

**YEAR ENDED**

31ST December 2012

**RLSB**

# TRUSTEES' REPORT & ACCOUNTS



Supporting life beyond  
**childhood sight loss**



**LIFE  
WITHOUT  
LIMITS  
FOR BLIND  
YOUNG  
PEOPLE**

**RLSB** Dorton House Wildernesse Avenue  
Seal, nr. Sevenoaks Kent TN15 0EB  
t: 01732 592500 w: [rlsb.org.uk](http://rlsb.org.uk)

Registered Charity Number: 307892

**Thank you to all of the many supporters of RLSB who give so generously to help vision impaired children and young people the chance to live their lives without limits. Space precludes us from mentioning each and every one but we would like to say a special thank you to;**

ACT Charitable Trust  
Awards for All  
Blatchingdon Court  
Blatchingdon Court Trust  
Bowyer Charitable Trust  
Childwick Trust  
City Bridge Trust  
Coutts Charitable Trust  
Davis Reubens Charitable Trust  
Dixie Rose Findlay Charitable Trust  
Ernest Cook Trust  
Forest Hill Charitable Trust  
Foresters Fund for Children  
Gerald Bentall Charitable Trust  
Greater London Fund for the Blind  
Gwyneth Forrester Charitable Trust  
Hedley Foundation  
Inman Charity  
John Coates Charitable Trust  
Johnson Matthey Plc  
Lady Eileen Joseph Foundation  
Lillie Johnson Charitable Trust

Muslim Aid  
Peggy Wilson Charitable Trust  
Pennycress Charitable Trust  
Peter Harrison Foundation  
Primary Club  
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SFIA  
Sir Cliff Richard Charitable Trust  
Stella Symons Charitable Trust  
White Family Charitable Trust  
Worshipful Company of Gardeners  
Worshipful Company of Cordwainers  
Worshipful Company of Lightmongers  
Worshipful Company of Secretaries

**THANK YOU**

**ROYAL LONDON SOCIETY FOR BLIND PEOPLE**

[Registered Charity number 307892]

**TRUSTEES' REPORT & ACCOUNTS**

**YEAR ENDED 31<sup>ST</sup> December 2012**

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## **WELCOME TO RLSB'S ANNUAL REPORT AND ACCOUNTS 2012**

Founded in 1838, The Royal London Society for Blind People (RLSB) has become expert in helping blind and partially sighted children and young people (BPS CYP) achieve their goals in life. We have supported thousands of people across London and the South East throughout our history.

### **CHAIRMAN'S REPORT**

In 2010 the Trustees approved our new strategy "Stepping Up" which recognised that the needs of BPS CYP and their families could best be served in the communities where they live and make friends. This report details how we are progressing in the continuation of our vital work through our education, social, sports and arts programmes in developing the emotional wellbeing of BPS CYP and helping them to plan for a life without limits.

### **Objects & Policies**

The Society believes that active participation in society is dependent on the individual's ability to make and retain positive relationships with others. For this reason the Society focuses its efforts in the areas of education and emotional support in an environment that challenges the individual.

RLSB aspires to bring about a change that allows BPS CYP, and those on a journey within their community, to achieve as much as their sighted peers do in their life-chances.

We regard the well being and protection of all our children, young people, adults, staff and visitors from the wider community as a key priority.

In setting their objectives the Trustees have considered the Charity Commission's general guidance on public benefit.

### **Putting blind young people at the heart of everything we do**

The major success of 2012 was the emergence of 'new' RLSB. This meant that our campus at Seal, Sevenoaks must be sold to focus the organisation on its community based services rather than the older model of providing institutional education – a model that young people told us no longer met their needs. On 27 July 2012 the Trustees unanimously approved the sale of the site which is currently being marketed nationally and internationally by Strutt & Parker.

### **Our achievements**

2012 was the year when we saw a major increase in the number of young people and their families that we served. For the 12 months ended 31 December 2012 the Society supported over 700 BPS CYP.

To achieve this we needed to increase the fundraised income. I am delighted to report that in 2012 our total fundraised income was £2,464,000, up 17% on 2011.

My gratitude and that of all Trustees must go to those donors whose generosity made it possible for the Society to support these children and young people as they begin to achieve their life without limits.

As we move towards our community based services we have reduced the number of young people we are supporting on our Dorton campus. We have publicly announced the closure of our Dorton House School which will close in July 2013. We continue to work with the parents, carers and local authorities to ensure that each child is relocated into acceptable alternative education provision. Our promise to them still remains. The Society will continue, where necessary, to support the sight loss needs of those children as they move through school without charge so long as we are permitted or required to do so by the new school.

Our College students are now ready to move into the first of our houses in the community, close to our partner college where they take mainstream courses of study, supported by us. Here they will make friends and have friends visit them in their home thus gaining the skills, confidence and contacts that they will require to live their life without limits.

In late 2012 we were awarded £278,000 by Sport England, which will be received in various tranches from Q1 2013, to roll out a comprehensive three-year sports programme for BPS CYP across London. This has been a major boost to our Sports without Limits programme which in 2012 recruited and retained 50 vision impaired young people. Feedback from young people is that they really enjoy this aspect of our offer.

This year we commenced the roll out of our community based early years programme. Parents have told us of the trauma that they experience when first being told of their baby's vision impairment. To support them at this point in their lives we have placed qualified support staff in the top three London ophthalmologic hospitals. These members of staff work closely with the parents providing them with information and guidance and introducing them to other parents who have had a similar experience to theirs. This peer to peer support is invaluable and we have been encouraged to continue its expansion in 2013. Linked closely with this is our community based early years service. Building on the outstanding reputation of our Dorton based nursery we have opened the first of six family drop-in centres that we have planned to open over the next 12 months. Working in partnership with hospitals, local authorities and like minded organisations we anticipate that our hospital support and nursery programmes will assist 200 BPS CYP and their families through 2013.

This year saw us work closely with IBM and other world recognised technology companies that resulted in prototype internet software for voice controlled use of search engines like Google or Yahoo. This programme is currently being tested and if successful could be rolled out during 2013 and beyond.

We believe that active participation in society is dependent on an individual's ability to make and retain positive relationships with others. For this reason we focus our efforts in the areas of education and emotional support in an environment that challenges the individual.

We regard the wellbeing and protection of all our children, young people, families, carers, staff, volunteers and visitors from the wider community as a key priority.

### **Organisation**

The Society aims to continuously improve its governance and management system and structure, in line with its organisational development, incorporating best practice in strategy, policy, performance management and operational responsibility. The full



Council of Trustees meets on a quarterly basis and is supported by regular (normally monthly) meetings of various committees covering finance & risk, property, education and remuneration & appointments.

The recruitment process for Trustees continues to positively encourage a more diverse profile. A number of different recruitment sources are continually sought to seek balance in skills and diversity.

Following appointment to RLSB, Trustees are asked to undertake an induction training programme which includes a number of visits to our sites, meetings with beneficiaries, other Trustees and key staff including the CEO.

Trustees currently visit the Dorton site and the London offices where they meet staff and are advised of services provided, current beneficiaries, income streams and strategies for the future. In addition Trustees are required to complete Sighted Guide training and to undertake online training courses on Safeguarding, Equality and Diversity and Health and Safety.

Trustees are also provided with a detailed Induction file containing key governance documents including the role of Trustees, Memorandum and Articles of Association, Terms of Reference of Committees, Code of Conduct, Stepping Up Strategy, Corporate Plan and Charity Commission Guidance Notes.

### **Risk Review**

The risk register is updated on a quarterly basis. The Board notes the following specific high level risks for 2013 and highlights the actions to address those risks:

- The Society recognises beneficiary need but faces an untested market for its services. Feedback from commissioners and funders is extremely encouraging and activities continue to raise awareness of the needs of BPS CYP.
- The Society recognises that our new community services need to be high quality and deliver impact in terms of wellbeing and we are developing effective ways of measuring this.
- Our income targets are challenging and our rate of strategy implementation dependent on them being achieved. We continue to promote our brand to gain more prompted and unprompted awareness.
- The Society recognises that our capacity and capability to deliver impact is dependent on value-driven, well-trained staff and volunteers and it further recognises that motivation through training and development will improve outcomes delivered to all our customers.
- Communication with all stakeholders is critical in this period of transition and an engagement strategy is implemented and reviewed regularly to ensure our beneficiaries, donors, commissioners, staff, volunteers, delivery partners, and suppliers are kept up to date with our change programme.
- The Society has robust Health and Safety and Safeguarding programmes where risks, policies and procedures are regularly reviewed and appropriate changes made. The Trustees are satisfied its insurable risks are sufficient and proper but continue to review all environmental risks accordingly.

### **Future outlook**

Our deficit of £1.9 million embodies the Trustees' continued determination to invest in the future of RLSB. The upkeep of our of Dorton site was in excess of £1m per year, a cost that will no longer be incurred as we move to our new model of service delivery. In addition we continue to invest in our College and Early Years Nurseries following our "Satisfactory" Ofsted rating received in early 2012. We continue to strive towards achieving an "Outstanding" grade during the life of our "Stepping Up" strategy.

### **A team effort**

Despite this being a difficult year for staff we owe each and every one of them a debt of gratitude for their dedication and professionalism at a time of great job insecurity for them. Much has been achieved in 2012 and much more has to be achieved in 2013 as we seek to increase our support to BPS CYP. In 2013 we aim to provide a new range of community based services to 1400 young people and their families – double what we have achieved in 2012.

New RLSB will be an exciting organisation tuned to the changing requirements of individual BPS CYP and their parents. It will be an exciting place to work as our culture of innovation and simply doing our very best provides staff and volunteers with the opportunity for them to excel in their area of expertise. It will be the year in which our overheads begin to reduce dramatically ensuring that we become a high impact, value for money provider of services to those BPS CYP who have seized the opportunity to live life without limits.



Ian Stephenson OBE, BSc, MSc  
Chair of Trustees  
RLSB

## **REVIEWING OUR PROGRESS**

This document sets out the Trustees' Report and accounts of RLSB for the year ending on the 31 December 2012. This is done under the Companies Act 2006, the Charities Act 2011 and Statement of Recommended Practice.

## **RLSB GOVERNANCE AND STRUCTURE**

### **Patron**

Her Royal Highness the Duchess of Gloucester GCVO GCStJ

### **President**

Rt. Hon. Michael Fallon MP

### **Vice Presidents**

- Brian Pearce CBE
- Harry O'Neil
- Mike Uren OBE

### **Ambassadors**

- Sir Richard Stilgoe OBE
- Jayne Torvill OBE
- Anita Dobson
- Anne Fine OBE FRSL
- Ben Quilter
- Darren Leach

### **Members of the Council**

**Chairman of the Society:** Ian Stephenson OBE, BSc, MSc

**Honorary Secretary:** Dr David Wright MBE, LLD, FCIS

**Honorary Treasurer:** Paul Obey BSc, ACA

### **Trustees**

- Allan Mabert
- Colin Milne CA
- Clancy Schueppert BSc, MBA
- Ian Godwin BSc
- Jeremy Blanford
- Jonathan Wilson



- Michael Brignall MA
- Ron Edghill
- Ray Hart BSc, MBA
- Val May BA
- Viv Lawrence
- Victoria Cleland - appointed 26 October 2012
- Shalni Sood BSc ACA - appointed 1 February 2013

### **Company Secretary**

Dr David Wright MBE, LLD, FCIS

### **Chief Executive**

Dr Tom Pey MA, FCMA, DBS

### **Executive Directors**

Eileen Harding MCIPD

Sue Sharp MA, MSc

Julian Dailly CIMA

Eileen Harding MCIPD (Assistant Company Secretary)

### **Our thanks to Trustees who served during 2012**

- Doug Cracknell LLB – resigned 21 December 2012
- Roy Moffatt – resigned 27 January 2012

During 2012, we have changed our support structure of Vice Presidents and Ambassadors to reflect our new strategy. Our thanks therefore are extended to all Vice-Presidents who have served with the Society over a significant number of years.

### **LEGAL AND ADMINISTRATION INFORMATION**

RLSB is a working name of The Royal London Society for Blind People. RLSB was founded in 1838. It is a charitable company limited by guarantee (Company No: 139928), incorporated on 12<sup>th</sup> April 1915 with Memorandum and Articles of Association (last amended 27<sup>th</sup> March 2006), and registered as a charity on 25<sup>th</sup> April 1963 (Charity No: 307892). The registered and principal office is Dorton House, Seal, Kent TN15 0EB. RLSB has a subsidiary trading company, RLSB Enterprises Ltd (registration number 05757769), incorporated 27<sup>th</sup> March 2006.

## **PRIORITIES AND PROGRESS IN 2012**

The challenge we continued to face in 2012 meant that clear priorities were imperative as was ensuring that tangible progress was made in all three priority areas of:

- Meeting and exceeding the needs of its customers
- Increasing its influence and building loyalty
- Increasing its income in a targeted way

### **Meeting and Exceeding the Needs of its Customers**

After a failed Ofsted inspection in 2010 it was crucial that educational standards were raised to a satisfactory level if the organisation was to survive. After investing £1 million in improving the quality of our education offer we regained an improved rating in 2012.

In addition we worked hard to maintain the coveted "Outstanding" status of our Dorton nursery provision.

Despite continued pressure on the sustainability of the Dorton House School, we worked with parents to establish a sound basis for a continuing high quality operation through to mid-2013.

### **Increasing its Influence and Building Loyalty**

We developed a number of new relationships with service delivery partners for educational and community services in London and the South East – a vital step to enhancing our services to BPS CYP.

In 2012 we rolled out our new RLSB's brand to best deliver the "Stepping Up" strategy. Feedback from our education and community services partners is positive in terms of increased clarity around what RLSB is and what it does.

### **Increasing its Income in a Targeted Way**

We implemented our investment plan for income growth, including investment in acquiring new donors and marketing both our brand and our services.

We implemented our property strategy, recognising the need for a lower cost building than Dorton House. We undertook much of the required preparatory work to ensure the Dorton site was fully prepared for the marketing and sale process to be carried in 2013. We also identified and secured our first residential property in a community setting for our College students.

## **Towards 2013**

After a challenging and demanding 2012 we recognise that 2013 is the final phase of transition and a celebration of our 175<sup>th</sup> year.

### **Ambitious targets**

The Society has set itself the ambitious target of enabling a life without limits for BPS CYP. Our key objectives for the coming year are to:

- Increase support for our cause with the general public and key stakeholders

- Increase our voluntary income
- Act on needs and deliver quality services
- Attract and retain more customers, commissioners and partners
- Be a rewarding and exciting place to work
- Strengthen our governance, information systems and effectiveness

For each objective there are clear activity plans and performance indicators.

A summary of key activities to deliver these objectives is given below.

### **New services**

- To develop services that are fit for purpose, add clear value to supporters, have a long-term impact on vision impaired people we will invest in research into the needs of BPS CYP. We will also develop an evaluation methodology to measure the impact of these activities within accredited parameters.
- We will work with the nascent Young People's Forum (YPF) to gain feedback about our ongoing relevance and shape of our service offering. We will disseminate our research findings as widely as possible, using them in policy and campaigning activities.
- In education, the development and roll out of our Learning and Living in the community model for the College provision will provide greater opportunities for BPS CYP to develop the skills they will need for their future.
- In early years, we will continue to develop community family drop-in and day nursery services for parents and families of vision impaired children in London, based on our Dorton service.
- Sport is a key plank of Stepping Up and we will be developing our sports programmes, including increasing our Sport for Choice programme of sports activity days during holidays and weekends and launching our programme of regular sport participation through a volunteer/buddy scheme.

### **Changes to staff base, investment in training and development and volunteers**

- RLSB wants to move its operations model from a high-cost fixed setup to a core of skilled permanent staff managing service delivery and support systems through partnerships and contracting models.
- We will continue to upskill and realign our resource base to ensure that we employ the highest quality staff with the core skills required to deliver our strategy.
- We aim to double our team of volunteers to 100 in one year. Once recruited an intensive induction and training programme will be required to ensure that volunteers are confident to deliver the organisational services in a consistent manner and at the highest quality.

### **Investment in infrastructure**

- Our IT infrastructure will require significant transformation to meet the needs of a technically diverse multi-site staff and volunteer team.
- We will ensure there is continuous improvement in the efficiency, cost-effectiveness and quality of all of our systems and processes throughout the organisation resulting in an ability to deliver frontline and support services at a price acceptable to funders and commissioners where spending cuts are a key priority in the current economic climate.

### **Marketing and fundraising plans**

- In the course of the next five years Marketing will establish a robust monitoring process across all RLSB departments to measure levels of engagement with key stakeholders. With this structure in place we can ensure that our communication activity is hitting our targets, with messages that lead to behavioural change.
- We will build bespoke communication plans for key audiences. With scarcer funding available and sector efficiencies being sought, we anticipate power shifting towards beneficiaries over the coming years and competition for their attention and engagement intensifying. As per our strategy, we will become the brand of choice for BPS CYP.
- For the general public and our target donors we will invest heavily in brand awareness campaigns to reveal the disturbing reality of childhood sight loss.
- We will work with our public affairs team to deliver campaigns that engage politicians, beneficiaries and sector peers on issues around childhood sight loss.
- Over the next five years we will increase voluntary income by investing in the fundraising team, donor recruitment and stewardship.
- We intend to reach and serve a much wider audience of beneficiaries, raising awareness of our services through targeted marketing campaigns.

## **FINANCIAL ACTIVITIES & RESULTS**

A primary income to the Society in 2012 is from fees and charges from local authorities and the Education Funding Agency (EFA) of £2.2m relating to education. This is a significant reduction on the previous (17 month) period when income was £5.0m, largely a result of lower student numbers at both the school and the further education college. Fundraising with total income for the year of £2.5m, while less than the 17 month figure of £3.0m showed an overall increase on a pro rata basis of 17%, Legacies showed an increase of £0.2m, which demonstrates yet again the extremely variable and unpredictable nature of legacies.

During the year, additional payments totalling £185,500 (2011: £450,000) were made to RLSB's Defined Benefits Pension Scheme, which was closed in 2001. The Society has made additional contributions to the pension scheme of approximately £0.9m in the last three years. The percentage of total expenditure spent on direct charitable activities was 77% (2011: 85%).

The trading company, RLSB Enterprises Ltd, continued activities throughout the year which have been consolidated within the accounts. The trading profit for RLSB Enterprises Ltd, as at 31st December 2012 was £1k (2011 £0.1m); all profits of the trading company will be covenanted back to the RLSB.

## **Investment Powers, Policy & Performance**

Through its advisors, Heartwood Wealth Management, the Society invests available money in an investment portfolio in furtherance of its objects. The financial performance has resulted in a net gain in the portfolio of £81,000 (2011 resulted in realised and unrealised gains of £96,000). Income derived from the portfolio during the year was £12,000 (2011: £52,000). The majority of the Society's investments were sold during 2012.

## **Reserves Policy**

The Council considers that the Society needs to hold reserves to protect core activities in the event of income shortfall and to promote balanced long-term, strategic planning and has decided to include the pension fund deficit in the calculation to demonstrate its commitment to eliminate the deficit within seven years. At 31st December 2012, the free reserves, after pension fund deficit was £5.8m, equivalent to 47.7 weeks' unrestricted operational expenditure. The reserves policy of the Council is to maintain free reserves equivalent to a minimum of 15 weeks' expenditure.

## **TRUSTEES AND THEIR RESPONSIBILITIES**

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 company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Trustees are required to:

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

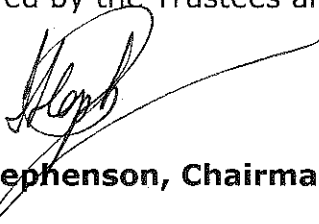
The Trustees are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for safeguarding the assets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

So far as each of the Trustees is aware at the time, the report is approved: there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information. No summary income and expenditure account has been prepared because this information is clearly identified in the above statement.

## **AUDITORS**

A resolution proposing the reappointment of Haysmacintyre as auditors to the company will be put to the Annual General meeting.

Approved by the Trustees and signed on 26 April 2013 on their behalf by:-



**Ian Stephenson, Chairman**



**Dr Tom Pey, Chief Executive**



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE**

We have audited the financial statements of The Royal London Society for Blind People for the period ended 31 December 2012 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial; and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's and group's affairs as at 31 December 2012 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
-

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

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



**M Jessa (Senior statutory auditor)  
for and on behalf of haysmacintyre, Statutory Auditor**

**Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY**

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*26 April 2013*

# THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

for the Year ended 31 December 2012

	Note	Unrestricted Funds £000	Designated Funds £000	Restricted Funds £000	2012 £000	2011 17 Months £000
<b>INCOMING RESOURCES FROM GENERATED FUNDS</b>						
<b>Charitable Activities</b>						
Fees		2,393	0	38	2,431	5,000
Grants		46	0	104	150	221
Other Income		(69)	0	69	0	612
		<u>2,370</u>	<u>0</u>	<u>211</u>	<u>2,581</u>	<u>5,833</u>
<b>Investment income</b>	2	12	0	0	12	95
<b>Fundraising Income</b>						
Donations and gifts		1,168	0	1	1,169	1,641
Legacies		967	0	555	1,522	1,347
		<u>2,135</u>	<u>0</u>	<u>556</u>	<u>2,691</u>	<u>2,988</u>
<b>Trading Income</b>		138	0	0	138	281
<b>Other incoming resources</b>		110	0	0	110	224
<b>Total incoming resources</b>		<u>4,765</u>	<u>0</u>	<u>767</u>	<u>5,532</u>	<u>9,421</u>
<b>RESOURCES EXPENDED</b>						
<b>Costs of Generating Funds</b>						
Fund-raising costs		1,173	12	0	1,185	1,482
Trading Expenses		137	0	0	137	133
<b>Net incoming (outgoing) resources available for charitable application</b>		<b>3,455</b>	<b>(12)</b>	<b>767</b>	<b>4,210</b>	<b>7,806</b>
<b>Charitable activities</b>						
Education and training		2,606	329	643	3,578	9,177
Placement schemes		2,184	19	128	2,331	1,100
Governance Costs		185	5	0	190	183
<b>Total charitable expenditure</b>		<u>4,975</u>	<u>353</u>	<u>771</u>	<u>6,099</u>	<u>10,460</u>
<b>Total Resources Expended</b>	3	<u>6,285</u>	<u>365</u>	<u>771</u>	<u>7,421</u>	<u>12,075</u>
Transfer between funds	13 & 14	6,448	(6,448)	0	0	0
<b>NET INCOMING (OUTGOING) RESOURCES</b>		<b>4,928</b>	<b>(6,813)</b>	<b>(4)</b>	<b>(1,889)</b>	<b>(2,654)</b>
<b>Investment gains / (losses)</b>						
Realised	10	78	0	0	78	25
Unrealised	10	5	0	0	5	71
Actuarial gain/(loss) on pension scheme	17	(126)	0	0	(126)	(378)
<b>Net movement in funds for period</b>	7	<b>4,885</b>	<b>(6,813)</b>	<b>(4)</b>	<b>(1,932)</b>	<b>(2,936)</b>
Fund balances at 31 December 2011		866	6,813	192	7,871	10,807
<b>Fund balances at 31 December 2012</b>		<u>5,751</u>	<u>0</u>	<u>188</u>	<u>5,939</u>	<u>7,871</u>

All recognised gains and losses are included in the Statement of Financial Activities.

No summary income and expenditure account has been prepared because this information is clearly identified in the above statement.

**THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE**

Company No: 139928

**Group & Charity Balance Sheet as at 31 December 2012**

	Note	Group 2012 £000	Charity 2012 £000	Group 2011 £000	Charity 2011 £000
<b>Fixed assets</b>					
Tangible assets	8	6,538	6,538	6,813	6,813
Investments	10	180	97	2,114	2,114
		<u>6,718</u>	<u>6,635</u>	<u>8,927</u>	<u>8,927</u>
<b>Current assets</b>					
Debtors	11	446	502	595	586
Bank balances		832	713	747	712
		<u>1,278</u>	<u>1,215</u>	<u>1,342</u>	<u>1,298</u>
<b>Creditors</b>					
Amounts falling due within one year	12	(1,119)	(1,082)	(1,468)	(1,404)
<b>Net current assets</b>		<u>159</u>	<u>133</u>	<u>(126)</u>	<u>(106)</u>
<b>Net assets excluding pension scheme deficit</b>		<u>6,877</u>	<u>6,768</u>	<u>8,801</u>	<u>8,821</u>
Pension scheme deficit	17	(938)	(938)	(930)	(930)
<b>Net assets</b>		<u>5,939</u>	<u>5,830</u>	<u>7,871</u>	<u>7,891</u>
<b>Restricted funds</b>					
Permanent endowment funds	13	25	25	25	25
Other funds	13	163	163	167	167
		<u>188</u>	<u>188</u>	<u>192</u>	<u>192</u>
<b>Designated funds</b>					
Fixed asset fund	14	0	0	6,813	6,813
<b>Unrestricted Funds</b>					
General Fund excluding pension scheme deficit		6,689	6,580	1,796	1,816
Pension scheme deficit		(938)	(938)	(930)	(930)
General Fund after recognising pension scheme deficit		<u>5,751</u>	<u>5,642</u>	<u>866</u>	<u>886</u>
<b>Total reserves</b>		<u>5,939</u>	<u>5,830</u>	<u>7,871</u>	<u>7,891</u>

The financial statements were approved by, and signed on behalf of, Council on 26 April 2013

  
Ian Stephenson, Chairman

  
Paul Obey, Treasurer

# THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE

## Consolidated Cashflow Statement for the year ended 31 December 2012

	Note	2012 £000	2011 £000
<b>Net cash inflow/(outflow) from operating activities</b>	a	(1,744)	(2,067)
<b>Returns on investments and servicing of finance</b>			
Investment income received		12	95
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(89)	(496)
Receipts from sales of tangible fixed assets		0	0
Purchase of investments		(1,242)	
Sale of investments		3,148	(34)
		<u>1,817</u>	<u>(530)</u>
<b>Increase / (Decrease) in cash in the period</b>	b	<u>85</u>	<u>(2,501)</u>

### NOTES TO THE CASHFLOW STATEMENT

	2012 £000	2011 £000
<b>a Reconciliation of net incoming resources for the year</b>		
<b>to net cash inflow from operating activities</b>		
Net incoming/(outgoing) resources for the year	(1,889)	(2,654)
Adjustment to exclude investment income	(12)	(95)
Depreciation charges	365	545
Net pension scheme movements	(8)	(414)
(Increase)/decrease in debtors	149	(188)
Increase/(decrease) in creditors	(349)	739
<b>Net cash inflow/ (outflow) from operating activities</b>	<u>(1,744)</u>	<u>(2,067)</u>
<b>b Reconciliation of movement in cash balances to cash at bank and in hand</b>		
Bank balances at 31 December 2011	747	3,248
Increase / (Decrease) in cash	85	(2,501)
Bank balances at 31 December 2012	<u>832</u>	<u>747</u>

# THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE

## NOTES TO THE FINANCIAL STATEMENTS

### 1 ACCOUNTING POLICIES

The principal accounting policies, all of which have been applied consistently throughout the year are set out below:

#### **Basis of Accounting**

The financial statements of the have been prepared under the historical cost convention as modified by the inclusion of fixed asset investments at market value, and are in accordance with applicable accounting standards, the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005 and the Companies Act 2006.

#### **Group Accounts**

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings. No separate SOFA has been presented for the Charity alone, as permitted by paragraph 397 of the SORP. The Charity's incoming resources, excluding the subsidiary company, was £5,208,000 (2011: £9,287,000), resources expended £7,226,000 (2011: £11,922,000) and net outgoing resources £2,018,000 (2011: £2,635,000 loss).

#### **Legacies, Donations and Gifts**

Legacies, donations and gifts are recognised when receivable or it becomes reasonably certain that they will be received and the value can be measured with sufficient reliability. Gifts in kind are included in the accounts at an estimate of their gross value.

#### **Other Incoming Resources**

Fees and workshop revenue receivable are accounted for in the period in which the service is provided. Grants are recognised when receivable. Investment income is accounted for as it accrues.

#### **Resources Expended**

Resources expended are accounted for on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in those cost categories. Central (support) costs which cannot be directly allocated are apportioned across cost categories on the basis of total expenditure which will indirectly relate to volume of transactions, floor area and useage.

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be directly allocated to such activities together with an allocation of support costs.

Costs of generating funds comprise those costs associated with attracting voluntary income together with an allocation of support costs.

Governance costs comprise direct costs for the statutory and governance expenditure of the charity together with an allocation of support costs.

#### **Tangible Fixed Assets**

Tangible fixed assets are stated at cost.

Depreciation is provided to write off the cost of fixed assets over their estimated useful lives on a straight line basis over the following periods:

Freehold land	None Provided
Freehold buildings	50 years
Fixtures & Fittings	5 - 20 years
Machinery, tools and equipment	2 - 10 years
Motor vehicles	5 years



**Investments**

Listed investments are stated at the market value at the balance sheet date. Unrealised gains and losses on investments are held in the balance sheet during the year but transferred to the appropriate fund at the year end. Realised gains and losses on sales during the year are taken to the relevant fund, as shown in the Statement of Financial Activities.

**Stock and work in progress**

Stocks of materials and work in progress are included at the lower of cost or net realisable value.

**Pension costs**

The Society operates a pension scheme in the UK with both defined benefit and defined contribution sections. In addition, contributions are made to the Teachers Superannuation Scheme at rates set by the scheme actuary and advised to the Trustees by the Scheme Administrator.

For the purposes of complying with the relevant accounting standard, the Teachers' Superannuation Scheme is accounted for as a defined contribution scheme as the Society is not responsible for or entitled to receive benefit for any surplus or deficit on the scheme. The amounts included within the statement of financial activities are in accordance with the requirements of Financial Reporting Standard 17: Retirement Benefits ("FRS 17") with the pension cost charged being the amount of contributions payable in respect of the accounting period.

In respect of the defined contributions section of the Society operated defined contribution scheme, the pension cost charged to the profit and loss account is the amount of contributions payable in respect of the accounting period.

**Funds**

Designated funds are amounts put aside at the discretion of the Council for specific purposes. The previously designated fund relating to the value of fixed assets owned by the RLSB has now been transferred to unrestricted funds in anticipation of the sale of the Dorton site in 2013.

Restricted funds are subject to specific conditions imposed by the donors or grant making bodies or monies raised in response to a specific appeal.

**Permanent endowment funds**

The capital of such funds must be held in perpetuity.

**Value Added Tax**

Expenditure subject to VAT, which is not recoverable by the RLSB, is shown inclusive of VAT. All other expenditure is shown exclusive of VAT.

**Leases**

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

# THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE

## NOTES TO THE FINANCIAL STATEMENTS

### 2 INVESTMENT INCOME

	2012 £000	2011 £000
Income from UK listed investments	8	52
Interest received on UK cash deposits	4	43
	<u>12</u>	<u>95</u>

### 3 ANALYSIS OF TOTAL RESOURCES EXPENDED

	Basis of Allocation	Cost of Generating Funds £000	Education & Training £000	Workshop & Placement Schemes £000	Governance Costs £000	2012 £000	2011 £000
<b>Costs directly allocated to activities</b>							
Staff Costs	Direct	534	1,677	831	-	3,042	5,356
Service Costs	Direct	244	257	121	-	622	605
Accommodation expenditure	Direct	-	-	137	-	137	272
Service administration costs	Direct	-	-	-	-	-	451
Audit fees	Direct	-	-	-	22	22	29
Depreciation	Direct	-	294	2	-	296	442
<b>Total direct costs</b>		<u>778</u>	<u>2,228</u>	<u>1,091</u>	<u>22</u>	<u>4,119</u>	<u>7,155</u>
<b>Support Costs allocated to activities</b>							
Premises	Floor area	90	706	106	0	902	1,203
Hospitality catering & cleaning	Useage	-	137	-	0	137	368
Finance and administration	Total expenditure	75	204	402	73	755	1,354
ICT & communications	Total expenditure	31	46	76	12	165	290
Marketing	Total expenditure	89	133	221	30	473	486
Research & Development	Total expenditure	28	42	69	11	150	253
Human Resources services	Total expenditure	83	185	348	37	652	863
Depreciation	Total expenditure	12	35	17	5	69	103
<b>Total Resources Expended</b>		<u>1,185</u>	<u>3,715</u>	<u>2,331</u>	<u>190</u>	<u>7,421</u>	<u>12,075</u>

Support costs relating to central services including management and administration have been allocated over the service areas by way of total expenditure which will indirectly relate to volume of transactions, floor area and useage.

Governance costs are re-allocations based on a portion of salary costs of senior staff plus the cost of audit services.

### 4 LEASE COMMITMENTS

At 31 December 2012 the RLSB had annual commitments under non-cancellable operating leases of:

	Land and buildings		Other	
	2012 £000	2011 £000	2012 £000	2011 £000
Operating leases which expire:				
in less than one year	0	0	0	0
between one to five years	35	0	14	14
after five years	96	96	0	0
	<u>131</u>	<u>96</u>	<u>14</u>	<u>14</u>

# THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE

## NOTES TO THE FINANCIAL STATEMENTS

### 5 EMPLOYEES

The average number of employees of the RLSB and their activities on behalf of the RLSB was:

	2012 No. FTE	2011 No. FTE
Education and training	76	106
Workshop and placement schemes	11	14
Support to direct charitable activities	31	42
Fundraising	14	10
Management and administration	4	3
	<u>136</u>	<u>175</u>
	<b>2012</b> <b>£000</b>	<b>2011</b> <b>£000</b>
Staff costs comprise:		
Wages and salaries	4,037	7,461
Social Security contributions	349	577
Other pension costs	113	164
Additional pension costs (see note below)	39	451
Other pension scheme movements	126	(451)
	<u>4,664</u>	<u>8,202</u>

Additional pension costs relate to additional contributions and all amounts are to fund the deficit in the defined benefit final salary scheme (see also Note 17).

The number of employees whose gross pay and value of benefits during their employment within the last 12 months was at a rate in excess of £60,000 pa is:

	2012	2011
£60,001 to £70,000	2	1
£70,001 to £80,000	4	2
£80,001 to £90,000	1	0
£90,001 to £100,000	0	0
£100,000 to £110,000	0	0
£110,000 to £120,000	0	0
£120,000 to £130,000	0	1
£130,000 to £140,000	1	0

One of the higher paid employees were members of the Teachers' Pension Scheme and seven were members of the Prudential money purchase scheme.

### 6 TRUSTEES

No Council member received any remuneration from the RLSB during the year. There were no expenses incurred by Council members whilst on RLSB activities. No member sought reimbursement for expenses in the previous financial year 2011.

# THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE

## NOTES TO THE FINANCIAL STATEMENTS

### 7 NET MOVEMENT IN FUNDS

The net movement in funds for the year is stated after charging:

		<b>2012</b>	<b>2011</b>
		<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets		365	545
Staff costs		4,664	8,202
Auditors' remuneration:	Audit services	22	23
	Non-audit services	<u>1</u>	<u>6</u>

### 8 TANGIBLE FIXED ASSETS

	Freehold properties £000	Fixtures and Fittings £000	Machinery tools and equipment £000	Motor vehicles £000	Total £000
<b>COST</b>					
At 1 January 2012	10,456	1,508	4,530	439	16,933
Additions	89	0	0	0	89
Disposals	0	0	0	0	0
At 31 December 2012	<u>10,545</u>	<u>1,508</u>	<u>4,530</u>	<u>439</u>	<u>17,022</u>
<b>DEPRECIATION</b>					
At 1 January 2012	4,777	606	4,379	358	10,120
Charge for the year	209	108	16	32	365
On disposals	0	0	0	0	0
At 31 December 2012	<u>4,986</u>	<u>714</u>	<u>4,394</u>	<u>390</u>	<u>10,484</u>
<b>NET BOOK VALUES</b>					
At 31 December 2012	<u>5,559</u>	<u>794</u>	<u>136</u>	<u>49</u>	<u>6,538</u>
At 31 December 2011	<u>5,679</u>	<u>902</u>	<u>151</u>	<u>81</u>	<u>6,813</u>

All fixed assets are held for the purposes of the RLSB's activities and none for investment purposes.

### 9 CAPITAL COMMITMENTS

At 31 December 2012 the RLSB had committed capital expenditure of £Nil (31 December 2011: £Nil).

# THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE

## NOTES TO THE FINANCIAL STATEMENTS

### 10 INVESTMENTS

	2012 £000	2011 £000
Market value at 31 December 2011	2,114	2,042
Additions / realised gain	1,203	1,792
Opening market value of disposals	(3,148)	(1,791)
Unrealised investment gains	11	71
Market value at 31 December 2012 (see note 10a)	<u>180</u>	<u>2,114</u>
Cost	<u>61</u>	<u>1,972</u>
Investments comprise the following:		
UK Listed investments	179	1,822
Cash deposits	1	292
Investment in trading subsidiary (see note 10b)	-	-
	<u>180</u>	<u>2,114</u>

a)

Market Value of individual holdings greater than 5% of the total quoted investments at 31 December 2012 are: Blackrock UK Emerging Cos £21,078; Blackrock UK Equity Hedge £13,383; Heronbridge UK Equity £26,225 and Signet Credit Fund £11,108; Allianz Charigard UK Equities £38,398; N S & I Income Bond £25,000.

b) Trading Subsidiary

RLSB Enterprises Ltd was incorporated on 27 March 2006 and commenced trading on 1 April 2006. The accounting period is 1 January to 31 December which mirrors that of the Society.

Figures for the trading subsidiary are as follows:

	2012 £000	2011 17 Months £000
Turnover	138	281
Total expenditure	(137)	(134)
Net profit	<u>1</u>	<u>147</u>
Amount gift aided to RLSB	<u>1</u>	<u>147</u>
Retained revenue reserves	<u>0</u>	<u>0</u>
Share capital held by RLSB	<u>-</u>	<u>-</u>

### 11 DEBTORS AND PREPAYMENTS

	Group 2012 £000	Charity 2012 £000	Group 2011 £000	Charity 2011 £000
Trade debtors	153	152	277	265
Other debtors and prepayments	222	280	176	179
Accrued income	71	70	142	142
	<u>446</u>	<u>502</u>	<u>595</u>	<u>586</u>

At the year end the Society was due a number of legacies. The amounts due could not be accurately quantified and the receipt was not reasonably certain. A reasonable estimate of the total amount due would be £192,850 (2011: £299,110) but these have not been brought into the accounts.

# THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE

## NOTES TO THE FINANCIAL STATEMENTS

### 12 CREDITORS - amounts falling due within one year

	Group 2012 £000	Charity 2012 £000	Group 2011 £000	Charity 2011 £000
Trade creditors	200	198	250	248
Accrued expenditure	180	161	155	146
Other taxes and social security costs	92	92	118	118
Deferred income	614	614	858	858
Other creditors	33	17	87	34
	<u>1,119</u>	<u>1,082</u>	<u>1,468</u>	<u>1,404</u>

### 13 RESTRICTED FUNDS

	31 Dec 2011 £000	Incoming resources £000	Expenditure & Losses £000	Transfers £000	31 Dec 2012 £000
<b>Permanent endowment funds</b>					
Fox Musical Scholarship Fund	25	0	0	0	25
	<u>25</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>25</u>
<b>Other funds</b>					
Employment and Adult Services	43	70	(85)	9	37
School Equipment & Buildings	17	525	(530)	0	12
BJC Nursery	32	140	(94)	0	78
College Refurbishment & Grounds	11	7	(7)	0	11
Therapies	1	0	0	0	1
Milton Margai School	4	0	0	0	4
Golden Duck	1	0	(1)	0	0
Estates	7	0	0	0	7
Children & Young People	47	13	(42)	(9)	9
Others	4	12	(12)	0	4
	<u>167</u>	<u>767</u>	<u>(771)</u>	<u>0</u>	<u>163</u>
	<u>192</u>	<u>767</u>	<u>(771)</u>	<u>0</u>	<u>188</u>



# THE ROYAL LONDON SOCIETY FOR BLIND PEOPLE

## NOTES TO THE FINANCIAL STATEMENTS

### 14 DESIGNATED FUNDS

	31 Dec 2011 £000	Incoming Resources £000	Resources Expended £000	Transfers £000	31 Dec 2012 £000
Fixed asset fund	6,813	92	(365)	(6,540)	0
	<u>6,813</u>	<u>92</u>	<u>(365)</u>	<u>(6,540)</u>	<u>0</u>

### 15 LIABILITY OF MEMBERS

The RLSB is a company limited by guarantee and has no share capital. The liability of the members of the RLSB is limited to £1 per member.

### 16 ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £000	Designated funds £000	Restricted funds £000	Permanent Endowment Funds £000	Total £000
<b>Fixed Assets</b>					
Tangible assets	6,538	0	0	0	6,538
Investments	155	0	0	25	180
	<u>6,693</u>	<u>0</u>	<u>0</u>	<u>25</u>	<u>6,718</u>
<b>Current Assets</b>					
Debtors	446	0	0	0	446
Bank balances	669	0	163	0	832
	<u>1,115</u>	<u>0</u>	<u>163</u>	<u>0</u>	<u>1,278</u>
<b>Creditors</b>					
Amounts falling due within one year	1,119	0	0	0	1,119
	<u>(4)</u>	<u>0</u>	<u>163</u>	<u>0</u>	<u>159</u>
<b>Net Current Assets</b>					
	<u>(938)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(938)</u>
<b>NET ASSETS</b>	<u>5,751</u>	<u>0</u>	<u>163</u>	<u>25</u>	<u>5,939</u>

## 17 PENSION SCHEMES

The Society sponsors a UK defined benefit pension plan whereby benefits are determined with reference to an employee's final salary.

The pension expense charged to the profit and loss account makes no allowance for actuarial gains and losses during the year. Actuarial gains and losses are instead recognised in the Statement of Total Recognised Gains and Losses (STRGL) in the year that they occur. The measurement of the defined benefit obligation includes no allowance for any future discretionary increases to pensions in payment.

The Society operates a defined benefit pension plan for its employees. (The current practice of increasing pensions in line with inflation is included in the measurement of the defined benefit obligation).

	2012 £ 000s	2011 £ 000s
<b>Change in benefit obligation</b>		
Benefit obligation at beginning of year	12,428	9,912
Current service cost	0	0
Interest cost	584	747
Membership contributions	0	0
Past service cost	0	0
Actuarial (gains)/losses	537	2,392
Liabilities assumed in a business combination	0	0
Losses/(gains) on curtailments	0	0
Liabilities extinguished on settlements	0	0
Benefits paid	(519)	(623)
Benefit obligation at end of year	13,030	12,428

	2012 £ 000s	2011 £ 000s
<b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	11,498	12,428
Plans that are wholly unfunded	0	0
Total defined benefit obligation	11,498	12,428

	2012 £ 000s	2011 £ 000s
<b>Change in plan assets</b>		
Fair value of plan assets at beginning of year	11,499	8,946
Expected return on plan assets	516	710
Actuarial gains/(losses)	411	2,015
Assets acquired in a business combination	0	0
Assets distributed on settlements	0	0
Employer contributions	185	451
Member contributions	0	0
Benefits paid	(519)	(623)
	12,092	11,499

	2012 £ 000s	2011 £ 000s
Funded status	(938)	(930)
Unrecognised past service cost/(benefit)	0	0
Effect of surplus cap	0	0
Recoverable surplus/(deficit) in scheme	(938)	(930)
Related deferred tax asset/(liability)	0	0
Net amount recognised	(938)	(930)

	2012 £ 000s	2011 £ 000s
<b>Components of pension cost</b>		
Current service cost	0	0
Interest Cost	584	747
Expected return on plan assets	(516)	(710)
Past service cost	0	0
Effect of curtailments or settlements	0	0
	68	37
Actuarial (gains)/losses immediately recognised	126	378
Effect of surplus cap	0	0
Total pension cost recognised in the STRGL	126	378
Cumulative amount of actuarial (gains)/losses immediately recognised at the beginning of the year	1,131	753
Actuarial (gains)/losses immediately recognised during year	125	378
Cumulative amount of actuarial (gains)/losses immediately recognised at end of year	1,256	1,131

#### Plan assets

The weighted-average asset allocation at the year-end were as follows:

	2012	2011
<u>Asset category</u>		
Equities	22.8%	22.6%
Bonds	66.7%	66.3%
Other	10.5%	11.1%
	100.0%	100.0%

To develop the expected long-term rate of return on assets assumption, the employer considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the current asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 4.54% per annum assumption for 2012.

	2012 £ 000s	2011 £ 000s
Actual return on plan assets	927	2,725
<b>Assumptions used to determine benefit obligations</b>		
	2012	2011
Discount rate	4.50%	4.80%
Rate of salary increase	n/a	n/a
Rate of price inflation	2.90%	3.00%
Rate of increase of pensions in deferment	2.90%	3.00%
<b>Assumptions used to determine net pension cost</b>		
	2012	2011
Discount rate	4.80%	5.50%
Expected long-term return on plan assets	4.54%	5.60%
Rate of salary increase	n/a	n/a
Rate of price inflation	3.00%	3.20%
Rate of increase of pensions in payment (5% LPI)	3.00%	3.10%

Life expectancy for mortality tables used to determine benefit obligations

	2012		2011	
	Male	Female	Male	Female
Member age 65 (current life expectancy)	21.95 yrs	23.9 yrs	21.1 yrs	23.9 yrs
Member age 45 (life expectancy at age 65)	23.67 yrs	25.8 yrs	23.0 yrs	25.8 yrs

Five year history

	2012	2011	2010	2009	2008
Benefit obligation at end of year	13,030	12,428	9,912	9,442	9,167
Fair value of plan assets at end of year	12,092	11,498	8,946	8,046	7,988
	(938)	(930)	(966)	(1,396)	(1,179)

Difference between expected and actual return on scheme assets:

amount (£ 000s)	411	2,015	495	(425)	(564)
percentage of scheme assets	3%	18%	6%	(5%)	(7%)

Experience gains and losses on scheme liabilities:

amount (£ 000s)	0	927	(10)	0	(85)
percentage of scheme assets	0%	7%	(0%)	0%	(1%)

Contributions

The last formal actuarial valuation of the Scheme has an effective date of 31 July 2010. To correct the shortfall recorded at that valuation, the Society will contribute £318,000 into the scheme each year from 2010 to 2016. The Society contribute £157,000 to the pension plan in the year ending 31 December 2012. This was less than previously calculated