



Company Registration No. SC194893
Charity Registration No. SC014096

The Earl Haig Fund Scotland
Trading as Poppyscotland

Annual Report and Financial Statements

For the year ended 30 September 2022



The Earl Haig Fund Scotland

Annual Report and Financial Statements 2022

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The Earl Haig Fund Scotland (A Company Limited by Guarantee)

CHAIR'S STATEMENT

The past 12 months have once again been a challenging time both for The Earl Haig Fund Scotland (operating as Poppyscotland) and the Armed Forces community that we serve. The Covid-19 pandemic continued to have an impact over the first few months, affecting the 2021 Scottish Poppy Appeal as well as other fundraising events. The "cost-of-living crisis" has also hit communities hard, resulting in a significant increase in demand for our welfare services.

However, as the year continued, it was wonderful to see a return to normal, including our first in-person Volunteers' Gathering for three years. We were finally able to hold large-scale events again, with *Come Dancing with Poppyscotland* and the Sportive being high points in the calendar. Our mobile micro-museum, Bud, was back on the road, completing its journey around all 32 Scottish local authorities.

Once again, our teams have risen to the challenges thrown at them, with an incredible response from staff, volunteers and the wider public throughout the year. We managed to adapt and put into place many positive lessons learned from 2020-21 around digital and contactless giving, while developing new ways to interact directly and engage with supporters.

Working closely with our parent charity the Royal British Legion, our welfare team introduced new initiatives to ensure clients could quickly get the help they needed. Partnership working continues to be at the heart of everything we do, and we strengthened our relationships with partners in order to deliver the best possible outcomes for clients.

From October 2021 to September 2022, Poppyscotland's welfare team were able to help 1,520 members of the Armed Forces community directly, while receiving in excess of 2,700 contacts with clients. More than 5,340 proactive engagements were made to our most vulnerable veterans.

The Armed Services Advice Project (ASAP), a collaboration of five funders led by Poppyscotland, provided more than 12,000 instances of advice to more than 2,170 individuals. We also provided funding to specialist services provided by other organisations, such as the Forces Employment Charity and SACRO.

In response to the cost-of-living crisis, Poppyscotland joined with the Royal British Legion to tackle the increased need for crisis grant support. We introduced a Direct Grants portal, providing an easy-to-use, fast way for clients to access help with paying for essentials such as food, rent and energy bills. This has seen higher than anticipated demand, and clearly meets a significant need facing the Armed Forces community.

At the larger end of the scale, we provided financial grants to support the work of Legion Scotland, mainly to fund their Pensions and Advocacy service, which helped 237 clients get the financial support to which they are entitled. Our collaboration with smaller, local organisations is equally important to us. Our partnership with Outpost Charity has enabled us to offer support quickly and effectively to veterans living in the North of Scotland and beyond at times of crisis.

Early intervention is key in most cases. While the addition of our Welfare Support team in 2019 has made a huge difference in supporting clients with multiple and complex needs, we continue to strive to help people before they reach a crisis stage and we work closely to support our beneficiaries to regain control of their lives.

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

CHAIR'S STATEMENT CONTINUED

One of the ways in which we are doing this is through the introduction of a new five-day, fully funded, residential course for veterans who are out of work. 'Advance to Work', which launched in November 2021 with an additional course in September 2022. The course gives attendees the chance to focus on their employment goals, away from the stresses of daily life, with the added value of peer support. This has received overwhelmingly positive feedback from participants, and two further courses are scheduled for the upcoming year.

On the fundraising side, post-pandemic challenges still affected the 2021 Scottish Poppy Appeal due to much lower footfall in city centres and travel hubs, and a move away from cash donations. However, we were able to put into play and build on many of the positive learnings around contactless and digital giving from the previous year.

We had a fantastic volunteer response across the length and breadth of the country. Supporters were eager to get back out and collect, and quickly adapted to new fundraising initiatives. We were delighted to be able to hold our Volunteer Gathering in person for the first time since 2019, and this is a major part of our volunteer recognition and support strategy.

Social media, including Facebook and Instagram, continue to be a key part of our fundraising strategy, connecting our donors with the life-changing work of our welfare team and inspiring them to continue to give. We tested the Poppy Club, a new monthly option for regular giving, which gives a variety of donor recognition benefits for £8 per month.

Our regional fundraising and events programme was able to start up again in spring 2022, albeit still facing many of the post-Covid pandemic challenges. We held our biggest ever Come Dancing with Poppyscotland in association with Toe2Toe Dance event in Inverness, running it over two nights for the first time and raising a record total. Our Zip Slide event continued to prove very popular, while the Band of the Royal Regiment of Scotland returned to healthy ticket sales and warm receptions at venues across Scotland with their concert tour in the autumn.

The Poppyscotland Sportive returned to the roads in September, while we launched a new family-friendly fundraising challenge, the Poppy Quest, in June.

Bud has continued to be one of the mainstays of our learning programme, and the team was delighted to continue their travels this year. In September the mobile museum visited the Shetland Islands, marking its visit to all 32 local authorities in Scotland. This coincided with the launch of our new learning website, encouraging pupils of all ages to reflect on the history of the poppy and role of remembrance.

In January 2022, staff returned to the newly refurbished Lady Haig's Poppy Factory and we moved forward with the history and heritage element of the redevelopment. The new visitor experience opened in early 2023 with tours for schools, community groups, and other visitors, supported by a new on-site retail unit carrying some of our successful merchandise range. This exciting project will highlight the unique and valuable role that the Factory plays, and further enhance our important learning and outreach work.

Our corporate and trusts and foundation fundraising strategy is also taking shape. With the start of new fundraisers in these roles we look forward to these areas being integral to our continued growth of income generated in Scotland.

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

CHAIR'S STATEMENT CONTINUED

As we look to the future, better understanding the community we serve is vital to our work. Following our campaign, the 2022 Scottish Census was the first to include a question asking respondents if they were veterans. For the first time, we will have an accurate count of the Armed Forces community in Scotland, and this will have a transformative impact on the way our support for them is shaped and delivered in the years ahead.

We were also proud to receive the MOD's Defence Employer Recognition Scheme Gold award, recognising Poppyscotland's outstanding help with employment for members of the Armed Forces community. By showing leadership in this area, we hope to promote the wider message of the positive impact that veterans, reservists, and their families bring to the workplace.

Next year, we look forward to a full programme of fundraising events, while the launch of the eco-poppy, due in Spring 2023, will mark an important milestone in the story of the poppy.

Poppyscotland remains in a good financial position, having weathered the pandemic and despite the current difficult financial landscape. Our ability to adapt and change has always been among our greatest strengths, as well as our strong partnerships and networks of support. With our services needed now more than ever, we are confident that we are in a sound position to continue to support the Armed Forces community in the months and years ahead.

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

TRUSTEES' REPORT INCLUDING A STRATEGIC REPORT

The Trustees present their annual report (including the Strategic Report and incorporating the directors' report) and the audited financial statements for the year ended 30 September 2022.

The financial statements comply with the Charities and Trustee Investment (Scotland) Act 2005, the Companies Act 2006, the Memorandum and Articles of Association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015 and revised 1 January 2019).

Aims and Objectives

The Earl Haig Fund Scotland ("The Charity") (operating as Poppyscotland) is a member of The Royal British Legion Group of charities supporting 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.

Our aim is to provide support for current and former members of the Armed Forces as well as their families, by tackling issues linked to their time in the Armed Forces or with struggles adjusting from military to civilian life. This furthers our legal purpose which is set out in our objectives, and details how we will deliver on our aims.

The charity's principal objectives are to relieve suffering, hardship and distress and to promote education:

- Among persons, who have at any time served with any branch of the Armed 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 dependents 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.

Our long-term strategy to deliver our objectives is to:

- Develop welfare services, such that the beneficiary experience across the United Kingdom is equal as measured against those services available from The Royal British Legion;
- Develop sustainable levels of funding to provide that level of welfare provision, by increasing giving and extending fundraising opportunities as a result of the charity's membership of The Royal British Legion Group;
- Develop Poppyscotland's infrastructure such that it is compliant with statutory requirements and fit for purpose in the delivery of both welfare and fundraising objectives; and
- Provide education activities, which contribute to public awareness, understanding and support for our welfare services.

Group Structure

The Earl Haig Fund Scotland group consists of The Earl Haig Fund Scotland (operating as Poppyscotland) and its subsidiary, The Lady Haig Poppy Factory Ltd, which are subsidiaries of The Royal British Legion ("TRBL"). The Earl Haig Fund Scotland is a registered Scottish charitable company limited by guarantee and is governed by its Memorandum and Articles of Association. The Lady Haig Poppy Factory Limited is a charitable company limited by shares and a direct subsidiary of The Earl Haig Fund Scotland. Both organisations are involved in a range of activities for the benefit of the ex-Service community in Scotland, including fundraising and the provision of welfare services.

Governance

The Poppyscotland Board has six trustees appointed by The Royal British Legion. This consists of an appointed Executive Board member for The Royal British Legion and two members of the Board of Trustees of The Royal British Legion. The remaining three members of the Board are residents in Scotland.

Appointment of Trustees

As set out in the Articles of Association, the Board of Trustees shall comprise six members appointed by The Royal British Legion, who may in this respect appoint a member of the Board at any time by written notice to the charitable company. A member of the Board shall hold office for three years from the date of appointment, when the appointment will terminate unless re-appointed by TRBL in accordance with article 25 of the Articles of Association. The appointed trustee is eligible for reappointment for a second and any number of subsequent terms.

Trustees' induction and training

Training for Trustees is provided through TRBL or by local providers on induction onto the Board and regularly updated when training needs are identified by the Board, TRBL or Senior Management Team. Trustees receive no remuneration but are reimbursed for the cost of attending meetings and other official functions.

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

TRUSTEES' REPORT INCLUDING A STRATEGIC REPORT CONTINUED

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 regular review by the charity's Chief Executive and Senior Management Team. During the current financial year, the major risks to which the charity is exposed were reviewed and the key risks and controls identified as follows:

a. Risk: Material breach of reporting requirements

Mitigating response:

Trustees understand the charity's legal responsibilities.

b. Risk: Successful Scottish Independence vote

Mitigating response:

A potential referendum and 'yes' vote may result in a period of uncertainty in relation to Cross-border charity regulation. This is mitigated by additional governance required to understand any new regulations and reporting standards and by the provision of letter of comfort from TRBL.

c. Risk: Failure to deliver One Legion Strategy in Scotland

Mitigating response:

Programme Board in place to provide oversight.

d. Risk: Failure in duty of care to staff, volunteers and beneficiaries

Mitigating response:

All staff and volunteers undertake role-relevant Safeguarding training. Relevant policies and procedures relating to health and safety at work are in place and updated as required.

e. Risk: Material breach of Scottish Fundraising Standards Panel ("SFPS") requirements

Mitigating response:

Adherence to the Institute of Fundraising Code of Practice in the UK.

f. Risk: Material breach of Gambling Commission requirements

Mitigating response:

Adherence to SFPS Standards, adhere to Gambling Commission code and adhere to Committee of Advertising Code of responsible advertising.

g. Risk: Diversity & Inclusion

Mitigating response:

Recruitment practices are reviewed regularly. All recruiting managers undertake in-house recruitment training course, advertising is regularly checked to ensure compliance with TRBL standards, appropriate policies and procedures in place to support standards of behaviour.

h. Risk: Reputational damage of failing to align with societal ambitions on environmental sustainability

Mitigating response:

The 2023 Poppy Appeal will see the introduction of the Eco-Poppy manufactured mechanically.

i. Risk: Merchandise is sourced, sold or exchanged in a manner which increases reputational or regulatory risk exposure

Mitigating response:

Contracts are managed by experienced Fundraising staff and finance controls are in place to ensure branded merchandise is sourced and manufactured ethically.

Management and Decision Making

Responsibility for the day to day operations of Poppyscotland is delegated to the Chief Executive, supported by the Senior Management Team and staff. The management structure undertakes the operational activities of Poppyscotland within a clearly defined decision-making and reporting structure. The manager of the Lady Haig Poppy Factory is part of the Senior Management Team of Poppyscotland and the Chief Executive of Poppyscotland is a member of the Board of Trustees of the Lady Haig Poppy Factory. Operational integration with TRBL is achieved through the Chief Executive's line management.

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

TRUSTEES' REPORT INCLUDING A STRATEGIC REPORT CONTINUED

Public Benefit

The Trustees have considered the requirements of the public benefit guidance published under FRS 102 and the Charities and Trustee Investment (Scotland) Act 2005. They are satisfied that the level of welfare support provided to the beneficiaries of The Earl Haig Fund Scotland group of charities as well as the support provided to other charitable organisations satisfied the public benefit requirements as laid out in relevant legislation.

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 to direct beneficiaries to expert, personalised advice and support rather than reliance on direct financial assistance to aid supporting longer-term self-reliance and resilience amongst the beneficiaries. This is underpinned by a practice of not to leave need unmet or fail to address immediate financial crisis. In such circumstances Poppyscotland works collaboratively with third parties and agencies in bringing financial and more general support for individuals in need.

Investment Policy

The investment objective is to achieve a total return targeting RPI over the medium to longer term. The portfolio is managed by Sarasin and Partners LLP and invested in two pooled funds with an ethical bias.

Reserves Policy

Poppyscotland is a wholly owned subsidiary of The Royal British Legion and the two organisations continue to integrate and align on an operational basis. The Royal British Legion's mission is to support the Armed Forces community throughout the UK. It is therefore committed for the long term to ensuring that veterans in Scotland receive the support they need, as they do elsewhere in the UK. It achieves this through its relationship with Poppyscotland. The Royal British Legion will agree with Poppyscotland as part of the budget setting and financial forecast process across The Royal British Legion Group, budgets for services in Scotland. As part of this, The Royal British Legion will ensure that Poppyscotland has the necessary financial resources to deliver the planned services in Scotland, which also ensures that Poppyscotland has sufficient resources to pay its liabilities as they fall due. This is in the form of a letter of support provided by The Royal British Legion.

Remuneration Policy

The aim of the remuneration policy is to offer remuneration that is fair and appropriate. Poppyscotland expects to pay at a level comparable to that in the public sector and the charity sector.

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

TRUSTEES' REPORT INCLUDING A STRATEGIC REPORT CONTINUED

Strategic Report

Achievements, Performance and Group Financial Review

During the 2021/22 financial year the Group generated income of £5,499k (2020/21 £5,700k) which comprised of unrestricted income amounting to £4,677k (2020/21 £4,885k) and restricted income of £1,022k (2020/21 £815k).

It has been a challenging year largely because of the wider economic conditions, but the charities have adapted and sought new ways of generating income. The majority of our unrestricted income is generated through donations to the Scottish Poppy Appeal. In 2021/22 this raised £2,124k (2020/21 £2,181k) which equated to 45% (2020/21 45%) of our total unrestricted income.

Other unrestricted income raised from fundraising streams including events, regular giving, raffles, trusts and legacies amounted to £1,756k (2020/21 £1,737k), an increase of 1.96%. Events income has seen an increase when compared to the previous year, as a result of the lifting of Covid-19 restrictions in the year.

Lady Haig's Poppy Factory continues to support Group activities with the production and distribution of poppies, wreaths and other Remembrance items. The total number of poppies distributed on behalf of the Scottish Poppy Appeal in the 12 months to 30 September 2022 was 2,645,215 (12 months to 30 September 2021 2,564,774). The public sale of wreaths continues to be popular, particularly the Factory's bespoke wreath offering, and this contributed £453k (2020/21 £377k) to the Group unrestricted income total of £496k (2020/21 £596k). Interest income and income from the investment portfolio generated £276k (2020/21 £314k).

Unrestricted expenditure amounted to £5,889k (2020/21 £5,787k) highlighting an increase in overall spend. We anticipated demand for our services to increase rapidly as Covid-19 restrictions lifted and with cost-of-living increases projected, expenditure on charitable activities actually fell by 2.7% to £2,650k (2020/21 £2,711k). Some of this reduction is attributed to lower demand for our services, which we expect to increase in the immediate future due to the current cost of living crisis, but we have also worked hard to control costs across the board to ensure financial sustainability going forward. We remain fully committed to providing the widest range of services for those in the Armed Forces community, and to generating the necessary income to fund these services.

The Lady Haig Poppy Factory renovation - Throughout the renovation process over the past three years, The Lady Haig Poppy Factory Limited adopted a tax treatment under which the input VAT attributable to any building works identified as being related to Earl Haig Fund Scotland was remitted to HMRC.

Management consider that based on the advice provided to them at the time of the transaction, this was the most appropriate treatment. This tax treatment is currently under review, on the basis that Lady Haig Poppy Factory should have invoiced the costs of the refurbishment including VAT to Earl Haig Fund Scotland and subsequently reclaimed from HMRC the attributable input VAT. The potential impact of this revised treatment is that a provision of £588,000 is retained to cover any additional payment which may be required.

Restricted income and expenditure for the year amounted to £1,022k (2020/21 £815k) and £1,224k (2020/21 £1,185k) respectively and following transfers between funds the Group has total restricted funds of £6,545k (2020/21 £2,976k). Further details can be found in note 20 of the annual accounts.

The group pension deficit decreased from £1,643k to £1,072k due in part to an increase in the discount rate used to calculate the present value of future pension liabilities, driven by an increase in corporate bond yields over the year.

Future Plans

Looking ahead to 2023 there is still great uncertainty, but the charity is well placed to meet the challenges that we face. Having seen an increase in demand for our welfare services, we anticipate the full economic and social impacts to be acutely felt in 2023. Together with the Royal British Legion, we are rolling out a revised welfare offering to ensure that we continue to meet and adapt to the changing needs of the Armed Forces community.

The Lady Haig Poppy Factory will merge with its parent company, The Earl Haig Fund Scotland, at the end of the 2022/23 financial year.

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

TRUSTEES' REPORT INCLUDING A STRATEGIC REPORT CONTINUED

Going Concern

Poppyscotland is a subsidiary of The Royal British Legion and whilst the charity is dependent on the commitment and generosity of the Scottish public to provide funds through the annual Poppy Appeal and a range of other year-round fundraising activities, the value of investments held by the Group continue to provide financial security to the charity. The Royal British Legion will also ensure that Poppyscotland has sufficient financial resources to deliver all planned services in Scotland and will meet any agreed deficit in funding if required.

We have forecast our income, expenditure, cash and reserves for the financial years ending 30 September 2023 and 2024, using our latest estimates for 2023 and prudent assumptions for income and expenditure in 2024. Key assumptions include that the Poppy Appeal income will not be significantly impacted by cost-of-living rises and geo-political uncertainties, and income will be maintained at 2022 levels.

The Trustees are therefore confident that the charity will continue to function as a going concern for at least one year from the date of signing the accounts and for the foreseeable future.

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

TRUSTEES' REPORT INCLUDING A STRATEGIC REPORT CONTINUED

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) including FRS 102 "The financial reporting standard applicable in the UK and Republic of Ireland".

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 judgements 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.

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.

Auditor

Deloitte LLP are the auditor of the charitable company and are deemed to be re-appointed under section 487(2) of the Companies Act 2006. This report, incorporating the Director's report and including the Strategic Report, was approved by the Board and signed on its behalf on June 2023 by:

Helen Owen - Chair

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Helen Owen
23 June 2023

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

REFERENCE AND ADMINISTRATION INFORMATION

Chief Executive

Mark Collins (resigned 23/6/22)
Austin Hardie (appointed 07/06/22)

Head of Finance

John Campbell

Head of HR and Administration

Pam Beattie (resigned 25/3/22)
Kirsty Nelson (appointed 13/6/22)

Head of Marketing and Communications

Fraser Bedwell (resigned 18/11/22)

Head of Fundraising

Gordon Michie

Head of Welfare Services

Gary Gray (resigned 31/7/22)
Sharon Higgins (appointed 05/12/22)

The Lady Haig Poppy Factory Manager

Charlie Pelling

Registered and Principal Office

New Haig House
Logie Green Road
Edinburgh
EH7 4HR

Charity Registration Number

SC014096

Registered Company Number

SC194893 (Scotland)

President

Lieutenant General Sir Alistair Irwin (resigned 31/12/21)
Rear Admiral (rtd) Mark Beverstock (appointed 01/01/22)

Trustees

Colonel Allan Lapsley
Joe Falzon (resigned 10/3/2022)
Antony Baines
Patrick O'Meara
Jason Coward (Chairman) (resigned 24/5/2022)
Brigadier (retd) Dr John R Thomson
Helen Lindsay Bland Owen (Chair) (appointed 24/5/2022)
Paul Harris (appointed 24/5/2022)

Company Secretary

Luke Joannou

Legal Adviser

Gillespie Macandrew LLP
5 Atholl Crescent, Edinburgh, EH3 8EJ

Auditor

Deloitte LLP
1 New Street Square, London, EC4A 3HQ

Bankers

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

Lloyds Bank
PO Box 1000
Andover

Investment Advisers

Sarasin and Partners LLP, Juxon House
100 St Paul's Churchyard
London, EC4M 8BU

The Earl Haig Fund Scotland (A Company Limited by Guarantee)

Independent auditor's report to the members and the trustees of the Earl Haig Fund Scotland

Report on the audit of the Financial Statements

Opinion

In our opinion the financial statements of the Earl Haig Fund Scotland (the 'charitable company') and its subsidiary (the 'group'):

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 30 September 2022 and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006.

We have audited the financial statements which comprise:

- the consolidated and charitable company statements of financial activities (incorporating the income and expenditure account);
- the consolidated and charitable company balance sheets;
- the consolidated cash flow statement; and
- the related notes 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to Going Concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

The Earl Haig Fund Scotland (A company Limited by Guarantee)

Independent auditor's report to the members and the trustees of the Earl Haig Fund Scotland

Other information

The other information comprises the information included in the Trustees' report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information within the Trustees' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and the Companies Act 2006 and report in accordance with those Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The Earl Haig Fund Scotland (A company Limited by Guarantee)

Independent auditor's report to the members and the trustees of the Earl Haig Fund Scotland

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the trustees about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the charitable company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Scottish Charity Regulator (OSCR) regulations.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our specific procedures performed to address it are described below:

- revenue recognition which is related to the completeness of grant income: we obtained an understanding of the key processes and relevant controls around the completeness of grant income; and performed detailed substantive tests on grant income, on a sample basis, to verify that it was complete and has been correctly recognised in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

The Earl Haig Fund Scotland (A company Limited by Guarantee)

Independent auditor's report to the members and the trustees of the Earl Haig Fund Scotland

Report on other Legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report included within the trustees' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

We have nothing to report in respect of these matters.

Use of our report

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 charitable company'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 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.

Nicola Wright

Nicola Wright, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Newcastle upon Tyne, United Kingdom
27 June 2023

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

The Earl Haig Fund Scotland

Charitable company statement of financial activities (incorporating the income and expenditure account)

For the year ended 30 September 2022

	Note	2022 Unrestricted Funds £'000	2022 Restricted Funds £'000	2022 Total Funds £'000	2021 Unrestricted Funds £'000	2021 Restricted Funds £'000	2021 Total Funds £'000
Income from:							
Donations and legacies	3	3,880	128	4,008	3,919	2,541	6,460
<u>Charitable activities</u>							
Welfare grants	4	43	257	300	219	386	605
Investments	5	276	-	276	314	-	314
Other	6	13	-	13	3	-	3
Total Income		4,212	385	4,597	4,455	2,927	7,382
Expenditure on:							
Raising funds	7	2,831	462	3,293	2,774	318	3,092
Charitable activities	9	2,664	642	3,306	4,288	620	4,908
Total Expenditure		5,495	1,104	6,599	7,062	938	8,000
Unrealised (losses) on revaluation of investments	15	(1,413)	-	(1,413)	(274)	-	(274)
Net (Expenditure)/Income for the year		(2,696)	(719)	(3,415)	(2,881)	1,989	(892)
Transfers between funds		(425)	425	-	(588)	588	-
Other recognised gains/(losses)							
Actuarial gains on pension scheme	23	587	-	587	303	-	303
Realised (losses)/gains on investments		(166)	-	(166)	386	-	386
Net movement in funds		(2,700)	(294)	(2,994)	(2,780)	2,577	(203)
Reconciliation of funds:	20						
Total funds brought forward		6,308	5,020	11,328	9,088	2,443	11,531
Total funds carried forward		3,608	4,726	8,334	6,308	5,020	11,328

There are no other recognised gains or losses other than those listed above and the net income for the year.

All income and expenditure derives from continuing operations.

The notes on pages 19 to 43 form part of the financial statements.

The Earl Haig Fund Scotland

Consolidated statement of financial activities (incorporating the income and expenditure account)

For the year ended 30 September 2022

		2022	2022	2022	2021	2021	2021
	Note	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Income from:							
Donations and legacies	3	3,889	132	4,021	3,969	229	4,198
<u>Charitable activities</u>							
Welfare grants	4	43	257	300	219	386	605
Trading activities	4	453	625	1,078	377	200	577
		496	882	1,378	596	586	1,182
Investments	5	276	-	276	314	-	314
Other	6	16	8	24	6	-	6
Total Income		4,677	1,022	5,699	4,885	815	5,700
Expenditure on:							
Raising funds	7	2,831	462	3,293	2,774	318	3,092
<u>Charitable activities</u>							
Poppy Manufacturing Costs	8	408	212	620	302	247	549
Welfare Services	9	2,650	550	3,200	2,711	620	3,331
		3,058	762	3,820	3,013	867	3,880
Total Expenditure		5,889	1,224	7,113	5,787	1,185	6,972
Unrealised (losses)/gains on revaluation of investments	15	(1,413)	-	(1,413)	(274)	-	(274)
Net (Expenditure)/Income for the year		(2,625)	(202)	(2,827)	(1,176)	(370)	(1,546)
Transfers between funds		(2,616)	2,616	-	-	-	-
Other recognised gains/(losses)							
Actuarial gains on pension scheme	23	587	-	587	303	-	303
Realised (losses)/gains on investments		(166)	-	(166)	386	-	386
Net movement in funds		(4,820)	2,414	(2,406)	(487)	(370)	(857)
Reconciliation of funds:	20						
Total funds brought forward		9,658	2,976	12,634	10,145	3,346	13,490
Total funds carried forward		4,838	5,390	10,228	9,658	2,976	12,634

There are no other recognised gains or losses other than those listed above and the net income for the year.

All income and expenditure derives from continuing operations.

The notes on pages 19 to 43 form part of the financial statements.

The Earl Haig Fund Scotland

Consolidated and Charity Balance Sheet

As at 30 September 2022

	Note	Group		Charity	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Tangible assets	13	4,355	4,692	4,355	4,692
Intangible assets	13A	82	107	82	107
Investment in subsidiary	14	-	-	1	1
Investments	15	6,002	8,816	6,002	8,816
Total fixed assets		10,439	13,615	10,440	13,616
Current assets					
Stock	16	485	472	-	-
Debtors	17	1,157	645	362	490
Cash at bank and in hand		637	875	490	47
Total current assets		2,279	1,992	852	537
Liabilities:					
Creditors: amounts falling due within one year	18	(830)	(698)	(1,298)	(550)
Provision for liabilities	19	(588)	(632)	(588)	(632)
Net current assets/(liabilities)		861	662	(1,034)	(645)
Total assets less current liabilities		11,300	14,277	9,406	12,971
Defined benefit pension scheme liability	23	(1,072)	(1,643)	(1,072)	(1,643)
TOTAL NET ASSETS		10,228	12,634	8,334	11,328
Funds	20				
Restricted funds		5,390	2,976	4,726	5,020
Unrestricted funds					
Designated funds		1,231	1,331	1,231	1,331
Revaluation reserve		402	1,815	402	1,815
General fund		4,277	8,154	3,047	4,805
General funds excluding pensions liability		5,910	11,300	4,680	7,951
Pension reserve		(1,072)	(1,643)	(1,072)	(1,643)
Unrestricted funds		4,838	9,658	3,608	6,308
Total funds		10,228	12,634	8,334	11,328

The financial statements on pages 15 to 18 were approved by the Trustees, authorised for issue and signed on their behalf by:

Helen Owen - Chair

Helen Owen

Date: 23 June 2023

Registered Company no: SC194893

The notes on pages 19 to 43 form part of the financial statements.

The Earl Haig Fund Scotland

Consolidated Cash Flow Statement

Year ended 30 September 2022

	Notes	2022 £'000	2021 £'000
Cash outflows from operating activities	22	(1,868)	(489)
Dividends and interest from investments	5	276	314
Proceeds from sale of investments	15	1,250	3,143
Gain on disposal of property		119	-
Purchase of investments	15	(15)	(21)
Purchase of intangible assets	13A	-	(75)
Purchase of property, plant and equipment	13	-	(2,910)
Net cash provided by / (used in) investing activities		<u>1,630</u>	<u>451</u>
Change in cash and cash equivalents in the reporting period		(238)	(38)
Cash and cash equivalents at the beginning of the year		875	913
Cash and cash equivalents at the end of the year		<u>637</u>	<u>875</u>

There are no cash equivalents therefore cash and cash equivalents comprise cash at bank.

The Earl Haig Fund Scotland

Notes to the financial statements

Year ended 30 September 2022

1 Company Information

The Earl Haig Fund Scotland is a charitable company limited by guarantee incorporated and domiciled in Scotland with registered company number SC194893 and charity number SC014096. The registered office is New Haig House, Logie Green Road, Edinburgh, EH7 4HR. The Earl Haig Fund Scotland is a public benefit entity.

In the event of the charitable company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

The financial statements have been presented in Pound Sterling as this is the functional and presentational currency of the company.

2 Accounting Policies

Accounting Convention

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of investments and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (SORP 2015, revised 1 January 2019), and the Companies Act 2006.

Assets and liabilities are recognised at historical cost or transactional value unless otherwise stated in the relevant accounting policy note(s).

Going Concern

Poppyscotland is a subsidiary of The Royal British Legion and whilst the charity is dependent on the commitment and generosity of the Scottish public to provide funds through the annual Poppy Appeal and a range of other year-round fundraising activities, the value of investments held by the Group continue to provide financial security to the charity. The Royal British Legion will also ensure that Poppyscotland has sufficient financial resources to deliver all planned services in Scotland and will meet any agreed deficit in funding if required.

We have forecast our income, expenditure, cash and reserves for the financial years ending 30 September 2023 and 2024, using our latest estimates for 2023 and prudent assumptions for income and expenditure in 2024. Key assumptions include that the Poppy Appeal income will not be significantly impacted by cost-of-living rises and geo-political uncertainties, and income will be maintained at 2022 levels.

The Trustees are therefore confident that the charity will continue to function as a going concern for at least one year from the date of signing the accounts and for the foreseeable future.

Group Financial Statements

The Group Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the charitable company and its wholly owned subsidiary undertaking, The Lady Haig Poppy Factory. 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. The results of the subsidiary undertaking are disclosed in note 14. The charitable company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemption in relation to presentation of a cash flow statement in respect of its separate financial statements, which are presented alongside the consolidated financial statements.

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 charity, which 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 are 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.

The pension reserve reflects the excess of pension liabilities as calculated during the actuarial valuation exercise provided under FRS 102 as at 30 September 2022.

The revaluation reserve reflects the movement in investments as at 30 September 2022.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

2 Accounting policies (continued)

Income

Income is recognised in the year in which the charity is entitled to receipt of that income and when the amount can be measured with reasonable accuracy. In accordance with this policy: Legacies are included as follows, Pecuniary legacies are recognised when the legacy has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the legacy will be received. Residual legacies are recognised on receipt of Estate Accounts. Legacies subject to a life interest held by another party are not recognised. Grants are included when the conditions for recognition as set out in the funding contract have been complied with. Donations are accounted for in the year of receipt. Poppy Appeal donations are accounted for when banked. Fundraising lottery income is recognised when the lottery draw has taken place. Income received in advance for future lottery draws is deferred until the lottery draw takes place.

Donated facilities are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably, and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity based on the open market rental income applicable to the premises donated. A corresponding amount is recognised in expenditure.

A significant amount of donations received by the charity is due to the unstinting work of the many volunteers involved in ensuring the success of the annual Poppy Appeal and the diverse other fundraising activities undertaken on behalf of the charity. No income benefit is recorded in the financial statements to recognise the volunteer assistance hours provided.

Income from investments and bank interest is recognised and accrued in the period in which it is receivable.

No political donations were received in the year.

Expenditure

Expenditure is recognised where there is a legal or constructive obligation to make a payment to a third party, it is probable that the settlement will be required, and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- a) Expenditure on raising funds includes the cost incurred in generating or promoting the need for fundraising income to support the activities of the group and charity and includes an appropriate allocation of support costs;
- b) Expenditure on charitable activities includes grants given to relieve need amongst members of the Armed Forces Community and their dependants and other charitable organisations working to relieve distress amongst members of the Armed Forces Community;
- c) The direct costs incurred of delivering the welfare offering of the group and charity; and
- d) An appropriate allocation of support costs incurred by those functions which support the work of the group and charity but do not directly undertake charitable activities. Support costs include back office costs such as PR and marketing, finance, personnel, payroll, governance and overheads.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

2 Accounting policies (continued)

Cost Allocation

Governance and indirect general support and overhead costs as scheduled in note 10 of the financial statements have been allocated across the core functions on the basis of staff numbers within the respective functions of expenditure.

Tangible Fixed Assets and Depreciation

Capital purchases equal to or greater than £50,000 are capitalised. Depreciation is 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	50 Years
Motor Vehicles	4 Years
IT Equipment	5 Years
Leased Property	Period of Lease

Tangible and intangible fixed assets that are under construction are classified as Assets Under Construction and are transferred into the appropriate category on completion, when depreciation then commences.

Intangible Fixed Assets and Amortisation

Software, databases and licences where capitalised are included at cost, which includes the cost of internal development where applicable. Amortisation is provided over 5 years from the month of first use and is included in unrestricted Expenditure on Raising Funds in the Statement of Financial Activities.

Investments

Fixed asset investments are stated at market value based on quoted market prices. Gains and losses arising from either the change in market value or on sale are included in the Statement of Financial Activities. Income from listed investments is accrued when due for payment. Interest on deposits is accrued on a daily basis.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

2 Accounting policies (continued)

Stock

Stock held by The Earl Haig Fund Scotland Group relates solely to stock held by its subsidiary, The Lady Haig Poppy Factory and is valued at the lower of cost and net realisable value and includes direct costs of labour and materials plus an allocation of general overheads. Poppies and wreaths produced for distribution during the Poppy Appeal are expensed immediately.

Poppyscotland recognises that the Lady Haig Poppy Factory is a supported business with at least 50% of the workforce 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 "expenditure on raising funds" with the balance relating to the costs of providing a supportive working environment being allocated to "grants to other organisations", within "expenditure on charitable activities", and expensed in the financial period during which stock is purchased.

Financial Instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transactional price (including transaction costs) and subsequently measured at their settlement value.

Trade and other debtors are recognised as the settlement amount due after any discount offered and net of any bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Cash comprises cash at hand and in bank and short-term deposits. Short-term deposits are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Staff Pension Schemes

There is one pension scheme which is accounted for in accordance with FRS 102 section 28, the Earl Haig Defined Benefit Scheme. For the defined benefit scheme, valuations are undertaken by an independent actuary. The current service costs of the Earl Haig Defined Benefit Scheme are charged to employee costs over an anticipated period of employment. Net pension finance income or costs are included immediately on other income or employee costs as appropriate. Actuarial gains and losses are recognised immediately on the face of the Statement of Financial Activities. The Group share of the scheme deficit is included as a liability in the balance sheet.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In application of the accounting policies, which are described in these notes, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Throughout the renovation process over the past three years, The Lady Haig Poppy Factory Limited adopted a tax treatment under which the input VAT attributable to any building works identified as being related to Earl Haig Fund Scotland was remitted to HMRC.

Management consider that based on the advice provided to them at the time of the transaction, this was the most appropriate treatment. This tax treatment is currently under review, on the basis that Lady Haig Poppy Factory should have invoiced the costs of the refurbishment including VAT to Earl Haig Fund Scotland and subsequently reclaimed from HMRC the attributable input VAT. The potential impact of this revised treatment is that a provision of £588,000 is retained to cover any additional payment which may be required.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

3 Donations and Legacies

	2022	2022	2022	2021	2021	2021
	£'000	£'000	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Poppy Appeal	2,124	-	2,124	2,181	-	2,181
Donations	1,219	15	1,234	1,130	-	1,130
Events	73	-	73	11	-	11
Legacies	464	-	464	596	-	596
	3,880	15	3,895	3,919	-	3,919
BUD Moving Poppy - Heritage Lottery Fund	-	108	108	-	219	219
BUD Moving Poppy - Total	-	108	108	-	219	219
WW100	-	5	5	-	-	-
Factory Refurbishment grant	-	-	-	-	2,322	2,322
The Earl Haig Fund Scotland Total	3,880	128	4,008	3,919	2,541	6,460
The Lady Haig Poppy Factory Limited Donations	9	4	13	50	(2,312)	(2,262)
Group Total Donations and Legacies	3,889	132	4,021	3,969	229	4,198

The total number of poppies distributed on behalf of the Scottish Poppy Appeal in the 12 months to 30 September 2022 was 2,645,215 (12 months to 30 September 2021 2,564,774).

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

4 Income from charitable activities

	2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000	2021 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
The Earl Haig Fund Scotland						
Royal British Legion	-	-	-	183	-	183
Employment Services	43	-	43	36	-	36
	43	-	43	219	-	219
 ASAP - ABF The Soldiers' Charity	-	65	65	-	65	65
ASAP - Royal Navy and Royal Marines Charity	-	25	25	-	25	25
ASAP - The RAF Benevolent Fund	-	-	-	-	20	20
ASAP - The Officers' Association Scotland	-	25	25	-	13	13
ASAP - Total	-	115	115	-	123	123
 Other Restricted	-	142	142	-	263	263
	-	142	142	-	263	263
 The Earl Haig Fund Scotland Total	43	267	300	219	386	605
 Lady Haig's Poppy Factory Limited Trading Activities						
Trading Activities	1,050	92	1,142	949	1,577	2,526
Sales to Poppy Scotland and Grant	(597)	(92)	(689)	(572)	(1,577)	(2,149)
Grant Income From RBL	-	625	625	-	-	-
Furlough Income	-	-	-	-	200	200
LHPF Total	453	626	1,078	377	200	677
 Group Total Charitable Activities	496	882	1,378	596	586	1,182

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

5 Investment Income

	2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000	2021 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Listed Investments	261	-	261	293	-	293
Investment management fee rebate	15	-	15	21	-	21
	276	-	276	314	-	314

6 Other Income

	2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000	2021 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
The Earl Haig Fund Scotland						
Rental Income	11	-	11	11	-	11
Miscellaneous Income	2	-	2	(8)	-	(8)
	13	-	13	3	-	3
Lady Haig Poppy Factory						
Merchandise income	3	8	11	3	-	3
Group Unrestricted	16	8	24	6	-	6

7 Expenditure on Raising Funds

	2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000	2021 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Direct Costs						
Direct other supporting costs	856	218	1,074	876	154	1,030
Direct Salaries, NIC & Pension	613	184	797	573	164	737
Purchase of poppies & crosses from LHPF	620	-	620	533	-	533
	2,089	402	2,491	1,982	318	2,300
Indirect Costs						
Indirect Salaries, NIC & Pension	375	-	375	347	-	347
Indirect other supporting costs	367	60	427	445	-	445
	742	60	802	792	-	792
	2,831	462	3,293	2,774	318	3,092

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

8 Poppy Manufacturing Costs

	2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000	2021 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Salaries, NIC & Pension Costs	519	-	519	457	200	657
Materials Consumed	112	-	112	58	-	58
(Decrease)/increase in finished goods	(46)	-	(46)	1	-	1
History & Heritage	-	152	152	-	-	-
Operating expenses	100	60	160	47	47	94
Supporting costs	305	-	305	311	-	311
LHPF Cost	990	212	1,202	874	247	1,121
Sales to Poppyscotland	(582)	-	(582)	(572)	-	(572)
Group Poppy Manufacturing Costs	408	212	620	302	247	549

9 Welfare

(a) Welfare Services

	2022 No.	2021 No.
i) Grants to Individuals		
Annual review cases at start of year	47	56
Withdrawals	(7)	(9)
Annual review cases at end of year	40	47
Individual cases	952	943
Annual Pension Grants to ex-factory employees	12	22
Total Grants awarded to Individuals	964	965

	2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000	2021 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Unrestricted						
Grants Individual Cases	572	141	713	439	209	648
Annual Review Cases	54	-	54	63	-	63
Employment Grant	80	-	80	63	-	63
Total Grants to Individuals	706	141	847	565	209	774

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

ii) Grants to other organisations

	2022	2022	2022	2021	2021	2021
	£'000	£'000	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
TRBL Scotland	111	-	111	101	-	101
SSAFA, The Armed Forces Charity	18	-	18	113	-	113
Combat Stress	25	-	25	(25)	-	(25)
ASAP - Citizens Advice Scotland	279	115	394	420	118	538
The Regular Forces Employment Association	13	-	13	25	-	25
SACRO	25	-	25	25	-	25
Lady Haig Poppy Factory	14	92	106	1,585	-	1,585
NHS Highland - Libor	-	165	165	-	230	230
	485	372	857	2,244	348	2,592
Employment Services	100	-	100	90	-	90
Employment Services Total	100	-	100	90	-	90
Total Grants to other organisations	585	372	957	2,334	348	2,682
The Lady Haig Poppy Factory Limited grants	(14)	(92)	(106)	(1,577)	-	(1,577)
Total Grants to other organisations Group	571	280	851	757	348	1,105

The Earl Haig Fund Scotland also provides rent free accommodation and support services to the following local charities located at New Haig House in Edinburgh at a notional value of £83k (2021: £83k):

- The Royal British Legion Scotland
- Soldiers Sailors Air Force Families Association
- Veterans' Scotland
- The Officers' Association Scotland
- The Regular Forces Employment Association

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

b) Grants to other organisations

	2022 £'000	2022 £'000	2022 £'000	2021 £'000	2021 £'000	2021 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Direct Costs						
Direct Salaries, NIC & Pension	659	1	660	581	53	634
Direct other supporting costs	34	128	162	22	9	31
	693	129	822	603	62	665
Indirect Costs						
Indirect Salaries, NIC & Pension	319	-	319	292	-	292
Indirect other supporting costs	361	-	361	494	1	495
	680	-	680	786	1	787
Total Support Costs	1,373	129	1,502	1,389	63	1,452
Total Welfare costs	2,664	642	3,306	4,288	620	4,908
The Lady Haig Poppy Factory Limited grants	(14)	(92)	(106)	(1,577)	-	(1,577)
Total Group Welfare costs	2,650	550	3,200	2,711	620	3,331

10 Allocation of General Support and Overhead Costs

	2022 £'000	2022 £'000	2021 £'000	2021 £'000
	Staff Costs	General Overhead	Staff Costs	General Overhead
Raising funds	375	427	347	445
Charitable activities	268	319	242	451
Support to other organisations	51	42	50	43
	694	788	639	939

Governance costs of £56,280 (2021: £45,986) have been included in general overheads, split equally across the costs of raising funds and charitable activities and allocated accordingly. Governance costs include statutory auditor's remuneration relating to the audit of the financial statements of £56,280 (2021: £45,960) for the Earl Haig Fund Scotland and £25,880 (2021: £20,930) for the subsidiary. An additional fee of £26,400 for the Earl Haig Fund Scotland and £15,500 for the subsidiary relating to the audit of the 30 September 2021 accounts was accrued in the year ended 30 September 2022.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

11 Analysis of staff costs, trustee remuneration and expenses and the cost of key management personnel

The average monthly number of employees was:

	2022 Group No.	2021 Group No.	2022 Charity No.	2021 Charity No.
Raising funds	20	24	20	24
Charitable activities	53	55	20	19
Support to other organisations	18	21	13	14
	91	100	53	57

The aggregate remuneration comprised:

	2022 Group £'000	2021 Group £'000	2022 Charity £'000	2021 Charity £'000
Salaries & Wages	2,315	2,255	1,686	1,510
Employer's NI Contributions	205	192	157	140
Employer's Pension Contributions	378	370	314	297
Agency staff costs	67	56	67	56
Other staff Cost	65	41	65	41
	3,030	2,914	2,289	2,044

The number of Group employees whose emoluments excluding pension contributions but including benefits in kind were in excess of £60,000 was:

	2022 Group No.	2021 Group No.	2022 Charity No.	2021 Charity No.
£70,000 - £80,000	1	-	1	-
£80,001 - £90,000	1	-	1	-
£90,001 - £100,000	-	1	-	1

The key management personnel of the Group comprises those of the charity and its wholly owned subsidiary. The total remuneration (including pension contributions and social security costs) of key management personnel of the Group (and the charity) for the year was £451k (2021: £437k).

The total value of redundancy payments made during the year was £51.3k (2021: £4.4k).

Trustees' Remuneration

No trustee of the charity or its subsidiary received remuneration during the year. Expenses of £2,984 were reimbursed to eight trustees during the current year for travel and subsistence whilst on group business (2021: Nil, no trustees).

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

12 Taxation

The Earl Haig Fund Scotland and the Lady Haig Poppy Factory are both 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. Accordingly, no tax expense has been recognised in these financial statements.

13 Tangible Fixed Assets

	Property Freehold	Property Leasehold	IT equipment	BUD Truck (Motor vehicles)	Refurbished property	Asset under construction	Company/ Group Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 October 2021	864	305	65	479	-	3,995	5,708
Additions	-	-	-	-	-	-	-
Disposals	-	(305)	-	-	-	-	(305)
Transfers	-	-	-	-	3,995	(3,995)	-
At 30 September 2022	864	-	65	479	3,995	-	5,403
Depreciation							
At 1 October 2021	499	162	65	290	-	-	1,016
Charge for year	14	24	-	120	60	-	218
Elimination on disposal	-	(186)	-	-	-	-	(186)
At 30 September 2022	513	-	65	410	60	-	1,048
Net Book Value							
At 30 September 2021	365	143	-	189	-	3,995	4,692
At 30 September 2022	351	-	-	69	3,935	-	4,355

Included in Freehold property is an amount of £26,000 (2021: £26,000) in respect of land which has not been depreciated. There are no tangible fixed assets held by Lady Haig's Poppy Factory Limited.

Asset under construction: The Earl Haig Fund Scotland received a Factory Refurbishment grant of £Nil (2021: £2,321,855) from The Lady Haig Poppy Factory for expenditure in relation to the factory asset held by The Earl Haig Fund Scotland. Refurbishment works were completed by December 2021.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

13A Intangible Fixed Assets (Group and company)

	Manifesto Website £'000
Cost	
At 1 October 2021	126
Additions	-
At 30 September 2022	<u>126</u>
Amortisation	
At 1 October 2021	19
Charge for year	25
At 30 September 2022	<u>44</u>
Net Book Value	
At 30 September 2021	<u>107</u>
At 30 September 2022	<u>82</u>

14 Investment in Subsidiary

	2022 £'000	2021 £'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 Scottish registered charitable company (company number SC194777, charity number SC016682, registered office New Haig House, Logie Green Road, Edinburgh, EH7 4HQ), whose principal activity is the employment of disabled ex-service personnel to manufacture poppies and wreaths. Poppyscotland provides factory space to The Lady Haig Poppy Factory Limited at nil consideration. It is not considered possible to estimate the value of this benefit. Control can be exercised via ownership of 100% of the share capital.

A summary of the results of the subsidiary are shown below:

	2022 £'000	2021 £'000
Total Income	1,791	2,789
Total Expenditure	(1,203)	(3,443)
	<u>588</u>	<u>(654)</u>

The aggregate of assets, liabilities and funds of The Lady Haig's Poppy Factory Limited was:

	2022 £'000	2021 £'000
Current assets	2,095	1,710
Current liabilities	(202)	(404)
	<u>1,893</u>	<u>1,305</u>

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

15 Investment Group and Company

	2022	2021
	£'000	£'000
Market value of listed securities at 1 October	8,818	11,243
Additions net of rebate	15	21
Disposal proceeds	(1,250)	(2,577)
Realised gains	(166)	403
Unrealised (losses)/gains during the period	(1,413)	(274)
Market value of listed securities at 30 September	6,002	8,816
Investment categories:		
Bonds	3,541	5,536
Equities	1,150	2,136
Other	1,311	1,144
Market value of listed securities at 30 September	6,002	8,816
Cost at 30 September of listed securities	7,592	8,741
Revaluation Reserve	(1,590)	75
Market value of listed securities at 30 September	6,002	8,816
Investment Property		
Market value at 1 October	-	583
Disposals	-	(566)
Realised loss	-	(17)
Market value at 30 September	-	-
Total Investments	6,002	8,816

16 Stock

	2022	2021	2022	2021
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Finished goods	415	392	-	-
Work in progress	70	80	-	-
Total stock	485	472	-	-

Materials expensed are shown in Note 8.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

17 Debtors due within one year

	2022	2021	2022	2021
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Trade debtor	64	73	15	3
Amount owed by parent undertaking	-	-	-	-
Gift Aid Reclaimable	158	25	158	25
Accrued Income	87	373	87	353
Prepayments	53	73	53	73
Other Debtors	795	101	49	36
Total debtors	1,157	645	362	490

18 Creditors: Amounts Falling due within one year

	2022	2021	2022	2021
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Trade creditors	135	61	135	68
Amount owed to subsidiary undertaking	-	-	671	256
Amount owed to parent undertaking	393	12	303	10
Accruals	261	594	153	186
Tax and Social Security	36	25	36	25
Other creditors	5	6	-	5
Total creditors	830	698	1,298	550

19 Provisions for liabilities

	2022	2021
	Group and Company	Group and Company
	£'000	£'000
Opening balance at 1 October	632	-
Provisions used in year	(44)	632
Closing balance at 30 September	588	632

Provisions for liabilities includes a provision for VAT payable to HMRC of £588k (2021: estimated future costs of dilapidation obligations of £44k and a provision for VAT payable to HMRC of £588k).

Throughout the renovation process over the past three years, Lady Haig Poppy Factory Limited identified any building works that related to The Earl Haig Fund Scotland and restricted the input VAT attributable to these works, remitting this to HMRC. Management consider that based on the best available evidence at the time of the transaction, this was the most appropriate treatment. Following further review of this treatment, it is now considered that Lady Haig Poppy Factory should have invoiced the costs of the refurbishment including VAT to The Earl Haig Fund Scotland and subsequently reclaimed from HMRC the attributable input VAT. The net impact at this time would be an amount of £nil in Lady Haig Poppy Factory. However, on a consolidated basis, The Earl Haig Fund Scotland would be due to remit the equivalent VAT to Lady Haig Poppy Factory, and, as The Earl Haig Fund Scotland is exempt from VAT, it would bear the cost.

A provision of £588,000 is therefore retained in the accounts to cover any potential liability. There is uncertainty over the expected timing of any resultant payments to HMRC. The costs have been capitalised.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

20 Funds

Group

	Balance 01/10/2021	Income	Expense	Other Gains/ (Losses)	Transfer between Funds	Balance 30/09/2022
	£'000	£'000	£'000	£'000	£'000	£'000
BUD Poppy Scotland Truck/History & Heritage	200	108	(533)	-	489	274
FFFY	37	-	-	-	(37)	-
ASAP	123	115	(115)	-	-	123
Inverness	11	-	-	-	(11)	-
Welfare Centre Ayrshire	67	-	(128)	-	61	-
Unforgotten Forces	7	-	-	-	-	7
Welfare General	59	141	(141)	-	-	59
WW100	24	5	(21)	-	(8)	-
NHS Highland	495	-	(165)	-	-	330
LHPF Refurbishment	1,929	-	(59)	-	(1,870)	-
Factory Refurbishment grant	-	-	(60)	-	3,995	3,935
Poppy Garden Project	-	15	-	-	-	15
Furlough	-	1	(1)	-	-	-
LHPF Welfare Fund	24	13	(1)	-	(13)	23
Sewtec equipment	-	625	-	-	-	625
Restricted Funds	2,976	1,022	(1,224)	-	2,616	5,390
Sandilands memorial trust	147	6	(15)	-	-	138
Capital Fund (Cameronian)	176	-	-	-	-	176
LHPF Relocation	30	-	-	-	(30)	-
Capital Reserve	978	-	-	-	(61)	917
Designated Funds	1,331	6	(15)	-	(91)	1,231
Revaluation reserve	1,815	-	-	(1,413)	-	402
General fund	8,154	4,677	(5,858)	(166)	(2,525)	4,277
	11,300	4,677	(5,873)	(1,579)	(2,616)	5,910
Pension reserve	(1,643)	-	(16)	587	-	(1,072)
Unrestricted Funds	9,658	4,677	(5,889)	(992)	(2,616)	4,838
Total Funds	12,634	5,699	(7,113)	(992)	-	10,228

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

Company

	Balance 01/10/2021	Income	Expense	Other Gains/ (Losses)	Transfer between Funds	Balance 30/09/2022
	£'000	£'000	£'000	£'000	£'000	£'000
BUD Poppy Scotland Truck/ History & Heritage	200	108	(473)	-	420	255
FFFY	37	-	-	-	(37)	-
ASAP	123	115	(115)	-	-	123
Inverness	11	-	-	-	(11)	-
Welfare Centre Ayrshire	67	-	(128)	-	61	-
Unforgotten Forces	7	-	-	-	-	7
Welfare General	61	141	(141)	-	-	61
WW100	24	5	(21)	-	(8)	-
NHS Highland	495	-	(165)	-	-	330
Factory Refurbishment grant	3,995	-	(60)	-	-	3,935
Poppy Garden Project	-	15	-	-	-	15
Furlough	-	1	(1)	-	-	-
Restricted Fund	5,020	386	(1,104)	-	425	4,726
Sandilands memorial trust	147	6	(15)	-	-	138
Capital Fund (Cameronian)	176	-	-	-	-	176
LHPF Relocation	30	-	-	-	(30)	-
Capital Reserve	978	-	-	-	(61)	917
Designated Funds	1,331	6	(16)	-	(91)	1,231
Revaluation reserve	1,815	-	-	(1,413)	-	402
General fund	4,805	4,206	(5,464)	(166)	(334)	3,047
	7,951	4,212	(5,479)	(1,579)	(425)	4,680
Pension reserve	(1,643)	-	(16)	587	-	(1,072)
Unrestricted Funds	6,308	4,212	(5,495)	(992)	(425)	3,608
Total Funds	11,328	4,597	(6,599)	(992)	-	8,334

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

Group

	Balance 01/10/2020	Income	Expense	Other Gains/ (Losses)	Transfer between Funds	Balance 30/09/2021
	£'000	£'000	£'000	£'000	£'000	£'000
BUD Poppy Scotland Truck	297	219	(316)	-	-	200
FFFY	37	-	-	-	-	37
ASAP	118	123	(118)	-	-	123
Inverness	11	-	-	-	-	11
Welfare Centre Ayrshire	76	-	(9)	-	-	67
Unforgotten Forces	7	-	-	-	-	7
Welfare General	61	209	(211)	-	-	59
WWV100	25	-	(1)	-	-	24
NHS Highland	725	-	(230)	-	-	495
LHPF Refurbishment	1,949	-	(20)	-	-	1,929
Furlough	-	253	(253)	-	-	-
LHPF Welfare Fund	39	11	(27)	-	-	23
Restricted Funds	3,346	815	(1,185)	-	-	2,976
Sandilands memorial trust	144	6	(5)	-	-	145
Capital Fund (Cameronian)	176	-	-	-	-	176
LHPF Relocation	31	-	-	-	-	31
Capital Reserve	979	-	-	-	-	979
Designated Funds	1,330	6	(5)	-	-	1,331
Revaluation reserve	2,089	-	-	(274)	-	1,815
General fund	8,478	4,879	(5,589)	386	-	8,154
	11,897	4,885	(5,594)	112	-	11,300
Pension reserve	(1,753)	-	(193)	303	-	(1,643)
Unrestricted Funds	10,145	4,885	(5,787)	415	-	9,658
Total Funds	13,490	5,700	(6,972)	415	-	12,634

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

Company

	Balance 01/10/2020	Income	Expense	Other Gains/ (Losses)	Transfer between Funds	Balance 30/09/2021
	£'000	£'000	£'000	£'000	£'000	£'000
BUD Poppy Scotland Truck	297	219	(316)	-	-	200
FFFY	37	-	-	-	-	37
ASAP	118	123	(118)	-	-	123
Inverness	11	-	-	-	-	11
Legacies	-	-	-	-	-	-
Welfare Centre Ayrshire	76	-	(9)	-	-	67
Unforgotten Forces	7	-	-	-	-	7
Welfare General	62	210	(211)	-	-	61
WW100	25	-	(1)	-	-	24
NHS Highland	725	-	(230)	-	-	495
Factory Refurbishment grant	1,085	2,322	-	-	588	3,995
Furlough	-	53	(53)	-	-	-
Restricted Fund	2,443	2,927	(938)	-	588	5,020
Sandilands memorial trust	146	6	(5)	-	-	147
Capital Fund (Cameronian)	176	-	-	-	-	176
LHPF Relocation	30	-	-	-	-	30
Capital Reserve	978	-	-	-	-	978
Designated Funds	1,330	6	(5)	-	-	1,331
Revaluation reserve	2,089	-	-	(274)	-	1,815
General fund	7,422	4,448	(6,864)	386	(588)	4,804
	10,841	4,454	(6,869)	112	(588)	7,951
Pension reserve	(1,753)	-	(193)	303	-	(1,643)
Unrestricted Funds	9,088	4,454	(7,062)	415	(588)	6,308
Total Funds	11,631	7,381	(8,000)	415	-	11,328

Restricted Funds

Unforgotten Forces

Funds received to deliver a range of services to older veterans in care settings.

NHS Highland

Funds received to support mental health service for veterans.

BUD/History & Heritage

Funds received for the development and delivery of BUD, our vehicle for exploration and learning, and for History & Heritage to renovate part of the Factory into a museum.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

Factory Refurbishment grant

The Earl Haig Fund received a Factory Refurbishment grant from its subsidiary, the Lady Haig Poppy Factory for expenditure in relation to the factory asset held by the Earl Haig Fund Scotland. The transfer from general reserves reflects that the grant was restricted.

LHPF Welfare Fund

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

Sewtec equipment

Sewtec is a fund for which a grant has been received from The Royal British Legion to fund the purchase of new plant and equipment. Please also see note 13.

Poppy Garden Project

Donation received to undertake garden works including refurbishing the flag pole, funding for flower beds and fencing, and benches.

Unrestricted Funds

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

Designated 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.

Capital Reserve

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

Capital Fund (Cameronian)

This fund represents the value of the property at 9 Holyrood Crescent in Glasgow which was gifted to The Earl Haig Fund Scotland by the Cameronian Regimental Association.

21 Analysis of Net Assets

	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	Total Funds £'000
2022				
Group				
Fund balances are represented by:				
Tangible Fixed Assets	420	-	3,935	4,355
Intangible Fixed Assets	82	-	-	82
Investments	729	3,111	2,162	6,002
Current Assets	-	2,279	-	2,279
Current Liabilities	-	-	(830)	(830)
Provision for Liabilities	-	-	(588)	(588)
Long-term Liabilities	-	-	(1,072)	(1,072)
	<u>1,231</u>	<u>5,390</u>	<u>3,607</u>	<u>10,228</u>
Company				
Fund balances are represented by:				
Tangible Fixed Assets	420	3,935	-	4,355
Intangible Fixed Assets	82	-	-	82
Investments	729	(61)	5,335	6,003
Current Assets	-	852	-	852
Current Liabilities	-	-	(1,298)	(1,298)
Provision for Liabilities	-	-	(588)	(588)
Long-term Liabilities	-	-	(1,072)	(1,072)
	<u>1,231</u>	<u>4,726</u>	<u>2,377</u>	<u>8,334</u>

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

2021	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	Total Funds £'000
Group				
Fund balances are represented by:				
Tangible Fixed Assets	697	-	3,995	4,692
Intangible Fixed Assets	107	-	-	107
Investments	527	984	7,305	8,816
Current Assets	-	1,992	-	1,992
Current Liabilities	-	-	(698)	(698)
Provision for Liabilities	-	-	(632)	(632)
Long-term Liabilities	-	-	(1,643)	(1,643)
	<u>1,331</u>	<u>2,976</u>	<u>8,327</u>	<u>12,634</u>
Company				
Fund balances are represented by:				
Tangible Fixed Assets	697	3,995	-	4,692
Intangible Fixed Assets	107	-	-	107
Investments	527	488	7,802	8,817
Current Assets	-	537	-	537
Current Liabilities	-	-	(550)	(550)
Provision for Liabilities	-	-	(632)	(632)
Long-term Liabilities	-	-	(1,643)	(1,643)
	<u>1,331</u>	<u>5,020</u>	<u>4,977</u>	<u>11,328</u>

22 Note to the Cash Flow Statement

	2022 £'000	2021 £'000
Reconciliation of net income to net cash flow from operating activities		
Net expenditure for the reporting period	(2,827)	(1,546)
Adjustments for:		
Depreciation and amortisation charges	13	183
Loss on investments	15	274
Dividends and interest from investments	5	(314)
Decrease/(increase) in stocks	(13)	(33)
(Increase)/decrease in debtors	(512)	180
Increase/(decrease) in creditors	132	(59)
Decrease/(increase) in provisions	(44)	632
Adjustment for pension funding	16	192
Total net cash flow at 30 September 2022	<u>(1,868)</u>	<u>(489)</u>

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

23 Retirement Benefits

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

The Earl Haig Fund Scotland - Stakeholder Scheme (Standard Life)

This is a defined contribution pension scheme, which was made available to permanent employees following the closure of the defined benefit to new members in July 2002. The standard contribution rates have been set at 6% and 12% by the employee and employer respectively. Employer contributions amounted to £179,748 (2021: £164,684).

The Earl Haig Fund Scotland - Stakeholder Scheme (Standard Life)

This is a defined contribution pension scheme, which was made available to the factory workforce. The standard contribution rates have been set at 6% and 12% by the employee and employer. Employer contributions amounted to £64,530 (2021: £73,323).

The Earl Haig Fund Scotland - Stanplan F (KPMG)

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 contributions paid into the Scheme are determined following discussions with the Scheme's actuaries and are intended to spread the cost of pensions over the anticipated service life of the employees participating in the Scheme. Employee contributions to this plan ceased on 31 March 2018.

The Stanplan F Trustees are required to carry out an actuarial valuation every 3 years. The last full actuarial valuation of the Stanplan F was performed by the Scheme Actuary for the Trustees as at 31 March 2019. The 31 March 2022 valuation is in progress. The 2019 valuation revealed a funding shortfall of £1,490,000. To eliminate this funding shortfall, TRBL have agreed to make contributions of £81,955 pa, increasing at 3% each 1 July, in equal monthly instalments from November 2020 until 31 July 2035. TRBL have also agreed to pay monthly contributions of £4,167 in respect of expenses and PPF levies. During the accounting year beginning 1 October 2022, TRBL expects to pay £86,946 to Stanplan F in respect of deficit reduction contributions and £50,004 to the Stanplan F in respect of expenses.

During the financial period under review employer contributions on behalf of active employees amounted to £nil as the scheme closed to employee contributions on 31 March 2018.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

Amounts recognised in the Statement of Financial Activities

	12 months to September 2022 £'000	12 months to September 2021 £'000
Analysis of amounts charged against net income		
Administration expenses	119	299
Net interest cost	31	26
Total cost recognised	150	325
Actuarial gains on liabilities	(587)	(303)
Total (increase)/decrease in net funds recognised at 30 September	(437)	22

Reconciliation to the Balance Sheet at 30 September

Market value of assets	3,380	4,877
Present value of liabilities	(4,452)	(6,520)
Deficit in the fund	(1,072)	(1,643)

Analysis of changes in the value of fund liabilities over the year

Value of liabilities at 1 October	6,520	7,019
Service cost	-	-
Interest cost	121	96
Member contribution	-	-
Benefits paid	(325)	(319)
Actuarial gains	(1,864)	(276)
Value of liabilities at 30 September	4,452	6,520

Reconciliation to the Balance Sheet at 30 September

Opening value of assets	4,877	5,266
Administration expenses	(119)	(299)
Interest Income	90	70
Returns on assets excluding interest income	(1,277)	27
Employer contributions	134	132
Member contributions	-	-
Benefits paid	(325)	(319)
Closing market value of assets	3,380	4,877

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

The cumulative amount of actuarial gains/(losses) recognised (since 2011) is a cumulative gain of £702k (2021: cumulative loss of £1.162 million).

The assets of The Earl Haig Fund Scotland - Stanplan F are managed by First Actuarial LLP. Details of the allocation of assets held as at 30 September 2022 and 2021 are shown below.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

	12 months to September 2022 £'000	12 months to September 2021 £'000
<u>Asset Class</u>		
Equities	1,570	1,966
Cash	174	385
Annuities	266	354
Other Assets	1,370	2,172
Total Assets	3,380	4,877

	12 months to September 2022 £'000	12 months to September 2021 £'000
Financial Assumptions	Pa%	Pa%
Discount Rate	5.4	1.9
Retail Price Index (RPI) inflation	3.7	3.5
Consumer Price Index (CPI) inflation	3.3	3
Salary Increases	0	0
Pension increases:		
CPI capped at 3% pa	2.6	2.5
CPI capped at 2.5% pa	2.3	2.2
CPI capped at 5% pa with a 3% pa minimum increase	3.6	3.5
Revaluation of deferred pensions in excess of GMP	05-09	3
	Post 09	2.5

<u>Life expectancies</u>			
Life expectancy for an individual aged 60 in 2020	Males	24.9	24.9
	Females	27.7	27.6
Life expectancy at age 60 for an individual aged 40 in 2020	Males	26.4	26.4
	Females	29.2	29.1

24 Financial Commitments

Operating lease commitments - the total future minimum lease payments under non-cancellable operating leases:

a) Group	Buildings 2022 £'000	Other 2022 £'000	Buildings 2021 £'000	Other 2021 £'000
Within one year	-	25	59	24
Between one and five years	-	8	7	13
After five years	-	-	-	-
	-	33	66	37
				42

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2022

b) Company	Buildings	Other	Buildings	Other
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Within one year	-	20	59	20
Between one and five years	-	7	7	12
After five years	-	-	-	-
	-	27	66	32

25 Net Income for the year

This is stated after charging:

	2022	2021
	£'000	£'000
Operating Leases - Buildings	87	69
Operating Leases - Other	23	30
Depreciation, amortisation and impairment charges	243	183

26 Related Parties

Advantage has been taken of the exemptions available under FRS 102 to not disclose balances and transactions between The Earl Haig Fund Scotland and The Royal British Legion, and The Earl Haig Fund Scotland and The Lady Haig Poppy Factory. There are no other related parties in the year (2021: Nil).

27 Parent Undertaking and Ultimate Controlling Party

The immediate and ultimate parent company is The Royal British Legion, a charity registered in England and Wales (charity number 219279). The financial statements of The Earl Haig Fund Scotland are consolidated into the financial statements of The Royal British Legion. The consolidated financial statements can be obtained from The Royal British Legion at 199 Borough High Street, London, SE1 1AA.

28 Post Balance Sheet Events

The Lady Haig Poppy Factory will merge with its parent company, The Earl Haig Fund Scotland, at the end of the 2022/23 financial year.