

**Company Registration No. SC194893**  
**Registered Charity No. SC014096**

**The Earl Haig Fund Scotland**  
**Annual Report and Financial Statements**  
**For the year ended 30 September 2020**



# THE EARL HAIG FUND SCOTLAND

## Annual Report and Financial Statements 2020

<b>Contents</b>	<b>Page</b>
Chairman's Statement	2
Trustees' report including the Strategic Report (incorporating the director's report)	5
Independent auditor's report to the members and the trustees of The Earl Haig Fund Scotland	10
Statement of financial activities (incorporating the income and expenditure account)	13
Balance sheet	15
Statement of Cashflows	16
Notes to the financial statements	17

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

## **CHAIRMAN'S STATEMENT**

It was a great honour to be named Chairman of Poppyscotland in July 2020, especially as the organisation is preparing for the centenary of the Scottish Poppy Appeal in 2021. The work of Poppyscotland, and its subsidiary the Lady Haig Poppy Factory, lie at the heart of welfare provision for the Armed Forces community in Scotland. Collaboration and partnership working are central tenets of our operating model and this has perhaps never been more evident and important than during the past year.

It was, and indeed continues to be, a period of unparalleled challenge for Poppyscotland, the Lady Haig Poppy Factory, the Armed Forces community and society in general. When our financial year began in October 2019 no one could have predicted the arrival of a global pandemic, the likes of which the world has not seen in a century.

Our Armed Forces have once again come to the fore at a time of national crisis, selflessly stepping forward and playing a leading role in the battle against Coronavirus. The Army were on the front line of the COVID-19 response, running mobile testing sites across Scotland and also in preparing the NHS Louisa Jordan Hospital at Glasgow's SEC, while the RAF were involved in airlifts of critically ill patients from remote parts of the country.

Following their example and drawing on the same values that are evident in the military, Poppyscotland and the Lady Haig Poppy Factory had to rapidly adapt and adjust. In adopting such a proactive approach, we have not only ensured that those who rely on our vital, life-changing support could continue to receive it throughout, but we have also ensured the charity's future has been safeguarded by reviewing our financial plan to ensure that we can continue to operate our services.

It has been truly inspiring to see how the charity has adapted and responded during the past year. The Coronavirus pandemic forced us to close our offices and suspend face to face welfare support services. As our research has evidenced, many in the Armed Forces community are especially susceptible to social isolation and loneliness. From this we immediately recognised that our services would be needed more than ever during the lockdown. From weekly welfare telephone calls with our most vulnerable clients to virtual drop-in sessions, we quickly adapted our delivery model. While demand for our services initially dipped as the world adjusted to life in lockdown, we saw a steady increase in demand for support in the months that followed. I am delighted to report that all of our welfare services continued uninterrupted despite these most challenging of circumstances.

This was largely made possible thanks to the tireless commitment of our staff, who had to quickly adapt from being predominantly office-based to operating from their homes. Existing plans for enhancing our IT capabilities were fast-tracked and staff were very quickly able to access all of our vital systems remotely.

The veterans at the Lady Haig Poppy Factory were, once again, a credit to the organisation and a shining example of the virtues that military service instils. More than one million poppies were produced at home by the Factory team, a remarkable achievement which safeguarded the 2020 Scottish Poppy Appeal.

Volunteers play a crucial role and we remained in close contact with them as plans for a "lockdown" Scottish Poppy Appeal were put in place. Paramount in this was safeguarding their wellbeing, especially as many of them were considered vulnerable to the effects of Coronavirus. The volunteers were highly engaged in this process and helped us put in place what we believed to be a robust and Covid-compliant Poppy Appeal plan.

The 2019 Scottish Poppy Appeal was amongst our most successful ever, generating more than £2.4m. It came after a record year in 2018 when we marked the centenary of the end of the First World War. It demonstrated that the public continue to understand the importance of supporting the Appeal beyond four years of First World War commemorations and provided a strong financial basis for Poppyscotland to withstand the turbulent months that would follow.

The Scottish Poppy Appeal in 2020 was like no other. With rules around what is and is not possible changing daily, we developed a detailed and highly flexible plan. Central to this was the introduction of new digital technology to maintain donations and engagement opportunities. This will see us bring forward plans we had already begun formulating to address the trend towards a more cashless society. An increase in contactless terminals, QR codes on poppy boxes, local Just Giving pages together with a new website will help to offset the drop in cash donations which we planned for, due to ongoing restrictions on the movement of people and gatherings.

We have been working in partnership with the Scottish Government and Legion Scotland to ensure Remembrance is marked in an appropriate but safe manner. This builds on the excellent collaboration we have had with these key stakeholders throughout the year.

In May, we marked the 75th anniversary of VE Day, the first of three major commemorations in 2020. While the programme of physical events had to be postponed, together with the Scottish Government and Legion Scotland we adapted our plans and delivered virtual commemorations instead.

In June we collaborated with Legion Scotland and RCET, Scotland's Armed Forces Children's Charity, to commemorate the 80th anniversary of the Battle of St Valery. This saw more than 450 pipers from as far afield as Peru and Kathmandu join together in a stunning tribute to the "Forgotten 51st".

Then in August we once again worked with the Scottish Government and Legion Scotland to deliver a fitting programme of virtual commemorations around VJ Day 75.

Despite the limitations forced upon us by the pandemic, all three events reached huge audiences, vastly exceeding our expectations, and arguably engaged more people than we may have otherwise had it not been for the lockdown.

One of the greatest disappointments of the past year was seeing our exciting new mobile learning resource, Bud, consigned to the car park. With schools closed and restrictions on gatherings in place, Bud was forced to park-up in late March. This followed a very successful first nine months on the road, where Bud clocked up more than 10,000 miles and was on track to have travelled to every local authority in Scotland in its first year.

In total Bud visited more than 130 different schools and events before the start of lockdown. Schoolchildren and adults alike learned more about the history of the poppy and explored the continued relevance of remembrance today. Bud also provided the opportunity for visitors to share their own messages of reflection and hope.

As with all other aspects of our operations, our learning output also adapted. Our extensive resources available for home-schooling parents proved to be extremely popular, as did our series of live virtual lessons.

I must also acknowledge the incredible efforts that so many of our dedicated supporters went to in raising money during the pandemic. With our extensive spring and summer fundraising programme completely wiped out, scores of supporters devised creative ways to continue generating the vital funds that we rely on to continue our work. Central amongst this has been the 1921 Poppy Pledge, a year-long fundraising initiative which builds toward the centenary of the Poppy Appeal in November.

The combined efforts of our volunteers during the 2019 Scottish Poppy Appeal and our supporters throughout the remainder of the year has helped to ensure a very solid financial platform with over £4.1m generated from donations and legacy income and a further £1.1m from the Lady Haig Poppy Factory trading activities, grant income receipts and other income. With the ongoing pandemic and recognition of the financial constraints surrounding the wider economic environment, the group made the decision to safeguard employment within the charity as far as possible by utilising the UK Government Furlough Scheme. During the year Furlough income of £156,000 was received toward Group employment costs.

Despite the financial challenges, the charity continues to serve the Armed Forces community, and provide support in the form of welfare services. During the year expenditure on these charitable activities increased by 5.6% on prior year, despite income reductions. This reflects our ongoing commitment to provide the Armed Forces community with the services they need in a continually challenging and uncertain environment.

The Poppyscotland Board of Trustees intend to reduce the level of reserves the charity holds in a managed way in the coming years. The pandemic is a salient reminder why reserves are so important, and we are confident that the prudent way these have been managed over the years will enable the charity to not only weather the Covid storm, but to come through it stronger. Unrestricted Reserves have fallen by more than £590,000 and, working in conjunction with the Trustees of our parent charity, the Royal British Legion, we intend to prudently exhaust our reserves, after which all parts of the RBL group will be covered by Group reserves.

To do this we intend to cover any budget deficit caused by the pandemic from the existing reserves. We have also identified £1.58m from reserves to cover the costs of completing the Lady Haig Poppy Factory building compliance project. The remaining reserves will then be utilised to cover planned budget deficits in the years that follow, enabling Poppyscotland to

invest in key areas of activity and weather any economic shock and resultant drop in income that may come as the world begins to recover from the pandemic.

Looking ahead to 2021 there is great uncertainty, but the charity is well placed to meet the challenges that we face. Having seen a slight drop in demand for our welfare services at the outset of the pandemic, we anticipate the full economic and social impacts to be acutely felt in 2021 as we move out of lockdown. Together with the Royal British Legion, we are undertaking a review of our welfare offering to ensure that we continue to adapt to the changing needs of the Armed Forces community.

At the same time, working with the Royal British Legion, we are identifying opportunities to consider greater integration and alignment of our services and approach where appropriate. Doing so will enable us to realise the benefits from economies of scale and shared systems, whilst maintaining the iconic Poppyscotland and Lady Haig's Poppy Factory brands, charitable aims and traditions.

Although it has been delayed by several months due to the restrictions of the past year, we are confident that the building compliance work at the Lady Haig Poppy Factory will be complete by the middle of 2021. We can look forward to having a vastly enhanced facility that will not only safeguard the future production of poppies and wreaths, together with the employment of our veterans, but also provide another valuable component to our learning and outreach offering. This will complement the wealth of existing online resources and come at a time when we expect Bud to be back on the road, building on its very promising start.

With the 2021 Scottish Parliament elections on the horizon, we will shortly publish our first ever manifesto. It has been informed by evidence, experience and developed in consultation with the beneficiaries we support. It is our hope that the six recommendations we have set out in the manifesto will be taken forward by the next Scottish Government and result in significant improvements to the lives of many in our Armed Forces community.

While the future landscape looks uncertain, Poppyscotland and the Lady Haig Poppy Factory can look forward with confidence. The attentiveness and prudence of my predecessors over the years has ensured that the group is in a very healthy financial position, but we must cut our cloth accordingly if we are to maintain this position. Having implemented a more robust governance structure and financial framework over the past year, we will maintain a prudent approach whilst ensuring that we deliver the full range of welfare services that our Armed Forces community need and deserve.

In closing I would like to pay tribute to my predecessor as Chair of the Poppyscotland Board of trustees, Antony Macauley, and also to Sandy Davidson, who recently stepped down as chairman of the Lady Haig Poppy Factory board after sixteen years of dedicated service.

# **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 director's report) and the audited financial statements for the year ended 30 September 2020.

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 (FRS102) (effective 1 January 2015 and revised 1 January 2019).

## **Objective**

The Earl Haig Fund Scotland (trading 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.

## **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, 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.

## **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 year any new risks the charity is exposed to are identified and key risks and controls are added to the Risk Register.

## **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.

### **Public Benefit**

The Trustees have considered the requirements of the public benefit guidance published under FRS102 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 +2% 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.

### **Strategic Report**

#### **Achievements, Performance and Group Financial Review**

The Group generated income of £7,146k (2019: £8,888k) which comprises of unrestricted income amounting to £5,201k (2019 £6,263k) and restricted income of £1,945k (2019: £2,625k).

The majority of unrestricted income is generated from the Scottish Poppy Appeal, which raised £2,279k (2019: £2,948k), the equivalent of 44% (2019: 47%) of unrestricted income. Whilst it has been a challenging year because of the wider economic conditions and lockdown restrictions due to Covid-19, the charity has adapted and sought new ways of generating income by rolling out a wider digital offering in recognition of these challenges.

Other unrestricted donations and income raised from various fundraising income streams such as raffles, trusts, legacies and regular supporters amounted to £1,837k (2019: £1,712k) an increase of 7%. Despite a direct impact of main events being cancelled due to current lockdown restrictions, legacy income has increased from prior year.

Interest income and income from the investment portfolio generated £391k (2019: £393k) and Lady Haig's Poppy Factory continues to support Group activities with the production and distribution of poppies, wreaths and Remembrance crosses and contributed £549k to the Group unrestricted income total (2019: £570k).

Unrestricted expenditure amounted to £6,061k (2019: £6,381k) highlighting a reduction in overall spend. This is reflective of the desire to ensure charitable funds are utilised in the most cost-effective way possible and always striving for value for money. We are met with an increasingly challenging fundraising environment, and in addition to adapting our income generation model, we will continue to control costs to ensure financial sustainability going forward to meet the needs of our beneficiaries. The Group has total unrestricted funds of £10,145k (2019: 10,705k), including general funds of £8,474k (2019: £9,330k) and designated funds of £1,330k (2019: £1,335k) at the year end.

Whilst overall expenditure has reduced, the cost of charitable activities has increased by 5.6% to £3,419k (2019: £3,233k), which supports our commitment to the provision of welfare services to support the needs of the ex-Service community in Scotland and reflects the level of resource required to meet the continuing need.

Restricted income and expenditure for the year amounted to £1,946k (2019: £2,625k) and £1,780k (2019: £2,365k) respectively and the Group has total restricted funds of £3,346k (2019: £3,181k) at the year end. Further details can be found in note 18 of the annual accounts.

During the year, the Group have utilised the UK Government Furlough Scheme and received £156k of income (2019: £Nil). For the purposes of the accounts this has been treated as restricted grant income.

### **Future plans and Going Concern**

Looking ahead to 2021 there is great uncertainty, but the charity is well placed to meet the challenges that we face. Having seen a slight drop in demand for our welfare services at the outset of the pandemic, we anticipate the full economic and social impacts to be acutely felt in 2021 as we move out of lockdown. Together with the Royal British Legion, we are undertaking a review of our welfare offering to ensure that we continue to adapt to the changing needs of the Armed Forces community.

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 level of investment continues 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. On this basis, the Trustees are confident the charity will continue to function as a going concern for at least one year from the date of signing the accounts.

### **Trustees' Responsibilities**

The trustees (who are also the 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 (UK Generally Accepted Accounting Practice), including FRS102, 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 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 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 necessary to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Financial Statements are published on the charitable companies' website in accordance with legislation in the United Kingdom governing in the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

#### **Auditor**

Deloitte LLP are the auditors of the charitable company and are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

The Trustees' Report was approved by the Board and signed on its behalf on 21 June 2021 by:

A handwritten signature in black ink, appearing to read 'Jason Coward', with a large, stylized flourish at the end.

Jason Coward – Chairman

## REFERENCE AND ADMINISTRATION INFORMATION

### Chief Executive

Mark Bibbey (resigned 30/06/2020)  
Mark Collins (appointed 01/07/2020)

### Head of Finance

Jennifer McCartney (resigned 25/09/2020)  
Donna Paton (appointed 21/10/2020 & resigned 4/6/2021)

### Head of HR and Administration

Pam Beattie

### Head of Marketing and Communications

Fraser Bedwell

### Head of Fundraising

Gordon Michie

### Head of Welfare Services

Gary Gray

### The Lady Haig Poppy Factory Manager

Charlie Pelling

### Registered and Principal Office

New Haig House  
Logie Green Road  
Edinburgh  
EH7 4HQ

### Charity Registration Number

SCO14096

### Registered Company Number

SC194893 (Scotland)

### President

Lieutenant General Sir Alistair Irwin KCB CBE MA FCMI FInst CPD

### Trustees

Colonel Allan Lapsley QVRM TD DL  
Joe Falzon  
Antony Baines (appointed 19/10/2020)  
Patrick O'Meara  
Jason Coward (appointed 16/07/2020) (Chairman)  
Charles Byrne (resigned 19/10/2020)  
Anthony Macaulay (resigned 16/07/2020) (Chairman)  
Professor Alexander Davison (resigned 19/10/2020)  
Brigadier (ret'd) Dr John R Thomson (appointed 19/10/2020)

### Company Secretary

Luke Joannou LLB (Hons) Law

### Legal Adviser

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

### Auditor

Deloitte LLP  
Hill House, 1 Little New Street, London, EC4A 3TR

### 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

# **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 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 2020 and of its 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 company statement of financial activities (incorporating an income and expenditure account);
- the consolidated and company balance sheet;
- the consolidated cash flow statement; and
- the related notes 1 to 27.

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**

We are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### **Other information**

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **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 its 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, by the parent charitable company, 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  
21 June 2021

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

## Charity Statement of financial activities (incorporating the income and expenditure account)

Year ended 30 September 2020

	Note	2020 Unrestricted Funds £'000	2020 Restricted Funds £'000	2020 Total Funds £'000	2019 Unrestricted Funds £'000	2019 Restricted Funds £'000	2019 Total Funds £'000
<b>Income from:</b>							
Donations and legacies	3	4,117	1,512	5,629	4,610	422	5,032
<u>Charitable activities</u>							
Welfare grants	4a	42	1,398	1,440	611	2,174	2,785
Investment Income	5	380	-	380	401	-	401
Other	6	-	-	-	13	-	13
<b>Total Income</b>		<b>4,539</b>	<b>2,910</b>	<b>7,449</b>	<b>5,635</b>	<b>2,596</b>	<b>8,231</b>
<b>Expenditure on:</b>							
Raising Funds	7	2,016	397	2,414	2,562	413	2,975
Charitable activities	9	3,419	1,287	4,706	3,233	1,663	4,896
<b>Total Expenditure</b>		<b>5,435</b>	<b>1,684</b>	<b>7,119</b>	<b>5,795</b>	<b>2,076</b>	<b>7,871</b>
Net gains on investments	15	238	-	238	483	-	483
<b>Net Income/(Expenditure) for the year</b>	24	<b>(658)</b>	<b>1,226</b>	<b>568</b>	<b>323</b>	<b>520</b>	<b>843</b>
Transfers between funds		-	-	-	-	-	-
<b>Other recognised gains/(losses)</b>							
Actuarial Gains/(Losses) on deficit pension scheme	22	62	-	62	(41)	-	(41)
<b>Net movement in funds</b>		<b>(596)</b>	<b>1,226</b>	<b>630</b>	<b>282</b>	<b>520</b>	<b>802</b>
<b>Reconciliation of funds:</b>	19						
Total funds brought forward		9,684	1,217	10,901	9,402	697	10,099
<b>Total funds carried forward</b>		<b>9,088</b>	<b>2,443</b>	<b>11,531</b>	<b>9,684</b>	<b>1,217</b>	<b>10,901</b>

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 17 to 39 form part of the financial statements.

# THE EARL HAIG FUND SCOTLAND

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

Year ended 30 September 2020

	Note	2020 Unrestricted Funds £'000	2020 Restricted Funds £'000	2020 Total Funds £'000	2019 Unrestricted Funds £'000	2019 Restricted Funds £'000	2019 Total Funds £'000
<b>Income from:</b>							
Donations and legacies	2	4,167	459	4,626	4,660	438	5,098
<u>Charitable activities</u>							
Welfare grants	3a	42	1,398	1,440	611	2,174	2,785
Trading activities	3b	529	77	606	570	-	570
		571	1,475	2,046	1,181	2,174	3,355
Other trading activities		-	-	-	1	-	1
Investments	4	380	11	391	401	13	414
Other	5	83	-	83	20	-	20
<b>Total Income</b>		<b>5,201</b>	<b>1,945</b>	<b>7,146</b>	<b>6,263</b>	<b>2,625</b>	<b>8,888</b>
<b>Expenditure on:</b>							
Raising Funds	7	2,016	397	2,414	2,562	413	2,975
<u>Charitable activities</u>							
Welfare Services	9	3,419	1,287	4,706	3,233	1,663	4,896
Poppy Manufacturing Costs	8	626	96	722	586	289	875
		4,045	1,383	5,428	3,819	1,952	5,771
<b>Total Expenditure</b>		<b>6,061</b>	<b>1,780</b>	<b>7,842</b>	<b>6,381</b>	<b>2,365</b>	<b>8,746</b>
Net gains on investments	14	238	-	238	483	-	483
<b>Net (Expenditure)/Income for the year</b>		<b>(623)</b>	<b>165</b>	<b>(458)</b>	<b>365</b>	<b>260</b>	<b>625</b>
Transfers between funds		-	-	-	(1)	1	-
<b>Other recognised gains/(losses)</b>							
Actuarial gains/(losses) on deficit pension scheme	21	62	-	62	(41)	-	(41)
Gain on investment	4	-	-	-	-	-	-
<b>Net movement in funds</b>		<b>(560)</b>	<b>165</b>	<b>(396)</b>	<b>323</b>	<b>261</b>	<b>584</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		10,705	3,181	13,886	10,382	2,920	13,302
<b>Total funds carried forward</b>		<b>10,145</b>	<b>3,346</b>	<b>13,490</b>	<b>10,705</b>	<b>3,181</b>	<b>13,886</b>

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 17 to 39 form part of the financial statements.

# THE EARL HAIG FUND SCOTLAND

## Balance Sheet

As at 30 September 2020

	Note	Group		EHFS Company	
		2020 £'000	2019 £'000	2020 £'000	2019 £'000
<b>Fixed assets</b>					
Tangible assets	13	1,947	1,168	1,947	1,168
Intangible assets	13a	51	-	51	-
Investment in subsidiary	14	-	-	1	1
Investments	15	11,826	11,088	11,826	11,088
<b>Total fixed assets</b>		<b>13,823</b>	<b>12,256</b>	<b>13,824</b>	<b>12,257</b>
<b>Current assets</b>					
Stock	16	439	464	-	-
Debtors	17	825	554	619	463
Cash at bank and in hand		913	2,907	139	687
		<b>2,177</b>	<b>3,925</b>	<b>758</b>	<b>1,150</b>
<b>Liabilities:</b>					
Creditors: amounts falling due within one year	18	(757)	(484)	(1,297)	(695)
Net current assets/(liabilities)		<b>1,420</b>	<b>3,441</b>	<b>(539)</b>	<b>455</b>
<b>Total assets less current liabilities</b>		<b>15,243</b>	<b>15,697</b>	<b>13,285</b>	<b>12,712</b>
Defined benefit pension scheme liability	22	(1,753)	(1,811)	(1,753)	(1,811)
<b>TOTAL NET ASSETS</b>		<b>13,490</b>	<b>13,886</b>	<b>11,531</b>	<b>10,901</b>
<b>Funds</b>	19				
Restricted funds		<b>3,346</b>	<b>3,181</b>	<b>2,443</b>	<b>1,217</b>
<b>Unrestricted funds</b>					
Designated funds		1,330	1,335	1,330	1,333
Revaluation reserve		2,089	1,851	2,089	1,851
General fund		8,478	9,330	7,422	8,311
General funds excluding pension liability		<b>11,898</b>	<b>12,516</b>	<b>10,841</b>	<b>11,495</b>
Pension reserve		(1,753)	(1,811)	(1,753)	(1,811)
<b>Unrestricted funds</b>		<b>10,145</b>	<b>10,705</b>	<b>9,088</b>	<b>9,684</b>
<b>Total funds</b>		<b>13,490</b>	<b>13,886</b>	<b>11,531</b>	<b>10,901</b>

The financial statements on pages 13 to 16 were approved by the Trustees, authorised for issue and signed on their behalf by:



Jason Coward – Chairman

Date 21 June 2021

Registered company no: SC194893

The notes on pages 17 to 39 form part of the financial statements.



# THE EARL HAIG FUND SCOTLAND

## Group Cash Flow Statement

Year ended 30 September 2020

	Note	2020 £'000	2019 £'000
Cash outflows from operating activities	21	(753)	(163)
Dividends and interest from investments	5	391	414
Gift on investment property	15	(475)	-
Purchase of investments	15	(24)	(22)
Purchase of intangible assets	13a	(51)	-
Purchase of property, plant and equipment	13	(1,082)	(384)
Net cash provided by investing activities		<u>(1,240)</u>	<u>8</u>
Change in cash and cash equivalents in the reporting period		(1,994)	(155)
Cash and cash equivalents at the beginning of the year		2,907	3,062
Cash and cash equivalents at the end of the year		<u>913</u>	<u>2,907</u>

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

# THE EARL HAIG FUND SCOTLAND

## Notes to financial statements

### Year ended 30 September 2020

#### 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 4HQ. The Earl Haig Fund Scotland is a public benefit entity.

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

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

The financial statements have been prepared on a going concern basis. The directors have assessed the charitable company's ability to continue as a going concern and have reasonable expectation that the charitable company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

##### Group Financial Statements

The Group Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the 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 13.

##### 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 FRS102 as at 30 September 2020.

## **Income**

Income in respect of donations, legacies and grants is recognised in the Statement of Financial Activities when the group and charity have entitlement to the funds, any performance conditions attached to the receipt of the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

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.

For lotteries sales, income is recognised when the lottery draw has taken place. Cash received in advance from players is held on the Balance Sheet as deferred income until the relevant draw has taken place.

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.

## **Cost Allocation**

Governance and indirect general support and overhead costs as scheduled in note 9 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.

### **Investments**

Fixed Asset investments are stated at market value. 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.

### **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.

### **Staff Pension Schemes**

There is one pension scheme which is accounted for in accordance with FRS102 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 note 1, 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.

The Trustees do not consider there are any critical judgements or key sources of estimation uncertainty requiring disclosure that are not already described within note 1 above.

### 3. Donations and Legacies

	2020		2020	2019		2019
	£'000		£'000	£'000		£'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Poppy Appeal	2,279	-	2,279	2,948	-	2,948
Donations	1,395	-	1,395	1,182	-	1,182
Events	47	-	47	192	-	192
Legacies	395	-	395	288	62	350
BUD Moving Poppy - Heritage Lottery Fund	-	419	419	-	170	170
BUD Moving Poppy - Celtic Football Club	-	-	0	-	10	10
Bud Moving Poppy - Wilson Brown Legacy	-	-	0	-	50	50
Bud Moving Poppy - Miscellaneous	-	-	0	-	17	17
Bud Moving Poppy - Total	-	419	419	-	247	247
WW100	-	8	8	-	45	45
Far, Far from Ypres - Miscellaneous	-	-	0	-	10	10
Far, Far from Ypres - Ticket Sales	-	-	0	-	33	33
Far, Far from Ypres - Clydesdale Bank	-	-	0	-	25	25
Far, Far from Ypres - Total	-	-	-	-	68	68
Gift in kind	-	1,085	1,085	-	-	-
<b>The Earl Haig Fund Scotland Total</b>	<b>4,117</b>	<b>1,512</b>	<b>5,629</b>	<b>4,610</b>	<b>422</b>	<b>5,032</b>
<b>The Lady Haig Poppy Factory Limited Donations</b>	<b>50</b>	<b>(1,053)</b>	<b>(1,003)</b>	<b>50</b>	<b>16</b>	<b>66</b>
<b>Group Total Donations and Legacies</b>	<b>4,167</b>	<b>460</b>	<b>4,626</b>	<b>4,660</b>	<b>438</b>	<b>5,098</b>

The total number of poppies distributed on behalf of the Scottish Poppy Appeal in the 12 months to 30 September 2020 was 3,140,350 (12 months to 30 September 2019 3,196,280).

#### 4. Income from charitable activities

	2020 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2019 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>4a) The Earl Haig Fund Scotland</b>						
The Officers Association Scotland	5	-	5	5	-	5
Royal British Legion	-	-	-	546	-	546
Welfare Services Income	-	-	-	58	-	58
Employment	37	-	37	2	-	2
ASAP - The Army Benevolent Fund	-	65	65	-	65	65
ASAP - The Royal Navy Marines Trust	-	39	39	-	25	25
ASAP - SSAFA Scottish Resources Committee	-	10	10	-	10	10
ASAP - The RAF Benevolent Fund	-	20	20	-	-	0
ASAP - AEB Trust	-	-	-	-	10	10
ASAP - The Officers Association Scotland	-	13	13	-	25	25
<b>ASAP - Total</b>	<b>-</b>	<b>146</b>	<b>146</b>	<b>-</b>	<b>135</b>	<b>135</b>
Vocational Training Grants	-	-	-	-	56	56
Unforgotten Forces - Ministry of Defence	-	462	462	-	1,398	1,398
NHS Highland	-	521	521	-	521	521
Other Restricted	-	268	268	-	64	64
<b>The Earl Haig Fund Scotland Total</b>	<b>42</b>	<b>1,398</b>	<b>1,440</b>	<b>611</b>	<b>2,174</b>	<b>2,785</b>
<b>4b) The Lady Haig Poppy Factory Limited Trading Activities</b>						
Trading Activities	970	-	970	1,042	303	1,345
Sales to Poppy Scotland and Grant	(441)	-	(441)	(472)	(303)	(775)
Furlough Income	-	77	77	-	-	-
<b>Lady Haig's Poppy Factory Limited Total</b>	<b>529</b>	<b>77</b>	<b>606</b>	<b>570</b>	<b>-</b>	<b>570</b>
<b>Group Total Charitable Activities</b>	<b>571</b>	<b>1,475</b>	<b>2,046</b>	<b>1,181</b>	<b>2,174</b>	<b>3,355</b>

## 5. Investment income

	2020 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2019 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Listed Investments	381	-	381	376	-	376
Deposit Interest	(1)	-	(1)	4	-	4
Income from deposit interest - Lady Haig Poppy Factory Limited	-	11	11	-	13	13
Investment management fee rebate	-	-	-	21	-	21
	380	11	391	401	13	414

## 6. Other income

	2020 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2019 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>The Earl Haig Fund Scotland</b>						
Rental income	-	-	-	2	-	2
Miscellaneous Income	-	-	-	11	-	11
	-	-	-	13	-	13
<b>Lady Haig's Poppy Factory Limited</b>						
Merchandise Income	83	-	83	7	-	7
	83	-	83	7	-	7
Group Unrestricted	83	-	83	20	-	20

## 7. Expenditure on Raising Funds

	2020 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2019 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<b>Direct Costs</b>						
Direct other supporting costs	197	230	426	578	303	881
Direct Salaries, NIC & Pension	485	168	653	680	110	790
Purchase of poppies & crosses from LHPF	533	-	533	305	-	305
	<u>1,214</u>	<u>397</u>	<u>1,612</u>	<u>1,563</u>	<u>413</u>	<u>1,976</u>
<b>Indirect Costs</b>						
Indirect Salaries, NIC & Pension	348	-	348	300	-	300
Indirect other supporting costs	454	-	454	372	-	372
Expenditure on Poppy Factory Relocation	-	-	-	327	-	327
	<u>802</u>	<u>-</u>	<u>802</u>	<u>999</u>	<u>-</u>	<u>999</u>
	<u>2,016</u>	<u>397</u>	<u>2,414</u>	<u>2,562</u>	<u>413</u>	<u>2,975</u>

## 8. Poppy Manufacturing Costs

	2020 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2019 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Salaries, National Insurance and Pension Costs	570	-	570	619	-	619
Materials Consumed	105	-	105	106	-	106
(Increase)/decrease in finished goods	-	-	-	(32)	-	(32)
Operating expenses	69	96	165	87	24	111
Supporting costs	323	-	323	278	568	846
Lady Haig's Poppy Factory Costs	1,067	96	1,163	1,058	592	1,650
Sales to Poppyscotland	(441)	-	(441)	(472)	(303)	(775)
<b>Group Poppy Manufacturing Costs</b>	<u>626</u>	<u>96</u>	<u>722</u>	<u>586</u>	<u>289</u>	<u>875</u>



## 9. Welfare

### (a) Welfare Services

#### (i) Grants to individuals

	2020 No.	2019 No.
Annual review cases at start of year	63	83
Additions/(withdrawals)	(7)	(20)
Annual review cases at end of year	56	63
Individual cases	1,133	1,534
Annual Pension Grants to ex-factory employees	20	17
<b>Total Grants awarded to Individuals</b>	<b>1,153</b>	<b>1,614</b>

	2020 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2019 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Grants Individual Cases	508	186	694	708	17	725
Annual Review Cases	76	-	76	84	-	84
Sandilands Grant	-	-	-	9	-	9
Employment Grant	91	-	91	59	56	115
LHPF Pension Grants Individual Cases	5	-	5	10	-	10
<b>Total Grants to Individuals</b>	<b>680</b>	<b>186</b>	<b>866</b>	<b>870</b>	<b>73</b>	<b>943</b>

**(ii) Grants to other organisations**

	2020 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2019 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
The Royal British Legion Scotland	201	-	201	217	-	217
SSAFA, The Armed Forces Charity	20	-	20	12	-	12
Combat Stress	50	-	50	25	-	25
ASAP - Citizens Advice Scotland	408	114	522	371	180	551
The Regular Forces Employment Association	25	-	25	25	-	25
Unforgotten Forces - LIBOR	-	521	521	-	1,384	1,384
The MacRobert Trust	-	-	-	-	26	26
SACRO	25	-	25	25	-	25
Crisis	5	-	5	5	-	5
The Lady Haig Poppy Factory	5	-	5	277	-	277
NHS Highland - Libor	-	318	318	-	-	-
Fares4Free	1	-	1	-	-	-
Military Wives Choir	10	-	10	-	-	-
Scottish Veterans Residences	10	-	10	-	-	-
			-			-
Employment Services - Royal British Legion Industries	24	-	24	55	-	55
Employment	104	-	104	129	-	129
Employment Services Total	128	-	128	184	-	184
<b>Indirect costs - support of tenant charities</b>						
Salaries, National Insurance and Pension Costs	-	-	-	50	-	50
Other Supporting Costs	-	-	-	31	-	31
	-	-	-	81	-	81
<b>Total Grants to other organisations</b>	<b>889</b>	<b>953</b>	<b>1,841</b>	<b>1,222</b>	<b>1,590</b>	<b>2,812</b>

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 and Cameronian House in Glasgow at a notional value of £82k (2019: £81k).

- The Royal British Legion Scotland
- Soldiers Sailors Air Force Families Association
- Veterans' Scotland
- Combat Stress
- The Officers' Association Scotland
- The Scottish Veterans' Garden City Association
- The Regular Forces Employment Association

**(b) Welfare Services**

	2020 £'000	2020 £'000	2020 £'000	2019 £'000	2019 £'000	2019 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
<u>Direct Costs</u>						
Direct Salaries, NIC & Pension	935	112	1,047	525	-	525
Direct other supporting costs	329	30	359	83	-	83
	<u>1,264</u>	<u>142</u>	<u>1,406</u>	<u>608</u>	<u>-</u>	<u>608</u>
<u>Indirect Costs</u>						
Indirect Salaries, NIC & Pension	276	-	276	212	-	212
Indirect other supporting costs	311	6	317	321	-	321
	<u>587</u>	<u>6</u>	<u>593</u>	<u>533</u>	<u>-</u>	<u>533</u>
Total support costs	<u>1,851</u>	<u>148</u>	<u>1,999</u>	<u>1,141</u>	<u>-</u>	<u>1,141</u>
<b>Total Welfare Costs</b>	<b>3,419</b>	<b>1,287</b>	<b>4,706</b>	<b>3,233</b>	<b>1,663</b>	<b>4,896</b>

**10. Allocation of General Support and Overhead Costs**

	2020 £'000	2020 £'000	2019 £'000	2019 £'000
	Staff Costs	General Overheads	Staff Costs	General Overheads
Raising funds	348	454	300	372
Charitable activities	244	280	212	321
Support to other organisations	32	31	31	50
	<u>623</u>	<u>765</u>	<u>543</u>	<u>743</u>

Governance costs of £54,171 (2019: £51,245) have been included in general overheads, split equally across the costs of raising funds and charitable activities and allocated accordingly. Governance costs include statutory auditors' remuneration relating to the audit of the financial statements of £20,000 (2019: £18,000) for the Earl Haig Fund Scotland and £10,300 (2019: £9,500) for the subsidiary.

## 11. Analysis of Staff Costs, Trustee Remuneration and expenses and the cost of key management personnel

The average monthly number of employees was:

	2020 Group No.	2019 Group No.	2020 Company No.	2019 Company No.
Raising funds	24	23	24	23
Charitable activities	56	57	22	21
Support to other organisations	20	21	13	14
	<u>100</u>	<u>101</u>	<u>59</u>	<u>58</u>

The aggregate remuneration comprised:

	2020 Group £'000	2019 Group £'000	2020 Company £'000	2019 Company £'000
Salaries & Wages	2,318	2,152	1,584	1,442
Employers NI Contributions	199	187	150	134
Employers Pension Contributions	275	202	187	159
Other staff costs	230	224	230	224
	<u>3,022</u>	<u>2,765</u>	<u>2,151</u>	<u>1,959</u>

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

	2020 Group £'000	2019 Group £'000	2020 Company £'000	2019 Company £'000
£130,000 - £140,000	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

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 £517k (2019: £451k).

The total value of redundancy payments made during the year was £27.7k (2019: Nil).

### Trustees' Remuneration

No trustee of the charity or its subsidiary received remuneration during the year. One trustee was reimbursed for expenses during the current year to the sum of £115 for travel and subsistence whilst on group business (2019: £828, two trustees).

## 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 £'000	Property Leasehold £'000	Information Technology £'000	BUD Truck £'000	WIP Gift in Kind LHPF £'000	Company/ Group Total £'000
<b>Cost</b>						
At 1 October 2019	864	305	65	479	-	1,713
Additions	-	-	-	-	1,085	1,085
At 30 September 2020	<b>864</b>	<b>305</b>	<b>65</b>	<b>479</b>	<b>1,085</b>	<b>2,798</b>
<b>Depreciation</b>						
At 1 October 2019	333	100	62	50	-	545
Charge for year	17	31	3	120	-	170
Impairment	136	-	-	-	-	136
At 30 September 2020	<b>486</b>	<b>131</b>	<b>65</b>	<b>170</b>	<b>-</b>	<b>851</b>
<b>Net Book Value</b>						
At 1 October 2019	531	205	3	429	-	1,169
At 30 September 2020	<b>378</b>	<b>174</b>	<b>-</b>	<b>309</b>	<b>1,085</b>	<b>1,947</b>

Included in Freehold property is an amount of £26,000 (2019: £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.

Earl Haig Fund Scotland received Gift in Kind income of £1,084,825 from The Lady Haig Poppy Factory for expenditure in relation to the factory asset held by Earl Haig Fund Scotland. Refurbishments works are ongoing.

13a.

	Manifesto Website Development £'000
<b>Cost</b>	
At 1 October 2019	-
Additions	51
At 30 September 2020	<u>51</u>
<b>Amortisation</b>	
At 1 October 2019	-
Charge for year	-
At 30 September 2020	<u>-</u>
<b>Impairment</b>	
At 1 October 2019	-
Charge for year	-
At 30 September 2020	<u>-</u>
<b>Net Book Value</b>	
At 1 October 2019	-
At 30 September 2020	<u>51</u>

14. Investment in subsidiary

	2020 £'000	2019 £'000
Company		
1,000 Ordinary shares of £1 at cost	<u>1</u>	<u>1</u>

The investment represents 100% of the share capital of The Lady Haig's Poppy Factory Limited a Scottish registered charitable company (company number SC194777, charity number SCO16682, 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's Poppy Factory Limited at nil consideration. It is not considered possible to estimate the value of this benefit.

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

	2020 £'000	2019 £'000
Total Income	1,223	1,431
Total Expenditure	<u>(2,248)</u>	<u>(1,650)</u>
	<u>(1,025)</u>	<u>(219)</u>

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

	2020 £'000	2019 £'000
Current assets	2,278	3,023
Current liabilities	<u>(319)</u>	<u>(38)</u>
	<u>1,959</u>	<u>2,985</u>

## 15. Investments Group and Company

	2020 £'000	2019 £'000
Market value of listed securities at 1 October	11,088	10,583
Additions net of rebate	24	22
Disposal proceeds	-	-
Unrealised gain during the period	131	483
<b>Market value of listed securities at 30 September</b>	<b>11,243</b>	<b>11,088</b>
Investment categories:		
Bonds	4,821	5,329
Equities	4,582	4,601
Other	1,840	1,158
<b>Market value of listed securities at 30 September</b>	<b>11,243</b>	<b>11,088</b>
Cost at 30 September of listed securities	9,241	9,217
Revaluation Reserve	2,002	1,871
<b>Market value of listed securities at 30 September</b>	<b>11,243</b>	<b>11,088</b>
<b>Investment Property</b>		
Investment b/f	-	-
Addition	476	-
Net gain	107	-
<b>Market value at 30 September 2020</b>	<b>583</b>	<b>-</b>
<b>Total Investments</b>	<b>11,826</b>	<b>11,088</b>

## 16. Stock

	2020 Group £'000	2019 Group £'000	2020 Company £'000	2019 Company £'000
Finished goods	378	388	-	-
Work in progress	61	76	-	-
	<b>439</b>	<b>464</b>	<b>-</b>	<b>-</b>

Materials expensed shown in Note 7.

## 17. Debtors due within one year

	2020 Group £'000	2019 Group £'000	2020 Company £'000	2019 Company £'000
Trade Debtor	101	123	23	42
Intercompany RBL	177	204	177	204
Gift Aid Reclaimable	30	-	30	-
Accrued Income	235	-	200	-
Prepayments	189	227	189	217
Other debtors	94	-	-	-
	<b>825</b>	<b>554</b>	<b>619</b>	<b>463</b>

## 18. Creditors: Amounts falling due within one year

	2020 Group	2019 Group	2020 Company	2019 Company
	£'000	£'000	£'000	£'000
LHPF Creditor	-	-	858	249
Intercompany RBL	7	-	7	-
Trade Creditors	133	166	113	163
Pension Creditor	27	28	27	28
Accruals	566	244	268	216
Tax and Social Security	25	46	25	39
Sundry Creditors	(1)	-	(1)	-
	<b>757</b>	<b>484</b>	<b>1,297</b>	<b>695</b>

## 19. Funds

### Group

	Balance 01/10/2019	Income	Expense	Other gains/ (losses)	Transfer between funds	Balance 30/09/2020
	£'000	£'000	£'000	£'000	£'000	£'000
BUD Poppy Scotland Truck	253	419	(375)	-	-	297
FFFY	37	-	-	-	-	37
ASAP	86	146	(114)	-	-	118
Inverness	15	-	(4)	-	-	11
Welfare Centre Ayrshire	101	-	(25)	-	-	76
Unforgotten Forces	100	462	(555)	-	-	7
Welfare General	64	189	(192)	-	-	61
WW100	39	8	(22)	-	-	25
NHS Highland	522	521	(318)	-	-	725
LHPF Refurbishment	1,949	-	-	-	-	1,949
Furlough	-	156	(156)	-	-	-
LHPF Welfare Fund	15	43	(19)	-	-	39
<b>Restricted Funds</b>	<b>3,181</b>	<b>1,945</b>	<b>(1,780)</b>	<b>-</b>	<b>-</b>	<b>3,346</b>
Sandilands memorial trust	149	7	(12)	-	-	144
Capital Fund (Cameronians)	176	-	-	-	-	176
LHPF Relocation	31	-	-	-	-	31
Capital Reserve	979	-	-	-	-	979
<b>Designated Funds</b>	<b>1,335</b>	<b>7</b>	<b>(12)</b>	<b>-</b>	<b>-</b>	<b>1,330</b>
Revaluation reserve	1,851	-	-	238	-	2,089
General fund	9,330	5,194	(6,047)	-	-	8,478
	11,181	5,201	(6,059)	238	-	10,567
Pension reserve	(1,811)	-	(4)	62	-	(1,753)
<b>Unrestricted Funds</b>	<b>10,705</b>	<b>5,201</b>	<b>(6,061)</b>	<b>300</b>	<b>-</b>	<b>10,145</b>
<b>Total Funds</b>	<b>13,886</b>	<b>7,146</b>	<b>(7,841)</b>	<b>300</b>	<b>-</b>	<b>13,490</b>



## Company

	Balance 01/10/2019	Income	Expense	Other gains/ (losses)	Transfer between funds	Balance 30/09/2020
	£'000	£'000	£'000	£'000	£'000	£'000
BUD Poppy Scotland Truck	253	419	(375)	-	-	297
FFFY	37	-	-	-	-	37
ASAP	86	146	(114)	-	-	118
Inverness	15	-	(4)	-	-	11
Legacies	-	-	-	-	-	-
Welfare Centre Ayrshire	101	-	(25)	-	-	76
Unforgotten Forces	100	462	(555)	-	-	7
Welfare General	64	189	(192)	-	-	62
WW100	39	8	(22)	-	-	25
NHS Highland	522	521	(318)	-	-	725
Gift in kind refurbishment	-	1,085	-	-	-	1,085
Furlough	-	79	(79)	-	-	-
<b>Restricted Funds</b>	<b>1,217</b>	<b>2,910</b>	<b>(1,684)</b>	<b>-</b>	<b>-</b>	<b>2,443</b>
Sandilands memorial trust	149	7	(10)	-	-	146
Capital Fund (Cameronians)	176	-	-	-	-	176
LHPF Relocation	30	-	-	-	-	30
Capital Reserve	978	-	-	-	-	978
<b>Designated Funds</b>	<b>1,333</b>	<b>7</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>1,330</b>
Revaluation reserve	1,851	-	-	238	-	2,089
General fund	8,311	4,532	(5,421)	-	-	7,422
	11,495	4,539	(5,431)	238	-	10,841
Pension reserve	(1,811)	-	(4)	62	-	(1,753)
<b>Unrestricted Funds</b>	<b>9,684</b>	<b>4,539</b>	<b>(5,435)</b>	<b>300</b>	<b>-</b>	<b>9,088</b>
<b>Total funds</b>	<b>10,901</b>	<b>7,448</b>	<b>(7,119)</b>	<b>300</b>	<b>-</b>	<b>11,531</b>

## Group

	Balance 01/10/2018	Income	Expense	Other gains/ (losses)	Transfer between funds	Balance 30/09/2019
	£'000	£'000	£'000	£'000	£'000	£'000
BUD Poppy Scotland Truck	337	247	(331)	-	-	253
FFFY	45	68	(76)	-	-	37
ASAP	86	135	(135)	-	-	86
Inverness	20	-	(5)	-	-	15
Legacies	-	62	(62)	-	-	-
Welfare Centre Ayrshire	122	-	(21)	-	-	101
Unforgotten Forces	87	1,397	(1,384)	-	-	100
Welfare General	-	64	-	-	-	64
WW100	-	45	(6)	-	-	39
NHS Highland	-	522	-	-	-	522
LHPF Refurbishment	2,202	13	(266)	-	-	1,949
Mobile Military Museum	2	-	(3)	-	1	-
LHPF Welfare Fund	19	16	(20)	-	-	15
<b>Restricted Funds</b>	<b>2,920</b>	<b>2,625</b>	<b>(2,365)</b>	<b>-</b>	<b>1</b>	<b>3,181</b>
Sandilands memorial trust	142	7	(9)	9	-	149
Capital Fund (Cameronians)	180	-	(4)	-	-	176
LHPF Relocation	158	-	(327)	-	200	31
Capital Reserve	869	-	-	-	110	979
<b>Designated Funds</b>	<b>1,349</b>	<b>7</b>	<b>(340)</b>	<b>9</b>	<b>310</b>	<b>1,335</b>
Revaluation reserve	1,377	-	-	474	-	1,851
General fund	9,403	6,256	(6,018)	-	(311)	9,330
	12,129	6,263	(6,358)	483	(1)	12,516
Pension reserve	(1,747)	-	(23)	(41)	-	(1,811)
<b>Unrestricted Funds</b>	<b>10,382</b>	<b>6,263</b>	<b>(6,318)</b>	<b>442</b>	<b>(1)</b>	<b>10,705</b>
<b>Total funds</b>	<b>13,302</b>	<b>8,824</b>	<b>(8,746)</b>	<b>442</b>	<b>-</b>	<b>13,886</b>

## Company

	Balance 01/10/2018	Income	Expense	Other gains/ (losses)	Transfer between funds	Balance 30/09/2019
	£'000	£'000	£'000	£'000	£'000	£'000
BUD Poppy Scotland Truck	337	247	(331)	-	-	253
FFFY	45	68	(76)	-	-	37
ASAP	86	135	(135)	-	-	86
Inverness	20	-	(5)	-	-	15
Legacies	-	62	(62)	-	-	-
Welfare Centre Ayrshire	122	-	(21)	-	-	101
Unforgotten Forces	87	1,397	(1,384)	-	-	100
Welfare General	-	64	-	-	-	64
Vocational Training Grants	-	56	(56)	-	-	-
WW100	-	45	(6)	-	-	39
NHS Highland	-	522	-	-	-	522
Furlough	-	-	-	-	-	-
<b>Restricted Funds</b>	<b>697</b>	<b>2,596</b>	<b>(2,076)</b>	<b>-</b>	<b>-</b>	<b>1,217</b>
Sandilands memorial trust	142	7	(9)	9	-	149
Capital Fund (Cameronians)	180	-	(4)	-	-	176
LHPF Relocation	158	-	(327)	-	199	30
Capital Reserve	868	-	-	-	110	978
Designated Funds	1,348	7	(340)	9	309	1,333
Revaluation reserve	1,377	-	-	474	-	1,851
General fund	8,424	5,628	(5,432)	0	(309)	8,311
	11,149	5,635	(5,772)	483	-	11,495
Pension reserve	(1,747)	-	(23)	(41)	-	(1,811)
<b>Unrestricted Funds</b>	<b>9,402</b>	<b>5,635</b>	<b>(5,795)</b>	<b>442</b>	<b>-</b>	<b>9,684</b>
<b>Total funds</b>	<b>10,099</b>	<b>8,231</b>	<b>(7,871)</b>	<b>442</b>	<b>-</b>	<b>10,901</b>

### 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

Funds received for the development and delivery of BUD our vehicle for exploration and learning.

### Unrestricted Funds

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

#### 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.

#### 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 Poppyscotland.

## 20. Analysis of Net Assets

2020

	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	Total Funds £'000
<b>Group</b>				
Fund balance are represented by:				
Tangible Fixed Assets	1,947	-	-	1,947
Intangible Fixed Assets	51	-	-	51
Investments	194	-	11,632	11,826
Current Assets	-	2,177	-	2,177
Current Liabilities	(27)	-	(730)	(757)
Long-term Liabilities	-	-	(1,753)	(1,753)
	<u>2,164</u>	<u>2,177</u>	<u>9,149</u>	<u>13,490</u>

### Company

Fund balance are represented by:

Tangible Fixed Assets	1,947	-	-	1,947
Intangible Fixed Assets	51	-	-	51
Investments	194	-	11,633	11,827
Current Assets	-	758	-	758
Current Liabilities	(27)	-	(1,270)	(1,297)
Long-term Liabilities	-	-	(1,753)	(1,753)
	<u>2,164</u>	<u>758</u>	<u>8,609</u>	<u>11,531</u>

2019

	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	Total Funds £'000
<b>Group</b>				
Fund balances are represented by:				
Tangible Fixed Assets	1,168	-	-	1,168
Investments	191	-	10,897	11,088
Current Assets	-	3,181	744	3,925
Current Liabilities	(24)	-	(460)	(484)
Long-term Liabilities	-	-	(1,811)	(1,811)
	<u>1,335</u>	<u>3,181</u>	<u>9,370</u>	<u>13,886</u>

### Company

Fund balances are represented by:

Tangible Fixed Assets	1,168	-	-	1,168
Investments	191	-	10,898	11,089
Current Assets	-	1,217	(67)	1,150
Current Liabilities	(26)	-	(669)	(695)
Long-term Liabilities	-	-	(1,811)	(1,811)
	<u>1,333</u>	<u>1,217</u>	<u>8,351</u>	<u>10,901</u>

## 21. Note to the Cash Flow Statement

		2020 £'000	2019 £'000
Reconciliation of net income to net cash flow from operating activities			
	Note		
Net (expenditure)/income for the reporting period		(458)	625
Adjustments for:			
Depreciation charges	13	170	107
Impairment charges	13	136	-
(Gain)/Loss on investments	15	(238)	(483)
Dividends and interest from investments	5	(391)	(414)
Increase/(decrease) in stocks		25	(26)
Increase in debtors		(271)	(112)
Increase in creditors		273	117
Adjustment for pension funding		-	23
<b>Total net cashflow at 30 September 2020</b>		<b>(753)</b>	<b>(163)</b>

## 22. 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 £187,356 (2019: £158,696).

### The Lady Haig Poppy Factory - 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 3% by the employee and employer. Employer contributions amounted to £88,464 (2019: £38,237).

### 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 2016. This valuation revealed a funding shortfall of £1,233,000. TRBL agreed to pay annual expense contributions of £50,000 pa, and 26.1% of members' pensionable salaries each year to meet the cost of future service accrual plus insurance contributions of £4,200 pa until the closure of Stanplan F on 30 April 2018. In respect of the deficit in the Stanplan F as at 31 March 2016, TRBL agreed to pay a one-off contribution of £100,000 by 31 August 2017, and £75,000 pa from 1 July 2017 for 8 years, increasing each 1 July at 3% pa. TRBL therefore expects to pay approximately £82,000 in respect of deficit contributions and £50,000 in respect of expenses to the Stanplan F during the accounting year beginning 1 October 2020. There is currently a new triennial valuation being completed as at 31 March 2019, which may lead to a change in the contributions required.

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.

## Amounts recognised in the Statement of Financial Activities

	12 months to September 2020 £'000	12 months to September 2019 £'000
<u>Analysis of amounts charged against net income</u>		
Current service cost	-	21
Administration expenses	104	82
Net interest cost	30	48
Total cost recognised	134	151
Actuarial (gains)/losses on liabilities	(62)	41
Total decrease in net funds recognised at 30 September	72	192

### Reconciliation to the Balance Sheet at 30 September

Market value of assets	5,266	5,603
Present value of liabilities	(7,019)	(7,414)
Deficit in the fund	(1,753)	(1,811)

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

Value of liabilities at 1 October	7,414	7,002
Service cost	-	21
Interest cost	123	191
Member contribution	-	-
Benefits paid	(321)	(341)
Actuarial (gains)/losses	(197)	541
Value of liabilities at 30 September	7,019	7,414

### Reconciliation to the Balance Sheet at 30 September

Opening value of assets	5,603	5,255
Administration expenses	(104)	(82)
Interest Income	93	143
Returns on assets excluding interest income	(135)	500
Employer contributions	130	128
Member contributions	-	-
Benefits paid	(321)	(341)
Closing market value of assets	5,266	5,603

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

The cumulative amount of actuarial losses recognised (since 2011) is a cumulative loss of £1.438 million (2019: £1.492 million).

The assets of The Earl Haig Fund Scotland - Stanplan F are managed by Hewitt Risk Management Services Limited. Details of the allocation of assets held as at 30 September 2020 & 2019" are shown below.

	12 months to September 2020 £'000	12 months to September 2019 £'000
<u>Asset Class</u>		
Equities	2,355	2,441
Cash	72	15
Annuities	418	500
Other Assets	2,421	2,647
Total Assets	5,266	5,603

	12 months to September 2020	12 months to September 2019
<b>Financial Assumptions</b>	<b>Pa%</b>	<b>Pa%</b>
Discount Rate	1.4	1.7
Retail Price Index (RPI) inflation	2.9	3.2
Consumer Price Index (CPI) inflation	2.2	2.2
Salary Increases	0	0
Rate of Increased of pensions in payment (5% or CPI if less with min increase rate of 3% pa)	2	2
2.5% or CPI if Less	1.9	1.8
Rate of increase for deferred pensioners	3.2	3.2
<b>Life expectancies</b>		
Life expectancy for an individual aged 60 in 2020	Males 24.9 Females 27.5	26.4 28.9
Life expectancy at age 60 for an individual aged 40 in 2020	Males 26.4 Females 29.1	27.9 30.4

## 23. Financial Commitments

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

a) Group	Buildings 2020 £'000	Other 2020 £'000	Buildings 2019 £'000	Other 2019 £'000
Within one year	57	16	55	27
Between one and five years	161	11	186	55
After five years	57	-	89	-
	<u>275</u>	<u>27</u>	<u>330</u>	<u>82</u>
<b>b) Company</b>	<b>Buildings 2020 £'000</b>	<b>Other 2020 £'000</b>	<b>Buildings 2019 £'000</b>	<b>Other 2019 £'000</b>
Within one year	57	12	55	23
Between one and five years	161	6	186	46
After five years	57	-	89	-
	<u>275</u>	<u>18</u>	<u>330</u>	<u>69</u>

## 24. Net Income for the year

This is stated after charging:	2020 £'000	2019 £'000
Operating leases - Buildings	55	55
Operating leases – Other	27	26
Depreciation, amortisation and impairment charges	306	110

## **25. 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. There are no other related parties in the year (2019: Nil)

## **26. 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 parent undertaking of the smallest and largest group which includes the company, and for which group accounts are prepared, is The Royal British Legion. The consolidated financial statements can be obtained from The Royal British Legion at 199 Borough High Street, London, SE1 1AA.

## **27. Post Balance Sheet Events**

There are no post balance sheet events.