

The RAF Benevolent Fund Housing Trust Limited

Report and Financial Statements

31 December 2013

The RAF Benevolent Fund Housing Trust Limited

(A company limited by guarantee and registered as a charity)
(Company registration No. 1058896)
(Registered Charity No. 264636)

(Scottish Registered Charity No. SC038218)

Directors and Trustees

Air Marshal Christopher Nickols CB CBE MA FRAeS (Chairman)
Air Vice-Marshal S Dougherty MSc MBBS FRCP FFOM DAvMed DObstRCOG FCMI FRAeS
Air Commodore P Hughesdon MA FInstD FCMI
Miss H Richardson BA (Hons) (retired April 2013)
Ms A Wyman BSc (Hons) (appointed April 2013)
Mr M Forster CIMA MBA (appointed January 2013, retired December 2013)
Mr M Scott MA (Oxon)
Ms Lesley Baliga (appointed January 2014)

Secretary

Mr P Wiles

Independent Auditors

Kingston Smith LLP
Devonshire House
60 Goswell Road
London
EC1M 7AD

Bankers

Lloyds TSB Bank plc
Cox's and King's Branch
7 Pall Mall
London
SW1Y 5NA

Solicitors

Charles Russell LLP
5 Fleet Place
London
EC4H 7RD

Olivers WS
25 Manor Place
Edinburgh
EH3 7DX

Registered office

67 Portland Place
London
W1B 1AR

Directors' report

The directors, who are also the trustees of the charitable company's activities, present their report and financial statements for the year ended 31 December 2013.

Principal activity

The RAF Benevolent Fund Housing Trust Limited is a charitable company limited by guarantee, and is a wholly owned subsidiary of The Royal Air Force Benevolent Fund. Its sole activity is to hold and operate properties for beneficiaries of The Royal Air Force Benevolent Fund. The company is financed by The Royal Air Force Benevolent Fund and assists in the attainment of its objectives by the purchase of properties for occupation by beneficiaries. These properties are let at rentals which take into account the means of beneficiaries, the company being responsible for rates, insurance, external repairs and redecorations, and the preservation of the main structures and installations. Further details of the activities and policies of The Royal Air Force Benevolent Fund and its subsidiaries, as required by the Statement of Recommended Practice on Accounting and Reporting by Charities, are included in its Annual Report, a copy of which may be obtained by writing to the address shown on page 1.

Risk review

A review of the major risks of this entity is carried out in conjunction with the overall risk review of The Royal Air Force Benevolent Fund, and systems have been established to mitigate the risks

Reserve policy

As a wholly owned subsidiary of The Royal Air Force Benevolent Fund (the "parent charity"), the reserves of the Royal Air Force Benevolent Fund Housing Trust Limited are treated as a part of the reserves of the parent charity. The parent charity reserves policy is to hold 2 years of expenditure as a liquid reserve to ensure that the charity fulfils its charitable objectives given unexpected circumstances. Other Fund assets, including Housing Trust properties, represent a second tier of less liquid reserves totalling an additional 2 years of expenditure. Full details of the parent charity financial position can be obtained from the Annual Report & Accounts which are available on request from 67 Portland Place, London, W1B 1AR or from www.rafbf.org.

Public benefit

As stated in the principal activity section, the Royal Air Force Benevolent Fund Housing Trust Limited's sole activity is to hold and operate properties for beneficiaries of The Royal Air Force Benevolent Fund.

Since its formation, the Royal Air Force Benevolent Fund's objects have been to provide relief and assistance to past and present members of the Royal Air Force and their dependants who are in need as a result of poverty, disability, sickness, infirmity or otherwise, and to maintain the RAF War Memorial on the Victoria Embankment, London. In October 2008, the Charity's objects were expanded to enable it to promote the efficiency of the Royal Air Force by providing support and assistance to Service personnel and their dependants with a view to enhancing their morale and wellbeing.

When reviewing the Fund's aims and objectives, and in planning future activities and policies, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary guidance on public benefit and fee charging. Where a contribution is invited, for example towards the costs of occupying a residential property, the beneficiary's means are always taken into account when assessing an appropriate contribution so that no member of the RAF family is prevented from accessing the services of the Fund because they cannot afford the full cost. The Fund also provides a public benefit as it promotes efficiency in the RAF, thereby underpinning esprit de corps and contributing to the defence of the United Kingdom and its interests.

Directors' report

Future plans of the charity

The charity intends to continue to hold and operate properties on behalf of the beneficiaries of the Royal Air Force Benevolent Fund for the foreseeable future.

Results

The financial statements for the year show a surplus of £951,827 (2012 surplus of £567,131) which has been deducted from accumulated funds.

Tangible fixed assets

As at 31 December 2013, the Trust owned 252 properties (2012 - 263). During the year, 6 properties were purchased (2012 - 7) and 17 sold (2012 - 12), resulting in a net decrease of 11 houses.

Costs of new properties amounted to around £1.1m (2012 - £1.5m). Sales of houses realised amounted to £3m (2012 - £2.1m). Profits on these sales were £1.4m (2012 - £1.3m).

Directors

The directors during the year were as shown on page 1.


Auditors

A resolution to re-appoint Kingston Smith LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

Governing Document

The objects for which the Company is established are set out in the Memorandum of Association dated 2 June 1972. The Articles of Association of the Charity were approved by a written resolution by the Directors on 24 June 2003.

By order of the board



Secretary

PHILIP WILES

Date 16 July 2014

Statement of Directors' Responsibilities

Statement of Trustees' Responsibilities

The trustees (who are also directors of the RAF Benevolent Fund Housing Trust Limited for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice.)

Company law required trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the outgoing resources and application of resources, including the income and expenditure, of the charitable company 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, subject to any material departures disclosed and explained in the financial statements;
- 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 proper 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, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company 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.

Independent auditors' report

to the members of The RAF Benevolent Fund Housing Trust Limited

We have audited the financial statements of the Royal Air Force Benevolent Fund Housing Trust Limited for the year ended 31 December 2013 which comprise the Statement of Financial Activities, the Balance Sheet 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 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. Our audit work has been undertaken for no purpose other than to draw to the attention of the charitable company's trustees and members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and the charitable company's trustees and members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditors under section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with those Acts.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013 and of its outgoing resources and application of resources, including its income and expenditure, for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Independent auditors' report

to the members of The RAF Benevolent Fund Housing Trust Limited

Matters on which we are required to report by exception

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

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

Neil Finlayson *Statutory Auditor*

Neil Finlayson, Senior Statutory Auditor

for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House

60 Goswell Road

London EC1M 7AD

Date: 31/7/2014

Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

Statement of financial activities

for the year ended 31 December 2013

(incorporating the Income and Expenditure account)

	<i>Notes</i>	<i>Unrestricted funds</i> 2013 £	<i>Unrestricted funds</i> 2012 £
<i>Incoming resources</i>			
Incoming resources from charitable activities:			
Rents received	1	957,756	891,692
Other incoming resources:			
Net gain on sale of properties		1,349,114	1,275,219
<i>Total Incoming resources</i>		<u>2,306,870</u>	<u>2,166,911</u>
<i>Resources Expended</i>			
Charitable activities:			
Provision of accommodation to beneficiaries	2	(1,355,043)	(1,599,780)
<i>Total resources expended</i>		<u>(1,355,043)</u>	<u>(1,599,780)</u>
<i>Net incoming resources for the year</i>	3	<u>951,827</u>	<u>567,131</u>
<i>Net movement in funds</i>		951,827	567,131
Fund balance brought forward at 1 January 2013		5,715,979	5,148,848
<i>Fund balance carried forward at 31 December 2013</i>		<u><u>6,667,806</u></u>	<u><u>5,715,979</u></u>

There are no recognised gains or losses in either period other than as disclosed above.

All incoming and outgoing resources arise from continuing activities.

Balance sheet

at 31 December 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	6	25,623,183	26,625,542
Current assets			
Debtors	7	635	169,254
Cash and Bank		4,592	-
Creditors: amounts falling due within one year	8	(77,090)	(42,998)
Net current liabilities		(71,863)	126,256
Total assets less current liabilities		25,551,320	26,751,798
Creditors: amounts falling due after more than one year	9	18,883,514	21,035,819
		6,667,806	5,715,979
Unrestricted general funds		6,667,806	5,715,979

Approved and authorised for issue by the Board on 16 July 2014
and signed on its behalf by:



Chairman CARIS NICCOLS



Director LESLEY BAUGA

Company registration number 01058896

Notes to the financial statements

at 31 December 2013

1. Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention, in accordance with applicable accounting standards, and follow the recommendations in "Accounting and Reporting by Charities" Statement of Recommended Practice published in March 2005.

Rental income

Rental income is accounted for on the basis of amounts received in the accounting period. In the opinion of the directors, this policy is appropriate in view of the uncertainty over whether the rental income, which is not a contractual commitment, can be collected.

Capitalisation and Depreciation

Fixed Asset costing more than £5,000 are capitalised and included at cost, including any incidental expense at acquisition.

Depreciation is provided on freehold and long leasehold properties at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Freehold buildings	-	over 50 years
Leasehold buildings	-	over the periods of the leases

Freehold land is not depreciated.

A full year of depreciation is charged in the year of acquisition and none in the year of disposal. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Resources expended

All resources expended relate to the one charitable activity undertaken by the company. Property repair and renewal expenses are written off to the Statement of Financial Activities as they are incurred. The trust has no employees and pays no emolument for the use of RAFBF staff to carry out the operational activity.

Recognition of liabilities

Properties and expenditure approved for payment but not paid are recorded as liabilities in the balance sheet. Current liabilities consist of amounts expected to be settled within 12 months from the balance sheet date.

2. Resources Expended

	2013	2012
	£	£
Costs of providing accommodation for beneficiaries:		
General and water rates	6,474	272
Insurance	116,061	56,925
Repairs and renewals	483,223	614,500
Adaptations for disabled	-	125,445
Legal and survey fees	139,894	177,249
Ground rents	7,348	11,859
Lease amortisation	4,537	11,400
Property depreciation	597,506	602,130
	1,355,043	1,599,780
	1,355,043	1,599,780

Notes to the financial statements

at 31 December 2013

3. Net incoming resources

The costs of administration (including auditors' remuneration) for the year ended 31 December 2013 and the prior year have been borne by The Royal Air Force Benevolent Fund.

4. Directors' remuneration

None of the directors has received any remuneration or reimbursement of expenses from the company.

5. Related party transactions

The company has taken advantage of the exemptions given in FRS 8 (related party disclosures), whereby certain details regarding transactions with group companies do not have to be disclosed where group financial statements are made publicly available.

Mike Scott is also a partner of Charles Russell. Payment to Charles Russell for 2013 amounted to £10,146, most of it relating to legal fees arising from new property purchases.

6. Tangible fixed assets

	<i>Freehold properties</i>	<i>Long leasehold properties</i>	<i>Total</i>
	£	£	£
Cost:			
At 31 December 2012	30,045,810	1,429,238	31,475,048
Additions	1,276,872		1,276,872
Disposals	(1,621,198)	(389,100)	(2,010,298)
At 31 December 2013	<u>29,701,484</u>	<u>1,040,138</u>	<u>30,741,622</u>
Amortisation and depreciation:			
At 31 December 2012	4,778,880	70,812	4,849,692
Charge for the year	597,505	4,536	602,042
Disposals	(301,123)	(32,171)	(333,295)
At 31 December 2013	<u>(5,075,262)</u>	<u>(43,177)</u>	<u>(5,118,439)</u>
Net book amounts:			
At 31 December 2013	<u>24,626,222</u>	<u>996,961</u>	<u>25,623,183</u>
At 31 December 2012	<u>25,267,116</u>	<u>1,358,426</u>	<u>26,625,542</u>

The Trustees also recognise that properties are recorded at historical cost less any charges for depreciation and therefore the market value could be materially different.

Notes to the financial statements

at 31 December 2013

7. Debtors

	2013	2012
	£	£
Prepayments	635	169,254
	<u>5,227</u>	<u>169,254</u>

8. Creditors: amounts falling due within one year

	2013	2012
	£	£
Bank overdraft	-	6,484
Trade creditors	33,068	9,973
The Royal Air Force Benevolent Fund – Gulf Trust	13,642	1,794
Other creditors and accrued charges	30,380	24,747
	<u>77,090</u>	<u>42,998</u>

9. Creditors: amounts falling due after more than one year

	2013	2012
	£	£
Interest free finance provided by The Royal Air Force Benevolent Fund and repayable at not less than one year's notice	18,883,514	21,035,819
	<u>18,883,514</u>	<u>21,035,819</u>

10. Cash flow exemption

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company's parent publishes consolidated financial statements.

11. Parent undertaking

In the directors' opinion, the ultimate parent undertaking is The Royal Air Force Benevolent Fund, incorporated by Royal Charter, charity number 1081009/207327. Copies of its group financial statements, which include the company, are available from 67 Portland Place, London, W1B 1AR.

12. Guarantee

In the event of the company being wound up, each Director is liable to pay £1.