



Company Registration No. SC194893
Charity Registration No. SC014096

The Earl Haig Fund Scotland
Annual Report and Financial Statements
For the year ended 30 September 2021

The Earl Haig Fund Scotland

Annual Report and Financial Statements 2021

Contents	Page
Chairman's Statement	1
Trustees' report including a Strategic Report	4
Reference and administration information	8
Independent auditor's report to the members and the trustees of The Earl Haig Fund Scotland	9
Charitable company statement of financial activities (incorporating the income and expenditure account)	13
Consolidated statement of financial activities (incorporating the income and expenditure account)	14
Consolidated and Company Balance sheet	15
Consolidated Cash Flow Statement	16
Notes to the financial statements	17

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

CHAIRMAN'S STATEMENT

I write this statement having taken over as Chair of the Poppyscotland Board in May 2022 and regret the delay in our 2020/21 report being presented. A material issue came to light late in the financial year and, due its complex nature, it has taken considerable time for the Board to get a satisfactory conclusion to this. The delay is unprecedented but underlines the sound governance that the Board applies in its oversight of the charity. This issue has now been resolved to the satisfaction of our auditors and is explained in greater detail in the Trustee Report.

There is no escaping the fact that the 12-month period to which this annual report and financial accounts pertains has been a very challenging period for Poppyscotland and, more importantly, for our Armed Forces community. Many of the issues that are acutely felt by our beneficiaries, such as loneliness and isolation, were heightened by the Covid-19 pandemic. Some recent trends were accelerated, and new issues have also begun to emerge.

Partnership working has always been at the heart of everything we do and in difficult times these relationships become even more important. We firmly believe that the whole is greater than the sum of its parts and working together with others means better outcomes for our beneficiaries.

We are increasingly integrating our welfare offering with our parent charity, the Royal British Legion, creating efficiencies and parity of services across the whole of the UK in the process. We have also further strengthened strategic partnerships with Legion Scotland, Citizens Advice Scotland and the Scottish Association for Mental Health to name just three, as well as playing an active role within Veterans Scotland.

As a result of the changes brought about by the Covid-19 pandemic, Poppyscotland and our parent charity RBL, have been examining how to reshape our welfare delivery model to meet the evolving needs of our Armed Forces community in years ahead. This has not been an easy process and involved the very difficult decision to close our welfare centres in Inverness and Ayrshire, along with RBL Pop-In Centres and Area Offices across the rest of the UK.

Our staff in both Inverness and Kilmarnock remain in place doing the same amazing work on the ground as ever and, together with RBL, we have committed up to an additional £14 million in services over the coming three years. Money no longer being spent on property has been reinvested in our welfare delivery. Change is never easy but a key reason why we are able to mark 100 years of the poppy in 2021 is the charity's ability to adapt our services and model to the changing needs of those we support.

We were able to help nearly 1,400 members of the Armed Forces community directly during 2020/21, with our Welfare Support Team making in excess of 3,000 contacts with clients. More than 6,000 proactive calls were made to our most vulnerable veterans and the Armed Services Advice Project (ASAP), a collaboration of five funders led by Poppyscotland, provided more than 11,000 instances of advice. We also provided more than £1 million to fund specialist services provided by other organisations.

At the larger end of the scale we provided financial grants to support the work of Royal British Legion Scotland, largely to fund their Pensions and Advocacy Service, which helped 219 clients get the financial support to which they are entitled. Our collaboration with smaller, local organisations is equally important to us and our partnership with Outpost Charity has enabled us to quickly and effectively support veterans living in the North of Scotland and beyond at times of crisis.

In January 2021 we launched our first ever manifesto ahead of the Scottish Parliament elections and have been gaining support for a number of our policy asks in the months that followed. Our recommendation for a public awareness campaign to highlight the positive contribution made by our veterans and their families has now been adopted by the Scottish Government, and we are confident that our remaining five manifesto recommendations will also be taken forward.

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

CHAIRMAN'S STATEMENT CONTINUED

At the start of the 2020/21 financial year we were entering unchartered fundraising territory. While we were confident in the contingency plans we had in place, we also knew that many of the activities for which the Scottish Poppy Appeal is so synonymous were simply not possible due to the impact of the Covid-19 pandemic.

The response from our staff, our volunteers and the wider Scottish public was incredible. New digital giving platforms enabled us to attract donations in a way previously impossible. We launched a new Poppyscotland website with an improved donations platform, and also introduced several innovative new digital giving platforms. These included the introduction of QR codes on poppy boxes and local Just Giving pages for our Poppy Appeal Area Organisers who were unable to undertake their normal programme of Appeal fundraising.

In those areas where we were able to have collections, the response from the public was inspiring to see. This was matched by record levels of donations generated through our new digital channels. While we were unable to reach the total raised from the 2019 Appeal, fears of a catastrophic collapse in our fundraising, as seen in many parts of the third sector during the pandemic, did not materialise. This was only possible through the dedication of our volunteers and the remarkable support of the Scottish public.

While the Scottish Poppy Appeal remains our largest source of income each year, we have been striving to diversify our fundraising portfolio, increasing net income and reducing risk to the charity in the process. One area that has continued to grow exponentially is our direct mail programme. Income from our year-round programme of mailings broke the £1 million mark for the first time in 2020/21 and proved more resilient to the pressures of the pandemic than other channels.

For the second consecutive year, much of our regional and events fundraising had to be curtailed. Popular events such as the Poppyscotland Sportive and the Royal Regiment of Scotland Band Tour were postponed, mass participation events such as marathons were cancelled and our network of dedicated local fundraisers were limited in what they could do. Nevertheless the 2021 Poppy Pledge proved to be extremely popular, despite all of the restrictions.

A highlight of 2021 was undoubtedly seeing Bud, our interactive mobile museum, back on the road. Our learning team has worked tirelessly to ensure Bud could welcome visitors in a safe and Covid-19-compliant way. After a year off the road, Bud was back visiting schools and public events from June 2021 and made 25 visits.

Volunteers remain central to everything we do. From local Legion Scotland branches to dedicated individuals in cities, towns and villages across the country, without their support and tireless enthusiasm we could not continue to offer the breath of welfare services that we do.

A significant challenge faced in the 2020 Poppy Appeal has been a sharp drop in the demand for traditional paper poppies. This is certainly not driven by diminishing support for the cause, but rather a trend that has been accelerated by the pandemic. The "lockdown" 2020 Appeal saw far fewer collections than a normal year and that was a contributing factor in a reduced poppy order. It was further compounded by higher-than-normal return of poppy stock by our volunteers following the 2020 Appeal. We have also been working with our Poppy Appeal Area Organisers to be more efficient in how we distribute poppies. This is a prudent course of action for many reasons, but it has further compounded the lower number of poppies being required.

While demand for the manufacture of poppies has fallen, we have retrained and transferred a number of our Lady Haig Poppy Factory veterans into our wreath-making operation, which is more popular than ever. Our ability to produce bespoke wreath centres is hugely popular and provides the Factory with a unique service.

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

CHAIRMAN'S STATEMENT CONTINUED

As well as our busy business-as-usual output, this year saw the culmination of our work to upgrade and restore the Lady Haig Poppy Factory building at Warriston Road in Edinburgh. The three-year project has taken considerably longer than we had anticipated. This is largely due to delays caused by the pandemic and supply chain issues that have severely impacted the construction industry.

Nevertheless, the work has now been completed and the Factory staff recanted following the 2021 Scottish Poppy Appeal. Our sincere thanks go to the Ministry of Defence and 51 Brigade for accommodating us at Redford Barracks for three years, and for their flexibility given the challenges we have faced.

A new learning experience is now being installed in the Factory after which we look forward to welcoming supporters, stakeholders and the wider public to visit us once again. The Factory has always been a jewel in our crown, and the refurbished site now provides a much more appropriate workspace for our veterans and will educate and inspire future generations about the enduring relevance of the poppy and remembrance.

While our financial position remains strong, further changes to the way in which we operate are needed if we are to continue to adapt to the ever-evolving environment around us and the changing needs of the Armed Forces community. The addition of a "veterans question" in the 2022 Census will help to ensure that we continue to use robust, empirical evidence when planning future provision.

One of the recommendations we set out in our manifesto for the 2021 Scottish Parliament elections has already been adopted by the Scottish Government, who have committed to deliver a public awareness campaign to promote the positive message that veterans and their families are assets, are highly skilled, and are worth investing in throughout Scottish workplaces and society. We welcome this but we will continue to advocate for our remaining five manifesto recommendations to be taken forward.

With veterans returning to the Lady Haig Poppy Factory at Warriston in November 2021 and the new learning experience being developed and installed thereafter, we look forward with great excitement to welcoming the public back to the Factory. The unique and valuable role the Factory plays can once again take centre stage and will further enhance our important learning and outreach work.

There are also more positive signs ahead that our full programme of fundraising events will be possible once again. Some restrictions remained in place ahead of the 2021 Scottish Poppy Appeal but the return of face to face fundraising, for which it is so well known, was a welcomed sight. The 2021/22 financial year also includes the return of our Come Dancing event to Inverness, with an additional night being added to meet its growing popularity, a new family-friendly fundraising challenge, the Poppy Quest, in June 2022 and the return of the Poppyscotland Sportive and Royal Regiment Band Tour later in 2022.

Poppyscotland has weathered the turbulence of the past year well and remains in a sound position to support the Armed Forces community in the months and years ahead. Having passed the centenary of the Scottish Poppy Appeal in November 2021 we are reminded that it is the charity's ability to adapt and change that has been amongst our greatest strengths over the past 100 years. I have every confidence that, together, the board of trustees, staff, volunteers, supporters and stakeholders will embrace this tradition of evolution, continuing to put the needs of our beneficiaries at the heart of everything we do.

Finally, I would like to pay tribute to my predecessor, Jason Coward, who stepped down as Chairman of Poppyscotland to take up the same position of our parent charity, the Royal British Legion in May 2022. As the new Chair of Poppyscotland, and as an RBL trustee, I look forward to working closely with Jason 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 director's report) and the audited financial statements for the year ended 30 September 2021.

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).

Objective

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.

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.

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.

Trustees receive no remuneration but are reimbursed for the cost of attending meetings and other official functions.

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 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.

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 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 6 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 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 +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.

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 2020/21 financial year the Group generated income of £5,700k (2019/20 £7,146k) which comprised of unrestricted income amounting to £4,885k (2019/20 £5,201k) and restricted income of £815k (2019/20 £1,945k).

It has been a challenging year largely because of the wider economic conditions and Covid-19 restrictions, but the charities have adapted and sought new ways to generating income. The majority of our unrestricted income is generated through donations to the Scottish Poppy Appeal. In 2020/21 this raised £2,181k (2019/20 £2,279k) which equated to 45% (2019/20 44%) of our total unrestricted income.

Other unrestricted income raised from fundraising streams including events, regular giving, raffles, trusts and legacies amounted to £1,737k (2019/20 £1,837k) a drop of 5.4%. This represents a lower-than-expected drop given the majority of our events and regional fundraising activity has been curtailed as a result of the pandemic. An area of investment in recent years has been in our legacy giving programme, income from which increased in the past year indicating that the legacy strategy is bearing fruit.

Lady Haig's Poppy Factory continues to support Group activities with the production and distribution of poppies, wreaths and other Remembrance items. The public sale of wreaths continues to be popular, particularly the Factory's bespoke wreath offering, and this contributed £377k (2019/20 £549k) to the Group unrestricted income total £596k (2019/20 £571k). Interest income and income from the investment portfolio generated £314k (2019/20 £391k).

Unrestricted expenditure amounted to £5,787k (2019/20 £6,061k) highlighting a reduction in overall spend. While we anticipate demand for our services to increase rapidly as Covid-19 restrictions are lifted and with cost-of-living increases projected, expenditure on charitable activities actually fell last year by 20.7% to £2,711k (2020 £3,419k). Some of this is reduction is attributed to lower demand for our services, which we believe will be temporary, 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.

Throughout the renovation process over the past three years, Lady Haig Poppy Factory Limited identified any building works that related to 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 Earl Haig Fund Scotland and subsequently reclaimed from HMRC the attributable input VAT. The impact at this time would be that Earl Haig Fund Scotland may be due to remit additional VAT and a provision of £588k is made to cover any payment which may be required.

Restricted income and expenditure for the year amounted to £815k (2020 £1,945k) and £1,185k (2020 £1,780k) respectively and following transfers between funds the Group has total restricted funds of £2,976k (2020 £3,346k). Further details can be found in note 20 of the annual accounts.

The group pension deficit decreased from £1,753k to £1,643k 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.

During the year, the Group have utilised the UK Government Furlough Scheme and received £200k (2020 £156k) of income. For the purposes of the accounts this has been treated as restricted grant income.

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 Earl Haig Fund Scotland (A Company Limited by Guarantee)

TRUSTEES' REPORT INCLUDING A STRATEGIC REPORT CONTINUED

Following the conclusion of the 2021/22 financial year Lady Haig Poppy Factory Board of Trustees have endorsed the RBL Group's investment of £625,000 in new plant and equipment. This will help safeguard both the long-term viability of the Poppy Factory and, importantly, the continued employment of disabled veterans that lie at the heart of the Factory's mission.

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 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 and for the foreseeable future.

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.

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 auditor 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 22 November 2022 by:

DocuSigned by:

Helen Owen - Chair

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

REFERENCE AND ADMINISTRATION INFORMATION

Chief Executive

Mark Collins (resigned 23/6/22)
Austin Hardie (app 7/6/22)

Head of HR and Administration

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

Head of Fundraising

Gordon Michie

The Lady Haig Poppy Factory Manager

Charlie Pelling

Registered and Principal Office

New Haig House
Logie Green Road
Edinburgh
EH7 4HR

President

Lieutenant General Sir Alistair Irwin (resigned 31/12/21)
Rear Admiral (rtd) Mark Beverstock (appointed 1/1/22)

Trustees

Colonel Allan Lapsley
Joe Falzon (resigned 10/3/2022)
Antony Baines (appointed 19/10/2020)
Patrick O'Meara
Jason Coward (Chairman) (resigned 24/5/2022)
Charles Byrne (resigned 19/10/2020)
Professor Alexander Davison (resigned 19/10/2020)
Brigadier (ret'd) Dr John R Thomson (appointed 19/10/2020)
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

Bankers

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

Investment Advisers

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

Head of Finance

Donna Paton (app 21/10/2020 and resigned 4/6/2021)
John Campbell (app 12/08/2021)

Head of Marketing and Communications

Fraser Bedwell (resigned 18/11/22)

Head of Welfare Services

Gary Gray (resigned 31/7/22)

Charity Registration Number

SC014096

Registered Company Number

SC194893 (Scotland)

Auditor

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

Lloyds Bank
PO Box 1000
Andover

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 2021 and of 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 an 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 the 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

Report on the audit of the Financial Statements Continued

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 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

Report on the audit of the Financial Statements Continued

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

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 about their own identification and assessment of the risks of irregularities.

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 charitable company'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 concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations, and external legal counsel concerning actual and potential litigation; 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 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:

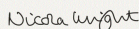
- adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' 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.

DocuSigned by:



2989BFAC433548A...

Nicola Wright, ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Newcastle upon Tyne, United Kingdom

23/11/2022

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 2021

		2021	2021	2021	2020	2020	2020
	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	3,919	2,541	6,460	4,117	1,512	5,629
<u>Charitable activities</u>							
Welfare grants	4	219	386	605	42	1,398	1,440
Investments	5	314	-	314	380	-	380
Other	6	3	-	3	-	-	-
Total Income		4,455	2,927	7,382	4,539	2,910	7,449
Expenditure on:							
Raising Funds	7	2,774	318	3,092	2,016	397	2,414
Charitable activities	9	4,288	620	4,908	3,419	1,287	4,706
Total Expenditure		7,062	938	8,000	5,435	1,684	7,119
Unrealised (losses)/gains on revaluation of investments	15	(274)	-	(274)	238	-	238
Net (Expenditure)/Income for the year		(2,881)	1,989	(892)	(658)	1,226	568
Transfers between funds		(588)	588	-	-	-	-
Other recognised gains							
Actuarial gains on deficit pension scheme	23	303	-	303	62	-	62
Realised gain on investments		386	-	386	-	-	-
Net movement in funds		(2,780)	2,577	(203)	(596)	1,226	630
Reconciliation of funds:							
Total funds brought forward	20	9,088	2,443	11,531	9,684	1,217	10,901
Total funds carried forward		6,308	5,020	11,328	9,088	2,443	11,531

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 41 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 2021

	Note	2021 Unrestricted Funds £'000	2021 Restricted Funds £'000	2021 Total Funds £'000	2020 Unrestricted Funds £'000	2020 Restricted Funds £'000	2020 Total Funds £'000
Income from:							
Donations and legacies	3	3,969	229	4,198	4,167	459	4,626
<u>Charitable activities</u>							
Welfare grants	4	219	386	605	42	1,398	1,440
Trading activities	4	377	200	577	529	77	606
		596	586	1,182	571	1,475	2,046
Other trading activities		-	-	-	-	-	-
Investments	5	314	-	314	380	11	391
Other	6	6	-	6	83	-	83
Total Income		4,885	815	5,700	5,201	1,945	7,146
Expenditure on:							
Raising Funds	7	2,774	318	3,092	2,016	397	2,414
<u>Charitable activities</u>							
Poppy Manufacturing Costs	8	302	247	549	626	96	722
Welfare Services	9	2,711	620	3,331	3,419	1,287	4,706
		3,013	867	3,880	4,045	1,383	5,428
Total Expenditure		5,787	1,185	6,972	6,061	1,780	7,842
Unrealised (losses)/gains on revaluation of investments		(274)	-	(274)	238	-	238
Net (Expenditure)/Income for the year		(1,176)	(370)	(1,546)	(623)	165	(458)
Transfers between funds		-	-	-	-	-	-
Other recognised gains/(losses)							
Actuarial gains on deficit pension scheme	23	303	-	303	62	-	62
Realised Gain on investments		386	-	386	-	-	-
Net movement in funds		(487)	(370)	(857)	(560)	165	(396)
Reconciliation of funds:							
Total funds brought forward	20	10,145	3,346	13,490	10,705	3,181	13,886
Total funds carried forward		9,658	2,976	12,634	10,145	3,346	13,490

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 41 form part of the financial statements.

The Earl Haig Fund Scotland

Consolidated and Company Balance Sheet

As at 30 September 2021

	Note	Group		Charity	
		2021 £'000	2020 £'000	2021 £'000	2020 £'000
Fixed assets					
Tangible assets	13	4,692	1,947	4,692	1,947
Intangible assets	13A	107	51	107	51
Investment in subsidiary Investments	14 15	- 8,816	- 11,826	1 8,816	1 11,826
Total fixed assets		13,615	13,823	13,616	13,824
Current assets					
Stock	16	472	439	-	-
Debtors	17	645	825	490	619
Cash at bank and in hand		875	913	47	139
Total current assets		1,992	2,177	537	758
Liabilities:					
Creditors: amounts falling due within one year	18	(698)	(757)	(550)	(1,297)
Provision for liabilities	19	(632)	-	(632)	-
Net current assets/(liabilities)		662	1,420	(645)	(539)
Total assets less current liabilities		14,277	15,243	12,971	13,285
Defined benefit pension scheme liability	23	(1,643)	(1,753)	(1,643)	(1,753)
TOTAL NET ASSETS		12,634	13,490	11,328	11,531
Funds					
Restricted funds	20	2,976	3,346	5,020	2,443
Unrestricted funds					
Designated funds		1,331	1,330	1,331	1,330
Revaluation reserve		1,815	2,089	1,959	2,089
General fund		8,154	8,478	4,661	7,422
General funds excluding pensions liability		11,300	11,898	7,951	10,841
Pension reserve		(1,643)	(1,753)	(1,643)	(1,753)
Unrestricted funds		9,658	10,145	6,308	9,088
Total funds		12,634	13,490	11,328	11,531

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

DocuSigned by:
Helen Owen

Helen Owen - Chair

Registered Company no: SC194893

The notes on pages 17 to 41 form part of the financial statements.

Date: 23 November 2022

The Earl Haig Fund Scotland

Consolidated Cash Flow Statement

Year ended 30 September 2021

	Notes	2021 £'000	2020 £'000
Cash outflows from operating activities	22	(489)	(753)
Dividends and interest from investments	5	314	391
Proceeds from sale of investments	15	3,143	-
Gift on investment property		-	(475)
Purchase of investments	15	(21)	(24)
Purchase of intangible assets	13A	(75)	(51)
Purchase of property, plant and equipment	13	(2,910)	(1,082)
Net cash provided by / (used in) investing activities		<u>451</u>	<u>(1,240)</u>
Change in cash and cash equivalents in the reporting period		(38)	(1,994)
Cash and cash equivalents at the beginning of the year		913	2,907
Cash and cash equivalents at the end of the year		<u>875</u>	<u>913</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 2021

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

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 based on estimated income and expenditure and the level of reserves held. 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 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.

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.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

2 Accounting policies (continued)

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 2021.

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;

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

2 Accounting policies (continued)

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 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 & 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 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 2021

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.

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, Lady Haig Poppy Factory Limited identified any building works that related to 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 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, Earl Haig Fund Scotland would be due to remit the equivalent VAT to Lady Haig Poppy Factory, and, as Earl Haig Fund Scotland is exempt from VAT, it would bear the cost. A provision of £588,000 is therefore retained in the accounts in Note 19 to cover any potential liability.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

3 Donations and Legacies

	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Poppy Appeal	2,181	-	2,181	2,279	-	2,279
Donations	1,130	-	1,130	1,395	-	1,395
Events	11	-	11	47	-	47
Legacies	596	-	596	395	-	395
	3,919	-	3,919	4,117	-	4,117
BUD Moving Poppy - Heritage Lottery Fund	-	219	219	-	419	419
Bud Moving Poppy - Total	-	219	219	-	419	419
WW100	-	-	-	-	8	8
Factory Refurbishment grant	-	2,322	2,322	-	1,085	1,085
The Earl Haig Fund Scotland Total	3,919	2,541	6,460	4,117	1,512	5,629
The Lady Haig Poppy Factory Limited Donations	50	(2,312)	(2,262)	50	(1,053)	(1,003)
Group Total Donations and Legacies	3,969	229	4,198	4,167	460	4,626

The total number of poppies distributed on behalf of the Scottish Poppy Appeal in the 12 months to 30 September 2021 was 2,564,774 (12 months to 30 September 2020 3,140,350).

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

4 Income from charitable activities

	2021	2021	2021	2020	2020	2020
	£'000	£'000	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
The Earl Haig Fund Scotland						
The Officers Association Scotland	-	-	-	5	-	5
Royal British Legion Employment	183	-	183	-	-	-
	36	-	36	37	-	37
	219	-	219	42	-	42
ASAP - ABF The Soldiers' Charity	-	65	65	-	65	65
ASAP - Royal Navy and Royal Marines Charity	-	25	25	-	39	39
ASAP - SSAFA Scottish Resources Committee	-	-	-	-	10	10
ASAP - The RAF Benevolent Fund	-	20	20	-	20	20
ASAP - The Officers Association Scotland	-	13	13	-	13	13
ASAP - Total	-	123	123	-	147	147
Unforgotten Forces - Ministry of Defence	-	-	-	-	462	462
NHS Highland	-	-	-	-	521	521
Other Restricted	-	263	263	-	268	268
	-	263	263	-	1,251	1,251
The Earl Haig Fund Scotland Total	219	386	605	42	1,398	1,440
Lady Haig's Poppy Factory Limited Trading Activities						
Trading Activities	949	1,577	2,526	970	-	970
Sales to Poppy Scotland and Grant	(572)	(1,577)	(2,149)	(441)	-	(441)
Furlough Income	-	200	200	-	77	77
LHPF Total	377	200	577	529	77	606
Group Total Charitable Activities	596	586	1,182	571	1,475	2,046

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

5 Investment Income

	2021		2020		2020	
	£'000	£'000	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Listed Investments	293	-	293	381	-	381
Deposit Interest	-	-	-	(1)	-	(1)
Income from deposit interest - LHPF Limited	-	-	-	-	11	11
Investment management fee rebate	21	-	21	-	-	-
	314	-	314	380	11	391

6 Other income

	2021		2020		2020	
	£'000	£'000	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
The Earl Haig Fund						
Rental Income	11	-	11	-	-	-
Miscellaneous Income	(8)	-	(8)	-	-	-
	3	-	3	-	-	-
Lady Haig Poppy Factory						
Merchandise income	3	-	3	83	-	83
Group Unrestricted	6	-	6	83	-	83

7 Expenditure on Raising Funds

	2021		2020		2020	
	£'000	£'000	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Direct Costs						
Direct other supporting costs	876	154	1,030	197	230	426
Direct Salaries, NIC & Pension	573	164	737	485	168	653
Purchase of poppies & crosses from LHPF	533	-	533	533	-	533
	1,982	318	2,300	1,214	397	1,612
Indirect Costs						
Indirect Salaries, NIC & Pension	347	-	347	348	-	348
Indirect other supporting costs	445	-	445	454	-	454
Expenditure on Poppy Factory Relocation	-	-	-	-	-	-
	792	-	792	802	-	802
	2,774	318	3,092	2,016	397	2,414

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

8 Poppy Manufacturing Costs

	2021 £'000	2021 £'000	2021 £'000	2020 £'000	2020 £'000	2020 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Salaries, NIC & Pension Costs	457	200	657	570	-	570
Materials Consumed	58	-	58	105	-	105
Decrease in finished goods	1	-	1	-	-	-
Operating expenses	47	47	94	69	96	165
Supporting costs	311	-	311	323	-	323
LHPF Cost	874	247	1,121	1,067	96	1,163
Sales to Poppyscotland	(572)	-	(572)	(441)	-	(441)
Group Poppy Manufacturing Costs	302	247	549	626	96	722

9 Welfare

(a) Welfare Services

	2021 No.	2020 No.
i) Grants to individuals		
Annual review cases at start of year	56	63
Withdrawals	(9)	(7)
Annual review cases at end of year	47	56
Individual cases	943	1,133
Annual Pension Grants to ex-factory employees	22	20
Total Grants awarded to Individuals	965	1,153

	2021 £'000	2021 £'000	2021 £'000	2020 £'000	2020 £'000	2020 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Unrestricted						
Grants Individual Cases	439	209	648	508	186	694
Annual Review Cases	63	-	63	76	-	76
Sandilands Grant	-	-	-	-	-	-
Employment Grant	63	-	63	91	-	91
LHPF Pension Grants Individual Cases	-	-	-	5	-	5
Total Grant to Individuals	565	209	774	680	186	866

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

ii) Grants to other organisations

	2021		2020		2020	
	£'000	£'000	£'000	£'000	£'000	£'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
TRBL Scotland	101	-	101	201	-	201
SSAFA, The Armed Forces Charity	113	-	113	20	-	20
Combat Stress	(25)	-	(25)	50	-	50
ASAP - Citizens Advice Scotland	420	118	538	408	114	522
The Regular Forces Employment Association	25	-	25	25	-	25
Unforgotten Forces-LIBOR	-	-	-	-	521	521
SACRO	25	-	25	25	-	25
Crisis	-	-	-	5	-	5
Lady Haig Poppy Factory	1,585	-	1,585	5	-	5
NHS Highland - Libor	-	230	230	-	318	318
Fares4Free	-	-	-	1	-	1
Military Wives Choir	-	-	-	10	-	10
Scottish Veterans Residences	-	-	-	10	-	10
	2,244	348	2,592	760	953	1,713
Employment Services - RBL Industries	-	-	-	24	-	24
Employment	90	-	90	104	-	104
Employment Services Total	90	-	90	128	-	128
Total Grants to other organisations	2,334	348	2,682	889	953	1,841
The Lady Haig Poppy Factory Limited grants	(1,577)	-	(1,577)	-	-	-
Total Grants to other organisations Group	757	348	1,105	889	953	1,841

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 £83k (2020: £82k):

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

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

b) Grants to other organisations

	2021 £'000	2021 £'000	2021 £'000	2020 £'000	2020 £'000	2020 £'000
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Direct Costs						
Direct Salaries, NIC & Pension	581	53	634	935	112	1,047
Direct other supporting costs	22	9	31	329	30	359
	603	62	665	1,264	142	1,406
Indirect Costs						
Indirect Salaries, NIC & Pension	292	-	292	276	-	276
Indirect other supporting costs	494	1	495	311	6	317
	786	1	787	587	6	593
Total Support Cost	1,389	63	1,452	1,851	148	1,999
Total Welfare costs	4,288	620	4,908	3,419	1,287	4,706
The Lady Haig Poppy Factory Limited grants	(1,577)	-	(1,577)	-	-	-
Total Group Welfare costs	2,711	620	3,331	3,419	1,287	4,706

10 Allocation of General Support and Overhead Costs

	2021 £'000	2021 £'000	2020 £'000	2020 £'000
	Staff Costs	General Overhead	Staff Costs	General Overhead
Raising funds	347	445	348	454
Charitable activities	242	451	244	280
Support to other organisations	50	43	32	31
	639	939	623	765

Governance costs of £45,986 (2020: £54,171) 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' remuneration relating to the audit of the financial statements of £45,960 (2020: £20,000) for the Earl Haig Fund Scotland and £20,930 (2020: £10,300) for the subsidiary.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

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

The average monthly number of employees was:

	2021 Group No.	2020 Group No.	2021 Charity No.	2020 Charity No.
Raising funds	24	24	24	24
Charitable activities	55	56	19	22
Support to other organisations	21	20	14	13
	100	100	57	59

The aggregate remuneration comprised:

	2021 Group £'000	2020 Group £'000	2021 Charity £'000	2020 Charity £'000
Salaries & Wages	2,255	2,318	1,510	1,584
Employers NI Contributions	192	199	140	150
Employers Pension Contributions	370	275	297	187
Agency staff costs	56	74	56	74
Other Staff Cost	41	156	41	156
	2,914	3,022	2,044	2,151

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

	2021 Group No.	2020 Group No.	2021 Charity No.	2020 Charity No.
£90,000 - £100,000	1	-	1	-
£130,000 - £140,000	-	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 £437k (2020: £517k).

The total value of redundancy payments made during the year was £4.4k (2020: £27.7k).

Trustees' Remuneration

No trustee of the charity or its subsidiary received remuneration during the year. No trustees was reimbursed for

expenses during the current year for travel and subsistence whilst on group business (2020: £115, one trustee).

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

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)	Asset under construction	Company/ Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 October 2020	864	305	65	479	1,085	2,798
Additions	-	-	-	-	2,910	2,910
At 30 September 2021	864	305	65	479	3,995	5,708
Depreciation						
At 1 October 2020	486	131	65	170	-	851
Charge for year	13	31	-	120	-	164
At 30 September 2021	499	162	65	290	-	1,016
Net Book Value						
At 1 October 2020	378	174	-	309	1,085	1,947
At 30 September 2021	365	143	-	189	3,995	4,692

Included in Freehold property is an amount of £26,000 (2020: £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 £2,321,855 (2020: £1,084,825) from The Lady Haig Poppy Factory for expenditure in relation to the factory asset held by The Earl Haig Fund Scotland. Refurbishments works were completed by December 2021.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

13A Intangible Fixed Assets (Group and company)

	Manifesto Website £'000
Cost	
At 1 October 2020	51
Additions	75
At 30 September 2021	<u>126</u>
Amortisation	
At 1 October 2020	-
Charge for year	19
At 30 September 2021	<u>19</u>
Net Book	
At 1 October 2020	<u>51</u>
At 30 September 2021	<u>107</u>

14 Investment in Subsidiary

	2021 £'000	2020 £'000
1,000 Ordinary shares of £1 at cost	1	1

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:

	2021 £'000	2020 £'000
Total Income	2,789	1,223
Total Expenditure	(3,443)	(2,248)
	<u>(654)</u>	<u>(1,025)</u>

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

	2021 £'000	2020 £'000
Current assets	1,710	2,278
Current liabilities	(404)	(319)
	<u>1,305</u>	<u>1,959</u>

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

15 Investment Group and Company

	2021	2020
	£'000	£'000
Market value of listed securities at 1 October	11,243	11,088
Additions net of rebate	21	24
Disposal proceeds	(2,577)	-
Realised gains	403	-
Unrealised (loss)/gain during the period	(274)	131
Market value of listed securities at 30 September	8,816	11,243
Investment categories:		
Bonds	5,536	4,821
Equities	2,136	4,582
Other	1,144	1,840
Market value of listed securities at 30 September	8,816	11,243
Cost at 30 September of listed securities	8,741	9,241
Revaluation Reserve	75	2,002
Market value of listed securities at 30 September	8,816	11,243
Investment Property		
Market value at 1 October	583	-
Addition	-	476
Disposals	(566)	-
Realised loss	(17)	-
Unrealised gain during the period	-	107
Market value at 30 September	-	583
Total Investments	8,816	11,826

16 Stock

	2021	2020	2021	2020
	Group	Group	Company	Company
	£'000	£'000	£'000	£'000
Finished goods	392	378	-	-
Work in progress	80	61	-	-
Total stock	472	439	-	-

Materials expensed shown in Note 7.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

17 Debtors due within one year

	2021 Group £'000	2020 Group £'000	2021 Company £'000	2020 Company £'000
Trade debtor	73	101	3	23
Amount owed by parent undertaking	-	177	-	177
Gift Aid Reclaimable	25	30	25	30
Accrued Income	373	235	353	200
Prepayments	73	189	73	189
Other Debtors	101	94	36	-
Total debtors	645	825	490	619

18 Creditors: Amounts Falling due within one year

	2021 Group £'000	2020 Group £'000	2021 Company £'000	2020 Company £'000
Trade creditors	61	133	68	113
Amount owed to subsidiary undertaking	-	-	256	858
Amount owed to parent undertaking	12	7	10	7
Accruals	594	566	186	268
Tax and Social Security	25	25	25	25
Other creditors	6	26	5	26
Total creditors	698	757	550	1,297

19 Provisions for liabilities

	2021 Group and Company £'000	2020 Group and Company £'000
Opening balance at 1 October	-	-
Provisions made in year	632	-
Closing balance at 30 September	632	-

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

The future costs of dilapidations arise from building operating lease contracts where Earl Haig Fund Scotland is the lessee and the contract requires the payment of such costs at the end of the lease period. Current lease obligations expire no later than 2023.

Throughout the renovation process over the past three years, Lady Haig Poppy Factory Limited identified any building works that related to 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 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, Earl Haig Fund Scotland would be due to remit the equivalent VAT to Lady Haig Poppy Factory, and, as Earl Haig Fund Scotland is exempt from VAT, it would bear the cost.

However, on a consolidated basis, Earl Haig Fund Scotland would be due to remit the equivalent VAT to Lady Haig Poppy Factory, and, as 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. The costs have been capitalised.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

20 Funds

Group

Group	Balance	Income	Expense	Other	Transfer	Balance
	01/10/2020			Gains/ (Losses)		between Funds
	£'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
WW100	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 2021

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	-	-	(130)	-	1,959
General fund	7,422	4,449	(6,864)	242	(588)	4,661
	10,841	4,455	(6,869)	112	(588)	7,951
Pension reserve	(1,753)	-	(193)	303	-	(1,643)
Unrestricted Funds	9,088	4,455	(7,062)	415	(588)	6,308
Total Funds	11,531	7,382	(8,000)	415	-	11,328

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

Group

Group	Balance	Income	Expense	Other	Transfer	Balance
	01/10/2019					30/09/2020
	£'000	£'000	£'000	Gains/ (Losses) £'000	between Funds £'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
Vocational Training Grant	-	56	(56)	-	-	-
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
Restricted Funds	3,181	2,000	(1,836)	-	-	3,346
Sandilands memorial trust	149	7	(12)	-	-	144
Capital Fund (Cameronian)	176	-	-	-	-	176
LHPF Relocation	31	-	-	-	-	31
Capital Reserve	979	-	-	-	-	979
Designated Funds	1,335	7	(12)	-	-	1,330
Revaluation reserve	1,851	-	-	238	-	2,089
General fund	9,330	5,194	(6,047)	-	-	8,478
	12,516	5,201	(6,059)	238	-	11,897
Pension reserve	(1,811)	-	(4)	62	-	(1,753)
Unrestricted Funds	10,705	5,201	(6,061)	300	-	10,145
Total Funds	13,886	7,201	(7,897)	300	-	13,490

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

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
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
Factory Refurbishment grant	-	1,085	-	-	-	1,085
Furlough	-	79	(79)	-	-	-
Restricted Fund	1,217	2,909	(1,684)	-	-	2,443
Sandilands memorial trust	149	7	(10)	-	-	146
Capital Fund (Cameronian)	176	-	-	-	-	176
LHPF Relocation	30	-	-	-	-	30
Capital Reserve	978	-	-	-	-	978
Designated Funds	1,333	7	(10)	-	-	1,330
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)
Unrestricted Funds	9,684	4,539	(5,435)	300	-	9,088
Total Funds	10,901	7,448	(7,119)	300	-	11,531

Restricted Funds

Unforgotten Forces

Funds received to deliver a ranger of servicer to older veterans in care settings.

NHS Highland

Funds received to support mental health service for veterans.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

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; Trusts

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.

21 Analysis of Net Assets

2021	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	Total Funds £'000
Group				
Fund balance are represented by:				
Tangible Fixed Assets	697	-	3,995	4,692
Intangible Fixed Assts	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 balance are represented by:				
Tangible Fixed Assets	697	3,995	-	4,692
Intangible Fixed Assts	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>

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

2020	Designated Funds £'000	Restricted Funds £'000	General Funds £'000	Total Funds £'000
Group				
Fund balance are represented by:				
Tangible Fixed Assets	1,947	-	-	1,947
Intangible Fixed Assts	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 Assts	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>

22 Note to the Cash Flow Statement

	2021 £'000	2020 £'000
Reconciliation of net income to net cash flow from operating activities		
	Note	
Net expenditure for the reporting period	(1,546)	(458)
Adjustments for:		
Depreciation and amortisation charges	13	183
Impairment charges	13	-
Loss/(gain) on investments	15	274
Dividends and interest from investments	5	(314)
(Decrease)/increase in stocks	-	(33)
Increase/(decrease) in debtors	-	180
(Decrease)/increase in creditors	-	(59)
Increase in provisions	-	632
Adjustment for pension funding	-	192
Total net cash flow at 30 September 2021	<u>(489)</u>	<u>(753)</u>

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

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 £164,684 (2020: £187,356).

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 3% by the employee and employer. Employer contributions amounted to £73,323 (2020: £88,464).

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. This 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 2021, TRBL expects to pay £85,047 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 2021

Amounts recognised in the Statement of Financial Activities

	12 months to September 2021 £'000	12 months to September 2020 £'000
Analysis of amounts charged against net income		
Administration expenses	299	104
Net interest cost	26	30
Total cost recognised	<u>325</u>	<u>134</u>
Actuarial gains on liabilities	(303)	(62)
Total decrease in net funds recognised at 30 September	<u><u>22</u></u>	<u><u>72</u></u>

Reconciliation to the Balance Sheet at 30 September

Market value of assets	4,877	5,266
Present value of liabilities	<u>(6,520)</u>	<u>(7,019)</u>
Deficit in the fund	<u><u>(1,643)</u></u>	<u><u>(1,753)</u></u>

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

Value of liabilities at 1 October	7,019	7,414
Service cost	-	-
Interest cost	96	123
Member contribution	-	-
Benefits paid	(319)	(321)
Actuarial gains	<u>(276)</u>	<u>(197)</u>
Value of liabilities at 30 September	<u><u>6,520</u></u>	<u><u>7,019</u></u>

Reconciliation to the Balance Sheet at 30 September

Opening value of assets	5,266	5,603
Administration expenses	(299)	(104)
Interest Income	70	93
Returns on assets excluding interest income	27	(135)
Employer contributions	132	130
Member contributions	-	-
Benefits paid	<u>(319)</u>	<u>(321)</u>
Closing market value of assets	<u><u>4,877</u></u>	<u><u>5,266</u></u>

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 £1.162 million (2020: £1.438 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 2021 & 2020 are shown below.

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

<u>Asset Class</u>	12 months	12 months
	to September	to September
	2021	2020
	£'000	£'000
Equities	1,966	2,355
Cash	385	72
Annuities	354	418
Other Assets	2,172	2,421
Total Assets	<u>4,877</u>	<u>5,266</u>

	12 months	12 months	
	to September	to September	
	2021	2020	
	£'000	£'000	
Financial Assumptions	Pa%	Pa%	
Discount Rate	1.9	1.4	
Retail Price Index (RPI) inflation	3.5	2.9	
Consumer Price Index (CPI) inflation	3	2.2	
Salary Increases	0	0	
Pension increases:			
CPI capped at 3% pa	2.5	2.0	
CPI capped at 2.5% pa	2.2	1.9	
CPI capped at 5% pa with a 3% pa minimum increase	3.5	3.2	
Revaluation of deferred pensions in excess of GMP			
	05-09	3	2.2
	Post 09	2.5	2.2

<u>Life expectancies</u>			
Life expectancy for an individual aged 60 in 2020	Males	24.9	24.9
	Females	27.6	27.5
Life expectancy at age 60 for an individual aged 40 in 2020	Males	26.4	26.4
	Females	29.1	29.1

24 Financial Commitments

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

a) Group	Buildings	Other	Buildings	Other
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Within one year	59	24	57	16
Between one and five years	7	13	161	11
After five years	-	-	57	-
	<u>66</u>	<u>37</u>	<u>275</u>	<u>27</u>

The Earl Haig Fund Scotland

Notes to the financial statements (continued)

Year ended 30 September 2021

b) Company	Buildings	Other	Buildings	Other
	2021	2021	2020	2020
	£'000	£'000	£'000	£'000
Within one year	59	20	57	12
Between one and five years	7	12	161	6
After five years	-	-	57	-
	<u>66</u>	<u>32</u>	<u>275</u>	<u>18</u>

25 Net Income for the year

This is stated after charging:	2021	2020
	£'000	£'000
Operating Leases - Buildings	69	55
Operating Leases - Other	30	27
Depreciation, amortisation and impairment charges	183	306

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 (2020: 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

There are no post balance sheet events (2020: none).