prepared in accordance with Financial Reporting Standard 17. Based on the assumptions adopted by the actuary it has been established that

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the Scheme had a funding deficit of £1.73m as at 30 September 2015 as reported in Note 26 of the financial statements.

Operating Deficit. The operating deficit before investment gains and transfers amounted to £104k for the 12 month period to 30 September 2015 (2013/14: £394k). Following transfers between funds, the Group has total funds of £9.58m (2013/14: £9.53m) of which £9.47m (2013/14: £9.41m) are unrestricted.

Going Concern. Poppyscotland has been a fully-owned subsidiary of The Royal British Legion since June 2011. Deficits reported in the financial statements arise predominantly from increased welfare provision made since 2011 to ensure the beneficiary experience is the same in Scotland as the rest of the UK. This increased provision and future potential deficits are well within the charity's wider means and underwritten financially by the strength of the investment portfolio and ultimately The Royal British Legion. On this basis the Trustees are confident the charity will continue to function as a going concern for the foreseeable future and certainly from one year from the date of signing the financial statements.

**Risk Management**

The Board of Trustees has responsibility for the oversight of risk management at Poppyscotland. It applies a system through which major risks are identified, assessed, effectively addressed and monitored. A Risk Register is maintained and kept under review by the charity's Chief Executive and Senior Management Team, and presented to the Director General of The Royal British Legion. It is considered in the context of, and follows the same framework and format as, the Risk Register of The Royal British Legion.

During the current financial year the major risks to which the charity is exposed were reviewed using this formal risk management process. It involved identifying the types of risk facing the charity, assessing them in terms of potential impact and likelihood of occurrence, and identifying means of avoiding, minimising or mitigating these risks. Principal risks identified were:

- a. A weakening of standards in the charity's management leading to inadequate budgetary control and financial reporting, and to poor investment policies or decisions;
- b. Inadequate budget planning;
- c. Poor investment policies and/or decisions;
- d. Mismanagement of pension commitments and/or pension commitments generating excessive employer costs;
- e. Illicit penetration of IT systems;
- f. Major loss or damage to the charity's property; and
- g. Estate dilapidation leading to a major breakdown.

Appropriate and robust measures to address these risks are in place and were noted and reviewed in the course of the risk assessment. The assessment also took full account of prevailing and prospective social, political, economic and demographic trends, amongst a range of other factors with bearing on the environment within which the charity operates.

**Grant-Making Policy**

Grants are made to individuals in need following an assessment of the beneficiary's financial situation. These grants, in the form of cash, goods or services, are relatively small in value but large in volume. The charity's policy is also to direct beneficiaries to expert, personalised advice and support as an augmentation of or, if appropriate, instead of direct financial assistance, its aim being to promote longer-term self-reliance and resilience among its beneficiaries. Underlying this is however, a firm resolve and practice not to leave need unmet or fail to address immediate financial crises facing beneficiaries. To this end, whenever possible, Poppyscotland works collaboratively with the Service benevolent funds, Regimental

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Associations and other appropriate agencies in bringing financial and more general support to bear for individuals in need.

External grants to other organisations are applied where a third party has expertise or facilities unavailable within Poppyscotland's resources, or presents a project or service judged likely to bring firm benefit to our beneficiary group. In all such cases, the purpose proposed must be in accord with the charity's objectives. All grants are subject to a detailed and rigorous process of prior vetting and approval.

**Investment policy and returns**

The investment objective is "to achieve a total return targeting RPI +2% over the medium to longer term. The portfolio is managed by Sarasin and Partners LLP. During the 12-month period under review the portfolio generated £385k (2013/14: £388k) of investment income. The value of the portfolio reduced by £601k over the year due principally to the requirement to withdraw £750k to meet short-term working capital requirements. Nonetheless, on a net basis the value of the portfolio has increased by £149k. This increase is due to the value of underlying assets moving ahead prior to their disposal as part of the process of reducing the inherent volatility of the portfolio by reducing the equity:bond split from 65:35 at September 2014 to 36:64 at September 2015.

**Reserves policy**

The Trustees of The Earl Haig Fund Scotland understand the need to ensure the availability of adequate reserves to meet future demands for welfare services as required by the company's Memorandum of Association. At the year end, excluding restricted and designated reserves, the charity held unrestricted reserves of £9.46m, representing around 2 years of unrestricted expenditure. These reserves are maintained to generate income to meet a proportion of the charity's running costs and to cover any major and unavoidable drop in income which might arise from, for example, unusually severe weather during the Poppy Appeal period, the Appeal generally representing in excess of 60% of the charity's annual income.

The Trustees also recognise that the charity's facilities in Edinburgh require renewal. The Poppy Factory premises are in particular in need of renewal, replacement or relocation. As reported above, work has been undertaken to identify a solution to the difficulties this poses, and the definition of a viable course of action had been expected during 2015. A definitive plan has however, not yet emerged due to the considerable complexities involved but this is expected to be progressed during the coming period to 30 September 2016. It is likely that whichever way forward is chosen will require a significant investment from reserves.

Restricted reserves of £115k were held at 30 September 2015 (2013/14: £114k) in respect of funds provided by organisations and individuals in support of specific projects such as the Armed Services Advice Project undertaken by Poppyscotland and the Workchoice and Welfare programmes undertaken by the The Lady Haig Poppy Factory Limited.

**Plans for Future Periods**


Our principal strategic priorities for 2015/16 are to:

- a. continue to support individuals in financial need;
- b. further develop the opportunities available for Poppy Breaks;
- c. continue to be the major funder of the Armed Services Advice Project in collaboration with Citizens' Advice Scotland;
- d. further develop support available from our Welfare Centre in Inverness in conjunction with other agencies and services in the area;
- e. further develop our Employment offering to ensure that those most detached from the workplace receive the necessary training and support;
- f. continue to lead the Support Pillar of Veterans Scotland;

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- g. continue to work with our colleagues at The Royal British Legion in order that Poppyscotland can deliver a closely comparable welfare services model;
- h. further investigate service-delivery opportunities to meet the needs of older veterans;
- i. further increase income obtained from The Scottish Poppy Appeal and continue to implement measures to strengthen the performance of less well-performing fundraising areas;
- j. increase our income from non-Poppy Appeal sources;
- k. develop more sophisticated methods of research and analysis of our supporter base and donor market, to assist in more targeted marketing to current and potential donors;
- l. continue to pursue wholesale opportunities as a matter of priority;
- m. refresh our approach to social media to ensure we are still a market leader in this area;
- n. in addition to embedding our new brand strategy across the organisation, undertake a communications review for our welfare services, volunteering, events and community fundraising; and
- o. progress the development of a long-term, comprehensive development solution for the New Haig site, including The Lady Haig Poppy Factory.

**BY ORDER OF THE BOARD**



Dr C Simpkins  
Trustee

**9 December 2015**



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

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

We have audited the financial statements of The Earl Haig Fund Scotland for the year ended 2015 which comprise the Group and Parent Charitable Company Statements of Financial Activities, incorporating the Group and Parent Charitable Company Income and Expenditure Accounts, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 26. 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charity's trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended). Our audit work has been undertaken so that we might state to the charitable company's members and the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of trustees and auditor**

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they 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 under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:-

- whether the accounting policies are appropriate to the charitable company's and the group's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's and the group's affairs as at 30 September 2015 and of the group's and the parent charitable company's incoming resources and application of resources, including the group's and the parent charitable company's income and expenditure, 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 requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

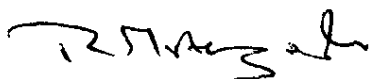
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

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

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**Reza Motazedi FCA** (Senior statutory auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom

17 December 2015

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

**THE EARL HAIG FUND SCOTLAND**  
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**Consolidated Statement of Financial Activities for the 12 months ended 30 September 2015**  
(Incorporating an Income and Expenditure Account)

	Notes	2015 Unrestricted Funds £'000	2015 Restricted Funds £'000	2015 Total Funds £'000	2014 Total Funds £'000
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
- Voluntary income	2	3,456	20	3,476	3,227
- Activities for generating funds		207	-	207	202
- Investment income	3	385	-	385	388
<i>Incoming resources from charitable activities</i>					
- Manufacturing income	4	288	-	288	272
- Other grants income	5	12	233	245	207
Other incoming resources	6	31	-	31	27
<b>Total incoming resources</b>		<b>4,379</b>	<b>253</b>	<b>4,632</b>	<b>4,323</b>
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
- Costs of generating voluntary income	7	1,855	-	1,855	1,651
<i>Charitable activities</i>					
- Poppy Manufacturing costs	8	411	130	541	784
- Welfare Services	9	2,112	118	2,230	2,166
		2,523	248	2,771	2,950
Governance costs	10	110	-	110	116
<b>Total resources expended</b>		<b>4,488</b>	<b>248</b>	<b>4,736</b>	<b>4,717</b>
<b>Net (outgoing)/incoming resources before investment gains/(losses) and transfers</b>		<b>(109)</b>	<b>5</b>	<b>(104)</b>	<b>(394)</b>
Transfers between funds		4	(4)	-	-
Gains/(losses) on investments	17				
Realised		451	-	451	-
Unrealised		(323)	-	(323)	415
Actuarial gains/(losses) on defined benefit pension scheme	25	28	-	28	(325)
<b>Net movement in funds</b>		<b>51</b>	<b>1</b>	<b>52</b>	<b>(304)</b>
Total funds brought forward	21	9,414	114	9,528	9,832
<b>Total funds at end of period</b>	<b>21</b>	<b>9,465</b>	<b>115</b>	<b>9,580</b>	<b>9,528</b>

All amounts relate to continuing operations. There is no material difference between the deficit on ordinary activities and the deficit for the financial year stated above and their historical cost equivalents. All gains and losses recognised in the year are included above. The surplus for the 12 months to 30 September 2015 for Companies Act purposes comprises the net outgoing resources before investment gains and transfers for the period and realised gains on investments, and amounts to £347k (12 months to 30 September 2014: Deficit £394k).

The notes on pages 23 to 36 form part of the financial statements

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

Company Statement of Financial Activities for the 12 months ended 30 September 2015  
(incorporating an Income and Expenditure Account)

	Notes	2015 Unrestricted Funds £'000	2015 Restricted Funds £'000	2015 Total Funds £'000	2014 Total Funds £'000
<b>Incoming Resources</b>					
<i>Incoming resources from generated funds</i>					
- Voluntary income	2(a)	3,456	-	3,456	3,212
- Activities for generating funds		207	-	207	202
- Investment income	3	385	-	385	388
<i>Incoming resources from charitable activities</i>					
- Voluntary income	5(a)	12	118	130	92
<i>Other incoming resources</i>	6	21	-	21	19
<b>Total incoming resources</b>		<b>4,081</b>	<b>118</b>	<b>4,199</b>	<b>3,913</b>
<b>Resources expended</b>					
<i>Cost of generating funds</i>					
Cost of generating voluntary income	7	1,855	-	1,855	1,651
<i>Charitable activities</i>					
Welfare Services	9	2,342	110	2,452	2,603
<i>Governance costs</i>	10	105	-	105	111
<b>Total resources expended</b>		<b>4,302</b>	<b>110</b>	<b>4,412</b>	<b>4,365</b>
<b>Net (outgoing)/incoming resources before Investment gains/(losses) and transfers</b>		<b>(221)</b>	<b>8</b>	<b>(213)</b>	<b>(452)</b>
<b>Transfers between funds</b>		<b>4</b>	<b>(4)</b>	<b>-</b>	<b>-</b>
<b>Gains/(losses) on investments</b>	17				
Realised		451	-	451	
Unrealised		(323)	-	(323)	415
<b>Actuarial gains/(losses) on defined benefit pension Scheme</b>	25	<b>28</b>	<b>-</b>	<b>28</b>	<b>(325)</b>
<b>Net movement in funds</b>		<b>(61)</b>	<b>4</b>	<b>(57)</b>	<b>(362)</b>
<b>Total funds brought forward</b>	21	<b>8,740</b>	<b>90</b>	<b>8,830</b>	<b>9,192</b>
<b>Total funds at end of period</b>	<b>21</b>	<b>8,679</b>	<b>94</b>	<b>8,773</b>	<b>8,830</b>

All amounts relate to continuing operations. There is no material difference between the deficit on ordinary activities and the deficit for the financial year stated above and their historical cost equivalents. All gains and losses recognised in the year are included above. The surplus for the 12 months to 30 September 2015 for Companies Act purposes comprises the net outgoing resources before investment gains and transfers and realised gains on investments and amounts to £238k (12 months to 30 September 2014: Deficit £452k).

The notes on pages 23 to 36 form part of the financial statements

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

**Consolidated and Company Balance Sheets**  
**As at 30 September 2015**

	Notes	Group 2015 £'000	Group 2014 £'000	Company 2015 £'000	Company 2014 £'000
<b>Fixed Assets</b>					
Tangible assets	15	720	759	720	759
Investment in subsidiary	16	-	-	1	1
Investments	17	9,880	10,481	9,880	10,481
		<u>10,600</u>	<u>11,240</u>	<u>10,601</u>	<u>11,241</u>
<b>Current Assets</b>					
Stock	18	296	245	-	-
Debtors	19	380	435	284	355
Cash at bank		643	646	571	591
		<u>1,319</u>	<u>1,326</u>	<u>855</u>	<u>946</u>
<b>Creditors: amounts falling due within one year</b>	20	(610)	(1,250)	(954)	(1,569)
<b>Net current assets/(liabilities)</b>		<u>709</u>	<u>76</u>	<u>(99)</u>	<u>(623)</u>
<b>Total assets less total liabilities</b>		<u>11,309</u>	<u>11,316</u>	<u>10,502</u>	<u>10,618</u>
<b>Defined benefit pension scheme liability</b>	25	(1,729)	(1,788)	(1,729)	(1,788)
<b>Net assets including pension liability</b>		<u>9,580</u>	<u>9,528</u>	<u>8,773</u>	<u>8,830</u>
<b>Funds</b>	21				
<b>Restricted funds</b>		<u>115</u>	<u>114</u>	<u>94</u>	<u>90</u>
<b>Unrestricted Funds</b>					
<u>Designated Funds</u>					
Sandilands Memorial Trust		141	151	141	151
Capital reserve		668	694	668	694
Investment reserve		391	1,778	391	1,778
General fund		9,994	8,579	9,208	7,905
<b>Unrestricted funds excluding pension liability</b>		<u>11,194</u>	<u>11,202</u>	<u>10,408</u>	<u>10,528</u>
Pension reserve		(1,729)	(1,788)	(1,729)	(1,788)
<b>Total unrestricted funds</b>		<u>9,465</u>	<u>9,414</u>	<u>8,679</u>	<u>8,740</u>
<b>Total funds</b>		<u>9,580</u>	<u>9,528</u>	<u>8,773</u>	<u>8,830</u>

The financial statements on pages 19 to 36 were approved by the Trustees, authorised for issue and signed on their behalf by:-

  
C Simpkins, Trustee

9 December 2015

Registered Company No: SC194893

The notes on pages 23 to 36 form part of the financial statements

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

**CONSOLIDATED CASH FLOW STATEMENT**  
**For the 12 months to 30 September 2015**

	Notes	£'000	2015 £'000	£'000	2014 £'000
<b>Cash outflow from operating activities</b>	23(a)		(1,117)		(172)
<b>Returns on investments</b>					
Income from listed investments		377		382	
Bank interest received		8		6	
		<hr/>		<hr/>	
<b>Net cash inflow from returns on investments</b>			385		388
<b>Capital expenditure and financial investment</b>					
Payments to acquire fixed assets		-		(68)	
Receipts from disposal of fixed assets		-		1	
Payments to acquire investments		(6,195)		(217)	
Receipts from disposal of investments		6,924		201	
		<hr/>		<hr/>	
<b>Net cash inflow/(outflow) from capital expenditure and financial investments</b>			729		(83)
<b>(Decrease)/increase in cash</b>	23(b)		<hr/> <hr/> (3)		<hr/> <hr/> 133

The notes on pages 23 to 36 form part of the financial statements

**THE EARL HAIG FUND SCOTLAND**  
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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS**  
**For the 12 months ended 30 September 2015**

**1. Accounting Policies**

**a) Basis of Preparation**

The financial statements are prepared under the historical cost convention modified to include the revaluation of investments and in accordance with the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006, Companies Act 2006 and applicable United Kingdom accounting standards. In addition, the company has adopted the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005. They have been prepared on the going concern assumption (see page 14) and accruals concept and are intended to provide information that is relevant, reliable, comparable and understandable.

**b) Group Financial Statements**

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. Uniform accounting policies are adopted and intra-group transactions are eliminated on consolidation.

**c) Company Status**

The company is a company limited by guarantee. The Royal British Legion, as the parent body and its General Secretary are the sole members. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

**d) Fund Accounting**

General funds are unrestricted funds, which are available for use at the discretion of the charity in furtherance of the general objectives of the company, and have not been designated for other purposes.

Designated funds comprise unrestricted funds, which have been set aside for a specific purpose. The aim and use of each designated fund is set out in notes to the financial statements.

Restricted funds comprise amounts donated for specific purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

**e) Legacies and Donations**

Legacies and donations are credited to the Statement of Financial Activities as soon as the conditions for receipt have been met and there is reasonable assurance and accuracy in respect of the amounts receivable.

**f) Income from Investments**

Dividends and interest are credited to the SOFA in the financial period in which they are receivable.

**g) Grants**

Grants are recognised when a legal or constructive commitment has been made to a third party. Grants to annual benevolence cases are recognised when paid on the basis that changes in the circumstances of individual recipients make it impossible to determine the eventual level of payments.

**h) Other resources expended**

Other resources expended relates to items of expenditure which do not fall within the normal activities undertaken by the company and are not considered appropriate to analyse within the principal categories of expended resources.

**i) Cost Allocation**

Indirect general support and overhead costs as scheduled in Note 11 of the financial statements have been allocated across the core functions on the basis of staff numbers within the respective functions of resources expended.

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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
**For the 12 months ended 30 September 2015**

**1. Accounting Policies (cont'd.)**

**j) Tangible Fixed Assets and Depreciation**

Capital purchases equal to or greater than £50,000 are capitalised. Depreciation remains provided on such tangible assets at rates calculated to write off the cost on a straight line basis over their expected useful economic lives as follows:-

Land	-	Nil
Buildings	-	Over 50 years
Leased property	-	Period of lease
Machinery	-	1 – 20 years
Motor vehicles	-	Over 4 – 10 years
Information technology and other equipment	-	1 – 5 years

**k) Investments**

Investments are stated at market value. Gains or losses arising on the revaluation and realisation of investments are recorded through the Statement of Financial Activities in the appropriate accounting period.

**l) Stock**

Stock held by The Earl Haig Fund Scotland Group is valued at the lower of cost and net realisable value. Cost includes direct costs of labour and materials plus an allocation of general overheads. Poppyscotland recognises that the Lady Haig Poppy Factory Limited is a business with at least 50% of the work force registered as disabled resulting in additional costs being incurred in order to provide a caring and appropriate environment for the workforce.

Accordingly, a standard cost of product manufactured for Poppyscotland is allocated to "the cost of generating voluntary income" with the balance relating to the costs of providing a supportive working environment being allocated as an expense within "grants to other organisations" in the financial period during which stock is purchased.

Consequently, stock recorded as held by The Earl Haig Fund Scotland Group relates solely to stock held by its subsidiary, The Lady Haig Poppy Factory Limited.

**m) Cash and liquid resources**

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments, which may be disposed of without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year.

**n) Pension Costs**

The Earl Haig Fund Scotland operates defined benefit and money purchase pension schemes on behalf of eligible employees.

Pensions are accounted for in accordance with FRS17 Retirement Benefits, with a valuation undertaken by an independent actuary. The current service cost of the defined benefit scheme is charged to employee costs over the anticipated period of employment. Net pension finance income or costs are included immediately in other incoming resources or employee costs as appropriate. Actuarial gains and losses are recognised immediately on the face of the Statement of Financial Activities. The defined benefit pension scheme liabilities are shown on the face of the Balance Sheet and defined benefit pension scheme assets are shown insofar as FRS17 permits. The amounts charged to the Statement of Financial Activities for defined contribution schemes represent the contributions payable in the period. Details of the pension schemes are included in note 25 to the financial statements.

**o) Finance Lease Agreements**

Assets held under finance leases and the related lease obligations are included at their fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.



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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
**For the 12 months ended 30 September 2015**

	2015 £'000	2014 £'000
<b>2. Voluntary Income</b>		
a) The Earl Haig Fund Scotland		
Unrestricted		
Poppy Collection	2,849	2,688
Donations	504	367
Legacies	103	157
<b>Company and Group</b>	<b>3,456</b>	<b>3,212</b>
Group	3,456	3,212
Restricted		
Donations	20	15
<b>Group</b>	<b>3,476</b>	<b>3,227</b>
The total number of poppies distributed on behalf of the Scottish Poppy Appeal in the 12 months to 30 September 2015 was 3,617,490 (12 months to September 2014: 6,015,450).		
<b>3. Investment Income</b>	<b>2015</b>	<b>2014</b>
The Earl Haig Fund Scotland	£'000	£'000
Income from listed investments	356	362
Income from deposit interest	8	7
Investment management fee rebate	21	19
<b>Company and Group</b>	<b>385</b>	<b>388</b>
<b>4. Manufacturing Income</b>	<b>288</b>	<b>272</b>
Sales are stated net of VAT and relate only to the Lady Haig Poppy Factory.		
<b>5. Incoming resources from charitable activities</b>		
(a) The Earl Haig Fund Scotland		
Unrestricted		
The Officers Association Scotland	-	2
The Sandilands Memorial Trust	12	16
<b>Group and Company Unrestricted</b>	<b>12</b>	<b>18</b>
Restricted		
The Army Benevolent Fund	52	30
The Royal Navy Royal Marines Trusts	15	15
SSAFA Scottish Resources Committee	10	10
The Scottish Veterans Fund	-	19
Seafarers UK	15	-
The RAF Benevolent Fund	25	-
	117	74
The Royal British Legion	1	-
<b>Company Restricted</b>	<b>118</b>	<b>74</b>
(b) The Lady Haig Poppy Factory		
Restricted		
Jobcentre Plus Employment Services grant	115	115
<b>Group Restricted</b>	<b>233</b>	<b>189</b>
<b>Total Group</b>	<b>245</b>	<b>207</b>

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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
**For the 12 months ended 30 September 2015**

	2015 £'000	2014 £'000
<b>6. Other incoming resources</b>		
The Earl Haig Fund Scotland		
Rental income and service income	21	12
Miscellaneous income	-	7
	<hr/>	<hr/>
<b>Company</b>	<b>21</b>	<b>19</b>
The Lady Haig Poppy Factory		
Miscellaneous income	10	8
	<hr/>	<hr/>
<b>Group</b>	<b>31</b>	<b>27</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>7. Costs of generating voluntary income</b>		
The Earl Haig Fund Scotland		
<u>Direct costs</u>		
Salaries, national insurance and pension costs	556	580
Other supporting costs	696	575
Purchase of poppies and crosses from Lady Haig Poppy Factory	302	206
	<hr/>	<hr/>
	1,554	1,361
<u>Indirect costs</u>		
Salaries, national insurance and pension costs	156	129
Other supporting costs	145	161
	<hr/>	<hr/>
	301	290
	<hr/>	<hr/>
<b>Group and Company</b>	<b>1,855</b>	<b>1,651</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>8. Manufacturing costs</b>		
Salaries, national insurance and pension costs	684	666
Materials consumed	99	78
(Increase)/decrease in finished goods	(42)	157
Operating expenses	87	69
Welfare	15	20
	<hr/>	<hr/>
	843	990
Deduct purchase of poppies and crosses from Lady Haig Poppy Factory	(302)	(206)
	<hr/>	<hr/>
<b>Group and Company</b>	<b>541</b>	<b>784</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Analysed as follows:-</b>		
Unrestricted activities	411	648
Restricted activities	130	136
	<hr/>	<hr/>
	<b>541</b>	<b>784</b>
	<hr/> <hr/>	<hr/> <hr/>

**THE EARL HAIG FUND SCOTLAND**  
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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
**For the 12 months ended 30 September 2015**

<b>9. Welfare Services</b>	<b>2015</b>	<b>2014</b>
<b>a) Company</b>		
<b>(i) Individuals</b>		
Annual review cases	<b>No.</b>	<b>No.</b>
At 1 October	112	128
Withdrawals	(11)	(16)
At 30 September	101	112
<b>Individual cases</b>	<b>1,429</b>	<b>1,429</b>
<b>Annual Pension Grants to ex-Factory employees</b>	<b>18</b>	<b>20</b>
<b>Unrestricted</b>	<b>£'000</b>	<b>£'000</b>
Individual cases	624	621
Annual review cases	129	145
Annual Pension Grant to ex-Factory employees	9	9
At 30 September		
<b>Grants to Individuals</b>	<b>762</b>	<b>775</b>
Grants to individuals includes a contribution of £12k (2013/14: £16k) made from funds received from The Sandilands Memorial Trust for the benefit of former members of The Royal Artillery based in Scotland and their dependants (see note 5a).		
<b>(a) (ii) Grants to other organisations</b>		
<u>Direct costs</u>		
The Royal British Legion Scotland	82	77
OA Scotland	-	2
The Lady Haig Poppy Factory	222	448
Veterans Scotland	7	5
Scottish Veterans Garden City (Inc)	(69)	-
SSAFA	14	7
Horseback UK	8	-
Housing Options – Scotland	-	10
Armed Services Advice Project	328	287
Armed Services Advice Project (Restricted)	117	95
Royal British Legion Industries	15	-
The Regular Forces Employment Association	20	25
SACRO	26	25
SORTED!	-	8
Scottish Veterans Residences	-	25
Scottish Association for Mental Health	116	61
The Royal British Legion	1	2
Miscellaneous	23	6
	<b>910</b>	<b>1,083</b>
<u>Indirect costs</u>		
Note 11		
Salaries, national insurance and pension costs	46	67
Other supporting costs	56	42
	<b>102</b>	<b>109</b>
<b>Grants to other organisations</b>	<b>1,012</b>	<b>1,192</b>

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**For the 12 months ended 30 September 2015**

	2015 £'000	2014 £'000
<b>9. (b) Welfare support costs</b>		
<u>Direct costs</u>		
Salaries, national insurance and pension costs	338	339
Other supporting costs	139	130
Other supporting costs (restricted)	13	7
	<u>490</u>	<u>476</u>
<u>Indirect costs</u> <span style="float: right;">Note 11</span>		
Salaries, national insurance and pension costs	129	107
Other supporting costs	59	53
	<u>188</u>	<u>160</u>
	<u>678</u>	<u>636</u>
<b>Total Welfare Costs</b>		
<b>Company</b>	2,452	2,603
Deduct grant towards production costs of Lady Haig Poppy Factory	(222)	(437)
<b>Group</b>	<u>2,230</u>	<u>2,166</u>
Analysed as follows:-		
Unrestricted activities	2,342	2,064
Restricted activities	110	102
<b>Company</b>	<u>2,452</u>	<u>2,166</u>
Unrestricted activities	2,112	2,064
Restricted activities	118	102
<b>Group</b>	<u>2,230</u>	<u>2,166</u>
The Earl Haig Fund Scotland provides rent free accommodation to the following ex-Service charities located at New Haig House in Edinburgh and Cameronian House in Glasgow at a notional value of £30k (12 months to 30 September 2014: £30k):-		
o The Royal British Legion Scotland	o The Officers' Association Scotland	
o SSAFA	o The Scottish Veterans' Garden City Association (Inc)	
o Veterans Scotland	o The Regular Forces Employment Association	
<b>10. Governance costs</b>		
The Earl Haig Fund Scotland		
<u>Direct costs</u>		
Trustee and Scottish Advisory Committee costs	15	10
Final salary pension consultancy fees	9	29
Auditor's remuneration	14	12
	<u>38</u>	<u>51</u>
<u>Indirect costs</u> <span style="float: right;">Note 11</span>		
Salaries, national insurance and pension costs	57	49
General support and overhead costs	10	11
	<u>67</u>	<u>60</u>
<b>a) Company</b>	<u>105</u>	<u>111</u>
The Lady Haig Poppy Factory		
Trustee costs	2	1
Auditor's remuneration	3	4
	<u>5</u>	<u>5</u>
<b>b) Group</b>	<u>110</u>	<u>116</u>
	28	

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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
**For the 12 months ended 30 September 2015**

**11. Allocation of general support and overhead costs**

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

	Staff Costs 2015 £'000	General Overheads 2015 £'000	Staff Costs 2014 £'000	General Overheads 2014 £'000
Generating funds	156	145	129	161
Charitable activities	129	59	107	53
Support to other organisations	46	56	67	42
Governance	57	10	49	11
	<b>388</b>	<b>270</b>	<b>352</b>	<b>267</b>

**12. Staff costs**

**Manufacturing**

Wages and salaries  
Social security costs  
Other pension costs

**2015**  
**£'000**

**2014**  
**£'000**

600  
38  
45

597  
36  
31

**683**

**664**

**Administration**

Wages and salaries  
Social security costs  
Other pension costs

1,004  
91  
158

1,007  
92  
135

**1,253**

**1,234**

**Group**

**1,936**

**1,898**

**Staff Numbers**

The average monthly number of employees analysed by function was:-

Manufacturing - full-time  
- part-time  
Administration - full-time  
- part-time

**No.**

**No.**

31  
8  
30  
6

33  
8  
33  
2

**75**

**76**

- full-time  
- part-time

61  
14

74  
2

**75**

**76**

**Group**

One member of staff received emoluments in the range of £60k-£70k and pension contributions of £8k (2013/14: £8k) during the 12 month period to 30 September 2015 (2013/14: one).  
No trustee was reimbursed for expenses or received remuneration from the company during the period to 30 September 2015 (2013/14: none).

**13. Results of the Parent Company**

The parent company's net incoming resources including realized gains for the financial period was £238k (12 months to September 2014: net outgoing resources including realized gains £452k).

**14. Taxation**

Both The Earl Haig Fund Scotland and The Lady Haig Poppy Factory Limited are registered charities, and as such are entitled to certain tax exemptions on income and profits from investments, and surpluses on any trading activities carried on in furtherance of each charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
**For the 12 months ended 30 September 2015**

**15. Tangible Fixed Assets**

Group and Company	Property Freehold £'000	Property Short Lease £'000	Information Technology £'000	Total £000
<b>Cost</b>				
At 1 October 2014	864	91	65	1,020
Additions	-	-	-	-
<b>At 30 September 2015</b>	<b>864</b>	<b>91</b>	<b>65</b>	<b>1,020</b>
<b>Depreciation</b>				
At 1 October 2014	248	13	-	261
Charge for period	17	9	13	39
<b>At 30 September 2015</b>	<b>265</b>	<b>22</b>	<b>13</b>	<b>300</b>
<b>Net Book Value</b>				
<b>At 30 September 2015</b>	<b>599</b>	<b>69</b>	<b>52</b>	<b>720</b>
<b>Net Book Value</b>				
<b>At 30 September 2014</b>	<b>616</b>	<b>78</b>	<b>65</b>	<b>759</b>

Included in Property Freehold is an amount of £26k (2014: £26k) in respect of land which has not been depreciated.

**16. Investment in subsidiary**

	2015 £'000	2014 £'000
1,000 Ordinary Shares of £1 at cost	1	1

The investment represents 100% of the share capital of The Lady Haig Poppy Factory Limited, a company registered in Scotland whose principal activity is the employment of disabled ex-service personnel to manufacture poppies and wreaths and to provide framing and printing services.

The Earl Haig Fund Scotland, as the parent company, considers the value of the investment to be supported by the underlying assets of the subsidiary.

The Royal British Legion located at 199 Borough High Street, London, SE1 1AA is the ultimate parent and controlling party from whom consolidated financial statements can be obtained.

**17. Investments**

	2015 £'000	2014 £'000
Market value of listed securities at 1 October	10,481	10,051
Additions	6,195	217
Disposals	(6,473)	(202)
Unrealised (loss)/gain during the period	(323)	415
<b>Market value of listed securities at 30 September</b>	<b>9,880</b>	<b>10,481</b>
 The Earl Haig Fund Scotland	 9,715	 10,314
The Sandilands Memorial Trust	165	167
<b>Market value of listed securities at 30 September</b>	<b>9,880</b>	<b>10,481</b>

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**For the 12 months ended 30 September 2015**

All of the investments are held in pooled funds. These pooled funds are invested as follows.

	2015 £'000	2014 £'000
Investment categories in UK:		
Bonds	4,568	1,784
Equities	3,614	6,630
Alternatives	410	750
Other	1,288	1,317
<b>Market value of listed securities at 30 September</b>	<b>9,880</b>	<b>10,481</b>
<b>Cost at 30 September: listed securities</b>	<b>9,489</b>	<b>8,703</b>
<b>Cost at 30 September</b>	<b>9,489</b>	<b>8,703</b>
<b>Revaluation reserve</b>	<b>391</b>	<b>1,778</b>
<b>Market Value at 30 September</b>	<b>9,880</b>	<b>10,481</b>

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
<b>18. Stock</b>				
Finished goods	233	-	191	-
Work in progress	63	-	54	-
	<b>296</b>	<b>-</b>	<b>245</b>	<b>-</b>
<b>19. Debtors</b>				
The Royal British Legion	122	122	143	143
Other debtors and prepayments	258	162	292	212
	<b>380</b>	<b>284</b>	<b>435</b>	<b>355</b>
<b>20. Creditors: Amounts falling due within one year</b>				
The Royal British Legion	105	105	80	80
The Lady Haig Poppy Factory	-	388	-	360
The Royal Bank of Scotland short-term loan	-	-	602	602
Grants payable	67	67	238	238
Other creditors and accrued charges	438	394	330	289
	<b>610</b>	<b>954</b>	<b>1,250</b>	<b>1,569</b>
<b>21. Funds</b>				
a) Movement for the year				
Balance at 1 October	9,528	8,830	9,832	9,192
Net outgoing resources before investment losses	(104)	(213)	(394)	(452)
Actuarial gains/(losses) – Final Salary Pension Scheme	28	28	(325)	(325)
Realised gains on investments	451	451	-	-
Unrealised (losses)/gains on investments	(323)	(323)	415	415
<b>Balance at 30 September</b>	<b>9,580</b>	<b>8,773</b>	<b>9,528</b>	<b>8,830</b>

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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
**For the 12 months ended 30 September 2015**

**21. Funds (cont'd)**

	Balance at 1 October 2014 £'000	Income £'000	Expenditure £'000	Investment gains/ (losses) £'000	Transfer between Funds £'000	Balance at 30 September 2015 £'000
<b>(i) Group</b>						
<b>Restricted Funds</b>	<b>114</b>	<b>253</b>	<b>(248)</b>	<b>-</b>	<b>(4)</b>	<b>115</b>
<b>Unrestricted Funds</b>						
Sandilands Memorial Trust	151	5	(12)	(3)	-	141
Capital Reserve	694	-	(26)	-	-	668
Investment revaluation reserve	1,778	-	-	-	(1,387)	391
General Fund	8,579	4,374	(4,481)	131	1,391	9,994
	<u>11,202</u>	<u>4,379</u>	<u>(4,519)</u>	<u>128</u>	<u>4</u>	<u>11,194</u>
Pension Reserve	(1,788)	-	31	28	-	(1,729)
<b>Total unrestricted funds</b>	<b>9,414</b>	<b>4,379</b>	<b>(4,488)</b>	<b>156</b>	<b>4</b>	<b>9,465</b>
<b>Total Funds</b>	<b>9,528</b>	<b>4,632</b>	<b>(4,736)</b>	<b>156</b>	<b>-</b>	<b>9,580</b>
	<u>9,528</u>	<u>4,632</u>	<u>(4,736)</u>	<u>156</u>	<u>-</u>	<u>9,580</u>
<b>b) (ii) Company</b>						
<b>Restricted Funds</b>	<b>90</b>	<b>118</b>	<b>(110)</b>	<b>-</b>	<b>(4)</b>	<b>94</b>
<b>Unrestricted Funds</b>						
Sandilands Memorial Trust	151	5	(12)	(3)	-	141
Capital Reserve	694	-	(26)	-	-	668
Investment revaluation reserve	1,778	-	-	-	(1,387)	391
General Fund	7,905	4,076	(4,295)	131	1,391	9,208
	<u>10,528</u>	<u>4,081</u>	<u>(4,333)</u>	<u>128</u>	<u>4</u>	<u>10,408</u>
Pension Reserve	(1,788)	-	31	28	-	(1,729)
<b>Total unrestricted funds</b>	<b>8,740</b>	<b>4,081</b>	<b>(4,302)</b>	<b>156</b>	<b>4</b>	<b>8,679</b>
<b>Total Funds</b>	<b>8,830</b>	<b>4,199</b>	<b>(4,412)</b>	<b>156</b>	<b>-</b>	<b>8,773</b>
	<u>8,830</u>	<u>4,199</u>	<u>(4,412)</u>	<u>156</u>	<u>-</u>	<u>8,773</u>

**Designated Funds**

Consist of the following sub-funds:-

The Sandilands Memorial Trust

Following the winding up of the Trust in 2013, the Trustees of The Sandilands Memorial Trust transferred all assets to The Earl Haig Fund Scotland with the expectation that capital and income arising from the transferred assets be applied for the support of ex-Royal Artillery personnel and their dependants. The value of the assets transferred amounted to £170,845 with the balance of £9,977 relating to pre-transfer grants to offset financial assistance provided to former members of The Royal Artillery based in Scotland prior to the winding-up of The Trust.

The Capital Reserve

The Capital Reserve represents the depreciated value of the owned and leased properties held by Poppyscotland.

**Restricted Funds**

Represents monies received by The Earl Haig Fund Scotland and The Lady Haig Poppy Factory Limited to provide tailored support and training in order to find, secure and retain jobs for individuals with disabilities who face more complex barriers to finding and maintaining an appropriate life-style.

Welfare Fund

Operated by The Lady Haig Poppy Factory Limited to subsidise catering and leisure facilities for the benefit of the Factory's disabled ex-service workforce.

**General Fund**

Represents the funds of the charity for its general purpose and which are not designated for any specific purpose.



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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
**For the 12 months ended 30 September 2015**

	2015 Designated Funds £'000	2015 Restricted Funds £'000	2015 General Funds £'000	2015 Total Funds £'000
<b>22. Analysis of Net Assets</b>				
a) <b>Group</b>				
Fund balances are represented by:-				
Capital reserve	668	-	53	721
Investments	141	-	9,739	9,880
Current assets	-	115	1,203	1,318
Current liabilities	-	-	(610)	(610)
Long-term liabilities	-	-	(1,729)	(1,729)
<b>Total net assets at 30 September 2015</b>	<b>809</b>	<b>115</b>	<b>8,656</b>	<b>9,580</b>
	2015 Designated Funds £'000	2015 Restricted Funds £'000	2015 General Funds £'000	2015 Total Funds £'000
<b>22. Analysis of Net Assets</b>				
b) <b>Company</b>				
Fund balances are represented by:-				
Capital reserve	668	-	53	721
Investments	141	-	9,740	9,881
Current assets	-	94	760	854
Current liabilities	-	-	(954)	(954)
Long-term liabilities	-	-	(1,729)	(1,729)
<b>Total net assets at 30 September 2015</b>	<b>809</b>	<b>94</b>	<b>7,870</b>	<b>8,773</b>
<b>23. Notes of the Cash Flow Statement</b>			2015	2014
a) <b>Reconciliation of changes in resources to net cash flow from operating activities</b>			£'000	£'000
Net outgoing resources before investment gains/(losses) and transfers			(104)	(394)
Less:				
Investment income			(385)	(388)
Gain on disposal of fixed assets			-	(1)
			(489)	(783)
(Increase)/Decrease in stocks			(51)	149
Decrease/(Increase) in debtors			55	(149)
(Decrease)/Increase in creditors			(640)	584
(Decrease)/Increase in long-term creditors			(31)	1
Depreciation			39	26
<b>Net cash outflow from operating activities</b>			<b>(1,117)</b>	<b>(172)</b>
b) <b>Analysis in changes in liquid assets</b>				
	At 30 September 2015 £'000		Cash flows £'000	At 1 October 2014 £'000
Cash at bank	643		599	44
The Royal Bank of Scotland short-term loan	-		(602)	602
	<b>643</b>		<b>(3)</b>	<b>646</b>

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**NOTES to the CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**  
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**24. Subsidiary Company**

The Earl Haig Fund Scotland owns all of the issued share capital of The Lady Haig Poppy Factory Limited, a Scottish registered charitable company SCO16682.

The principal activity of the subsidiary is the employment of disabled ex-service personnel to manufacture poppies and wreaths and to provide framing and printing services.

A summary of the results of the subsidiary is shown below:-

<b>The Lady Haig Poppy Factory Limited</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Total incoming resources	957	1,052
Total resources expended	(847)	(995)
	<u>110</u>	<u>57</u>

The aggregate of the assets, liabilities and funds of The Lady Haig Poppy Factory Limited was:-

Assets	852	738
Liabilities	(44)	(41)
Net Assets	<u>808</u>	<u>697</u>

Restricted funds including funds amounting to £26k (2013/14: £23k) held within the Welfare Fund are included in total net assets.

**25. Retirement Benefits**

The Earl Haig Fund Scotland Group pension arrangements comprise the following schemes:-

The Earl Haig Fund Scotland – Stakeholder Scheme; this is a defined contribution pension scheme, which was made available to permanent employees following the closure of the defined benefit scheme to new members in July 2002. The standard contribution rates have been set at 6% and 12% by the employee and the employer respectively.

The Lady Haig Poppy Factory Limited – Stakeholder Scheme; this is a defined contribution pension scheme available to the factory workforce. The standard contribution rates have been set at 3% by the employee and the employer.

The Earl Haig Fund Scotland – Stanplan F; this is a defined benefit pension scheme, which all permanent employees were eligible to join until the scheme was closed to new members in July 2002. The assets of the Scheme are held separately from those of the charity and are managed by independent Trustees.

The annual contribution paid into the Scheme is determined following discussion with the Scheme's actuaries and is intended to spread the cost of pensions over the anticipated service life of the employees participating in the Scheme. This contribution is currently based on 33.7% of gross pensionable salary and is expected to remain at this level for the foreseeable future.

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Amounts recognised in the Statement of financial activities	12 months to 30 September 2015 £ '000	12 months to 30 September 2014 £'000
<u>Analysis of amounts charged to net outgoing resources</u>		
Current Service cost	92	101
Interest on liabilities	238	246
Expected return on Fund assets	(209)	(228)
Employer contributions	(152)	(118)
Total (credit)/charge in net outgoing resources	(31)	1
Actuarial (gains)/losses recognised over the 12 months period	(28)	325
Total (increase)/decrease in net funds recognised at 30 September	<u>(59)</u>	<u>326</u>
<u>Reconciliation to the Balance Sheet at 30 September</u>		
Market value of assets	4,287	4,198
Present value of liabilities	<u>6,016</u>	<u>5,986</u>
Deficit in the Fund	<u>(1,729)</u>	<u>(1,788)</u>
<u>Analysis of changes in the value of fund liabilities over the year</u>		
Value of liabilities at 1 October	5,986	5,581
Service cost	92	101
Interest cost	238	246
Member contributions	14	16
Benefits paid	(185)	(361)
Actuarial (gains)/losses	(129)	403
Value of Liabilities at 30 September	<u>6,016</u>	<u>5,986</u>
<u>Analysis of changes in the value of the fund assets over the year</u>		
Market value of assets at 1 October	4,198	4,119
Expected return on fund assets	209	228
Actuarial (losses)/gains	(101)	78
Employer contributions	152	118
Member contributions	14	16
Benefits paid	(185)	(361)
Market value of assets at 30 September	<u>4,287</u>	<u>4,198</u>
Gains/(Losses) arising on Stanplan F liabilities:		
Due to experience	(1)	2
% of liabilities	-%	7%
Due to change of basis	130	(405)
% of liabilities	2%	(7)%
Experience gains:		
Arising on Stanplan F assets	(101)	78
% of assets	(2)%	2%

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

The cumulative amount of actuarial losses recognised since 2011 is a cumulative loss of £1.23 million.

The assets of The Earl Haig Fund Scotland – Stanplan F are managed by Hewitt Risk Management Services Limited. Details of the allocation of assets held as at 30 September 2015 are shown below (2013/14: £4,198k):

Asset Class	£ '000	%	£ '000	%
Equities	2,936	69	3,464	82
Cash	95	2	73	2
Other assets	1,256	29	661	16
Total Assets	<u>4,287</u>	<u>100</u>	<u>4,198</u>	<u>100</u>

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**25. Retirement Benefits (cont'd)**

Financial Assumptions	12 months to 30 September 2015	12 months to 30 September 2014
Discount Rate	3.80% pa	4.00% pa
Retail prices index (RPI) inflation	3.00% pa	3.20% pa
Consumer prices index (CPI) inflation	2.00% pa	2.20% pa
Salary Increases	3.00% pa	3.20% pa
Rate of increases of pensions in payment: 5% or CPI if less with minimum increase rate of 3% pa	3.00% pa	3.10% pa
2.5% or CPI if less	1.70% pa	1.80% pa
Rate of increase for deferred pensioners	2.00% pa	2.20% pa
Expected return on assets	3.30% pa	5.00% pa

Life expectancies	12 months ended 30 September 2015		12 months ended 30 September 2014	
	Years		Years	
	Males	Females	Males	Females
Life expectancy for an individual aged 60	29.0	31.7	29.0	31.7
Life expectancy at aged 60 for an individual aged 40 in 2014	30.9	33.7	31.0	33.7

**26. Related Parties**

A close relationship based on co-operation exists between The Earl Haig Fund Scotland, The Royal British Legion Scotland and The Officers' Association Scotland.

Advantages have been taken under FRS 8 to not disclose balances with or transactions between The Earl Haig Fund Scotland and The Royal British Legion.

The Earl Haig Fund Scotland operates a cost sharing policy with two other independent Scottish charities, namely The Royal British Legion Scotland and The Officers' Association Scotland, in respect of certain centralised management and administrative functions.