

# ANNUAL REPORT

2017



**Royal Air Force  
Benevolent Fund**



TRUSTEES' REPORT AND ACCOUNTS FOR THE YEAR END 31 DECEMBER 2017

# PRINCIPALS, TRUSTEES AND SENIOR MANAGEMENT TEAM

## Patron

Her Majesty The Queen

## President

HRH The Duke of Kent KG GCMG GCVO ADC(P)

## Life Vice-Presidents

Marshal of the Royal Air Force The Lord Craig of Radley  
GCB OBE MA DSc FRAeS

Marshal of the Royal Air Force Sir Keith Williamson  
GCB AFC ADC (deceased 2 May 2018)

Air Chief Marshal Sir Michael Graydon GCB CBE ADC FRAeS

Air Chief Marshal Sir Stephen Hillier  
KCB CBE DFC ADC MA RAF

Air Chief Marshal Sir Richard Johns GCB KCVO CBE FRAeS

Air Chief Marshal Sir Roger Palin KCB OBE MA FRAeS FIPD

Air Chief Marshal Sir Peter Squire GCB DFC AFC DSC  
FRAeS (deceased 19 February 2018)

Lady Hillier

Lady Humphrey OBE

Sir Adrian Swire AE DL MA

## Vice-Presidents

Mr John Isabel

## Council

### Chairman

Mr Lawrie Haynes DEng BA (Hons) FCILTR FRSA

### Deputy Chairman

The Viscount Trenchard of Wolfeton DL

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Dr Stephen Critchley MA (Hons) D Phil FCA

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Air Chief Marshal Sir Stephen Hillier  
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Air Marshal Sean Reynolds CBE DFC

Air Vice-Marshal John Cliffe CB OBE

Air Vice-Marshal Simon Dougherty  
MSc MBBS FRCP FFOM DAVMed DObstRCOG FCMI FRAeS

Air Commodore Andrew Neal AFC FCMI (retired May 2018)

Ms Frances Brindle MSc BSc (Hons)

Mr David Cheyne MA (Cantab)

Dr Stephen Critchley MA (Hons) DPhil FCA

## Trustees

### Chairman

Mr Lawrie Haynes DEng BA (Hons) FCILTR FRSA

### Honorary Treasurer

Dr Stephen Critchley MA (Hons) DPhil FCA

### Members

Ms Kathryn Adamson

Ms Frances Brindle MSc BSc (Hons)

Mr David Cheyne MA (Cantab)

Mr Graeme Craig

Air Vice-Marshal Simon Dougherty  
MSc MBBS FRCP FFOM DAVMed DObstRCOG FCMI FRAeS

Air Commodore Simon Harper OBE MA RAF

Mr Richard Ingham BSc FRSA

Mr Alastair Irvine BA (Hons) MCSI

Wing Commander Marie-Noelle Orzel

OBE QVRM MSc PGDE RGN RSCN

Mr Graeme Shankland

Air Vice-Marshal Elaine West CBE

## Senior Management Team

(for the year ended 31 December 2017)

### Controller

Air Vice-Marshal The Honourable David Murray CVO OBE

### Chief of Staff/Director of Governance

Air Commodore Paul Higgins MA BA(Hons) FCILT FCMI  
(appointed May 2017)

### Director of Strategy and Fundraising

Group Captain Michael Neville CBE BSc (Hons)  
(until May 2017)

### Director of Finance

Ms Victoria Fakehinde BSc (Hons) ACMA CGMA

### Director of Fundraising and Communications

Mr John Trampleasure (appointed October 2017)

### Director of Welfare and Policy

Air Commodore Paul Hughesdon MA FIoD

## RAF Benevolent Fund Principal and Registered Office

67 Portland Place,  
London  
W1B 1AR

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Dame good prize: Dame Judi Dench launched a very exciting raffle in 2017 to win a limited edition Aston Martin Vanquish S Red Arrows car. Find out more on p16.

## THERE FOR THE RAF FAMILY – NO MATTER WHAT



**Since our humble beginnings in 1919, in the aftermath of the Great War, the RAF Benevolent Fund has stood firm in its commitment to support the RAF Family during times of struggle and hardship.**

As the needs of the RAF Family have changed, so we have responded, investing significantly in welfare services which meet the 21st century needs of our family. In recent years we have sharpened our focus on both the veteran community and the serving RAF, continually launching new and innovative services in those areas where our research tells us it is needed most: mental wellbeing, combating isolation among elderly RAF veterans through the provision of respite and supporting the welfare needs of the families of the serving.

Highlights for us during 2017 included bringing the Royal Observer Corps Benevolent Fund under our wing, which will allow former ROC veterans to access support from the Fund. In addition, in terms of fundraising and exciting new corporate partnerships, we were extremely grateful to Aston Martin Cambridge who very generously donated to us a limited edition Vanquish S Red Arrows car, which was raffled raising an incredible £1.4M.

As we continue to look forward to our 100th year, the Fund's Trustees and Senior Management Team are fully committed to ensuring we remain the leader among RAF charities and that we deliver on our promise to support the entire RAF Family – from the youngest child to the oldest veteran. In the coming year we will be conducting new research into the needs of the RAF Family and tailoring our services accordingly in order to meet those needs.

We must also reach out and find RAF veterans who have not yet contacted us for help – those who are struggling with a disability, illness or financially but whom, for whatever reason, are not aware of us, or are perhaps too proud to come forward for help. We will be ploughing additional resources into finding them and ensuring they receive the support they so rightly deserve. It is our pledge that we will spend considerable resources on ensuring that those who need our help, receive it – not least the generations of veterans who are reaching their twilight years and to whom we owe so much.

Finally, the successes and achievement of the past year could not have been realised without the dedication of Fund staff and I would record my thanks to them for the crucial part they play in ensuring the RAF Family is cared for. I would also like to thank our dedicated Trustees, who freely give their time and expertise to ensure we operate effectively and make a difference to so many people in need.

**Lawrie Haynes**  
Chairman, Royal Air Force Benevolent Fund

## ANTICIPATING NEEDS AND MAKING THINGS HAPPEN

**I am proud that the RAF Benevolent Fund, as the RAF's oldest friend, has always been there, changing lives, creating opportunities and helping people to move on from the most difficult circumstances.**

We are only too aware of the pressures that the RAF Family – serving and veterans – is facing today but our life-changing support helps keep families together when they are going through the most challenging of times; we enable veterans to live independently for longer and we provide support when the stresses of Service life take their toll.

In 2017, significant focus was given to understanding the emerging welfare needs of the RAF Family. In response, we have specifically developed targeted and innovative programmes tackling social isolation, financial difficulty and mental wellbeing. Respite care for the elderly is also a key priority in the support we provide.

We are an ambitious charity and we will continue to build our support package, delivering new services in 2018 for carers and enhancing respite provision for serving personnel, among others. A fluctuating economy and tighter regulation will no doubt present us with difficulties to overcome but our robust welfare and financial strategy gives us a clear and solid foundation on which to make progress. Consequently, I am confident we are prepared for the challenging times ahead.

We have also been cognisant that 2018 has marked the centenary of the Royal Air Force, or RAF100, and we were therefore pleased to enter into an RAF100 joint venture with the RAF and our sister RAF charities – RAFA, the RAF Charitable Trust and the RAF Museum – to raise money to support the work that we individually do. Collectively, we agreed that we did not want to compete with each other to take advantage of this centenary year and it was clear that collaboration was the way forward.

I look forward to 2019, which marks the centenary of the RAF Benevolent Fund serving the RAF Family, with excitement. We will use this significant milestone to tell people about the sacrifices made by so many during that time but we must also reach those who have not yet sought our help. This is absolutely key and personal pride or a lack of awareness must not prevent members of the RAF Family contacting us if they are in need.

Our vision that 'no member of the RAF Family will ever face adversity alone' is as relevant today as it was when we first began in 1919. We have known and understood the RAF Family for almost 100 years and our commitment ensures that we will be there for each and every member of the RAF Family, whenever they need us.

**Air Vice-Marshal David Murray CVO OBE**  
Controller, Royal Air Force Benevolent Fund



*Fund Controller David Murray (third from right) receives a cheque for £10,000 from the RAF Valley charity committee. Earlier this year, the station re-opened its community centre following a major refurbishment, with funding from the Benevolent Fund.*

## AIMS, OBJECTIVES AND VALUES

The Trustees present their report for the year ended 31 December 2017. The Trustees confirm that the Annual Report and Financial Statements of the Royal Air Force Benevolent Fund have been prepared in accordance with the Charities Act 2011, Charities Accounts (Scotland) Regulations 2006 as amended by The Charities Accounts (Scotland) Amendment (No. 2) Regulations 2014 and the Financial Reporting Standards applicable in the UK and the Republic of Ireland (FRS102) (Charities SORP).



## OUR VISION

No member of the RAF Family will ever face adversity alone.

## OUR PURPOSE

To understand and support each and every member of the RAF Family, whenever they need us.

## OBJECTS AND ACTIVITIES

Since its formation, the Charity'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. The Charity also exists 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.

In June 2017, the Charity's Royal Charter was amended to include a provision that entitled former members of the Royal Observer Corps to benefit from the Royal Air Force Benevolent Fund's support.

## PUBLIC BENEFIT STATEMENT

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 a respite break or 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. Through its External Grants programme, the Fund also enables other charities to maximise their public benefit, where applicable, to and in support of the RAF Family.

# OUR ACTIVITIES AND ACHIEVEMENTS

**The RAF Benevolent Fund has been committed to supporting members of the RAF Family and their dependants, regardless of age and length of service, for almost 100 years.**

As the RAF's leading welfare charity, our support extends to Regular and Reserve members of the modern RAF, RAF veterans of all ages, including those who undertook National Service and, since November 2017, former members of the Royal Observer Corps.

We recognise the unique challenges faced by our servicemen and women as they juggle the pressures of the frontline with home life; we understand the stresses faced by those who are leaving the Service and we are only too aware that our older veterans deserve dignity and independence in their twilight years.

To better meet the needs of the RAF Family last year, our welfare spend increased by 7% to £18.8M from £17.6M in 2016.

While assisting those members of the RAF Family experiencing financial difficulty remains at our core, 2017 saw the Charity placing a greater focus on other areas of welfare including independence, housing and accommodation, employment, relationships and family life, and emotional wellbeing.

New initiatives launched in these areas included the Wellbeing and Employment Programme, bereavement support for serving personnel and veterans and relationship counselling for veterans.

Support for the serving RAF Family increased by 46% (this was largely due to a significant increase in the number and value of RAF station grants) in 2017 to £4.4M, a clear indication of our priority and concern for the morale and wellbeing of our serving men and women and their dependants.

We are committed to ensuring our veterans, both young and old, receive the support they need and to that end we spent more than £8.8M supporting individuals with their welfare needs.

Princess Marina House, the Royal Air Force Benevolent Fund's flagship care and respite centre on the West Sussex coast, which supported more than 1,700 people in 2017, was awarded an 'outstanding' rating by the independent regulator the Care Quality Commission. Only two per cent of all adult social care settings nationally were awarded the overall 'outstanding' rating.



## New Welfare Initiatives Supporting the RAF Family

- We extended our relationship support service delivered through Relate, formerly only available for serving personnel, to veterans.
- We enhanced our financial support package for those with domiciliary care, and now also provide a garden maintenance grant.
- Ben Clubs, our play provision for five- to eight-year-olds, was rolled out on all RAF stations.
- £1M was awarded in station grants to support activities and facilities.
- A new bereavement support service was launched with Cruse Bereavement Care for serving personnel and veterans.
- We launched a Wellbeing and Employment Programme to provide our Housing Trust veterans with an opportunity to enhance their life skills and employment opportunities.

## Supporting Two Generations of One Family

Beryl and Leslie Williams were supported by the Fund in 2016, when Leslie was having difficulty accessing his home and garden in his wheelchair.

Leslie had served in the RAF for three years in 1956, which meant he was eligible for support from the Fund. We arranged for better access to the couple's home making life a little easier for Leslie before he sadly passed away in 2017.

Their son, Paul and his family have also recently been supported by the Fund. When Paul, who served in the RAF for 22 years as a Weapons Technician, was diagnosed with cancer he turned to us for assistance. We supported the family, initially by making access easier to their home and we also assisted with weekly travel costs so Paul's wife Susan could visit him in hospital in London from their home in Lincoln.

# IN 2017 WE SPENT

**£14.4M**  
SUPPORTING  
**RAF**  
VETERANS  
AND THEIR FAMILIES

ADDITIONAL £0.2M  
SPENT ON PURCHASING  
PROPERTIES FOR  
VETERANS

**97%**  
OF BENEFICIARIES SAID  
THEIR QUALITY OF  
LIFE HAD IMPROVED  
'A LOT' OR 'QUITE  
A BIT' FOLLOWING  
OUR SUPPORT

**£18.8M**  
SUPPORTING  
MORE THAN  
**55,000**  
MEMBERS OF  
THE RAF FAMILY



**£4.4M**  
SUPPORTING  
SERVING  
PERSONNEL  
AND THEIR FAMILIES

ADDITIONAL £0.9M  
SPENT ON PURCHASING  
PROPERTIES FOR  
SERVING PERSONNEL

**94%**  
OF BENEFICIARIES  
RATED THE QUALITY  
OF OUR SERVICE AS  
EITHER 'EXCELLENT'  
OR 'VERY GOOD'

# PROVIDING SUPPORT WHERE IT IS NEEDED MOST

## Financial Security

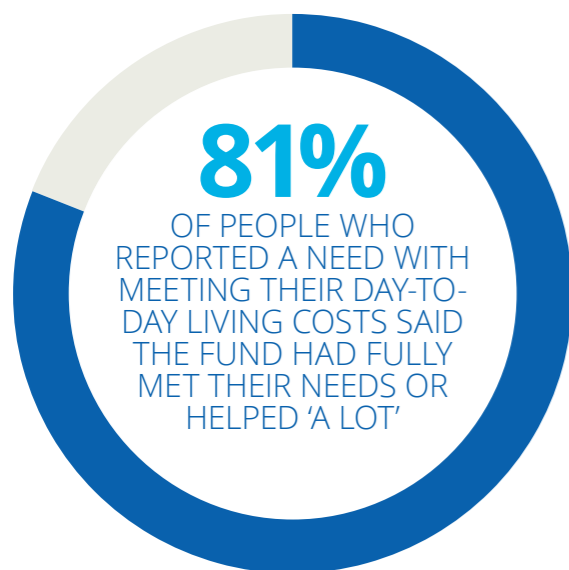
**WE WANT TO INCREASE FINANCIAL SECURITY FOR THOSE EXPERIENCING HARDSHIP**

### How we achieve this

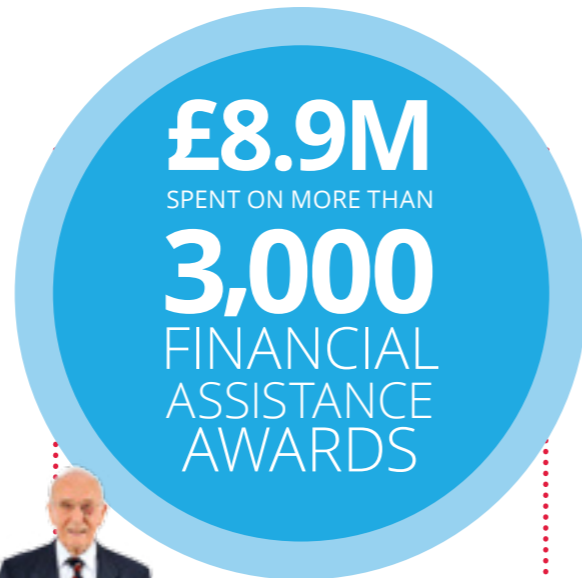
- Financial grants
- Regular Financial Assistance to assist with day-to-day living costs for those of pensionable age who are experiencing financial distress
- Support with education fees for the children of personnel killed or injured during Service
- Benefits advice service
- Employment and Wellbeing Programme providing employment and life skills for RAF veterans
- Advocacy support

When members of the RAF Family find themselves in financial difficulty, or they need assistance through the complicated benefits system or support with training and employment, we provide a range of services to assist.

In 2017, we helped ease the financial pressures for 3,500 individuals, including £889K in regular financial grants to pensioners, £647K for general housing costs and £326K for funeral expenses.



All figures on pages 10 to 15 refer to direct costs only and include capital awards



**£889K**  
SPENT ON REGULAR FINANCIAL ASSISTANCE TO PENSIONERS

**£287K**  
FUNDING FOR SCHOOL FEES FOR THE CHILDREN OF PERSONNEL KILLED OR INJURED DURING SERVICE



**£1.5M**  
IDENTIFIED IN UNCLAIMED BENEFITS THROUGH OUR BENEFITS AND ADVICE SERVICE

## Independent Living

**WE WANT TO SUPPORT GREATER INDEPENDENCE AMONG THE VETERAN COMMUNITY**

### How we achieve this

- Housing Trust and housing adaptations
- Mobility and care equipment
- Domiciliary care
- Care costs
- Advocacy support
- RAF Disabled Holiday Trust

Living independently at home is a major wish for many of our younger veterans who have a disability as well as for our older veterans. We fund a range of services to help provide them with the means to live safely and comfortably at home.

In 2017 we spent significantly more on domiciliary care fees (£128K compared with £55K in 2016) and there was a 12% increase in care home top-up fees – £476,424 in 2017 compared with £425,513 in 2016.

**£2.4M**  
SPENT ON DISABILITY NEEDS

**95%**  
REPORTED THAT THEIR PROPERTY REPAIR OR ADAPTATION HAD IMPROVED THEIR DAY-TO-DAY LIVING 'A LOT' OR 'QUITE A BIT'

**£128K**  
SPENT ON DOMICILIARY CARE

**86%**  
OF BENEFICIARIES WHO REPORTED A DIFFICULTY GETTING OUT AND ABOUT SAID THE FUND MADE A POSITIVE IMPACT ON THEIR MOBILITY

**£744K**  
SPENT ON MOBILITY AIDS

**76%**  
OF BENEFICIARIES REPORTED A POSITIVE IMPACT ON THEIR CURRENT LEVEL OF CARE AFTER USING THE FUND'S SERVICES

**“You have a lot to deal with when you have a disability but it’s reassuring to know I’ll always have the Fund’s support.”**

Senior Aircraftman Dan Pelling’s life changed forever when a hit and run accident left him paralysed from the chest down. Our Housing Trust helped him to move into a specially adapted bungalow in Horsham, close to his family. We recently provided accessible kitchen units and landscaped the garden so it’s easy for him to manoeuvre in his wheelchair.



## Emotional Support

**WE SUPPORT MEMBERS OF THE RAF FAMILY, INCLUDING THOSE WHO ARE SERVING, VETERANS AND THEIR DEPENDANTS, WITH THEIR MENTAL HEALTH AND WELLBEING**

### How we achieve this

Every year we fund the following services:

- Counselling and support services for veterans experiencing anxiety or depression provided through Anxiety UK. This service will be expanded to the serving RAF and their families in 2018
- Counselling and support services for serving personnel and veterans coping with a bereavement provided through Cruse Bereavement Care
- Relationship counselling through Relate for the serving RAF
- Employment and Wellbeing Programme providing employment and life skills for Fund Housing Trust beneficiaries who have been wounded, injured or are sick

We have made significant progress in recent years providing support for mental wellbeing among the RAF Family but deployment, separation and frequent moves within the serving community and isolation among the veteran community add to daily pressures. We want to provide early and proactive support for those experiencing anxiety or depression while raising awareness of mental health issues for all the RAF Family.

Our partnerships with charities including Anxiety UK and Relate, who are widely regarded as the leaders in their field, are helping us to provide specialised support for those who need it.



**£248K**  
AWARDED TO  
COMBAT STRESS  
TO SUPPORT RAF  
VETERANS

**197**

PEOPLE RECEIVED  
BEREAVEMENT  
SUPPORT  
THROUGH OUR  
PARTNERSHIP  
WITH CRUSE  
BEREAVEMENT CARE



**90%**

OF THOSE ACCESSING  
ANXIETY UK THERAPY  
REPORTED A SIGNIFICANT  
IMPROVEMENT IN  
REDUCING THEIR  
LEVELS OF ANXIETY  
AND DEPRESSION

## Reducing Isolation

**WE WANT TO REDUCE LONELINESS AND ISOLATION AMONG RAF VETERANS AND HELP TO ENHANCE SOCIAL NETWORKS AND FAMILY LIFE**

### How we achieve this

- Subsidised welfare breaks
- Financial grants
- Telephone Friendship Groups
- Daily lunch club
- Respite at Home Service
- Mobility aids

According to research, those who experience loneliness are more prone to depression and are more at risk of developing life-threatening conditions such as coronary heart disease, dementia or strokes.

Our initiatives, including a daily lunch club for veterans at our respite home, Princess Marina House, and Telephone Friendship Groups, are easing the pressures on isolated veterans, helping them to make new connections and meet people.

**2,631**

LUNCHES  
SERVED TO  
VETERANS  
ATTENDING OUR  
DAILY LUNCH  
CLUB



**84%**

OF GUESTS AT PRINCESS MARINA HOUSE REPORTED THEIR EMOTIONAL WELLBEING WAS POSITIVELY AFFECTED BY THEIR STAY



**71%**

OF PEOPLE WHO FELT ISOLATED REPORTED A POSITIVE IMPACT ON THEIR WELLBEING AFTER USING THE FUND'S SERVICES



**85%**

OF PEOPLE WHO REPORTED DIFFICULTIES WITH THEIR EMOTIONAL WELLBEING SAID SUPPORT FROM THE FUND HAD A POSITIVE IMPACT ON THEIR WELLBEING



**“Thanks to the Wellbeing and Employment Programme, I feel I have a purpose again.”**

We supported Tony Beck through our Wellbeing and Employment Programme after his RAF career ended when he was diagnosed with a brain tumour. He wanted to improve his photography skills so we funded a digital camera and storage equipment for his wheelchair.

**“The Telephone Friendship Groups really have changed my life. I’ve got something to look forward to every week.”**

For widow Margaret Peckham, the Fund's daily lunch clubs and weekly Telephone Friendship Groups provide a much-needed link with the outside world. Margaret says: “The hardest thing about living on your own after 60 years of marriage is not being able to talk about your day to anyone when the evening comes.”



## Supporting Serving Personnel

RAF life is like no other – deployment, separation and regular moves can all cause pressure leading to difficulty at home.

As the RAF's leading welfare charity we exist to ease the stresses and in 2017 we spent £4.4M supporting serving personnel and their families with financial assistance, funding advice sessions through Citizens Advice, childcare and youth provision, housing support and relationship support.

The map below shows our welfare spend on RAF stations.

**£4.4M**  
SUPPORTING  
SERVING  
PERSONNEL  
AND THEIR  
FAMILIES

AN INCREASE OF  
**46%**  
ON 2016



\*Includes purchase of one Housing Trust property

## Caseworking Organisations

We are proud to work with caseworking organisations, who are our eyes and ears on the ground; we are very grateful to them all. SSAFA undertakes more than 50% of all veterans' cases on our behalf, with the RAF Association undertaking about one third. Through these two organisations alone, we disbursed more than £4.8M to RAF beneficiaries.

## Grant Making

We provide grants to individuals who are experiencing a range of welfare needs, where it is assessed that there is a financial need for support. The majority of individual grants are awarded to members of the RAF veteran community, and the overall aim of these grants is to enable individuals to live with dignity, provide a sense of belonging within the RAF Family and peace of mind. In order to achieve this, grants are awarded to meet a range of needs, including immediate financial needs within the household, as well as housing, mobility and care needs. A smaller number of grants are awarded to currently serving RAF personnel and their families where a financial need for support exists, with the aim of enhancing the morale and wellbeing of the serving RAF community. Applications for individual grants can be made throughout the year and are submitted by caseworking organisations or RAF welfare staff who carry out a face-to-face assessment and provide recommendations.

In addition to providing grants to individuals, we provide grants to charitable organisations which provide assistance to members of the RAF Family, working together for the benefit of those in need. We also award grants to RAF stations, with the aim of helping to increase the overall efficiency of the RAF through providing welfare support to meet local community needs, and thereby increasing morale and wellbeing within the RAF. Both types of grants are delivered through open grants programmes, with organisations and RAF stations able to apply throughout the year.

**£58K**  
AWARDED TO  
PROVIDE  
ADVICE  
THROUGH  
CITIZENS ADVICE  
SERVICES ON RAF STATIONS

**676**  
INDIVIDUALS RECEIVED  
RELATIONSHIP  
SUPPORT  
THROUGH RELATE

**£126K**  
SPENT ON MINOR  
FINANCIAL  
ASSISTANCE  
TO INDIVIDUALS,  
**UP 36%**  
ON 2016

**2,030**  
CHILDREN  
& YOUNG  
PEOPLE  
TOOK PART  
IN THE  
AIRPLAY  
PROGRAMME





## RED HOT

This incredible limited edition Aston Martin Vanquish S Red Arrows car was gifted to us by Aston Martin Cambridge. The car, which was raffled, raised a staggering £1.4M income for us.

## FUNDRAISING

**It is thanks to our wonderful supporters that we were able to support more than 55,000 members of the RAF Family in 2017. Their donations to the RAF Benevolent Fund accounted for 75% of our total income and we are extremely grateful to each and every person and organisation for their support. Fundraised income rose by 11%, from £17.5M in 2016 to £19.4M in 2017. This amazing result was due in part to the fantastic performance of our Red10 raffle.**

### Supporter Promise

We believe in being transparent in how we raise money and spend donations and the impact this makes on the RAF Family. We all take this responsibility very seriously.

The Fund is a member of the Fundraising Regulator and is committed to the Fundraising Regulator's Code of Fundraising Practice. In all we do, we aim to meet the highest standards, so that supporters and volunteers are able to give and fundraise for the Fund with confidence and trust that their hard work will make a difference. In line with the Charities (Protection and Social Investment) Act 2016, the Board of Trustees closely monitors our fundraising activity and performance alongside the fundraising management team.

We take all complaints related to fundraising seriously and take the opportunity to learn and improve our practices where necessary. The Fund received 13 complaints in 2017. After thorough investigation, we were able to resolve them with no further need to refer them to the Fundraising Regulator.

### We are Open, Honest and Transparent

We promise to be open, honest and transparent in relation to our fundraising and, as importantly, how accurately we represent the experiences of the veterans and serving personnel in the services we develop by engaging them in the planning and reviews of those services.

### We are Respectful

In our fundraising materials or in conversation, we show respect and we promise never to pressure anyone to make a donation. We are particularly sensitive when engaging with vulnerable people, including those who are elderly. Importantly, we do not and never have shared our supporters' details with any other charity or business.

As preparation for the new General Data Protection Regulation we have communicated with all of our individual supporters to ask them for express permission to maintain contact with them. We carry out self-assessments during the year to assure our compliance with all regulation. We keep supporters up to date with our work in a way and at times that suit them. If any supporter prefers a reduced level of contact, they only have to let us know and we will respond to their wishes.

### We are Accessible

We want to make it easy for anyone to get in touch with our fundraising team. Whether they want to update their contact preferences, ask a question about our work or how we spend their donation, we welcome their phone call, email or letter.

We always strive for the highest possible standards and continually adhere to best fundraising practice. We have a complaints procedure should a supporter be unhappy or have concerns about any of our fundraising activities.

### Fund Advert Hits the Small Screen

2017 saw us launch a new television advert featuring Fund beneficiaries Stan Hartill, Stuart Robinson and Jacqui Thompson.

The advert was shown on 14 different channels and invited the viewer to show their pride in the RAF and make a donation to support the Fund's work. We were delighted with the response with more than 10,000 individuals making their first donation to us and more than 1,300 of them giving a monthly donation.



This is available on our website or by contacting the fundraising team. We will help supporters to take their complaint to the Fundraising Regulator should they feel we have not responded suitably.

### Relationships with Fundraising Suppliers

We have a small in-house fundraising team and employ external agencies to add additional expertise or capacity. This is more cost effective than trying to do everything ourselves. These agencies have been appointed through a competitive tendering process and we are careful that they provide the same high standards of service as our in-house team.

Before each campaign commences, we hold discussions with the agency we will use to support the campaign to inform them about the Fund and explain our approach to fundraising. During the campaign, all inbound and outbound calls handled by the agency are recorded and a member of the in-house team listens weekly to a sample of calls to monitor quality. If we receive a complaint, the in-house team will listen to the relevant recording and follow our complaints procedure as published on our website.

### Trust Fundraising

Every year we receive generous support from charitable trusts, including The Mackintosh Foundation. Squadron Leader Cameron Mackintosh died on 17 June 1943, aged just 29, after his Lancaster aircraft was shot down over Belgium. In his memory, The Mackintosh Foundation has continued its financial support of the Fund. The Trustees of the Foundation wish to support wounded, injured and sick RAF veterans and so their grant of £15K has been used to adapt the homes of ex-RAF personnel with physical disabilities like Dan Pelling (read Dan's story on p11). We are also very grateful for the receipt of a £2M LIBOR grant from the Chancellor to support our respite growth plans.

### Legacies

We are immensely grateful to the individuals who leave a gift to the Fund in their will. Each year we receive some 350 gifts and in 2017 raised £10.8M. Without this support, we simply would not be able to help so many members of the RAF Family.

Norman Hall, who included a gift to us in his will, said: "I want to ensure that future generations of servicemen and women get the care and support they need. Remembering the Royal Air Force Benevolent Fund in my will was an easy decision to make."

### Marathon Man!

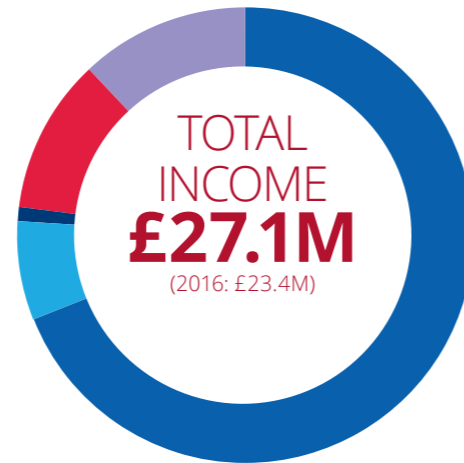
When Corporal Jon Ward completed his first ever marathon back in 2007, he could never have imagined that 11 years later, he would be joining the exclusive 100 marathon club! Jon, a logistics mover based at RAF Lossiemouth, will be completing his 100th marathon in 2018 to support the Fund. Jon said: "I have been fortunate that I have never needed support from the Fund, but being a serving member of the RAF, I see first hand how the charity supports the entire RAF Family, so it seemed like a natural fit for me to raise funds for them."



## FINANCIAL HIGHLIGHTS

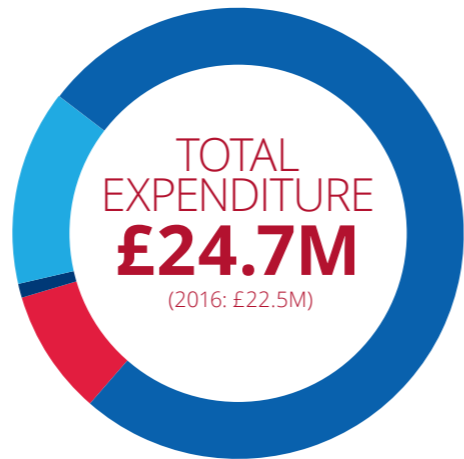
### Where our money came from

Donations and legacies (69%)	<b>£18.7M</b> (2016: £17.1M/73%)
Charitable activities (7%)	<b>£1.8M</b> (2016: £1.8M/8%)
Other trading activities (1%)	<b>£0.4M</b> (2016: £0.5M/2%)
Investments (11%)	<b>£2.9M</b> (2016: £2.3M/10%)
Other income (12%)	<b>£3.3M</b> (2016: £1.7M/7%)



### How we spent our money

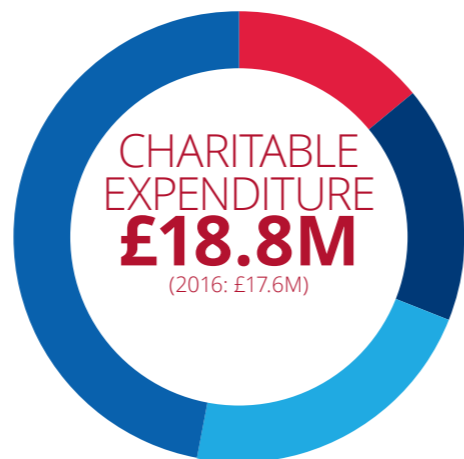
Charitable activities (76%)	<b>£18.8M</b> (2016: £17.6M/78%)
Direct fundraising (14%)	<b>£3.4M</b> (2016: £3.2M/15%)
Investment fees (1%)	<b>£0.3M</b> (2016: £0.3M/1%)
*Other costs (9%)	<b>£2.2M</b> (2016: £1.4M/6%)



\*2017 costs include £871K for Red10 raffle

### How we supported the RAF Family

Direct support to individuals (47%)	<b>£8.8M</b> (2016: £8.6M/49%)
Welfare programmes and grants (22%)	<b>£4.1M</b> (2016: £3.4M/19%)
Residential and respite care (17%)	<b>£3.3M</b> (2016: £3.0M/17%)
Housing Trust support (14%)	<b>£2.6M</b> (2016: £2.6M/15%)



## FINANCIAL REVIEW

The Consolidated Statement of Financial Activities shows the results for the RAF Benevolent Fund and its subsidiary entities.

We had a successful year in terms of income, generating a total of £27.1M which represented a 16% increase on the £23.4M raised in 2016.

Voluntary income increased in the year by 9% to £18.7M (2016: £17.1M), representing 69% of total income. Voluntary income was boosted by a £1M grant received from the Royal Observer Corps Benevolent Fund (ROCBF) when its work was absorbed by the Fund during the year. Under the new arrangement the Fund became the sole Trustee of the ROCBF and members of the Royal Observer Corps and their dependants now have access to the full range of support the Charity provides.

We were also awarded a £2M LIBOR grant from HM Treasury restricted to a number of components of our welfare provision. Total income was also enhanced by the £1.4M received in ticket sales for the Red10 raffle (see page 38).

Total expenditure in 2017 was £24.7M, a 10% increase on 2016. £18.8M was spent to deliver on charitable objectives, £1.2M (7%) more than in 2016.

The cost of raising funds was £5.9M (2016: £4.9M). The increase in costs was mainly due to expenditure incurred on the Red10 raffle which yielded a good return.

Capital expenditure was £1.2M (2016: £1M). This was mainly to acquire assets for use in delivering charitable objectives, including the purchase of four (2016: three) properties for beneficiaries.

Total net assets at the end of 2017 were £131M (2016: £123M) and comprise of restricted funds of £12.3M (2016: £10.4M) and unrestricted funds of £118.7M (2016: £112.6M).

The unrestricted funds are made up of designated funds of £5.6M (2016: £5.0M), operationally committed assets of £43.7M (2016: £45.2M) and free reserves of £69.4M (2016: £62.4M). Unrestricted funds are accounted for after the pension deficit liability of £15M (2016: £14.4M).

### Financial Investments

The Charity's investment policy is to enhance the value of its investments and earn an appropriate return through the adoption of a managed, diversified portfolio taking a medium level of risk. The main objectives of the policy are:

- To hold investments in a manner that will assist the Fund in delivering its objectives in the short, medium and long term.

- To adopt a total return investment policy with the aim of achieving a gross target return of CPI plus 5% on a five-year rolling basis.
- To earn a rate of total return above inflation, so that real capital value is preserved while also generating income to be used for welfare activities.
- To measure overall performance against an agreed market derived benchmark and use an industry wide peer group benchmark to assess performance against the average.
- To employ investment managers who generate low costs and develop relatively stable portfolios that meet the objectives of this strategy in the long term.

The value of investments at the year end was £88.1M (2016: £71.2M) and this comprised those held by the main Charity valued at £83M (2016: £66.5M) and those held by the Dependants Fund valued at £5.1M (2016: £4.7M). £87.5M was managed by three investment managers with mandates based on the Charity's investment policy. The performance of the three funds is as follows:

### CCLA – COIF Charities Investments Fund

The key factor influencing investment markets in 2017 was the global economy, as a conventional business cycle finally became established after the long convalescence that followed the global financial crisis. Growth strengthened and broadened and was the best achieved in a decade. Over the 12 months the fund returned 13.2% (gross) and 12.5% (net) compared with the comparator return of 10.5%. The relative performance was helped by the asset allocation and, in particular by the low exposure to fixed interest investments. Income of £1.2M was received during the year and the market value of funds managed was £40M at the year end.

### BlackRock – Armed Forces Common Investment Fund (AFCIF)

The year was characterised by strong global economic growth, low market volatility and low yields. The AFCIF finished the year ahead of benchmark, delivering a return of 13.3% (net) versus the benchmark return of 12.5%. Income of £1.2M was received during the year and the market value of funds managed was £42.2M at the year end.

## Sarasin – Alpha Common Investment Fund for Income and Reserves

This portfolio is used to invest medium term reserves and is predominantly invested in fixed interest securities and cash. In 2017, a return of 4.5% (net) was achieved compared with a 5.2% benchmark. £318K was received during the year and the market value of funds managed was £5.3M at the year end.

The total return on our investments, made up of income yields and the capital gains on the underlying investments was 11% (2016: 13%).

### Reserves

The Trustees are responsible for ensuring that the Charity holds sufficient funds to meet the needs of current and future beneficiaries. Our commitment is to be ready to help our beneficiaries throughout their lifetime, whenever they face adversity.

The Trustees review the level of reserves regularly to ensure that organisational strategy is delivered and that long-term financial plans are underpinned by the financial resources available to the Fund.

We take a risk-based approach to determining our free reserves requirement and this is done in conjunction with long-term financial projections and the management of financial risks, especially those around the uncertainty of income. A key component of our long-term strategy is to ensure that we hold investments that yield a sufficient level of income to supplement our fundraising. The performance of the financial markets can have a significant impact on our reserves and we guard against a fall in the value of our investments to ensure that market conditions do not adversely affect our ability to support our beneficiaries.

We have determined that we need to hold a minimum of £35M to be assured that we are able to sustain the support we provide to the RAF Family in the long term irrespective of fluctuations in income.

**Free reserves** which exclude assets used directly in the delivery of our charitable objectives were £69.4M at the end of December 2017 (2016: £62.4M). To fulfil our duty to the RAF Family, we are committed to spending more than we receive in income until our reserves are close to the minimum level. We have definite plans to spend more than the income we raise over the next five years. To remain financially viable for as long as our beneficiaries need us, we must continue generating income through fundraising in addition to spending our reserves wisely.

Our research *Meeting the Needs of the RAF Family* has identified that key needs include self-care, mobility, mental health and wellbeing and social inclusion. We will therefore be augmenting our services to include a UK-wide respite service, enhanced support to help alleviate social isolation and more targeted support for those serving in today's RAF. We already provide an extensive range of services to all those who come to us because they are in need, but we know there are many more who we are not currently reaching who need our help.

As we enter our centenary year we will embark on ambitious plans to ensure we reach more members of the RAF Family in need, particularly those who served in the Second World War or undertook National Service, as we are mindful we have a limited amount of time to help those individuals who are in their last years.

We will be expanding our existing Reaching Out campaigns to ensure that many more members of the RAF Family know that we are here and that they are able to come to us for help when they face adversity. To support this major drive we have committed a significant portion of our free reserves to be spent over the next five years to make certain that we can meet the needs of our more elderly veterans and their dependants now, whilst continuing to provide support for the serving RAF, working age veterans and their families.

Performance against the reserves policy is monitored during the year as part of our regular financial management and is a key performance indicator at Board level.

**Restricted income funds** held at the end of 2017 were £6.4M (2016: £5M). This represents the unexpended balance of funds received for specific charitable activities and includes a £2M LIBOR grant.

**Endowment funds** held were £5.9M (2016: £5.4M) and consisted of £4.4M (2016: £4M) of permanent endowments and £1.5M (2016: £1.4M) of expendable endowments. The permanent endowments are subject to the condition that the capital remains unspent.

**Designated funds** held were £5.6M (2016: £4.7M). These funds are set aside by Trustees to meet the obligations of the RAF Dependants Fund which exists to relieve immediate financial distress in the event of the death of a subscriber.

## Pension Deficit

The pension deficit on the closed defined benefit scheme increased by £700K to £15M. This was because corporate bond yields were slightly lower than last year. Generally, market yields were very similar to 2016 so the change in the deficit was much smaller than in 2016 when the deficit increased by £8.7M. The next triennial valuation date is 31 December 2017. In 2017, the Fund contributed £500K to reduce the pension deficit.

## Major Risks and Uncertainties

The Board of Trustees has overall responsibility for the management of risk in the Fund and in its subsidiary entities. That responsibility is delegated to the Finance Committee which exercises the oversight function on the Board's behalf; day-to-day risk management leadership within the Fund is discharged by the Director of Governance who, among other activities, undertakes a regular assessment of business risks and the associated management procedures.

The major risks to which the Fund is exposed and which are largely enduring are reviewed regularly at all levels of scrutiny, and systems have been established to make those risks transparent, and to mitigate them as necessary. The cycle of reviews forms an integral part of the risk management processes adopted by the Charity and its subsidiaries. The RAF Benevolent Fund remains particularly focused on its highest level strategic risk, that of its reputation, which continues not only to be a threat, with many potential causes, but at the same time, an opportunity. An overview of our other major risks together with the corresponding high level mitigating actions is provided below:

Risk Category	Mitigation Actions
<b>Governance risks</b> Organisation Structure Capability and planning Regulatory framework	<ul style="list-style-type: none"> <li>We have robust and transparent Trustee selection and succession planning processes in place.</li> <li>We offer appropriate training to our Trustees, in order to ensure the right mix of skills and experience are present on the Board.</li> <li>We maintain a strategic approach to governance and compliance, and maintain relevant supporting policies and procedures.</li> <li>Trustees and the Senior Management Team obtain independent and objective assessment of the risk framework through the internal audit programme.</li> <li>Our governance arrangements have been subject to external/independent scrutiny this year, achieving a 'Significant Assurance' grading against the benchmark Charity Governance Code.</li> <li>We commissioned an independent audit of our 'GDPR Readiness' in the year which resulted in a 'Significant Assurance' grading.</li> </ul>
<b>Welfare delivery risks</b> Identify and meet the needs of the RAF Family	<ul style="list-style-type: none"> <li>We have a clearly defined and agreed welfare delivery strategy underpinned by research and allocated resources.</li> <li>We maintain strong relationships with our case working delivery partners and wide engagement within the Services' charity sub-sector.</li> <li>We adhere to the Care Quality Commission's regulations for our respite care provision at Princess Marina House and were awarded an 'Outstanding' rating by the Commission against its benchmark.</li> </ul>
<b>Fundraising risks</b> Sufficient fundraising Capability Brand awareness	<ul style="list-style-type: none"> <li>We have undertaken a strategic review of our fundraising activity in the context of the external environment and our future needs, which sets the conditions for successful implementation of the plan in 2018.</li> <li>We ensure that we adhere to the highest fundraising standards and remain committed to the Fundraising Regulator's Code of Fundraising Practice and the requirements of the Information Commissioner.</li> </ul>

## Plans for Future Periods

In 2017, significant focus was given to further our understanding of the key welfare needs of the RAF Family and developing a new and enhanced strategy.

We have now set ourselves some challenging welfare priorities for 2018 and beyond that will better meet the needs of the whole RAF Family – veteran and serving alike.

The Board of Trustees has agreed to the release of significant additional reserves to ensure that no one facing adversity goes without support. Our priorities include: independent living, social isolation and relationships, mental wellbeing, financial hardship, and respite care.

The funds we are able to raise underpin our ability to provide the wide spectrum of care that we provide to the RAF Family. The effectiveness of our engagement with the RAF Family and supporters is also critical to how well we deliver our welfare support and how we generate resources. In 2018 we will be developing a revised fundraising and communications strategy to help us do this.

We will also be implementing improvements to our support functions so that we have the right people, processes, practices and technology to achieve greater operational efficiency and effectiveness.

Guided by a wholly new Fund strategy which was confirmed in 2017, our key objectives for 2018 are to:

1. Conduct appropriate research to underpin the development of relevant welfare initiatives to meet the needs of the RAF Family and to assess our impact.
2. Develop and grow the provision of support to meet the specific needs of the RAF veteran and serving community.
3. Participate in the activities to commemorate and celebrate the RAF's centenary (in 2018), and develop and execute plans to mark our own centenary in 2019.
4. Deliver a fundraising and communications strategy to underpin our long-term welfare delivery.
5. Grow awareness of our brand and welfare delivery among the RAF Family and our supporters, both to encourage support for and take up of our services.
6. Enhance existing business support arrangements and organisational improvements, including compliance with the GDPR.

# GOVERNANCE

## Structure, Governance and Management

### REFERENCE AND ADMINISTRATIVE DETAILS

The Royal Air Force Benevolent Fund has the charity registration number 1081009. As the Fund owns land in Scotland it is also registered with the Office of the Scottish Charity Regulator in order to comply with the Charities and Trustee Investment (Scotland) Act 2005; the registration number is SCO38109. Certain restricted and endowed funds of the Charity are registered under a separate number (207327).

In accordance with the provisions of Section 96 of the Charities Act 1993, the Charity Commission has directed that for all or any of the purposes of the Act the two charities, having the same charity trustees, are to be treated as a single charity.

The RAF Benevolent Fund group also encompasses other entities, details of which can be found at the back of this report.

### STRUCTURE AND GOVERNANCE

The Charity, which was set up in 1919, was incorporated by Royal Charter in 1999. Trustees are appointed by the Council for a four-year term, after which they are eligible for re-election for a further four-year term. Trustees may not hold office for a continuous period exceeding eight years or, without the consent of the Board, after their 75th birthday.

New Trustees are selected with a view to ensuring that the Board has an appropriate balance of experience and competencies relevant to the Fund's strategic and operational requirements. Trustees are recruited through advertisements in the media and a range of networks, and are considered by a Nominations Committee on behalf of the Board of Trustees and the Council. Each new Trustee is provided with a briefing pack, and an individual induction programme is agreed and implemented covering all aspects of the role and the work of the Charity. The Board, either as a whole or through its Sub Committee, also receives ongoing briefings and training from senior management and external advisers in critical areas such as risk management, reserves, fundraising practices and data protection.

The Board of Trustees consists of up to 15 Trustees, reflecting a mixture of those who are serving or have served in the Royal Air Force and those who have a background in industry, commerce, the charitable sector or elsewhere. The Board is assisted by

committees overseeing welfare, finance, fundraising and communications and remuneration activities, and is aided by a number of advisory bodies.

The Board is responsible for the strategic direction of the Charity and for monitoring the activities of the executive staff and performance against the annual business plan. It reviews the position of the Charity and receives reports from the committees and the Senior Management Team. The Board also conducts annual performance reviews of senior management and indeed undergoes its own Board appraisal process. It met six times in 2017.

The Board is responsible for approving the business plan and a range of supporting strategies. The Controller and Directors review strategic and policy matters through the Senior Management Team and make recommendations to the Board as appropriate. The Controller, as Chief Executive of the Charity, is responsible for the day-to-day management of the Charity's affairs and for implementing the strategies and policies agreed by the Board.

The RAF Benevolent Fund believes that good governance is key to the ongoing success of the organisation. In 2017, it adopted the new Charity Governance Code to ensure that it continued to maintain its high standards of governance. Via an external audit organisation, the Fund subjected itself to a full review of its governance practices in 2017 which confirmed that the principles and recommended practices of the Code were effectively applied. The Fund takes governance seriously, which is reflected by the reinstatement of the Director of Governance post in May 2017.

The Charity provides support for the RAF Family through a range of agencies and other charities, as shown on pages 52–55. The Trustees are grateful to these bodies, and especially the unpaid caseworkers and other volunteers who act on behalf of the Charity, without whom the Charity would be unable to meet the needs of its beneficiaries.

## Staff

### REMUNERATION POLICY

The Fund is committed to recruiting, retaining and developing people with the necessary skills and knowledge to deliver the organisation's objectives and the ability to make a positive contribution. Making effective decisions in relation to remuneration and

reward is considered both central and crucial to the continued success of the Fund's overall aims.

The Fund's Remuneration Policy centres on the following principles:

- reward employees using processes that are fair, equitable and transparent;
- aim to pay competitively against our relevant comparators in the voluntary sector;
- enhance the organisation's competitive positioning by promoting a total reward approach, recognising that other aspects of the employment package (e.g. benefits and development opportunities as well as the intrinsic moral value of working for a charity) are also valuable to employees.

### REMUNERATION REVIEW AND ANNUAL PAY AWARD

The Fund has a Remuneration Committee, composed of Trustees, which reviews the Fund's remuneration policy annually in order to ensure the principles listed above are adhered to and remain appropriate. The Remuneration Committee also considers an annual pay award, the purpose of which is to take account of changes in pay movement externally and to reward sustained contribution in the role.

In order to support pay decisions, the Remuneration Committee is provided with external market information through the XPert HR annual voluntary-sector salary survey. All recommendations are then submitted to the Board of Trustees meeting for final approval. In 2017, Trustees awarded a 2% uplift in salary for all staff.

In accordance with the SORP, the Fund discloses: all payments to Trustees (our Trustees do not receive 'pay' but are recompensed for valid transport and subsistence expenses); the number of staff in receipt of more than £60,000 and above (in bands of £10,000) and other benefits.

### KEY MANAGEMENT PERSONNEL

The key management personnel of the RAF Benevolent Fund are the Trustees and the Senior Management team (SMT). In 2017, the latter included the Controller, the Chief of Staff/Director of Governance, the Director of Welfare and Policy, the Director of Fundraising and Communications and the Director of Finance. Total employee pay and benefits received by the SMT for services to the Fund in 2017 were £459K (2016: £564K).

## Statement of Trustees' Responsibilities

The Trustees 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).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Charity and the group and of the incoming resources and application of resources of the Charity 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 Charity 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 Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and the provisions of its Royal Charter.

They are also responsible for safeguarding the assets of the Charity and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the Charity and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as the Trustees are aware:

- There is no relevant audit information of which the Charity's auditor is unaware;
- They 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.

## Trustee Declaration

Trustees hereby approve the 2017 Annual Report.



**Lawrie Haynes**  
Chairman, Royal Air Force Benevolent Fund

Signed on 13 July 2018

# PRINCIPAL PROFESSIONAL ADVISERS

## Independent Auditor

Saffery Champness LLP  
71 Queen Victoria Street  
London  
EC4V 4BE

## Bankers

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

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

## Actuary

Broadstone Corporate Benefits Ltd  
55 Baker Street  
London  
W1U 7EU

## Solicitors

Charles Russell Speechlys LLP  
5 Fleet Place  
London  
EC4M 7RD

## Custodian Trustees

BNY Mellon Centre  
160 Queen Victoria Street  
London  
EC4V 4LA

## Investment Managers

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

BlackRock Investment  
Management (UK) Limited  
12 Throgmorton Avenue  
London  
EC2N 2DL

CCLA Investment Management Limited  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

# INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

## Opinion

We have audited the financial statements of the Royal Air Force Benevolent Fund for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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).

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the group and the parent charity as at 31 December 2017 and of the group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Charities Act 2011; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and regulation eight of the Charities Accounts (Scotland) Regulations 2006 (as amended).

This report is made solely to the Trustees, as a body in accordance with Part four of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' 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 Charity and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

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

## Conclusions Relating to Going Concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

## Other Information

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

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

We have nothing to report in this regard.

## Matters on which we are Required to Report by Exception

We have nothing to report in respect of the following matters in respect of which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the group or the parent charity has not kept proper and sufficient accounting records; or
- the parent's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities Statement set out on page 24, the Trustees 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 and the parent charity'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 charity 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 auditors under the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts.

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 Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

*Saffery Champness LLP*

Saffery Champness LLP  
Chartered Accountants  
Statutory Auditors  
71 Queen Victoria Street  
London  
EC4V 4BE

Date: 27 July 2018

Saffery Champness LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

# FINANCIAL STATEMENTS

## Consolidated Statement of Financial Activities For the year ended 31 December 2017

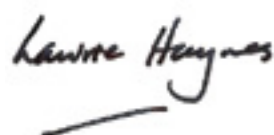
	Note	Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	2017 Total £'000		Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	2016 Total £'000	
<b>Income and endowments from:</b>						<b>Income and endowments from:</b>					
Donations and legacies		14,934	3,758	-	18,692	Donations and legacies	15,512	1,600	-	17,112	
Charitable activities		1,754	18	-	1,772	Charitable activities	1,790	17	-	1,807	
Other trading activities		423	18	-	441	Other trading activities	427	12	-	439	
Investments		2,795	100	-	2,895	Investments	2,130	146	-	2,276	
Other income		3,351	-	-	3,351	Other income	1,718	-	-	1,718	
<b>Total income</b>	2	<b>23,257</b>	<b>3,894</b>	-	<b>27,151</b>	<b>Total income</b>	<b>21,577</b>	<b>1,775</b>	-	<b>23,352</b>	
<b>Expenditure on raising funds</b>						<b>Expenditure on raising funds</b>					
		<b>5,912</b>	<b>11</b>	-	<b>5,923</b>		<b>4,897</b>	<b>9</b>	-	<b>4,906</b>	
<b>Expenditure on charitable activities</b>						<b>Expenditure on charitable activities</b>					
Direct support to individuals		7,637	1,185	-	8,822	Direct support to individuals	7,935	634	10	8,579	
Welfare programmes and grants		3,793	297	-	4,090	Welfare programmes and grants	3,029	378	-	3,407	
Residential and respite care		2,410	878	-	3,288	Residential and respite care	2,757	282	-	3,039	
Housing Trust support		2,420	141	-	2,561	Housing Trust support	2,409	192	-	2,601	
		<b>16,260</b>	<b>2,501</b>	-	<b>18,761</b>		<b>16,130</b>	<b>1,486</b>	<b>10</b>	<b>17,626</b>	
<b>Total expenditure</b>	3	<b>22,172</b>	<b>2,512</b>	-	<b>24,684</b>	<b>Total expenditure</b>	<b>21,027</b>	<b>1,495</b>	<b>10</b>	<b>22,532</b>	
Net income before gains/(losses) on investments		1,085	1,382	-	2,467	Net income before gains/(losses) on investments	550	280	(10)	820	
Net gains/(losses) on investments	11	5,749	14	447	6,210	Net gains/(losses) on investments	6,910	45	360	7,315	
<b>Net income</b>		<b>6,834</b>	<b>1,396</b>	<b>447</b>	<b>8,677</b>	<b>Net income</b>	<b>7,460</b>	<b>325</b>	<b>350</b>	<b>8,135</b>	
<b>Other recognised gains and losses</b>						<b>Other recognised gains and losses</b>					
Actuarial losses on defined benefit pension scheme	15	(700)	-	-	(700)	Actuarial losses on defined benefit pension scheme	(8,653)	-	-	(8,653)	
<b>Net movement in funds</b>		<b>6,134</b>	<b>1,396</b>	<b>447</b>	<b>7,977</b>	<b>Net movement in funds</b>	<b>(1,193)</b>	<b>325</b>	<b>350</b>	<b>(518)</b>	
Total funds brought forward		112,623	4,980	5,427	123,030	Total funds brought forward	113,816	4,655	5,077	123,548	
<b>Total funds carried forward</b>	20	<b>118,757</b>	<b>6,376</b>	<b>5,874</b>	<b>131,007</b>	<b>Total funds carried forward</b>	<b>112,623</b>	<b>4,980</b>	<b>5,427</b>	<b>123,030</b>	

The notes on pages 32 to 60 form part of the financial statements. All amounts relate to continuing operations. All gains and losses recognised in the year are included in the statement of financial activities.

## Consolidated and Charity Balance Sheets As at 31 December 2017

	Note	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
<b>Fixed assets</b>					
Intangible assets	9	38	22	38	22
Tangible assets	10	32,605	33,389	10,405	10,868
Investments	11	88,098	71,219	82,973	66,491
Loans to beneficiaries	12	11,046	11,817	11,046	11,817
		<b>131,787</b>	<b>116,447</b>	<b>104,462</b>	<b>89,198</b>
<b>Current assets</b>					
Stock		6	5	-	-
Debtors and prepayments	13	11,289	6,176	23,885	19,076
Cash at bank and in hand		4,762	16,510	3,260	16,106
		<b>16,057</b>	<b>22,691</b>	<b>27,145</b>	<b>35,182</b>
<b>Current liabilities</b>					
Creditors and accrued charges: amounts falling due within one year	14	(1,822)	(1,662)	(1,696)	(1,623)
<b>Net current assets</b>		<b>14,235</b>	<b>21,029</b>	<b>25,449</b>	<b>33,559</b>
Net assets excluding long-term liabilities and pension liability		146,022	137,476	129,911	122,757
Defined benefit pensions liability	15	(15,015)	(14,446)	(15,015)	(14,446)
<b>Total net assets</b>		<b>131,007</b>	<b>123,030</b>	<b>114,896</b>	<b>108,311</b>
<b>Funds</b>					
Endowed		5,874	5,427	5,874	5,427
Restricted		6,376	4,980	6,376	4,980
Designated funds		5,558	4,967	-	-
General funds		128,214	122,102	117,661	112,350
Pension reserve		(15,015)	(14,446)	(15,015)	(14,446)
	20	<b>131,007</b>	<b>123,030</b>	<b>114,896</b>	<b>108,311</b>

Approved by the Board of Trustees on 12 June 2018 and signed on its behalf by



**Lawrie Haynes**  
Chairman, Board of Trustees

Signed on 13 July 2018

## Consolidated Statement of Cash Flows For the year ended 31 December 2017

	2017 £'000	2016 £'000
Cash flows from operating activities:		
<b>Net cash used in operating activities</b>	<b>(5,487)</b>	<b>(5,148)</b>
<b>Cash flows from investing activities:</b>		
Dividends and interest from investments	2,876	2,276
Proceeds from the sale of property	2,086	2,284
Purchase of property and equipment	(1,294)	(1,047)
Net proceeds from (purchase)/sale of investments	(10,669)	2,777
<b>Net cash (used in)/provided by investing activities</b>	<b>(7,001)</b>	<b>6,290</b>
<b>Cash flows from financing activities:</b>		
Loans awarded	(386)	(1,017)
Loan repayments	1,126	2,200
<b>Net cash provided by financing activities</b>	<b>740</b>	<b>1,183</b>
Change in cash and cash equivalents in the year	(11,748)	2,325
Cash and cash equivalents as at 1 January	16,510	14,185
<b>Cash and cash equivalents as at 31 December</b>	<b>4,762</b>	<b>16,510</b>
<b>Reconciliation of net income to net cash flow from operating activities</b>		
Net income for the year ended 31 December	8,677	8,135
Adjustments for:		
Depreciation charges and amortisation	1,120	1,664
Gains on investments	(6,210)	(7,315)
Dividends and interest from investments	(2,876)	(2,276)
Profit on the sale of fixed assets	(1,144)	(1,459)
Provision for loan conversions	(14)	(20)
Loan interest	(75)	(97)
Loans converted to grants	46	84
Loans written off	74	72
(Increase)/decrease in stock	(1)	23
Increase in debtors	(5,113)	(3,693)
Increase in creditors	160	7
Pension interest income	369	227
Pension fund costs	(500)	(500)
<b>Net cash used in operating activities</b>	<b>(5,487)</b>	<b>(5,148)</b>
<b>Analysis of cash and cash equivalents</b>		
Current accounts	4,762	5,121
Deposit account 32 day notice	-	11,389
<b>Total cash and cash equivalents</b>	<b>4,762</b>	<b>16,510</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2017

### 1. Principal Accounting Policies

These are the financial statements of the Royal Air Force Benevolent Fund and its related entities. The Charity was incorporated by Royal Charter in England and Wales on 29 December 1999. The Trustees of the Charity are named on page 2. The registered office is 67 Portland Place, London W1B 1AR.

#### ACCOUNTING CONVENTION

These financial statements have been prepared on a going concern basis under the historical cost convention, with the exception of investments which are included at market value, and in accordance with applicable accounting standards.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Charity is a public benefit entity for the purposes of FRS 102 and therefore the financial statements have been prepared in accordance with the 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 (Charities SORP (FRS102)), the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 as amended by the Charities Accounts (Scotland) Amendment (No. 2) Regulations 2014.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings. The results of the subsidiary entities are consolidated on a line-by-line basis. A summary of the results of the subsidiary entities is shown in Note 21.

#### FUNCTIONAL CURRENCY

The Charity's functional and presentational currency is GBP and is shown as £'000s in the financial statements.

#### GOING CONCERN

The Trustees have assessed whether the use of the going concern basis is appropriate and have concluded that there are no likely events or conditions that might cast doubt on the ability of the Charity to continue as a going concern. The Trustees have made this assessment for a period of at least one year from the date of the approval of the financial statements considering in

particular the level of reserves held by the Charity and future financial plans and forecasts. The Trustees are assured that there are adequate resources to continue to operate for the foreseeable future. The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

#### FUND ACCOUNTING

General funds are unrestricted funds that are available for use at the discretion of the Trustees in furtherance of the general objects of the Charity and that have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of the designated funds will be set out in the notes to the financial statements when applicable.

At 31 December 2017 £5.5M was held as a designated fund (2016: £5.0M). Details of this fund are shown in Note 20 in the financial statements.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against specific funds. The aim and use of the larger restricted funds is set out in the notes to the financial statements.

Endowment funds are either permanent or expendable. Permanent funds are normally held indefinitely, while Trustees have the power to convert expendable funds into income. These funds are set out in Note 23. The return on endowment investments is made up of income earned and gains or losses in the market value of the investments.

Income generated from endowment funds are spent on charitable activities. Investment income and gains are allocated to the appropriate fund.

#### RECOGNITION OF INCOME

Income is recognised in the statement of financial activities (SOFA) when the Charity becomes entitled to it, it is more likely than not that the gift will be received, and the monetary value of the income can be estimated with sufficient accuracy. Entitlement to legacy income is assumed when there is sufficient evidence that a gift has been left to the Charity, usually through the notification of a will. Receipt of legacy income is deemed

probable when there has been a grant of probate, and it has been established that there are sufficient assets in the estate to pay the legacy and there are no conditions attached to the legacy that are outside the control of the Charity or uncertainty around receipt of this gift. Income from pecuniary legacies is recognised upon notification or receipt if earlier.

Gifts donated for resale are included as income when they are sold. No amounts are included in the financial statements for services donated by volunteers.

#### RECOGNITION OF EXPENDITURE

Expenditure is recognised in the SOFA on an accrual basis when an obligation that can be measured or reliably estimated exists at the reporting date and it is more than likely that payment will be paid in settlement.

Two main categories of expenditure shown in the SOFA are expenditure on raising funds and expenditure on charitable activities. Expenditure on raising funds includes all expenditure incurred to raise voluntary income to spend on charitable purposes. Expenditure on charitable activities includes all costs incurred by the Charity in carrying out its charitable aims to support the beneficiaries of the RAF Benevolent Fund.

#### SUPPORT COSTS

Support costs have been classified as: Information Technology and Facilities, Depreciation, General Management and Administration, Finance, HR, Payroll and Governance. These costs have been allocated to activities on a basis consistent with the use of resources, and in direct costs have been apportioned on a headcount basis or in proportion to direct costs or income.

#### TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets costing more than £1,000 (£5,000 in the RAF Benevolent Fund Housing Trust Ltd) are capitalised and included at cost, including any incidental expense of acquisition.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost on a straight-line basis over their expected useful economic lives as follows:

- freehold land nil
- freehold buildings over 50 years
- leasehold buildings over the life of the lease
- leasehold improvements over 30 years
- project and office equipment over five years

- computer equipment over three years
- motor vehicles over five years
- equipment held under finance leases over the life of the lease

A full year's depreciation is provided in the year of asset acquisition, and none in the year of disposal.

#### INTANGIBLE FIXED ASSETS AND AMORTISATION

Software is classified as an intangible fixed asset and is capitalised where the cost plus incidental expenses incurred in acquisition is more than £1,000.

Amortisation is provided on intangible fixed assets to write off the capitalised value on a straight-line basis over three years. A full year's amortisation is provided in the year of asset acquisition, and none in the year of disposal.

#### FOREIGN CURRENCIES

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are retranslated at the exchange rate ruling at the balance sheet date. All differences are taken to the SOFA.

#### RELATED PARTY DISCLOSURES

The Charity has made the required disclosures in accordance with the Charities SORP (FRS 102).

Transactions with group undertakings are eliminated on consolidation.

#### GRANT COMMITMENTS

Grants awarded are provided in the SOFA in the year in which they are approved by the Trustees and the offer is conveyed to the recipient. Grants awarded but not paid are recorded as a liability within the balance sheet.

#### INVESTMENTS

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year.

## JOINT VENTURE

The RAF Appeal (Registered Charity 1167398; Company Registration: 9977273) was formed to bring the four major RAF charities and the RAF itself together to mark the centenary of the RAF with a programme of events. To assist with providing initial working capital, the Fund and the other RAF charities each provided a £25K short-term interest free loan to the RAF100 Appeal. This loan was shown as an investment in the 2016 accounts of the Fund. The loan was repaid in 2017 and no balance was owed at the end of the year. On completion of the joint venture project in 2019, any surplus reserves will be distributed as agreed among the joint venture partners.

## STOCK

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements until they are sold or distributed.

## PENSION COSTS

Pensions are accounted for in accordance with FRS102 section 28, with a valuation undertaken by an independent actuary for the defined benefit scheme, The Royal Air Force Benevolent Fund Staff Pension Fund, which is closed to future accrual. Net pension finance income or costs are included immediately in other income or employee costs as appropriate.

Actuarial gains and losses are recognised immediately on the face of the SOFA. The scheme deficit is included as a liability in the balance sheet. Details of the pension scheme are included in Note 15 to the accounts. The amounts charged to the SOFA for defined contribution schemes represent the contributions payable in the period.

## FINANCE AND OPERATING LEASES

The RAF Benevolent Fund does not have any finance leases. Rentals payable under operating leases are charged to the SOFA over the period in which the cost is incurred on a straight-line basis.

## LOANS

Loans are awarded to beneficiaries in furtherance of charitable activities. The particular circumstances of each case will determine whether or not the loan is awarded free of interest. When interest is charged the rate is considerably lower than prevailing market rates. Loans are recognised as assets at the value of the award and accrued interest where applicable, is added to the balance of the loan and credited to the SOFA. Repayments are made as provided in the loan agreement. To facilitate the relief of hardship and distress, the commencement of repayments can be deferred.

## FINANCIAL INSTRUMENTS

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments and deferred income all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See Notes 13 and 14 to the accounts.

## JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount 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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The most significant estimates and assumptions which affect the carrying amount of assets and liabilities in the accounts relate to:

**Useful economic lives** – The annual depreciation charge for property, plant and equipment is sensitive to change in the estimated useful economic lives and residual value of assets. These are reassessed annually and amended where necessary to reflect current circumstances.

**Unsecured loans** – A small proportion of loans to beneficiaries are not secured and therefore a general provision for non-repayment is made.

The calculation of this provision is based on the historical average rate of default and equates to 10% of the total value of unsecured loans at the balance sheet date.

## 2. Income and Endowments

	Unrestricted £'000	Restricted £'000	Endowed £'000	Total 2017 £'000		Unrestricted £'000	Restricted £'000	Endowed £'000	Total 2016 £'000
<b>Donations and legacies</b>					<b>Donations and legacies</b>				
Royal Air Force service personnel	1,565	-	-	1,565	Royal Air Force service personnel	1,592	-	-	1,592
General donations	2,138	3,114	-	5,252	General donations	2,111	1,255	-	3,366
ROCBF grant	1,002	-	-	1,002	ROCBF grant	-	-	-	-
Gifts in kind	49	-	-	49	Gifts in kind	40	-	-	40
Legacy income	10,180	644	-	10,824	Legacy income	11,769	345	-	12,114
	<b>14,934</b>	<b>3,758</b>	-	<b>18,692</b>		<b>15,512</b>	<b>1,600</b>	-	<b>17,112</b>
<p>The Charity took over the activities of the Royal Observer Corps Benevolent Fund (ROCBF) on 1 November 2017 and to this end the ROCBF transferred its assets to the Charity.</p> <p>A £2M LIBOR grant is included within restricted general donations. Further details are shown in Note 24.</p>									
<b>Charitable activities</b>					<b>Charitable activities</b>				
Housing	1,031	18	-	1,049	Housing	1,040	17	-	1,057
Residential and respite care	648	-	-	648	Residential and respite care	653	-	-	653
Loan interest	75	-	-	75	Loan interest	97	-	-	97
	<b>1,754</b>	<b>18</b>	-	<b>1,772</b>		<b>1,790</b>	<b>17</b>	-	<b>1,807</b>
<b>Other trading activities</b>					<b>Other trading activities</b>				
Income from fundraising events	302	18	-	320	Income from fundraising events	334	12	-	346
Trading income	107	-	-	107	Trading income	79	-	-	79
Rental income	14	-	-	14	Rental income	14	-	-	14
	<b>423</b>	<b>18</b>	-	<b>441</b>		<b>427</b>	<b>12</b>	-	<b>439</b>
<b>Investment income</b>					<b>Investment income</b>				
Dividends from pooled funds	2,743	100	-	2,843	Dividends from pooled funds	2,096	137	-	2,233
Interest earned	52	-	-	52	Interest earned	34	9	-	43
	<b>2,795</b>	<b>100</b>	-	<b>2,895</b>		<b>2,130</b>	<b>146</b>	-	<b>2,276</b>
<b>Other Income</b>					<b>Other Income</b>				
Raffle income	1,437	-	-	1,437	Raffle income	-	-	-	-
Profit on the sale of fixed assets	1,144	-	-	1,144	Profit on the sale of fixed assets	1,459	-	-	1,459
Pension interest income	759	-	-	759	Pension interest income	248	-	-	248
Administration fee	11	-	-	11	Administration fee	11	-	-	11
	<b>3,351</b>	-	-	<b>3,351</b>		<b>1,718</b>	-	-	<b>1,718</b>
<b>Total income</b>	<b>23,257</b>	<b>3,894</b>	-	<b>27,151</b>		<b>21,577</b>	<b>1,775</b>	-	<b>23,352</b>

### 3. Analysis of Expenditure

	Direct costs £'000	External grants £'000	Support costs £'000	Total 2017 £'000
<b>Raising funds</b>				
Donations and legacies	1,716	-	1,709	3,425
Regional engagement	1,182	-	-	1,182
Raffle costs	871	-	-	871
Other trading activities	140	-	-	140
Investments	305	-	-	305
	<b>4,214</b>	<b>-</b>	<b>1,709</b>	<b>5,923</b>
<b>Charitable activities</b>				
Direct support to individuals	7,415	-	1,407	8,822
Welfare programmes and grants	258	3,177	655	4,090
Residential and respite care	2,878	-	410	3,288
Housing Trust support	2,078	-	483	2,561
	<b>12,629</b>	<b>3,177</b>	<b>2,955</b>	<b>18,761</b>
<b>Total</b>	<b>16,843</b>	<b>3,177</b>	<b>4,664</b>	<b>24,684</b>
	Direct costs £'000	External grants £'000	Support costs £'000	Total 2016 £'000
<b>Raising funds</b>				
Donations and legacies	1,570	-	1,659	3,229
Regional engagement	1,066	-	-	1,066
Raffle costs	-	-	-	-
Other trading activities	282	-	-	282
Investments	329	-	-	329
	<b>3,247</b>	<b>-</b>	<b>1,659</b>	<b>4,906</b>
<b>Charitable activities</b>				
Direct support to individuals	7,087	-	1,492	8,579
Welfare programmes and grants	393	2,378	636	3,407
Residential and respite care	2,503	130	406	3,039
Housing Trust support	2,104	-	497	2,601
	<b>12,087</b>	<b>2,508</b>	<b>3,031</b>	<b>17,626</b>
<b>Total</b>	<b>15,334</b>	<b>2,508</b>	<b>4,690</b>	<b>22,532</b>

The £7.4M (2016: £7.1M) shown as direct support to individuals comprises of awards made and paid to individual beneficiaries. Individual awards are made following referrals from caseworkers representing partner organisations who distribute the grants awarded to the individual beneficiaries concerned.

### 4. Analysis of Support Costs

	Raising funds £'000	Direct support to individuals £'000	Welfare programmes & grants £'000	Residential and respite care £'000	Housing support £'000	Total 2017 £'000
Information technology and facilities	499	324	151	94	111	1,179
Depreciation and amortisation	278	426	198	124	146	1,172
General management and administration	415	273	127	80	94	989
Finance and Payroll	280	230	107	67	79	763
HR	98	64	30	19	22	233
Governance	139	90	42	26	31	328
<b>Total</b>	<b>1,709</b>	<b>1,407</b>	<b>655</b>	<b>410</b>	<b>483</b>	<b>4,664</b>
						Total 2016 £'000
Information technology and facilities	405	283	121	77	94	980
Depreciation and amortisation	373	536	227	146	178	1,460
General management and administration	370	301	129	82	101	983
Finance	239	199	85	54	66	643
HR and Payroll	145	92	39	25	31	332
Governance	127	81	35	22	27	292
<b>Total</b>	<b>1,659</b>	<b>1,492</b>	<b>636</b>	<b>406</b>	<b>497</b>	<b>4,690</b>

## 5. Staff Costs

	2017	2016
	£'000	£'000
Wages and salaries	4,866	4,715
Social security costs	477	477
Pension costs	445	430
Termination and redundancy costs	58	158
	<b>5,846</b>	<b>5,780</b>

The number of employees whose pay and benefits (excluding pension contributions) amounted to more than £60,000 in the year was as follows:

	2017	2016
	No.	No.
£60,001 – £70,000	4	3
£90,001 – £100,000	1	2
£100,001 – £110,000	1	1
£120,001 – £130,000	1	-
£210,000 – £220,000	-	1
	<b>7</b>	<b>7</b>

Six employees whose pay and benefits amounted to more than £60,000 in the year were members of the Group Personal Pension Plan, a money purchase scheme.

The Charity benchmarks salaries against the XpertHR voluntary sector salary survey.

The average number of employees, calculated on a headcount basis, analysed by function was:

	2017	2016
	No.	No.
Charitable activities	126	113
Cost of generating funds	34	42
Governance, administration and support	22	18
	<b>182</b>	<b>173</b>

## 6. Key Management Personnel

The key management personnel of the RAF Benevolent Fund are the Trustees and the Senior Management Team (SMT). In 2017, the latter included the Controller, the Chief of Staff, the Director of Welfare and Policy, the Director of Fundraising and Communications and the Director of Finance. Total employee pay and benefits received by SMT for services to the Charity in 2017 were £459K (2016: £564K).

## 7. Net Income

	2017	2016
	£'000	£'000
<b>Net income for the year is stated after charging:</b>		
Audit fees – current auditor	37	35
Audit fees – additional fees 2016 audit	16	-
Audit fees – under accrual	-	5
Internal audit fees	68	44
Investment management fees	305	329
Amortisation of intangible assets	22	521
Depreciation	1,098	1,143
Profit on disposal of fixed assets	1,144	1,459

## 8. Trustees' Remuneration

The Trustees neither received nor waived any emoluments during the year 2017 (2016: £NIL). Out-of-pocket expenses were reimbursed to Trustees as follows:

	2017	2016	2017	2016
	No.	No.	£	£
Travel	4	2	2,390	2,129

## 9. Intangible Assets

	Group 2017	Charity 2017
	£'000	£'000
<b>Software costs</b>		
Cost on 1 January	2,926	2,926
Additions during the year	38	38
Cost at 31 December	2,964	2,964
Amortisation at 1 January	(2,904)	(2,904)
Amortisation for the year	(22)	(22)
Accumulated amortisation at 31 December	(2,926)	(2,926)
<b>Net book value 31 December 2017</b>	<b>38</b>	<b>38</b>
<b>Net book value 31 December 2016</b>	<b>22</b>	<b>22</b>

## 10. Tangible Fixed Assets

	GROUP 2017			CHARITY 2017		
	Property £'000	Equipment £'000	Total £'000	Property £'000	Equipment £'000	Total £'000
Cost on 1 January	41,928	2,463	44,391	13,479	2,463	15,942
Additions during the year	1,151	106	1,257	44	106	150
Disposals during the year	(1,161)	(42)	(1,203)	(72)	(42)	(114)
<b>Cost at 31 December</b>	<b>41,918</b>	<b>2,527</b>	<b>44,445</b>	<b>13,451</b>	<b>2,527</b>	<b>15,978</b>
Depreciation at 1 January	(8,988)	(2,014)	(11,002)	(3,060)	(2,014)	(5,074)
Depreciation for the year	(910)	(188)	(1,098)	(353)	(188)	(541)
Depreciation on disposals during the year	218	42	260	-	42	42
<b>Accumulated depreciation at 31 December</b>	<b>(9,680)</b>	<b>(2,160)</b>	<b>(11,840)</b>	<b>(3,413)</b>	<b>(2,160)</b>	<b>(5,573)</b>
Net book value 31 December 2017	32,238	367	32,605	10,038	367	10,405
<b>Net book value 31 December 2016</b>	<b>32,940</b>	<b>449</b>	<b>33,389</b>	<b>10,419</b>	<b>449</b>	<b>10,868</b>

### Net book value 31 December analysed as follows:

Gulf Trust Fund	149	-	149	149	-	149
Princess Marina House	3,875	345	4,220	3,875	345	4,220
RAFBF/RAFA residential and respite homes	803	-	803	803	-	803
Headquarters – London	5,211	22	5,233	5,211	22	5,233
<b>Charity</b>	<b>10,038</b>	<b>367</b>	<b>10,405</b>	<b>10,038</b>	<b>367</b>	<b>10,405</b>
RAFBF Housing Trust Ltd	22,200	-	22,200	-	-	-
<b>Group</b>	<b>32,238</b>	<b>367</b>	<b>32,605</b>	<b>10,038</b>	<b>367</b>	<b>10,405</b>

### The net book value of properties comprises:

Freehold	31,210	-	31,210	-	-	-
Long leasehold	1,028	-	1,028	-	-	-
	<b>32,238</b>	<b>-</b>	<b>32,238</b>	<b>-</b>	<b>-</b>	<b>-</b>

Properties held by the RAF Benevolent Fund Housing Trust Ltd support charitable activities. Properties are held so that beneficiaries including wounded, injured or sick personnel who have been medically discharged from the RAF, can live in suitable, usually heavily adapted accommodation. Properties are stated at historical cost and depreciated as per the policy stated in Note 1.

## 11. Fixed Asset Investments

	Group 2017 £'000	Group 2016 £'000	Charity 2017 £'000	Charity 2016 £'000
Market value as at 1 January	71,219	66,680	66,491	62,881
Additions	17,309	69,829	17,309	65,064
Withdrawals	(6,640)	(72,605)	(6,640)	(68,490)
Net investment gains	6,210	7,315	5,813	7,036
<b>Market value at 31 December</b>	<b>88,098</b>	<b>71,219</b>	<b>82,973</b>	<b>66,491</b>
Net assets at historical cost at 31 December	77,167	66,498	72,042	61,733
<b>Investments are represented by:</b>				
Pooled funds and unit trusts	87,545	70,645	82,420	65,917
RAF Disabled Holiday Trust Bonds	553	549	553	549
Loan to joint venture	-	25	-	25
<b>Total</b>	<b>88,098</b>	<b>71,219</b>	<b>82,973</b>	<b>66,491</b>

The Charity is the only trustee of the RAF Disabled Holiday Trust whose net assets to the value of £553K are included within investments. Also included is the Charity's share capital in the RAFBF Trading Co Ltd of £1, the results of this subsidiary entity are shown in Note 21.

The RAF100 Appeal was established in January 2016. Its principal activity is to agree and coordinate plans and associated fundraising activities for the RAF centenary year. In 2016, each of the joint venture partners including the Charity provided a £25K short-term loan to the RAF100 Appeal. The loan was repaid in 2017.

## 12. Loans to Beneficiaries

	GROUP		CHARITY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Balance as at 1 January	11,817	13,039	11,817	13,039
New loans	386	1,017	386	1,017
Interest charged	75	97	75	97
	<b>12,278</b>	<b>14,153</b>	<b>12,278</b>	<b>14,153</b>
Repayments	(1,126)	(2,200)	(1,126)	(2,200)
Loans converted to grants	(46)	(84)	(46)	(84)
Bad debts written off	(74)	(72)	(74)	(72)
Provision for loan conversion	14	20	14	20
<b>Balance at 31 December</b>	<b>11,046</b>	<b>11,817</b>	<b>11,046</b>	<b>11,817</b>

Loans are provided so that beneficiaries can continue to live in their own homes. Loan interest is charged depending on the nature of the case and where applicable, the interest rate is substantially below commercial rates. The outstanding loans include balances totalling £10.9M (2016: £11.5M) which are secured by legal charges on the assets of the beneficiaries. The majority of loans have no fixed repayment date and are normally repayable from the beneficiary's estate. Provision for loan conversion is calculated at 10% of unsecured loans which currently is £145K.

## 13. Debtors

	GROUP		CHARITY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Legacies	7,004	5,125	7,004	5,125
Inter-company balance	-	-	13,730	12,963
Other debtors	4,171	967	3,037	904
Prepayments	114	84	114	84
	<b>11,289</b>	<b>6,176</b>	<b>23,885</b>	<b>19,076</b>

## 14. Creditors: Amounts Falling Due Within One Year

	GROUP		CHARITY	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors	234	356	270	342
Taxation and social security costs	198	132	194	132
Other creditors	1,390	1,174	1,232	1,149
	<b>1,822</b>	<b>1,662</b>	<b>1,696</b>	<b>1,623</b>

## 15. Pension Commitments

The Royal Air Force Benevolent Fund pension arrangements are as follows:

A Group Personal Pension Scheme made up of a collection of individual pension plans arranged by the Fund and is provided by an insurance provider. This was provided by Friends Life Limited up to October 2016, from November 2016 this service has been provided by Royal London. The liability of the employer is limited to the contributions it makes which amounted to £445K (2016: £430K) of which £11K remained payable at the year end.

The Royal Air Force Benevolent Fund Staff Pension Fund is a defined benefit scheme. The scheme was closed to new members on 31 August 2005 and was closed to future accrual on 1 April 2014. The most recent actuarial valuation was carried out as at 31 December 2014. The results of this valuation have been updated to 31 December 2017 by a qualified actuary. Under the schedule of contributions agreed as part of the actuarial valuation as at 31 December 2014, the employer paid £500K during 2017 (2016: £100K). Based on the current Schedule of Contributions, it is expected that the employer's contributions to the scheme over the accounting year to 31 December 2018 will be £500K.

	2017 £'000	2016 £'000
<b>Reconciliation of funded status to Balance Sheet</b>		
Defined benefit obligation	(37,973)	(37,650)
Fair value of plan assets	22,958	23,204
<b>Net defined benefit liability</b>	<b>(15,015)</b>	<b>(14,446)</b>

### The amounts recognised in the SOFA are as follows:

	2017	2016
Net interest expense on net defined benefit liability	369	227
<b>Total pension expense recognised in the SOFA</b>	<b>369</b>	<b>227</b>

### Reconciliation of defined benefit obligation over the year

	2017	2016
Defined benefit obligation as at 1 January 2017	(37,650)	(29,250)
Interest expenses on defined benefit obligation	(962)	(1,113)
Remeasurement – effect of changes in assumptions gain/(loss)	(624)	(8,735)
Benefits paid	1,263	1,448

<b>Defined benefit obligation as at 31 December 2017</b>	<b>(37,973)</b>	<b>(37,650)</b>
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### Changes in the fair value of plan assets over the year:

	2017	2016
Fair value of plan assets as at 1 January 2017	23,204	23,184
Interest income on plan assets	593	886
Remeasurement – return on plan assets excluding interest income (loss)/gain	(76)	82
Contributions by employer	500	500
Benefits paid	(1,263)	(1,448)
Fair value of plan assets as at 31 December 2017	22,958	23,204

<b>Return on plan assets</b>	<b>517</b>	<b>968</b>
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## 15. Pension Commitments (cont.)

	2017	2016
	£'000	£'000
<b>Remeasurements recognised in SOFA</b>		
Remeasurement — effect of changes in assumptions loss	(624)	(8,735)
Remeasurement — return on plan assets excluding interest income (loss)/gain	(76)	82
<b>Total remeasurement loss recognised in SOFA</b>	<b>(700)</b>	<b>(8,653)</b>

	2017		2016	
	£'000	%	£'000	%
<b>Assets</b>				
Target return fund	22,206	96.7%	22,715	97.9%
Cash	-	0%	-	0.0%
Bank account balance	533	2.3%	262	1.1%
Net current assets	219	1%	227	1.0%
	<b>22,958</b>	<b>100%</b>	<b>23,204</b>	<b>100%</b>

	2017	2016
<b>Principal actuarial assumptions at the balance sheet date :</b>		
Discount rate	2.5%	2.6%
RPI inflation rate	3.3%	3.3%
CPI inflation rate	2.3%	2.3%
Increases to pensions in deferment (CPI max 5%)	2.3%	2.3%
Increases to pensions in payment (CPI max 5%)	2.3%	2.3%
Commutation (% of pension)	20%	20%
Mortality – base table	S2PXA	S2PXA
Mortality – allowance for future improvements	CMI 2014	CMI 2014
	0.5% LTR	0.5% LTR
Life expectancies from age 63:		
Male currently aged 63	86.4	86.4
Female currently aged 63	88.5	88.4
Male currently aged 43	87.0	87.0
Female currently aged 43	89.2	89.2

Amounts for current and previous four periods are as follows:

	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(37,973)	(37,650)	(29,250)	(30,127)	(29,607)
Fair value of plan assets	22,958	23,204	23,184	24,118	24,420
<b>Deficit</b>	<b>(15,015)</b>	<b>(14,446)</b>	<b>(6,066)</b>	<b>(6,009)</b>	<b>(5,187)</b>

## 16. Related Party Disclosure

During the year payments of £78,743 (2016: £120,606) were made by the group to Charles Russell Speechlys Solicitors for professional services. No amount was owed to this firm as at 31 December 2017. Mr Michael Scott, a partner in the firm, was a Director and Trustee of the RAFBF Housing Trust Ltd until 6 June 2018.

Donations to the value of £130 (2016: £810) were received from individual Trustees in the year.

Donations of £8,285 (2016: £21,663) were received from Shepherd Neame. A Trustee of the Royal Air Force Benevolent Fund was a member of senior management at Shepherd Neame during the year.

## 17. Capital Commitments

Planned capital commitments in 2018 are the Cloud project to move the data servers from Head Office to the Cloud which is budgeted to cost £146K.

## 18. Analysis of Group Net Assets Between Funds

	Unrestricted funds		Restricted funds		Endowment funds		Total funds	
	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Fund Balances at 31 December are represented by:</b>								
Tangible/intangible fixed assets	32,494	33,257	149	154	-	-	32,643	33,411
Investments	80,134	65,241	2,074	552	5,890	5,426	88,098	71,219
Loans to beneficiaries	10,908	11,679	138	138	-	-	11,046	11,817
Current assets	11,541	18,235	4,019	4,136	497	320	16,057	22,691
Current liabilities	(1,305)	(1,343)	(4)	-	(513)	(319)	(1,822)	(1,662)
Pension liability	(15,015)	(14,446)	-	-	-	-	(15,015)	(14,446)
<b>Total net assets</b>	<b>118,757</b>	<b>112,623</b>	<b>6,376</b>	<b>4,980</b>	<b>5,874</b>	<b>5,427</b>	<b>131,007</b>	<b>123,030</b>

## 19. Operating Leases

At 31 December 2017 the group had total annual commitments under non-cancellable operating leases, all for office equipment and vehicles as follows:

	2017	2016
	£	£
Payments due: office equipment and vehicles		
Within one year	26,844	10,010
Within two to five years	69,656	39,280
Greater than five years	-	-
<b>Total</b>	<b>96,500</b>	<b>49,290</b>



## 20. Statement of Funds

	At 1 January 2017	Income	Net gains/ (losses) less expenditure	Transfers	Group at 31 December 2017	Charity at 31 December 2017
	£'000	£'000	£'000	£'000	£'000	£'000
General reserve	122,102	22,874	(16,262)	(500)	128,214	117,661
Designated funds	4,967	383	208	-	5,558	-
Pension reserve	(14,446)	-	(1,069)	500	(15,015)	(15,015)
<b>Total unrestricted funds</b>	<b>112,623</b>	<b>23,257</b>	<b>(17,123)</b>	<b>-</b>	<b>118,757</b>	<b>102,646</b>
Restricted income funds – see Note 24	4,980	3,894	(2,498)	-	6,376	6,376
Endowment funds – see Note 23	5,427	-	447	-	5,874	5,874
<b>Total funds</b>	<b>123,030</b>	<b>27,151</b>	<b>(19,174)</b>	<b>-</b>	<b>131,007</b>	<b>114,896</b>

	At 1 January 2016	Income	Net gains/ (losses) less expenditure	Transfers	Group at 31 December 2016	Charity at 31 December 2016
	£'000	£'000	£'000	£'000	£'000	£'000
General reserve	115,298	21,250	(13,946)	(500)	122,102	112,350
Designated funds	4,584	327	56	-	4,967	-
Pension reserve	(6,066)	-	(8,880)	500	(14,446)	(14,446)
<b>Total unrestricted funds</b>	<b>113,816</b>	<b>21,577</b>	<b>(22,770)</b>	<b>-</b>	<b>112,623</b>	<b>97,904</b>
Restricted income funds	4,655	1,775	(1,450)	-	4,980	4,980
Endowment funds	5,077	-	350	-	5,427	5,427
<b>Total funds</b>	<b>123,548</b>	<b>23,352</b>	<b>(23,870)</b>	<b>-</b>	<b>123,030</b>	<b>108,311</b>

## UNRESTRICTED FUNDS

The sum of £5.558M (2016: £4.967M) included in unrestricted funds relates to designated reserves held by the RAF Dependants Fund.

The RAF Dependants Fund exists to relieve immediate financial distress in the event of the death of a subscriber by giving a tax-free grant, payable at the discretion of the Charity.

The transfer of £500K (2016: £500K) from general reserves to the pension reserve represents the Charity's contribution paid into the defined benefit pension scheme in the year.

## RESTRICTED INCOME FUNDS – OVER £100,000

**Bomber Command Memorial**

Maintenance of the Bomber Command Memorial in Green Park, Piccadilly.

**Fulmer Fund**

These funds are held for those of the serving RAF in need of maternity services, post-natal services or the provision of childcare facilities on RAF bases.

**Gulf Trust**

The funds are held in a ring-fenced fund for the benefit of RAF Gulf War veterans.

**Lowe Trust**

Supports Battle of Britain veterans and their descendants.

**Respite Care – LIBOR**

LIBOR funding received to increase and develop our respite care provision.

**RAF Disabled Holiday Trust**

Providing holidays to severely disabled serving and ex RAF personnel and their immediate dependants.

**April Fools Club**

Additional respite at Princess Marina House.

**Afghan Brain injury**

Supports Afghan veterans who have sustained a brain injury.

**Afghan – LIBOR**

LIBOR funds which support and provide assistance to Afghan veterans.

## ENDOWMENT FUNDS – OVER £100,000

**E H Jubb Fund**

For the benefit of aircrew, their widows and dependants.

**Newton Driver Memorial Fund**

For the general purposes of the Fund and the upkeep of the property at Rustington.

**Viscount Nuffield Endowment**

Income used for general purposes.

**Hector Pilling Memorial Fund**

To provide financial assistance for foundationers at the Duke of Kent School.

**RAF Prize Trust**

To help with the education of dependants of deceased members of the RAF killed on duty or attributable to Service.

**Douglas Turner Benefaction**

To be used for the assistance or benefit, including education of former or future pilots and navigators and their dependants.

**RAFBF Educational Endowment Fund**

To promote the education of the children of members of the Royal Air Force.

**RAFBF Educational Expendable Fund**

To promote the education of the children of members of the Royal Air Force.

**Peter Henry Slater-Eiggert Memorial Fund**

For the benefit of ex-members and dependants of 83 Squadron.

**The Revd. James Edmund Strickland Memorial Fund**

For the use of general purposes of the Royal Air Force Benevolent Fund.

## 21. Subsidiary Entities

The results of the Fund's wholly owned subsidiary entities are included within the Consolidated SOFA as follows:

	RAFBF Trading Ltd		The RAF Dependants Fund		The RAF Dependants Income Trust Ltd		RAFBF Housing Trust Ltd		RAF Disabled Holiday Trust		Subsidiary Entities	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income from:</b>												
Donations	-	-	-	-	-	-	-	-	54	36	54	36
Investments	-	-	196	138	-	-	-	4	-	-	196	142
Other trading activities	119	79	-	-	-	-	-	-	-	-	119	79
Charitable activities	-	-	-	-	-	-	1,014	1,023	-	-	1,014	1,023
Profit on sale of properties	-	-	-	-	-	-	1,144	1,458	-	-	1,144	1,458
Commission	-	-	188	189	72	60	-	-	-	-	260	249
	<b>119</b>	<b>79</b>	<b>384</b>	<b>327</b>	<b>72</b>	<b>60</b>	<b>2,158</b>	<b>2,485</b>	<b>54</b>	<b>36</b>	<b>2,787</b>	<b>2,987</b>
<b>Expenditure on:</b>												
Charitable activities	52	17	165	195	50	35	1,284	1,318	36	22	1,587	1,587
Raising funds	-	-	-	-	-	-	-	-	-	-	-	-
Other trading activities	58	53	-	-	-	-	-	-	-	-	58	53
Management and administration	9	9	24	28	22	25	-	-	-	-	55	62
	<b>119</b>	<b>79</b>	<b>189</b>	<b>223</b>	<b>72</b>	<b>60</b>	<b>1,284</b>	<b>1,318</b>	<b>36</b>	<b>22</b>	<b>1,700</b>	<b>1,702</b>
Net gains/(loss) on investment assets	-	-	397	279	-	-	-	-	(7)	44	390	323
<b>Net result of subsidiary</b>	<b>-</b>	<b>-</b>	<b>592</b>	<b>383</b>	<b>-</b>	<b>-</b>	<b>874</b>	<b>1,167</b>	<b>11</b>	<b>58</b>	<b>1,477</b>	<b>1,608</b>

### RAFBF TRADING LTD

Company Number 07768120

A company set up for the RAF Benevolent Fund to conduct trading in support of its charitable objectives. The company donated £52,662 to the Charity in 2017 (2016: £16,638).

The inter-company balance owed to the Charity at year end was £897,490 (2016: £29,067).

The net assets at year end was £1 (2016: £1).

### RAF DEPENDANTS FUND

Charity Number 253492

A charity with the RAF Benevolent Fund as custodian trustee. Set up to promote the efficiency of the Royal Air Force through relieving dependants of deceased serving personnel from financial distress. There were 11 deaths in 2017 (2016: 13) and the dependants were paid £15K in each case.

The inter-company balance owed to the Charity at year end was £3,782 (2016: £3,820).

The net assets at year end was £5,558,429 (2016: £4,966,649).

### RAF DEPENDANTS INCOME TRUST LTD

Company Number 01285364

A company set up for RAFBF Dependants Fund subscribers to make further financial provision for their dependants in the event of their death in service. There were 11 deaths in 2017 (2016: 13) and consequently beneficiaries received £1.1M (2016: £1.1M) through this scheme. The company donated £50,072 to the Charity in 2017 (2016: £35,067).

The inter-company balance owed to the Charity at year end was £3,070 (2016: £3,611).

The net assets at year end was £3,339 (2016: £3,339).

### RAFBF HOUSING TRUST LTD

Company Number 1058896. Charity Number 264636. Scottish Registered Number SCO38218

A wholly owned subsidiary of the RAF Benevolent Fund. Its sole activity is to hold and operate properties of beneficiaries of the RAF Benevolent Fund.

The inter-company balance owed to the Charity at year end was £11,867,171 (2016: £12,821,264).

The net assets at year end was £10,644,701 (2016: £9,769,932).

### RAF DISABLED HOLIDAY TRUST

Charity Number 286019

A wholly owned subsidiary of the RAF Benevolent Fund. Its sole activity is to provide holidays to disabled serving and former members of the RAF and their dependants. The Trust purchases holiday bonds which entitles it to book holidays in the UK and Europe for its beneficiaries.

The inter-company balance owed by the Charity at year end was £5,452 (2016: £NIL).

The net assets at year end was £570,995 (2016: £560,138).

RAF Benevolent Fund gift in kind amounted to £33K (2016: £18K).

## 22. Welfare Programmes and Grants for the year ended 31 December 2017

### SUPPORT TO THE SERVING ROYAL AIR FORCE

	2017	2016
	£	£
<b>General welfare</b>		
Citizens Advice Station Outreach Clinic:		
Mid Lincolnshire CAB (RAF Digby, Coningsby, Cranwell)	10,000	-
Lincoln and District CAB (RAF Waddington)	10,000	-
Norfolk CAB (RAF Marham)	13,542	13,143
Rutland CAB (RAF Wittering)	8,750	5,000
West Oxfordshire CAB (RAF Brize Norton)	11,500	11,000
Oxfordshire South and Vale CAB (RAF Benson)	3,000	3,000
	<b>56,792</b>	<b>32,143</b>
<b>Station grants</b>		
RAF Akrotiri – Play parks sunshades	45,000	-
RAF Benson – Youth club refurbishment and junior ranks mess refurbishment	240	-
RAF Boulmer – Mental health first aid course	240	-
RAF Brize Norton – Youth club refurbishment	11,980	-
RAF Coningsby – Community centre furniture	7,560	-
RAF Cosford – Low ropes course, trim trail and mental health first aid course	95,444	240
RAF Cranwell – Trim trail and families day	-	299
RAF Digby – Mental health first aid course, defence centre for mental health refurbishment	4,380	-
RAF Fylingdales – Mental health first aid course	240	-
RAF Halton – Nursery heating and play park	81,000	-
RAF High Wycombe – Childcare/youth hub	150,000	-
RAF Honington – All ranks facility, services sound vision corporation movie streaming box, toddler yoga class and bouldering wall	240	30,047
RAF Leeming – Play hanger refurbishment, sensory room and mental health first aid course	126,028	480
RAF Lossiemouth – Soft play area, trim trail, mental health first aid course and circle renovation project	39,745	5,362
RAF Manston – Mental health first aid course	195	-
RAF Marham – Widen nursery footpath and rainbow nursery buggy park	111,969	7,932
RAF Northolt – Mental health first aid course	240	240
RAF Odiham – Junior ranks Henderson room project	17,440	1,000
RAF Scampton – Refurbishment for new youth hub	13,000	25,000
RAF Shawbury – Play park	72,329	-
RAF Spadeadam – Welfare facility	25,000	-
MoD St Athan – Communal living area improvements	-	14,185
RAF Valley – Community activities enhancement project	168,475	21,724
RAF Waddington – Contact house and families household equipment and junior ranks welfare facility	2,100	2,200
RAF Wittering – Youth club drop-in centre	6,780	-
RAF Wyton – Before and after school club refurbishment	480	18,691
	<b>980,105</b>	<b>127,400</b>

	2017	2016
	£	£
<b>RAF families day funding programme</b>		
Programmes supported in 31 RAF stations (2016: 30 stations)	<b>46,150</b>	<b>44,250</b>
<b>Relationship support</b>		
Relate – Relationship counselling/mediation	96,393	102,677
Relate – Building Stronger Families	3,000	6,075
	<b>99,393</b>	<b>108,752</b>
<b>Airplay programme</b>		
RAF stations – Youth support programme	1,106,329	1,280,744
RAF stations – Ben Play parenting and play parks	218,224	341,044
	<b>1,324,553</b>	<b>1,621,788</b>
<b>General support</b>		
Reading Force	5,000	-
RAF Families Federation	15,000	15,000
British Forces Foundation	3,000	3,150
2137 (Lymm) ATC Sqn	-	500
	<b>23,000</b>	<b>18,650</b>
<b>Total support to the serving Royal Air Force</b>	<b>2,529,993</b>	<b>1,952,983</b>

## 22. Welfare Programmes and Grants for the year ended 31 December 2017 (cont.)

### SUPPORT TO THE VETERANS' COMMUNITY

	2017	2016
	£	£
Age Concern Spain – ACASA	-	17,500
Alzheimer's Society	10,000	20,000
Bridge For Heroes	2,500	-
Czech Veterans	6,292	4,851
Dundee Therapy Garden	-	1,500
East Grinstead Museum	5,000	-
East Midlands Veteran and Pensions Committee	400	400
First Light Trust	-	6,000
Flying for Freedom Ltd	5,000	-
Horseback UK	4,500	-
Military Wives Choir Foundation	-	4,993
Mutual Support	7,500	-
National Association of Swimming Clubs for the Handicapped	-	500
National Gulf Veterans & Families Association	10,665	11,200
On Course Foundation	8,000	10,500
Polish Air Force Memorial Committee	-	1,000
Polish Veterans	6,240	4,400
Poppy Scotland – ASAP	20,000	-
RAF Club	50,000	-
RAF Widows' Association	32,000	25,000
Royal Commonwealth Ex-Services League	32,252	22,819
Rutland CAB (running costs with station outreach)	-	3,300
Slovak Veterans'	-	14,230
South Kesteven CAB	-	1,000
Spinal Injury Association	8,500	8,500
SSAFA	80,000	80,000
Step Together Volunteering	-	7,000
Stoll	12,000	10,000
The Gwenneli Trust	-	500
The Not Forgotten Association	15,000	15,000
The Ripple Pond	1,400	-
Turn to Starboard	8,000	-
Veterans Outreach Support	8,000	8,000
Victory Services Club	56,150	-
ZANE	-	25,000
	<b>389,399</b>	<b>303,193</b>

	2017	2016
	£	£
<b>Employment support</b>		
The Poppy Factory	15,000	-
High Ground	-	8,000
Regular Forces Employment Association	55,000	55,430
Salute My Job!	15,000	15,000
Voluntary Community Services (Wales) Ltd	-	4,000
Walking with the Wounded	12,000	-
The Warrior Programme	8,000	10,000
CatZero Ltd	1,500	-
	<b>106,500</b>	<b>92,430</b>
<b>Housing support</b>		
Veterans Aid	-	15,000
Queen Elizabeth Hospital Birmingham Hospital Charity - Fisher House	10,000	10,000
Alabare Christian Care Centres	10,000	15,000
	<b>20,000</b>	<b>40,000</b>
<b>Residential and respite care</b>		
Broughton House	18,000	-
Queen Alexandra Hospital Home	20,000	20,000
Royal Star and Garter Homes	10,000	-
Sue Ryder (Prague)	-	5,550
The Curphey Home	-	9,000
Lord Kitchener Memorial Holiday Centre	7,052	6,560
Revitalise	-	14,000
RAF Disabled Holiday Trust	-	22,410
	<b>55,052</b>	<b>77,520</b>
<b>Welfare memberships</b>		
Cobseo	-	9,000
	-	<b>9,000</b>
<b>Wellbeing partnerships</b>		
Anxiety UK	24,613	24,791
Cruse Bereavement Care	5,328	-
Community Network	13,778	8,563
RFEA	31,802	-
	<b>75,521</b>	<b>33,354</b>
<b>Total support to the veterans' community</b>	<b>646,472</b>	<b>555,497</b>
<b>Total external grants to third parties</b>	<b>3,176,465</b>	<b>2,508,480</b>

## 23. Endowment Funds

The purpose of funds exceeding £100,000 is set out under Note 20.

	As at 1 January 2017	Net income	Transferred out	Investment net gains	As at 31 December 2017
	£	£	£	£	£
<b>Permanent endowment funds with unrestricted income</b>					
Pilot Officer J P L Branson Memorial Fund	44,212	1,520	(1,520)	3,655	47,867
Pilot Officer James Erskine Cuning Memorial Fund	41,610	1,431	(1,431)	3,438	45,048
Flying Officer L S Delaney Trust	12,086	416	(416)	998	13,084
Paddy Finucane Memorial Fund	18,006	619	(619)	1,489	19,495
Louise Alice Kay Memorial Fund	37,198	1,279	(1,279)	3,074	40,272
Mosquito Memorial Fund	10,451	359	(359)	866	11,317
Flying Officer Douglas Frank Newsham Memorial Fund	33,211	1,142	(1,142)	2,745	35,956
Viscount Nuffield Endowment	961,422	33,056	(33,056)	79,464	1,040,886
Helen Mary Renton Fund	39,244	1,349	(1,349)	3,244	42,488
RAF Rugby Union Fund	46,152	1,587	(1,587)	3,814	49,966
Peter Henry Slater-Eiggert Memorial Fund	132,430	4,553	(4,553)	10,945	143,375
The Revd. James Edmund Strickland Memorial Fund	95,389	3,280	(3,280)	7,884	103,273
	<b>1,471,411</b>	<b>50,591</b>	<b>(50,591)</b>	<b>121,616</b>	<b>1,593,027</b>
<b>Expendable endowment funds with unrestricted income</b>					
Flying Officer William Dron Memorial Fund	2,230	77	(77)	185	2,415
Frederick Eley Fund	4,300	148	(148)	354	4,654
Wing Commander J Higginson Fund	8,778	302	(302)	726	9,504
Peter Grattan Holt Memorial Fund	45,745	1,573	(1,573)	3,782	49,527
E H Jubb Fund	304,701	10,477	(10,477)	25,185	329,886
Middle East Relief Fund	38,915	1,338	(1,338)	3,216	42,131
Morley Fund	6,379	219	(219)	527	6,906
Orlebar Memorial Fund	7,219	248	(248)	596	7,815
Shattock Memorial Scholarship Fund	10,838	373	(373)	897	11,735
Wooding Memorial Fund	7,734	266	(266)	638	8,372
	<b>436,839</b>	<b>15,021</b>	<b>(15,021)</b>	<b>36,106</b>	<b>472,945</b>

	As at 1 January 2017	Net income	Transferred out	Investment net gains	As at 31 December 2017
	£	£	£	£	£
<b>Permanent endowment funds where the use of the income is restricted</b>					
Newton Driver Memorial Fund	1,953,155	67,121	(67,121)	160,346	2,113,501
Group Captain W E Purdin Memorial Fund	2,491	86	(86)	208	2,699
RAFBF Educational Endowment Fund	494,345	16,997	(16,997)	40,858	535,203
Douglas Turner Benefaction	117,671	4,046	(4,046)	9,726	127,397
	<b>2,567,662</b>	<b>88,250</b>	<b>(88,250)</b>	<b>211,138</b>	<b>2,778,800</b>
<b>Expendable endowment funds where the use of the income is restricted</b>					
Mrs H M Jereham Memorial Fund	27,123	932	(932)	2,238	29,361
Hector Pilling Memorial Fund	574,622	19,757	(19,757)	47,492	622,114
RAF Prize Trust	219,595	7,550	(7,550)	18,149	237,744
RAFBF Educational Expendable Fund	129,718	4,460	(4,460)	10,723	140,441
	<b>951,058</b>	<b>32,699</b>	<b>(32,699)</b>	<b>78,602</b>	<b>1,029,660</b>
<b>Total endowment funds</b>	<b>5,426,970</b>	<b>186,561</b>	<b>(186,561)</b>	<b>447,462</b>	<b>5,874,432</b>

## 24. Restricted Funds as at 31 December 2017

	As at 1 January 2017	Income	Expenditure	As at 31 December 2017
	£	£	£	£
<b>Education</b>				
Air Vice-Marshal Frank Felgate Memorial Prize	497	-	-	497
Group Captain W E Purdain Memorial Fund	667	107	-	774
Hector Pilling	-	19,055	19,055	-
RAF Prize Trust	-	9,419	9,419	-
RAFBF Educational Endowment Fund	-	47,744	47,744	-
RAFBF Educational Expendable Fund	-	5,564	5,564	-
Douglas Turner Benefaction	-	5,047	5,047	-
	<b>1,164</b>	<b>86,936</b>	<b>86,829</b>	<b>1,271</b>
<b>Princess Marina House (PMH)</b>				
Princess Marina House Amenities Fund	52,023	64,411	42,015	74,419
Princess Marina House Shencot/Seacot House	-	1,600	1,600	-
Princess Marina House Other	-	38,415	38,415	-
April Fools Club – additional respite PMH houses	-	233,949	124,761	109,188
	<b>52,023</b>	<b>338,375</b>	<b>206,791</b>	<b>183,607</b>
<b>Housing</b>				
Adaptations	108,371	-	108,371	-
Forge House Windows	556	-	556	-
Housing Trust Gardening Project	1,125	-	1,125	-
Housing Trust General Restricted Fund	-	124,148	124,148	-
Housing Trust Property Adaptations Project	29,003	5,000	34,003	-
	<b>139,055</b>	<b>129,148</b>	<b>268,203</b>	-
<b>Other</b>				
Bomber Command Memorial	1,690,880	159,449	94,427	1,755,902
Gulf Trust	394,075	17,747	12,025	399,797
	<b>2,084,955</b>	<b>177,196</b>	<b>106,452</b>	<b>2,155,699</b>
<b>Welfare Programmes</b>				
Aged Veteran Fund	549	40,324	40,873	-
Aged Veteran Lunch Club	79	80,704	80,783	-
Aged Veteran Refurbishment	88,488	135,250	223,738	-
Aged Veteran Respite at Home	13,195	186,438	169,573	30,060
Airplay	29,352	56,200	85,552	-
Ben Play Club	-	13,500	13,500	-

	As at 1 January 2017	Income	Expenditure	As at 31 December 2017
	£	£	£	£
Building Stronger Families, LIBOR	1,399	-	615	784
CAB Outreach Projects	17,857	-	17,857	-
Families Fun Day	-	5,000	4,000	1,000
Mrs H M Jerham Memorial Fund	2,697	231	-	2,928
RAF Stations	-	1,000	1,000	-
Relationship Support	-	6,500	6,500	-
Restricted Befriending Welfare	4,160	-	4,160	-
Restricted to Valley Play Parks Refurb	-	61,500	61,500	-
	<b>157,776</b>	<b>586,647</b>	<b>709,651</b>	<b>34,772</b>
<b>Individual welfare</b>				
Advice and Advocacy	-	38,121	38,121	-
Afghan Brain Injury	224,845	-	-	224,845
Afghan – LIBOR	357,679	-	48,715	308,964
Barclays Transitional Grants Funding	7,582	16,000	17,246	6,336
Various legacies – Beneficiaries in Lossiemouth	-	1,500	1,500	-
Various legacies – Beneficiaries in Oxfordshire	-	1,000	1,000	-
Various legacies – Beneficiaries in Scotland	-	489,158	489,158	-
RAF Disabled Holiday Trust	560,138	17,831	6,974	570,995
Fulmer Fund	240,555	-	-	240,555
General Welfare – Devon, Cornwall & Somerset	-	1,000	1,000	-
General Welfare – East Sussex	-	2,000	2,000	-
General Welfare – Leicestershire Area	-	2,000	2,000	-
Lowe Trust	579,265	-	6,006	573,259
Nottinghamshire Restricted	-	500	500	-
RAF Veterans – Gloucestershire	-	1,000	1,000	-
Restricted to Air Crew	75,000	-	-	75,000
Restricted to Mobility Aids	-	3,135	3,135	-
Restricted to North of England	-	19,698	19,698	-
Restricted to Worcestershire	-	1,000	1,000	-
Restricted to Yorkshire	-	2,000	2,000	-
Welfare Program – DEFLOG	500,000	-	500,000	-
WW2 Veterans	-	650	-	650
	<b>2,545,064</b>	<b>596,593</b>	<b>1,141,053</b>	<b>2,000,604</b>
<b>Respite Care – LIBOR</b>	-	<b>2,000,000</b>	-	<b>2,000,000</b>
<b>Total restricted funds</b>	<b>4,980,037</b>	<b>3,914,895</b>	<b>2,518,979</b>	<b>6,375,953</b>

## SUBSIDIARY ORGANISATIONS

### The RAF Benevolent Fund Housing Trust Limited

Companies House: 01058896  
Charity Commission: 264636  
OSCR: SC038218

**Directors/Trustees:**

Mr Al Bennett (from July 2017)  
Air Vice-Marshal Simon Dougherty  
Ms Victoria Fakehinde  
Mr Duncan Forde (until January 2017)  
Air Commodore Paul Hughesdon  
Air Vice-Marshal David Murray  
Mr Michael Scott

### RAFBF Trading Limited

Companies House: 07768120

**Directors:**

Mr Graeme Craig  
Mr James Dooley  
Ms Victoria Fakehinde  
Mr Stephen John Gallico  
Air Vice-Marshal David Murray  
Mr Graeme Shankland  
Mr John Trampleasure (from May 2018)

### The RAF Dependants Income Trust Limited

Companies House: 01285364

**Directors:**

Group Captain Gordon Bettington (until December 2017)  
Ms Frances Brindle  
Ms Victoria Fakehinde  
Air Commodore Paul Hughesdon  
Air Vice-Marshal David Murray  
Mr Graeme Shankland

### The RAF Benevolent Fund Trustees Limited

Companies House: 00945083

**Directors:**

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Air Vice-Marshal Simon Dougherty  
Ms Victoria Fakehinde  
Mr Duncan Forde (until January 2017)  
Air Commodore Paul Hughesdon  
Air Vice-Marshal David Murray  
Mr Michael Scott (until June 2018)

### Royal Observer Corps Benevolent Fund

Charity Commission: 209640  
OSCR: SCO37659

**Trustee:**

RAF Benevolent Fund (Reg Charity: 1081009)

### The RAF Dependants Fund

Charity Commission: 253492

**Trustee:**

RAF Benevolent Fund (Reg Charity: 1081009)

**Management Committee Members:**

Group Captain Gordon Bettington (until December 2017)  
Ms Frances Brindle  
Ms Victoria Fakehinde  
Air Commodore Paul Hughesdon  
Air Vice-Marshal David Murray  
Mr Graeme Shankland

**Scheme Manager:**

Mr Stuart Turnbull (until June 2017)  
Mr Andy Cairns (appointed January 2018)

### RAFBF Property Company Limited

Companies House: 10456754

**Directors:**

Air Commodore Paul Hughesdon  
Mr Richard Ingham  
Air Vice-Marshal David Murray  
Air Vice-Marshal Elaine West

### The RAF Disabled Holiday Trust

Charity Commission: 286019

**Trustee:**

RAF Benevolent Fund (Reg Charity: 1081009)

**Management Committee Members:**

Mr Al Bennett  
Ms Victoria Fakehinde  
Ms Rosalind Hall  
Air Commodore Paul Hughesdon  
Air Vice-Marshal David Murray  
Ms Winni-Mae Rose  
Mr Frank Sykes  
Group Captain Anthony Terrett



# Royal Air Force Benevolent Fund

For more information on the RAF Benevolent Fund, visit [www.rafbf.org](http://www.rafbf.org)  
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