



**Royal Air Force
Benevolent Fund**

ANNUAL

REPORT

2018



Trustees' report and
accounts for the year
ended 31 December 2018

**Royal Air Force
Benevolent Fund**

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 (deceased 24 August 2018)

VICE-PRESIDENTS

Mr John Isabel

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Mr Lawrie Haynes DEng BA (Hons) FCILTR FRSA

Deputy Chairman

The Viscount Trenchard of Wolfeton DL

Honorary Treasurer

Dr Stephen Critchley MA (Hons) D Phil FCA

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Air Marshal Sean Reynolds CBE DFC (retired 20 August 2018)

Air Marshal Mike Wigston CBE (from 20 August 2018)

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 31 May 2018)

Air Commodore Ro Atherton (from 15 October 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

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Air Commodore Simon Harper OBE MA RAF

Mr Richard Ingham

Mr Alastair Irvine BA (Hons) MCSI (retired 31 December 2018)

Wing Commander Marie-Noelle Orzel OBE QVRM MSc PGDE RGN RSCN

Mr Graeme Shankland

Air Vice-Marshal Elaine West CBE

SENIOR MANAGEMENT TEAM

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

Director of Finance

Ms Victoria Fakehinde BSc (Hons) ACMA CGMA

Director of Fundraising and Communications

Mr John Trampleasure

Director of Welfare and Policy

Air Commodore Paul Hughesdon MA FloD

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SUPPORTING THE RAF FAMILY – WHENEVER THEY NEED US



Chief of The Air Staff, Air Chief Marshal Sir Stephen Hillier and Lawrie Haynes, Chairman, Royal Air Force Benevolent Fund

Since 1919 we have been the RAF's leading welfare charity. Then and now we remain firm in our commitment that no member of the RAF Family should ever face adversity alone.

Our landmark research *Meeting the Needs of the Serving RAF Community*, launched at the House of Commons in November 2018, identified the biggest challenges our serving RAF and their partners face as mental wellbeing difficulties, social isolation and inadequate partner employment opportunities. In response to the findings, we announced a multi-million-pound initiative to meet the key needs of the RAF in addition to other ongoing work and support already provided; this included access to the mobile app Headspace, which had more than 2,400 users within the first few months.

None of this would have been possible without the generous work of our supporters and volunteer fundraisers. Highlights include the spectacular Broomhall House supercar event over the Forth Road Bridge and taking part in the coin toss at the Wimbledon Ladies' Singles Final.

We recognise the importance of collaboration with other RAF charities and were thrilled to celebrate the centenary of the RAF as a leading member of the RAF100 joint venture alongside the Royal Air Force, RAF Association, the RAF Charitable Trust and the RAF Museum. The celebrations culminated in a spectacular military parade and mass flypast in London. The joint venture successfully raised more than £3M, including £500K for the RAF Benevolent Fund.

Looking forward, in 2019 we celebrate the centenary of the RAF Benevolent Fund. Our centenary celebration will provide an excellent opportunity to seek out Second World War RAF veterans and RAF National Service veterans who may be unaware of the support available. We will show our commitment to ensuring that those in need get tailored holistic support from us.

We will also celebrate the 50th anniversary of Princess Marina House, our flagship respite and care centre and cottages on the south coast. In 2018, more than 1,500 veterans and a number of serving families enjoyed a welfare break at Princess Marina House. As we develop the facilities and services there, we are set to welcome more people through our doors in 2019.

Finally, I want to take this moment to pay tribute to our dedicated staff whose commitment makes our work possible. I would also like to thank our Trustees who selflessly give their time and expertise to make sure we support our RAF Family so effectively and continue to be the RAF's oldest friend.

Lawrie Haynes
Chairman, Royal Air Force Benevolent Fund

SIDE BY SIDE WITH THE RAF FAMILY NOW AND FOR YEARS TO COME



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

Through our research we know that the size of the RAF Family will reduce from 1.4M people to 1M by 2030, mainly as a result of the reducing number of the National Service generation. We also know that approximately 300,000 of that population currently face personal challenges, a third of them acute ones.

In 2019 we celebrate our centenary and to mark this date, we will launch a campaign aimed at reaching even more RAF veterans, particularly those 100,000 in most need. Currently we support 53,000 individuals per annum but we intend to raise this number to 100,000 over the next three years. In our view, it is crucial that we reach this group of veterans as they advance in years so that we can provide much-needed assistance.

To allow this to happen, our Trustees have recently committed to spending substantial additional resources on a significant reaching out campaign to address unmet needs now. While this will have a significant impact on our reserves and will be a challenge for us, we firmly believe that it is the right thing to do and is the best use of our charitable funds.

Our veterans, like the current RAF generation, are self-reliant and independent individuals. I am proud that we stand alongside them – the RAF Family (both serving and veterans) – as the RAF's oldest friend, providing them with life-changing, practical, emotional and financial support. During 2018, we spent more than £15.1M supporting veterans and their dependants and a further £5.8M on the currently serving, a total of £20.9M, £2.1M more than in 2017.

We remain focused on ensuring older members of the RAF Family enjoy dignity and comfort in their twilight years, not just through the provision of financial support but also by combatting social exclusion and loneliness. We pride ourselves on being responsive, working with caseworkers and partners to provide tailored support to individuals and this year have also launched a number of mental health initiatives to complement our existing work.

I am incredibly proud of what we achieved in 2018. We supported serving personnel and veterans through some really tough situations. We advocated on behalf of them and their families and amplified their voices. We continue to dedicate ourselves to fulfil our vision that no member of the RAF Family will ever face adversity alone. I sincerely thank all of you – our excellent staff, volunteers, supporters and donors – who made this possible.

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

AIMS, OBJECTIVES AND VALUES

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 Memorial on the Victoria Embankment, London. The way in which the Fund provides services has changed significantly over time, with the range, depth and levels of support increasing considerably in the last 10 years. The Charity also promotes 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. We have also become the proud guardian of the Bomber Command Memorial in Green Park, London.

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. All services are either free or heavily subsidised. 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, by underpinning a spirit of pride and mutual loyalty, and so 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.

PROGRESS AGAINST OUR 2018 STRATEGIC OBJECTIVES

The RAF Benevolent Fund has been committed for 100 years to its vision that no member of the RAF Family should ever face adversity alone. We are the RAF's oldest friend – loyal and generous and always there. We support current and former members of the RAF, their partners and families, providing practical, emotional and financial support whenever they need us. We are committed to getting them through tough times, whatever life throws at them.

Our 2017–2022 strategy prioritises the provision of individual welfare support while developing new areas of provision. The Reaching Out campaigns will remain an important element of our work and we will continue to address the needs of veterans and dependants with a particular focus on the remaining Second World War and RAF National Service veteran population whose needs must be addressed in the short to medium term, while they are still with us. The 2017–2022 strategy underpinned our objectives for 2018 and as a result we provided a more enhanced and tailored service to meet the increasingly complex needs of our serving and veteran community.

Our understanding of these varying needs and the changing size and profile of the RAF Family led our Board of Trustees to release sizeable reserves to fund the evidence-led expansion of our welfare services. Our Trustees also approved plans for a multi-platform engagement campaign during our centenary and beyond to reach veterans who might not know of us or fail to seek us out.

In 2017, we increased our welfare spending by 7% to £18.8M and in 2018 by a further 11% to £20.9M. In 2018, we supported 53,000 individuals and saw a significant increase in engagement with our services across our key welfare strands, particularly those addressing social isolation, mental wellbeing and enhancing family life and relationships. Overall, this substantiates our research which identified a key characteristic of the demographic shift of the RAF Family as being an increase in complex needs, and as a consequence the urgent requirement to provide an enhanced level and range of support to each of these individuals. We are passionate about providing holistic care and supporting individuals as much as we are able.

OBJECTIVE	PROGRESS MADE
Conduct appropriate research to underpin the development of welfare initiatives to meet the needs of the RAF Family.	Completed and launched our seminal research <i>Meeting the Needs of the Serving RAF Community</i> and continued to assess the impact of the work that we undertook and refined our services as a result.
Develop and grow the provision of support to meet the specific needs of the RAF veteran and serving community.	Taking an evidence-led approach we developed and implemented an additional welfare spend package and increased our mental wellbeing programmes by funding access to the mindfulness mobile phone app Headspace. We completed a countywide pilot and launch of respite wellbeing breaks for serving RAF and we extended our relationship counselling services to include both serving and veterans and their families. In addition to this, we drove up occupancy of our respite home, Princess Marina House, and the take up of their daily Lunch Club and Respite at Home services.
Participate in the activities to commemorate and celebrate the centenary of the RAF in 2018 and execute plans to mark our own centenary in 2019.	As a leading member of the RAF100 joint venture we hosted four gala dinner events in each Nation's capital, Belfast, Edinburgh, Cardiff and London and participated in celebrations and fundraising activities across the country. We developed our centenary campaign strategy to be launched in June 2019.
Develop a fundraising and communications strategy to underpin our long-term welfare delivery.	Developed and started implementing a growth strategy across key fundraising channels aimed at increasing sustainable net income and promoting understanding of the spectrum of support we provide to the RAF Family.
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.	Ensured a strong and consistent brand presence through all communications channels using a variety of RAF-themed campaigns and included an expansion of our Ambassador programme to bring the experiences of those we have helped to our audiences. We carried out a survey of our marketing materials aimed at the serving RAF community to help us increase awareness of how the Fund can help individuals and their dependants.
Enhance existing business support arrangements and organisational improvements, including compliance with GDPR.	Following extensive preparation, training and an external audit of information governance arrangements, we successfully transitioned to the new General Data Protection Requirements (GDPR) regime in May 2018 and completed a migration to a Cloud-based data storage solution in 2018 to enhance our security and technical capability. We developed plans for the refresh and re-launch of our intranet for 2019. We enhanced our business information capability, by completing a rigorous system and supplier selection process for implementation in 2019.



IN 2018 WE SPENT

11%
UP ON
2017

£20.9M
SUPPORTING
MORE THAN
53,000
MEMBERS OF
THE RAF FAMILY

£15.1M
SUPPORTING RAF
VETERANS AND
THEIR FAMILIES

5%
UP ON
2017

£5.8M
SUPPORTING SERVING
PERSONNEL AND
THEIR FAMILIES

32%
UP ON
2017

ADDITIONALLY, WE SPENT
£2.3M TO ACQUIRE AND
ADAPT PROPERTIES AND
PROVIDED **£418K** IN NEW
LOANS TO VETERANS AND
SERVING PERSONNEL

43,000
WELFARE PROGRAMMES
AND GRANTS

7,500
DIRECT SUPPORT

2,050
RESIDENTIAL AND
RESPIRE CARE

450
HOUSING SUPPORT

SUPPORTING ONE FAMILY THROUGH GENERATIONS

The Fund has played an important role in the lives of Squadron Leader Mike Waring and his family. Mike, a Puma pilot and now Officer Commanding 57 Squadron at RAF College Cranwell, is the fourth generation of his family to join the RAF, continuing the family legacy started by his great grandfather and continued by his grandfather and father. We have helped three generations of the family. When his grandfather was tragically killed in action in 1945, we were there for his grandmother with a 'safety net' of support. During this difficult period, we also helped to ensure Mike's father, David, finished his studies. We continue to help Mike's family today providing swimming lessons and Riding for Disabled classes for his daughter Gemma, who has severe and complex additional needs, including delayed learning.

“For my own family, the difference the RAF Benevolent Fund has made is immeasurable.”



96%
OF BENEFICIARIES RATED THE
QUALITY OF OUR SERVICE AS
EITHER EXCELLENT OR VERY
GOOD

97%
OF BENEFICIARIES SAID
THEIR QUALITY OF LIFE
IMPROVED FOLLOWING
OUR SUPPORT

PROVIDING SUPPORT WHENEVER WE ARE NEEDED

“It would have been a real struggle for me if the Fund had not stepped in to help. I needed to be with my family and they made that possible.”



£10.2M
SPENT ON
SUPPORTING
INDIVIDUALS

£888K
SPENT ON REGULAR
FINANCIAL ASSISTANCE TO
PENSIONERS TO PROVIDE
DIGNITY IN RETIREMENT

£867K
SPENT ON GENERAL
HOUSING

£328K
SPENT ON SUPPORT FOR
FUNERAL EXPENSES

94%
OF PEOPLE WHO
RECEIVED SUPPORT
WITH DAY-TO-DAY LIVING
COSTS SAID THAT THIS
HAD HELPED TO MEET
THEIR NEED

£1.7M
IDENTIFIED IN MISSING
BENEFITS THROUGH OUR
BENEFITS AND ADVICE
SERVICE

KEY AIM ONE

FINANCIAL ASSISTANCE

We want to increase financial security for those experiencing hardship.

We are here for members of the RAF Family, to provide peace of mind to individuals facing financial hardship. We offer financial grants to help with day-to-day living, to cover one-off unexpected costs like replacing essential white goods or to respond to unexpected life events such as separation or divorce, a sudden death or serious illness.

HOW WE ACHIEVE THIS

- One-off grants to cover unforeseen costs
- Regular grants to assist with day-to-day living costs for pensioners who are experiencing financial distress
- Benefits advice service
- Support for funeral expenses
- Social inclusion grants.

Providing financial assistance when it is needed the most remains a core service. In 2018, we made nearly 6,000 individual awards to provide holistic support for a range of needs, spending £10.2M. This included £888K on regular financial assistance to pensioners and £867K for general housing costs. This all builds to provide dignity in retirement, living life well and not just longer. Often individuals need help navigating the complex benefits and welfare system. Through our Benefits and Advice service, we helped ease financial pressures for individuals by identifying a record £1.7M in unclaimed benefits and nearly £65K in one-off lump sum payments.

HELP FOR A DESPERATE FLIGHT HOME

We stepped in when Senior Aircraftman Balamurugan Jayaraju, a logistics and deployment specialist based at RAF Odiham, was in desperate need. Balamurugan was on deployment exercise in Oman when he received the devastating news his father had been diagnosed with terminal cancer back home in India and needed urgent brain surgery. Balamurugan needed to be with his family but: “Having just been to India, I was struggling to find another £750 for the flight. I spoke to the Warrant Officer and filled out the paperwork, the next day £500 was in my bank account.” Our support meant that after the RAF granted Balamurugan compassionate leave, he was able to fly back to India to be with his family.

KEY AIM TWO

WELLBEING BREAKS

We want to provide much-needed respite and holiday breaks.

We provide low cost wellbeing breaks for those experiencing isolation and loneliness or for those who simply need a break from the challenges of daily life. This may include those who have suffered a bereavement or have caring responsibilities, or who have a family member deployed abroad. Princess Marina House, our flagship respite care service, and our seaside cottages are available throughout the year for serving and veteran RAF members.

HOW WE ACHIEVE THIS

- Subsidised respite and care services
- Subsidised welfare breaks
- Funded breaks at Royal Air Forces Association Wings Hotels
- Respite at Home service (West Sussex only)
- Daily Lunch Club at Princess Marina House.

In 2018, we supported more than 550 serving RAF personnel and family members with a wellbeing break and nearly 1,000 ex-RAF personnel enjoyed a much-needed break at Princess Marina House, which will celebrate its 50th anniversary in 2019. Ninety-seven percent of guests reported their emotional wellbeing was positively affected by their stay and we continue to hold an Outstanding rating from the Care Quality Commission, a clear indication of the high level of service provided. Our Respite at Home service continues to develop, providing a 'sitting service' to people with care needs and respite for those with caring responsibilities. We provided more than 5,000 hours of care to the 83 people who used the service. Daily Lunch Clubs are now a core service providing veterans, their friends and families with opportunities to meet and build relationships.

A HOME AWAY FROM HOME ▶

Nancy Presland's late husband Brian served in the RAF for 25 years as an instructor in the police school. When Brian was recovering from illness 30 years ago the couple first heard about Princess Marina House and took their first break to support Brian's convalescence. Through stays at Princess Marina House over the years Nancy developed a fantastic friendship with another member of the RAF Family, Maureen Pearce. Since Brian's death seven years ago Princess Marina House has helped Nancy cope and offered a great place for her to meet and spend time with Maureen. Nancy sees her stays as a great tonic and she can't recommend Princess Marina House enough.

£2.6M
SPENT ON
RESPITE
AND CARE
SERVICES AND
WELLBEING
BREAKS

£100K
SPENT ON RESPITE
AT HOME SERVICES

1,500+
PEOPLE STAYED AT
PRINCESS MARINA
HOUSE RECEIVING RESPITE
AND CARE SUPPORT

97%
OF GUESTS AT PRINCESS
MARINA HOUSE
REPORTED THEIR
EMOTIONAL WELLBEING
WAS POSITIVELY AFFECTED
BY THEIR STAY

2,600+
LUNCHES WERE SERVED
AT PRINCESS MARINA
HOUSE TO LUNCH CLUB
DINERS

“It's wonderful to come and leave it all behind, leave all your cares. I say everyone should have a place like this, it's like a second home.”



SUPPORTING FAMILIES THROUGH TOUGH TIMES

Squadron Leader Jason Aslett leads the 612 Squadron medical reserves team based at Leuchars Station. He sees a real synergy between what the Fund does and the work of the RAF medical reserves. He said: "Our men and women are there to support injured personnel at the point of injury and recover them back to the UK. At the same time the Fund are there for the families of those individuals. They personally helped me at my time of need when my wife died. They helped me with her funeral and were extremely kind and generous in doing so."

£312K
SPENT ON CHILD AND YOUTH FACILITIES THROUGH STATION GRANTS

2,600+
CHILDREN AND YOUNG PEOPLE TOOK PART IN THE AIRPLAY PROGRAMME

£38K
AWARDED TO PROVIDE ADVICE THROUGH CITIZENS ADVICE SERVICES

25K
INDIVIDUALS HELPED BY OUR FAMILIES' DAY GRANTS PROGRAMME

838
PEOPLE RECEIVED RELATIONSHIP SUPPORT THROUGH RELATE



// They helped me at my time of need."

KEY AIM THREE

FAMILY AND RELATIONSHIPS

We want to enhance family and social life.

We understand the pressures and demands on family life and relationships for RAF veterans and their families, but especially so for serving RAF families who have to deal with the additional challenges of family postings, deployments, training and other pressures. We provide a range of support services to help serving families deal with these challenges, including providing support for childcare and to children and young people on RAF stations, as well as relationship support during difficult periods.

HOW WE ACHIEVE THIS

- Relationship support
- Injury and death in service support
- Building stronger families online course for serving couples
- Airplay and Ben Clubs
- Emergency grants to servicemen and women
- Citizens advice service.

We extended our relationship counselling and mediation services, delivered through our partnership with Relate, to include both serving and veteran RAF personnel and their families. During 2018 more than 800 people used this service, and 92% of serving personnel who received counselling reported that as a result their communication had improved.

Our Building stronger families course, a free-to-use online relationship course, is designed to be completed by couples in the privacy of their own homes. It remains a popular course with 80 couples using it to help them prepare to overcome relationship difficulties.

We also continued to develop our services to support RAF children and young people. More than 2,600 young people took part in Airplay and Ben Club programmes across 23 RAF stations at a cost of £1.3M. An additional £181K was awarded in Ben Play and Ben Parenting grants to 20 RAF stations. This scheme allows RAF stations to design new innovative activities to improve and enhance family life. We also spent £312K funding child and youth facilities on RAF stations through the station grants programme, helping an estimated 1,500 individuals. Our Families' Day grants programme to RAF stations totalled £50K; these days are vital in helping members of the serving RAF and their families decompress after often frenetic operational activity. RAF stations estimate this service helps around 25,000 individuals, circa 25% of the total population of serving RAF Family, regulars and reservists.

KEY AIM FOUR

EMOTIONAL WELLBEING

We want to help break through loneliness and isolation.

Our landmark research *Meeting the Needs of the Serving RAF Community* which launched in 2018, identified one of the biggest challenges RAF personnel and their families face as mental wellbeing. Deployment, separation and frequent moves add to the daily pressures, while veterans often experience isolation through bereavement. We provide early and proactive support to members of the RAF Family experiencing these difficulties through a unique package of services which recognises that financial assistance may not be enough.

HOW WE ACHIEVE THIS

- Listening and Counselling services in partnership with Anxiety UK
- Bereavement support
- Mindfulness mobile app Headspace
- Telephone Friendship Groups
- RAF station Families' Days.

We launched a new mental wellbeing service by funding access to the mindfulness mobile phone app Headspace for RAF personnel, which registered more than 1,000 users within two months of its launch, and more than 2,200 at the time of this report.

During the year, we combined our wellbeing partnerships and launched a Listening and Counselling service bringing the helpline in-house. This service provides support for a range of emotional wellbeing issues including anxiety, bereavement and depression. More than 260 interventions were provided to veterans and their dependants and nearly 60 interventions to RAF personnel and their dependants. Across both groups our research indicates a meaningful impact is being achieved among those using the service.

Our Telephone Friendship Groups have been a great success. Provided in partnership with Silver Line, our seven telephone groups provide friendship and new connections to around 60 veterans and their partners, who talk weekly on the phone to chat about issues important to them.

In addition, throughout 2018, we gave £14K to support mental health first aid training at six RAF stations.

£475K
AWARDED
TO COMBAT
STRESS TO
SUPPORT RAF
VETERANS

£150K
SPENT ON
EMOTIONAL AND
MENTAL WELLBEING
PROGRAMMES

£14K
SPENT ON MENTAL
HEALTH FIRST AID
TRAINING TO HELP
2,700 PEOPLE

98%
OF HEADSPACE
USERS WOULD
RECOMMEND IT
TO COLLEAGUES

75%
OF THOSE IN
A TELEPHONE
FRIENDSHIP GROUP
FELT LESS LONELY OR
LESS ISOLATED AFTER
JOINING THE GROUP

IMPROVING MENTAL WELLBEING

Andrew Stevens joined the RAF when he was 18 years old. He was based at RAF Lossiemouth working as a painter and finisher on Tornado jets. When he was made redundant in 2007, Andrew struggled. Seven years of service had left him concerned about facing life as a civilian. Andrew worried about finances and about providing for his young family. He started to develop obsessive-compulsive disorder (OCD) and eventually could not leave home without going through various rituals.

When Andrew became depressed, his wife encouraged him to go to the doctor. He was diagnosed with severe OCD and depression, and was put on medication. Things turned around for Andrew when he approached the Fund. He sought counselling through our Listening and Counselling service, which, he says, saved his life. He is now able to deal with life's stresses and puts that down to the Fund's help.

Andrew wishes he had got help earlier but because he wasn't suffering from PTSD he didn't think he needed help. Today, Andrew has turned that experience into a force for good by working with the charity Skillforce, presenting the Prince William Award in schools. He helps children with self-belief, self-control and team building, enabling them to build resilience.

“In the RAF everything is done for you, you're part of a tight community and I wasn't prepared for life outside.**”**





£5.5M
SPENT ON
HOUSING
PROVISION AND
ADAPTATIONS

£1.0M
SPENT ON MOBILITY AIDS

£457K
SPENT ON DISABILITY
EQUIPMENT

£151K
SPENT ON
DOMICILIARY CARE

£439K
SPENT ON CARE
HOME TOP-UP FEES

98%
REPORTED THAT THEIR
PROPERTY REPAIR OR
ADAPTATION HAD
IMPROVED THEIR
DAY-TO-DAY LIFE

KEY AIM FIVE

INDEPENDENT LIVING

We want to support greater independence.

Many of our RAF veterans want to live independently, get out and about to enjoy their local community and remain in their own homes for as long possible. But injury, disability or advancing years often make this difficult. We fund a range of services to enable our veterans to live a full life of their choice, with as much independence as possible.

HOW WE ACHIEVE THIS

- Mobility equipment
- Domiciliary care fees
- Housing adaptations
- Care costs
- Affordable housing.

During 2018, we increased our spend on domiciliary care fees from £128K in 2017, to £151K. This was due to receiving more applications, the continuing restriction on social service statutory provision and the ageing profile of the RAF Family. We also spent £1.0M on aids to assist individuals with their mobility inside and outside the home. For the first time, we provided support of more than £4K with day centre fees. All of this is designed to help people get out more and be less socially isolated. We also provided £439K in care home top-up fees, which generally allows those who we support in this way to live in better standard care homes, thus providing that essential dignity in retirement that we all aspire to. During the year we spent £5.5M on housing provision and housing adaptations to enable more families and individuals to live comfortably in their own homes.

MAKING A LAST WISH COME TRUE

When he was a young boy John Llewellyn watched the iconic Spitfire aircraft fly in and out of Ringway Airport in Manchester. His love for Spitfires inspired him to join the RAF when he was just 18 years old.

He felt lucky when his first posting as an armourer involved working on his favourite aircraft. But when he was diagnosed with terminal cancer in 2018, he was worried that his illness would mean he would have to move from his beloved family home. We stepped in to make sure John and his wife Magdalene were able to stay in their home, installing a stair lift within a week. As well as providing support with housing adaptations, we were delighted to fulfil one of John's dying wishes and arranged for him to sit in a Spitfire, taking him back to his boyhood memories. Surrounded by his family, John enjoyed a perfect day at Biggin Hill. His daughter Tracy said: "On the day he was overwhelmed by it all. He could not believe that the Fund would do that for him, that they would go out of their way to make one of his dreams come true. He said it was beyond what he had ever imagined."

“ I found the change in my circumstances psychologically challenging but with the help of family, friends and the Fund, I made steady progress.”



£350K
SPENT ON
TRANSITION

£217K
FUNDING FOR
EDUCATIONAL GRANTS

£66K
SPENT ON TRANSITION
GRANTS

£67K
SPENT ON TRAINING
GRANTS

60
TRAINING GRANTS
PROVIDED

6
HOUSES PURCHASED
AND ADAPTED

KEY AIM SIX

TRANSITION

We want to make moving into civilian life easier.

We recognise transitioning from the RAF back into civilian life can bring a number of challenges. Sometimes it may not be possible to plan ahead for the end of Service if the unexpected happens such as medical discharge or other unforeseen life events. We provide retraining and employment support to those planning to resettle and for those who are sick or injured, we feel a special sense of responsibility to ensure that they lead full and successful lives beyond their Service.

HOW WE ACHIEVE THIS

- Training grants
- Transition grants
- Welfare breaks
- Housing provision and adaptations
- Education awards.

In 2018, we provided 60 training grants to assist RAF veterans and/or their family members back into employment and 44 transition grants totalling £66K, to service personnel who were leaving the RAF because they were either wounded, injured or sick (WIS). We also supported young people with education awards following the death or injury in service of a parent, and provided 21 university scholarship awards. Our overall spend on education awards was £217K, helping to improve the employment prospects of young people who have had a particularly difficult start in life.

SUPPORT TO LIVE A FULL LIFE

Flight Sergeant David Rose served in the RAF for 31 years as an aircraft engineer ending up based at RAF Marham, but he had to leave the RAF due to a life-changing injury and medical conditions. David's injury had left him with partial paralysis to his right arm and after years of complex surgery he used cycling as a means of rehabilitation. We supported him with a grant towards a new adapted car and recumbent trike, which helped him with his love of cycling. In June 2018, he won two bronze medals at the Warrior Games in the Recumbent Cycle Open category and in the 200m swimming relay.

£4.3M AWARDED TO RAF STATIONS

As the RAF's leading welfare charity, we are unique in providing a holistic package of support which meets the increasingly complex needs of serving personnel and their dependants. In 2018, our awards to individual RAF stations came to £3.9M for a range of services and property purchases. In addition, we spent £400K on RAF station-wide services.



GRANT MAKING

We provide grants to eligible individuals in times of financial difficulty caused by unexpected life events, and circumstances which cause a drop in income or increased expenses. We give grants to help with unexpected and unaffordable one-off costs, priority bills and debts supported by an independent debt adviser's report, regular and temporary financial assistance, domestic assistance to help with independent living and social inclusion grants. We also provide grants to help with domiciliary care, care home top-up fees and mobility equipment. We try to help people in need as much as possible; for some, this involves only a small amount of money, support or advice; for others, our financial support is much greater. Above all, we try to be caring, supportive and kind. The majority of individual grants are awarded to members of the RAF veteran community.

Applications for individual grants can be made throughout the year and those from former RAF personnel and their dependants must be completed by a trained caseworker. Applications from RAF serving personnel are made through RAF station HR staff. We consider their recommendations as part of our holistic approach to welfare but are not limited to them and quite often provide additional support.

We give grants to other charities and fund our partner programmes to provide direct and targeted assistance to the RAF Family. This work is informed by a clear welfare strategy to ensure we maximise our impact.

We also award grants to RAF stations, with the aim of helping to increase the overall efficiency of the RAF. By providing welfare support to meet RAF community needs, our work increases morale, retention and wellbeing within the RAF. These grants are delivered through open grants programmes, with eligible organisations and RAF stations able to apply throughout the year.

A significant proportion of the grants we give to individuals are channelled through caseworking organisations with whom we partner. They are our eyes and ears on the ground and seek out those in need and investigate cases on our behalf. We are hugely grateful to them and their dedicated volunteers for their time and energy supporting the Fund's work. SSAFA undertakes more than 47% of all veterans' cases on our behalf (in addition to the contract work they do for the RAF), while the RAF Association (RAFA) undertakes 43%. We disbursed £5.5M to the RAF Family through these organisations during 2018.

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 registered with 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 Act 2016, the Board of Trustees closely monitors our fundraising activity and performance alongside the fundraising management team.

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 veterans and serving personnel in the materials we produce. We engage them in the planning and ensure they have sign off before the materials are made available to supporters or the public.

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. Following the introduction of the new General Data Protection Regulation in 2018, we only communicate with supporters who have given us express permission to maintain contact with them. 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.

Despite being a charity with limited fundraising resources, 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 activity. This is available on the 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.

We record all complaints that we receive in response to our fundraising. In 2018 we received 13 complaints and we were able to resolve these with the supporter without referral to the Fundraising Regulator.

RELATIONSHIPS WITH FUNDRAISING SUPPLIERS

We employ external agencies to add additional expertise or capacity when and where it is needed. 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 these companies provide the same high standards of service as our in-house team.

FUNDRAISING

Our ability to raise an amazing £15.2M in 2018 to invest in those members of the RAF Family in need of help was entirely due to the generosity of and efforts made by our wonderful supporters. In 2018, we were able to support more than 53,000 members of the RAF Family in the UK and abroad thanks to that support.

Among the thousands of our supporters who went the extra mile for the RAF Family were many businesses, their employees and charitable foundations. In 2018, we were, for example, chosen by the Wimbledon Foundation as both a recipient for a grant to support services such as our Ben Clubs and Airplay programmes and as their charity partner to perform the coin toss during the Wimbledon Tennis Championship Finals. On that day we were not only a grateful recipient of a generous grant, but we also built awareness of our vital work on the global stage.

SERVICE DAYS PAY GIVING

Those who serve in the RAF have always looked after their own. More than 70% of the serving RAF make a financial contribution to a scheme we operate called Service Days Pay Giving. The serving RAF gave £1.5M through this scheme in 2018, a testament to how valuable the RAF considers the Fund to be.

LEGACIES

Much of our work is supported by people who wish to make a gift in their will. These may be veterans or their families wishing to support future generations of men and women who also served their country. Those gifts in wills also come from people who have never served but recognise the sacrifice made by those who have and will do in the future. Our commitment that no member of the RAF Family will ever face adversity alone is made real every day because of gifts in wills.

£15.2M
TOTAL RAISED

£4.5M
RECEIVED IN DONATIONS FROM THE PUBLIC

£8.5M
RECEIVED IN DONATIONS FROM LEGACIES

£1.5M
RECEIVED FROM RAF SERVING PERSONNEL (SERVICE DAYS PAY SCHEME). MORE THAN 70% OF SERVING PERSONNEL CONTRIBUTE

£700K
DONATED THROUGH FUNDRAISING EVENTS



HOW STEVE AND JENNY HELPED THE FUND

Corporal Steve Roberts got down on one knee at the finish line of the Bristol Half Marathon and proposed to his girlfriend Jenny Sparrow. Steve presented Jenny with the ring that he'd been carrying in his pocket for the entire 13.1-mile run. They were part of a team who raised more than £11K for the Fund. Steve said: "I've been fundraising for the Fund for a number of years now. I wanted to join the RAF because of my father's service. When he passed away suddenly the Fund stepped in to provide support to my family and continued to do so throughout my childhood."

"They really were a lifeline to us."



WIMBLEDON FOUNDATION PARTNERSHIP

Our long-term partner, the Wimbledon Foundation, chose Tia Carter to represent the Fund and perform the coin toss for Ladies' Singles Final on Wimbledon Centre Court, helping us to raise awareness of our work. We previously supported Tia when her serving mother sadly died.

Left, Tia Carter, Airplay member, on Centre Court at the Wimbledon Championships.

Photo: © AELTC

RAF100 CELEBRATIONS

2018 marked the centenary of the RAF, with celebrations throughout the year. We hosted four gala dinners attended by supporters, veterans and serving RAF. Thousands gathered in The Mall, London, as Her Majesty The Queen and members of the Royal Family watched the remarkable display of military precision on the ground and in the skies, from the Buckingham Palace balcony. The parade culminated in a thrilling 100 aircraft flypast with the Red Arrows trailing their iconic red, white and blue smoke across London's sky. The centenary events successfully raised £3M for the RAF100 Appeal which will be paid as grants to the member charities including the Fund, which will receive more than £500K.

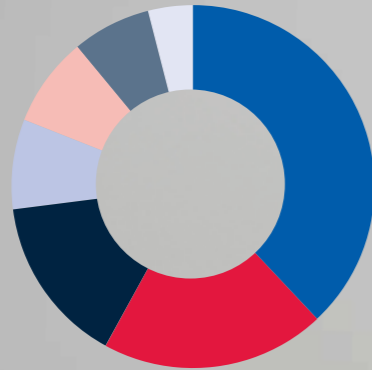


FINANCIAL HIGHLIGHTS

WHERE OUR FUNDS CAME FROM

TOTAL INCOME
£22.5M
(2017: £27.4M)

**18%
DOWN
ON
2017**

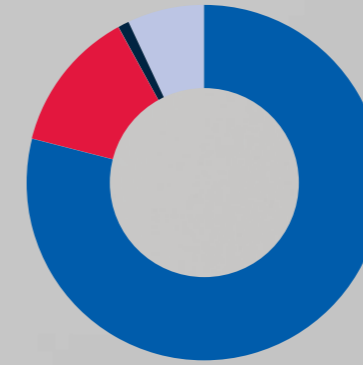


- Legacies: £8.5M/38%**
(2017: £10.8M/39%)
- Donations: £4.5M/20%**
(2017: £6.3M/23%)
- Investment income: £3.4M/15%**
(2017: £3.2M/12%)
- Charitable activities: £1.9M/8%**
(2017: £1.8M/7%)
- Other income: £1.9M/8%**
(2017: £3.3M/12%)
- Service Days Pay Scheme: £1.5M/7%**
(2017: £1.6M/6%)
- Other trading activities: £0.8M/4%**
(2017: £0.4M/1%)

HOW WE SPENT OUR FUNDS

TOTAL EXPENDITURE
£26.6M
(2017: £24.7M)

**8%
UP ON
2017**

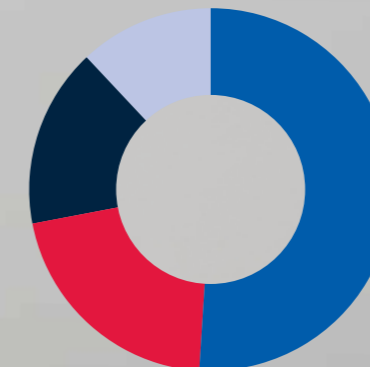


- Charitable activities: £20.9M/79%**
(2017: £18.8M/76%)
- Direct fundraising: £3.4M/13%**
(2017: £3.4M/14%)
- Investment fees: £0.4M/1%**
(2017: £0.3M/1%)
- Other costs: £1.9M/7%**
(2017: £2.2M/9%)

HOW WE USED FUNDS TO SUPPORT THE RAF FAMILY

CHARITABLE EXPENDITURE
£20.9M
(2017: £18.8M)

**11%
UP ON
2017**



- Direct support to individuals: £10.2M/49%**
(2017: £8.8M/47%)
- Welfare programmes and grants: £4.7M/22%**
(2017: £4.1M/22%)
- Respite care: £3.5M/17%**
(2017: £3.3M/17%)
- Housing Trust support: £2.5M/12%**
(2017: £2.6M/14%)



PLANS FOR 2019

In 2019, we will continue to build on our progress towards achieving our goal to understand and support each and every member of the RAF Family, whenever they need us. We are a bold and ambitious charity that wants to do more.

STRATEGIC AIM

TO REACH MORE MEMBERS OF THE RAF FAMILY WHO ARE IN NEED

So while the status quo of providing excellent support to our current beneficiaries is top of our list, in 2019 we will also focus our resources on the following areas:

2019 OBJECTIVE

- To devise and launch an ambitious multi-channel centenary campaign to encourage many more members of the RAF Family to seek support from the RAF Benevolent Fund.

STRATEGIC AIM

TO DRIVE FORWARD EXPANDED PROVISION IN KEY AREAS OF WELFARE NEED IDENTIFIED WITHIN THE SERVING AND VETERAN RAF FAMILY

2019 OBJECTIVES

- Continue to be evidence led and drive the enhancement of existing services and the development of new welfare initiatives.
- Provide support to our beneficiaries in a caring, compassionate and holistic manner, including all those who come to us as a result of the centenary campaign.
- Launch and deliver a National Wellbeing Breaks Service across the UK.
- Innovate and expand the availability of mental wellbeing, social engagement and employment and transition services.

STRATEGIC AIM

TO INCREASE INCOME ACROSS ALL FUNDRAISING CHANNELS

2019 OBJECTIVES

- Implement our fundraising strategy to maximise income from our existing fundraising channels and explore opportunities for new ways to generate income.
- Increase our brand awareness among key audiences and continue to develop ways to get more supporters involved.

STRATEGIC AIM

TO STRENGTHEN OUR SUPPORT FUNCTIONS

2019 OBJECTIVES

- Enhance our working processes and implement systems improvements.
- Nurture a culture of high performance and innovation to help staff work more effectively and ensure we have the capability to deliver our ambitious plans.
- Strengthen our HR capability with the implementation of the agreed recommendations of an HR audit.
- Build business resilience with improved monitoring and reporting processes.

FINANCIAL REVIEW

Our 2018–2022 financial strategy reflects our ambitious welfare plans to significantly increase the numbers of beneficiaries we support and address unmet need. We are committed to spending a major element of our reserves to fund welfare expansion plans and will continue to develop fundraising so that financial viability is maintained in the long term.

2018 was the start of a period of significant increase in welfare expenditure to expand the scope and depth of our programmes. To deliver our charitable purpose effectively, we will continue to fund the following key areas of work:

- Reaching as many beneficiaries as possible, who are eligible for our support
- Developing our welfare provision in line with the findings of research into the needs of the RAF Family
- Supporting elderly beneficiaries in their twilight years
- Increasing our fundraising capability and maximising the returns from income generating activities for the benefit of our beneficiaries.

We had a net expenditure amount of £9.4M, compared with net income of £9.0M in 2017. The difference in the financial result over the two years was mainly due to a £4.9M reduction in income, a £2.2M increase in charitable expenditure and an £11.4M reduction in unrealised investment gains. Details are explained in the paragraphs below.

INCOME

In 2018, we generated a total of £22.5M (2017: £27.4M). The drop in income was because of exceptional income received in 2017. That year our income was augmented by a £1.0M grant received from the Royal Observer Corps Benevolent Fund, a £2.0M LIBOR grant from HM Treasury for respite care and support and £1.4M received from our RED10 raffle. These exceptional income streams did not recur in 2018, although we did receive a further £1.0M LIBOR grant to be spent on activities identified as a result of our report *Meeting The Needs of the Serving RAF Community*. Of the £22.5M raised in 2018 75p in the pound was spent on charitable activities. In addition to income raised in the year we also used reserves to fund charitable activities.

In 2018, £14.5M (2017: £18.7M) was received through donations and legacies with this making up 64% (2017: 68%) of total income. Legacy income was £8.5M (2017: £10.8M) and the fall in income was mainly attributable to the decline in the value of legacies received in the year. We saw a small dip in general donations but income from our RAF Service Days Pay Scheme held at around £1.5M. Gross income from investments was £3.4M (2017: £3.2M), an 8% increase.

Income from our charitable activities was £1.9M (2017: £1.8M) and primarily came from rent from Housing Trust tenants and guest fees at our respite care home, Princess Marina House.

We have a robust fundraising strategy and early indications are that the strategy is working. We are confident that over the next five years we will raise sufficient levels of income to support our ambitious welfare programme.

EXPENDITURE

We spent £26.6M in total (2017: £24.7M) and 79% (2017: 76%) of that was spent on charitable activities. The increase in our expenditure was driven predominantly by the increase in the cost of charitable activities. The £20.9M (2017: £18.8M) spent on charitable activities includes £10.2M (2017: £8.8M) spent on supporting individuals directly, a 16% increase. £10.7M (2017: £10.0M) in total was spent on welfare programmes and grants, respite care and housing support. £5.7M (2017: £5.9M) was spent on generating income.

FIVE YEAR ANNUAL CHARITABLE EXPENDITURE

2018	2017	2016	2015	2014
£M	£M	£M	£M	£M
20.9	18.8	17.6	18.2	18.1

The £26.6M expenditure included support costs of £5.1M (2017: £4.7M) and the increase from the previous year was mainly due to the upgrade of our outdated legacy IT hardware infrastructure and the development of a new intranet.

HOUSING AND LOANS

To meet the needs of our beneficiaries with acute needs, we increased Housing Trust capital expenditure in 2018. We purchased and adapted 6 (2017: 4) new properties at a cost of £2.2M (2017: £1.1M). We also sold 11 properties (2017: 11) making a £1.1M total profit on the disposals (2017: £1.1M). The purchase and disposal of properties is driven by the support we need to provide to our beneficiaries. We adopt an affordable rent policy and use rental income to pay the costs of maintaining and adapting our properties to a suitably high standard.

We awarded £418K (2017: £386K) in new loans to beneficiaries and received £1.6M (2017: £1.1M) in loan repayments.

INVESTMENT POLICY AND PERFORMANCE

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 Charity in delivering its objectives in the short, medium and long term
- To earn a rate of total return of CPI plus 5%, 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 which meet the objectives of this strategy in the long term.

The Finance Committee reviews the policy regularly.

The value of investments at the year end was £83.3M (2017: £88.4M) and this comprised of those held by the main Charity valued at £77.5M (2017: £83.0M) and those held by the Dependants' Fund valued at £5.2m (2017: £5.1M). The value of investments dropped from £88.4M at the start of the financial year to £83.3M after unrealised losses of £5.2M (2017: £6.2M gain), fees of £0.4M (2017: £0.3M) and additions of £0.2M (2017: £10.7M)

The end of year value also includes a £0.6M (2017: £0.3M) joint venture share in RAF100.

Three main portfolios are managed by external investment managers with mandates based on our investment policy. The total value of funds under management was £82.0M (2017: £87.5M) and income yield from these investments was £3.1M (2017: £2.8M) as shown in the following table:

Fund	Investment Objective	Market Value	Yield
CCLA- COIF Charities Investments Fund (Total fund size £2.1bn)	To generate rising income and capital growth over time, by investing mainly in equities but also in fixed interest securities, property and other assets.	£39.0M	3.5%
BlackRock – Armed Forces Common Investment Fund (Total fund size £341M)	To achieve real growth in capital and income over the long term by investing principally in equities and fixed income securities.	£38.0M	3.8%
Sarasin – Income & Reserves (Total fund size £136M)	To achieve a good level of income, preserve the value of capital in the short term and achieve capital growth in the long term. Invested mainly in fixed income assets.	£5.0M	3.6%

A total unrealised loss of £5.2M (2017: £6.2M gain) was incurred due to negative global market returns across the majority of assets in the last quarter of the year. The total return on our investments, made up of income yields and the capital gains on the underlying investments was an overall loss of -2.6% (2017: 11%).

RESERVES

Our total net assets as at 31 December 2018 were £124.5M (2017: £131.3M).

	2018	2017
	£M	£M
Restricted reserves	13.2	12.6
Designated funds	30.7	5.5
Free reserves	37.4	69.5
Programme related assets	43.2	43.7
TOTAL FUNDS	124.5	131.3

Trustees have a policy which ensures reserves are used effectively for the furtherance of charitable objectives by meeting the needs of current and future beneficiaries. Our commitment is to be ready to help our beneficiaries throughout their lifetime, whenever they face adversity.

Reserves planning is a key component of our strategic planning process and Trustees review the level of reserves regularly to ensure funds are available to deliver welfare services and programmes, and to secure, as far as possible, future financial viability.

We take a risk-based approach to determining our free reserves requirement and this is done in conjunction with long-term financial projections, based on the needs of the RAF Family, and the management of financial risks, particularly the uncertainty of future income.

We have determined that we need to hold a minimum of £30M of free reserves to be assured that we are able to sustain the support we provide to the RAF Family in the long term and meet other obligations, irrespective of fluctuations in income.

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

Free reserves which exclude assets used directly in the delivery of our charitable objectives were £37.4M (2017: £69.5M) at the end of December 2018. The Trustees consider this level of reserves to be satisfactory.

Restricted funds held at the end of 2018 stood at £7.9M (2017: £6.7M). This represents the unexpended balance of funds received for specific charitable activities and includes a £1.8M (2017: £2.0M) of a statutory (LIBOR) grant and £1.8M (2017: £1.8M) for the upkeep of the Bomber Command Memorial.

Endowment funds were £5.3M (2017: £5.9M) and include both permanent and expendable funds. These funds represent income donated to the Charity but subject to the condition that the capital remains unspent (see Note 1 on page 41 for further details).

Designated funds were £30.7M at 31 December 2018 (2017: £5.6M). The Trustees have approved a programme of welfare developments for meeting the needs of our beneficiaries in both the veteran and serving RAF communities drawing on research carried out in 2015 and 2018, respectively. There is a commitment to deliver welfare services and programmes over the next four years which will mean that we continue to spend more than we are currently able to generate. We have also agreed to invest in our centenary campaign to reach more beneficiaries, particularly those who are elderly and need our support in their twilight years. We will also invest in the development of fundraising income to create the capacity to generate the much-needed funds to support the RAF Family over the long term and to reduce dependence on legacy income. The designated funds include those to be used for the centenary campaign and the associated uptake in services, the agreed welfare expansion programme, fundraising development and, as before, meeting the obligations of the Dependants' Fund. The table below sets out the purposes of the designated funds and their value as at 31 December 2018.

Purpose	Value
Centenary campaign and the associated additional cost of services – our centenary campaign aims to double the number of beneficiaries reached over a period of three years and further investment is required to contribute towards the costs related to the planned increased uptake of services. The increased costs will be funded by reserves and funds raised.	£8.9M
New and enhanced services – contribution towards the costs developing new support to the veteran community and the serving RAF, based on the agreed 2019–2021 welfare strategy.	£8.7M
Investment in Airplay – the support programme for children and young people whose parents are serving in the RAF.	£4.8M
Fundraising development and systems upgrade.	£2.7M
Dependants' Fund – to relieve immediate financial distress in the event of the death of a subscriber.	£5.6M
TOTAL DESIGNATED FUNDS	£30.7M

PENSION DEFICIT

The FRS 102 pension deficit valuation on the closed defined benefit pension scheme decreased by £2.7M to £12.3M (2017: £15.0M). The deficit reduced partly because updated data from the most recent 2017 triennial valuation has been incorporated and partly because market yields improved slightly. In 2018, the Charity made a deficit contribution of £500K to the scheme.

STRATEGIC RISK MANAGEMENT

The Board of Trustees has overall responsibility for the management of risk in the Charity and in its subsidiary entities. An overview of our major risks together with the corresponding high-level mitigating actions are provided below:

RISK CATEGORY	CHARACTERISATION AND HIGH-LEVEL MITIGATIONS
Governance risks Failure to comply with our regulatory obligations or insufficiently prepare Trustees and staff for their responsibilities, including promoting the necessary behaviours that underpin our reputation and our compliance activities.	<ul style="list-style-type: none"> We use the Charity Governance Code as our primary guiding framework for evaluation, regularly updating our policies and processes. We procure the services of external experts to conduct internal audits and other reviews that provide assurance to the Controller and Trustees.
Welfare delivery risks Failure to deliver the Charity's new welfare strategy or ineffectual service delivery. Failure to identify the needs of the RAF Family or our intent to ensure no member of the RAF Family faces adversity alone. Failure to deliver first-class respite care at Princess Marina House.	<ul style="list-style-type: none"> We have an agreed welfare strategy and designated funds, which is subject to periodic review. We maintain strong relationships with our caseworking partners and third-party welfare providers which are guided by agreements. We also engage with other Services' charities to benchmark and share best practice. We underpin our strategy with commissioned research and use 'pilot' projects to validate the viability of emerging needs as appropriate. We adhere to the Care Quality Commission's regulations for our respite care provision. We continue to use the Outstanding grading awarded by the Care Quality Commission as the benchmark for our performance.
Fundraising risks Failure to attract sufficient levels of funding to support the strategic aspirations of the Charity.	<ul style="list-style-type: none"> We monitor and evaluate the implementation of our agreed fundraising strategy, taking action when appropriate. We adhere to the Fundraising Regulator's Code of Fundraising Practice and the requirements of the Information Commissioner.
Financial risk Long-term degradation of financial health if we continue to spend more money than we raise year-on-year.	<ul style="list-style-type: none"> We have agreed a financial strategy that sets out the financial parameters of our activities. Our reserves management and policy are regularly reviewed by Trustees. We have an appropriate investment policy which is regularly reviewed by Trustees.
Safeguarding risk Failure to meet safeguarding obligations when carrying out organisational activities.	<ul style="list-style-type: none"> Strong awareness of safeguarding policies among staff and Trustees. Regular safeguarding matters update at board meetings. Trustee lead on safeguarding matters. Safeguarding training.
Information governance/ security risk Data breaches.	<ul style="list-style-type: none"> GDPR training. Robust compliance procedures. Strengthen IT infrastructure.

GOVERNANCE

STRUCTURE, GOVERNANCE AND MANAGEMENT

Reference and Administrative Details

The Royal Air Force Benevolent Fund has the registration number 1081009. As the Fund owns land and properties 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. The restricted and endowed funds of the Charity have a separate registration 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 relevant to the Fund's strategic and operational requirements; a new Diversity Policy was introduced in 2018 to ensure an appropriate balance of skills, backgrounds and mix is maintained on the Board. Trustees and committee members are generally recruited through advertisements in the media and a range of digital networks and are considered by a Nominations Committee on behalf of the Board of Trustees and the Council. Each 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-committees, also receives ongoing briefings and training from senior management and external advisers in critical areas such as risk management, reserves, fundraising practices, safeguarding and data protection. Of specific note, this year, the Board received bespoke training on the new GDPR requirements and their responsibilities as Trustees for it.



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, the law, commerce or other sectors. 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 Terms of Reference for the Board and these committees are reviewed annually to ensure compliance and relevance are maintained. Taking full account of Charity Commission guidance, the Board introduced two new roles in 2018 – a Trustee to lead on all safeguarding matters and a senior independent Trustee to act as a sounding board for the Chairman and as an alternative route for consultation or conflict resolution for either the Trustees or executive should normal channels be unsuitable.

The Board is responsible for the strategic direction of the Charity and, through its committees, for monitoring the activities of the executive staff. It reviews the position of the Charity and receives reports from the committees and the Senior Management Team led by the Controller. The Board also conducts annual performance reviews of senior management and undergoes its own annual Board appraisal. It met five times in full session in 2018.

The Board is responsible for approving the annual 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 terms of maintaining high standards of governance, and on the back of the full adoption of the Charity Governance Code and a full external review of its governance practices in 2017, the Fund also performed very strongly in 2018 against a new governance self-assessment tool introduced by the Confederation of Service Charities. The Director of Governance, a post reinstated in 2017, acts as the executive focal point for all governance matters in the Charity and is strongly engaged with the Charity Commission and peer charities to ensure that best practice in sector is incorporated.

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 three Trustees, which reviews the Fund's remuneration policy annually in order to ensure the principles listed above are adhered to and remain appropriate. At the review meeting, the Committee will also consider 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 are provided with external market information through the XPert HR annual voluntary-sector salary survey. All recommendations are then submitted to the Board of Trustees end of year meeting for final approval. In 2018, Trustees awarded a 2.5% uplift in salary for all staff for the 2019 salary year.

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 (FRS102)
- 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 and the provisions of its Royal Charter.

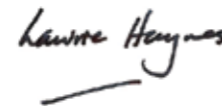
They are also responsible for safeguarding the assets of the Charity and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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 2018 Annual Report.



Lawrie Haynes
Chairman, Royal Air Force Benevolent Fund

Signed on 11 June 2019

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 EC4H 7RD

Custodian Trustees

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 2018 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 2018 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 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 34, 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. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Trustees, as a body in accordance with Part 4 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.

Saffery Champness LLP

Saffery Champness LLP
Chartered Accountants
Statutory Auditors

71 Queen Victoria Street London EC4V 4BE

Date: 17 June 2019

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 2018

	Note	2018				2017			
		Unrestricted Funds	Restricted Funds	Endowed Funds	Total	Unrestricted Funds	Restricted Funds	Endowed Funds	Restated Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INCOME AND ENDOWMENTS FROM									
Donations and legacies		12,632	1,923	-	14,555	14,934	3,758	-	18,692
Charitable activities		1,840	18	-	1,858	1,754	18	-	1,772
Other trading activities		754	20	-	774	423	18	-	441
Investments		2,900	339	211	3,450	2,795	408	-	3,203
Other income		1,887	-	-	1,887	3,351	-	-	3,351
TOTAL INCOME	2	20,013	2,300	211	22,524	23,257	4,202	-	27,459
EXPENDITURE ON RAISING FUNDS									
		5,687	1	-	5,688	5,912	11	-	5,923
EXPENDITURE ON CHARITABLE ACTIVITIES									
Direct support to individuals		9,703	545	-	10,248	7,637	1,185	-	8,822
Welfare programmes and grants		4,523	160	-	4,683	3,793	297	-	4,090
Respite care		3,289	245	-	3,534	2,410	878	-	3,288
Housing Trust support		2,484	-	-	2,484	2,420	141	-	2,561
		19,999	950	-	20,949	16,260	2,501	-	18,761
TOTAL EXPENDITURE	3	25,686	951	-	26,637	22,172	2,512	-	24,684
Net (expenditure)/income before (losses)/gains on investments		(5,673)	1,349	211	(4,113)	1,085	1,690	-	2,775
Transfers between funds		174	37	(211)	-	-	-	-	-
Net (losses)/gains on investments	11	(4,491)	(159)	(589)	(5,239)	5,749	14	447	6,210
NET (EXPENDITURE)/INCOME		(9,990)	1,227	(589)	(9,352)	6,834	1,704	447	8,985
Other recognised gains and losses:									
Actuarial gains/(losses) on defined benefit pension scheme	15	2,589	-	-	2,589	(700)	-	-	(700)
NET MOVEMENT IN FUNDS		(7,401)	1,227	(589)	(6,763)	6,134	1,704	447	8,285
Total funds brought forward		118,757	6,684	5,874	131,315	112,623	4,980	5,427	123,030
TOTAL FUNDS CARRIED FORWARD	21	111,356	7,911	5,285	124,552	118,757	6,684	5,874	131,315

The notes on pages 41 to 66 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 2018

	Note	Group	Group	Charity	Charity
		2018	Restated 2017	2018	2017
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	9	105	38	105	38
Tangible assets	10	33,138	32,605	9,996	10,405
Investments	11	83,286	88,406	77,525	82,973
Loans to beneficiaries	12	9,985	11,046	9,985	11,046
		126,514	132,095	97,611	104,462
CURRENT ASSETS					
Stock		8	6	-	-
Debtors and prepayments	13	8,491	11,289	20,336	23,885
Cash at bank and in hand		4,137	4,762	3,462	3,260
		12,636	16,057	23,798	27,145
CURRENT LIABILITIES					
Creditors and accrued charges: amounts falling due within one year	14	(2,303)	(1,822)	(2,209)	(1,696)
NET CURRENT ASSETS		10,333	14,235	21,589	25,449
Net assets excluding long-term liabilities and pension liability		136,847	146,330	119,200	129,911
Defined benefit pensions liability	15	(12,295)	(15,015)	(12,295)	(15,015)
TOTAL NET ASSETS		124,552	131,315	106,905	114,896
FUNDS					
Endowment funds		5,285	5,874	5,285	5,874
Restricted funds		7,911	6,684	7,319	6,376
Designated funds		30,654	5,558	26,464	-
General funds		92,997	128,214	80,132	117,661
Pension reserve		(12,295)	(15,015)	(12,295)	(15,015)
	21	124,552	131,315	106,905	114,896

Approved by the Board of Trustees on 11 June 2019 and signed on its behalf by



Lawrie Haynes
Chairman, Board of Trustees

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018	2017
	£'000	£'000
NET CASH USED IN OPERATING ACTIVITIES	(4,479)	(5,487)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends and interest from investments	3,165	2,876
Proceeds from the sale of property	1,802	2,086
Purchase of property and equipment	(2,412)	(1,294)
Net proceeds from (purchase)/sale of investments	166	(10,669)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES	2,721	(7,001)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loans awarded	(418)	(386)
Loan repayments	1,551	1,126
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,133	740
Change in cash and cash equivalents in the year	(625)	(11,748)
Cash and cash equivalents as at 1 January	4,762	16,510
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER	4,137	4,762
RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Net (expenditure)/income for the year ended 31 December	(9,352)	8,985
Adjustments for:		
Depreciation charges and amortisation	1,154	1,120
Losses/(gains) on investments	5,239	(6,210)
Income attributable from joint venture	(285)	(308)
Dividends and interest from investments	(3,165)	(2,876)
Profit on the sale of fixed assets	(1,144)	(1,144)
Provision for loan conversions	(3)	(14)
Loan interest	(91)	(75)
Loans converted to grants	15	46
Loans written off	7	74
Increase in stock	(2)	(1)
Decrease/(increase) in debtors	2,798	(5,113)
Increase in creditors	481	160
Pension interest expense	369	369
Pension fund costs	(500)	(500)
NET CASH USED IN OPERATING ACTIVITIES	(4,479)	(5,487)
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Current accounts	4,137	4,762
TOTAL CASH AND CASH EQUIVALENTS	4,137	4,762

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

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.

Basis of preparation

The consolidated financial statements have been prepared to give a true and fair view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the SORP rather than Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) which has been withdrawn.

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 24.

The Group's share of net income of the joint venture (20%) is accounted for using the equity method and is shown in the consolidated SOFA with the share of net assets shown on the balance sheet as an investment. The 2017 financial statements have been restated to include the share of the joint venture. The impact has been to increase income and investments by £308K.

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 by the Trustees 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 is set out in the notes to 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 22. 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 is 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 income 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 as well as investment management fees. 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 and payroll, HR and governance. These costs have been allocated to activities on a basis consistent with the use of resources, and indirect 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 expensed 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. Income receivable on investments is recognised in the SOFA on the accruals basis.

Joint Venture

The RAF100 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 which has been subsequently repaid. On completion of the joint venture project in 2019, any surplus reserves will be distributed as agreed among the joint venture partners.

The income receivable from the RAF100 Appeal will be recognised in the Charity's accounts when the Charity becomes entitled to it, and the amount can be estimated with sufficient accuracy.

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 Charity 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. Accrued interest where applicable, is recognised as income and added to the balance of the loan. 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 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.

Pension scheme deficit

The underlying assumptions used by the actuary in valuing the scheme are in accordance with FRS102.

2 INCOME AND ENDOWMENTS

	2018				2017			
	Unrestricted	Restricted	Endowed	Total	Unrestricted	Restricted	Endowed	Restated total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
DONATIONS AND LEGACIES								
Royal Air Force service personnel	1,545	-	-	1,545	1,565	-	-	1,565
General donations	3,009	1,493	-	4,502	2,138	3,114	-	5,252
ROCBF grant	-	-	-	-	1,002	-	-	1,002
Gifts in kind	-	-	-	-	49	-	-	49
Legacy income	8,078	430	-	8,508	10,180	644	-	10,824
	12,632	1,923	-	14,555	14,934	3,758	-	18,692
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.								
A £2.0M LIBOR grant is included within restricted general donations for 2017. Further details are shown in Note 23.								
CHARITABLE ACTIVITIES								
Housing	1,008	18	-	1,026	1,031	18	-	1,049
Respite care	741	-	-	741	648	-	-	648
Loan interest	91	-	-	91	75	-	-	75
	1,840	18	-	1,858	1,754	18	-	1,772
OTHER TRADING ACTIVITIES								
Income from fundraising events	655	20	-	675	302	18	-	320
Trading income	93	-	-	93	107	-	-	107
Rental income	6	-	-	6	14	-	-	14
	754	20	-	774	423	18	-	441
INVESTMENT INCOME								
Dividends from pooled funds	2,876	54	211	3,141	2,743	100	-	2,843
Interest earned	24	-	-	24	52	-	-	52
Income attributable from joint venture	-	285	-	285	-	308	-	308
	2,900	339	211	3,450	2,795	408	-	3,203
Income attributable from joint venture refers to the share of income from the RAF100 Appeal (see Note 11).								
OTHER INCOME								
Raffle income	-	-	-	-	1,437	-	-	1,437
Profit on the sale of fixed assets	1,144	-	-	1,144	1,144	-	-	1,144
Pension interest income	736	-	-	736	759	-	-	759
Administration fee	7	-	-	7	11	-	-	11
	1,887	-	-	1,887	3,351	-	-	3,351
TOTAL INCOME	20,013	2,300	211	22,524	23,257	4,202	-	27,459

3 ANALYSIS OF EXPENDITURE

	2018				2017			
	Direct costs	External grants	Support costs	Total 2018	Direct costs	External grants	Support costs	Total 2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RAISING FUNDS								
Donations and legacies	1,925	-	1,860	3,785	1,716	-	1,709	3,425
Regional engagement	1,267	-	-	1,267	1,182	-	-	1,182
Raffle costs	-	-	-	-	871	-	-	871
Other trading activities	253	-	-	253	140	-	-	140
Investments	383	-	-	383	305	-	-	305
	3,828	-	1,860	5,688	4,214	-	1,709	5,923
CHARITABLE ACTIVITIES								
Direct support to individuals	8,770	-	1,478	10,248	7,415	-	1,407	8,822
Welfare programmes and grants	431	3,569	683	4,683	258	3,177	655	4,090
Respite care	3,031	-	503	3,534	2,878	-	410	3,288
Housing Trust support	1,859	-	625	2,484	2,078	-	483	2,561
	14,091	3,569	3,289	20,949	12,629	3,177	2,955	18,761
TOTAL EXPENDITURE	17,919	3,569	5,149	26,637	16,843	3,177	4,664	24,684

See Note 20 for analysis of welfare programmes and grants relating to external grants

4 ANALYSIS OF SUPPORT COSTS

	2018						2017					
	Raising funds	Direct support to individuals	Welfare programmes and grants	Respite care	Housing Trust support	Total	Raising funds	Direct support to individuals	Welfare programmes and grants	Respite care	Housing Trust support	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Information technology and facilities	614	405	187	138	164	1,508	499	324	151	94	111	1,179
Depreciation and amortisation	232	375	181	127	239	1,154	278	426	198	124	146	1,172
General management and administration	440	283	132	96	129	1,080	415	273	127	80	94	989
Finance and payroll	314	228	101	78	48	769	280	230	107	67	79	763
HR	97	71	31	24	15	238	98	64	30	19	22	233
Governance	163	116	51	40	30	400	139	90	42	26	31	328
TOTAL	1,860	1,478	683	503	625	5,149	1,709	1,407	655	410	483	4,664

5 STAFF COSTS

	2018	2017
	£'000	£'000
Wages and salaries	5,471	4,866
Social security costs	522	477
Pension costs	501	445
Termination and redundancy costs	37	58
	6,531	5,846

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

	2018	2017
	No.	No.
£60,001 – £70,000	7	4
£70,001 – £80,000	1	-
£80,001 – £90,000	2	-
£90,001 – £100,000	2	1
£100,001 – £110,000	1	1
£120,001 – £130,000	-	1
£140,001 – £150,000	1	-
	14	7

Termination payments affected the banding classifications of three individuals. Thirteen employees (2017: six) 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 highest paid employee does not receive any pension benefits.

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

	2018	2017
	No.	No.
Charitable activities	137	126
Cost of generating funds	36	34
Governance, administration and support	22	22
	195	182

6 KEY MANAGEMENT PERSONNEL

The key management personnel of the RAF Benevolent Fund are the Trustees and the Senior Management Team (SMT). In 2018, 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 2018 were £567K (2017: £459K). In 2017, both the Chief of Staff and the Director of Fundraising and Communications were only employed for part of the year.

7 NET INCOME

	2018	2017
	£'000	£'000
NET INCOME FOR THE YEAR IS STATED AFTER CHARGING:		
Audit fees	58	37
Audit fees – additional fees re prior year	23	16
Internal audit fees	22	68
Investment management fees	383	305
Amortisation of intangible assets	34	22
Depreciation	1,120	1,098
Profit on disposal of fixed assets	(1,144)	(1,144)

8 TRUSTEES' REMUNERATION

The Trustees neither received nor waived any emoluments during the year 2018 (2017: £NIL).

Out-of-pocket expenses were reimbursed to Trustees as follows:

	2018	2017	2018	2017
	No.	No.	£	£
Travel	3	4	1,748	2,390

9 INTANGIBLE ASSETS

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
SOFTWARE COSTS				
Cost at 1 January	2,964	2,926	2,964	2,926
Additions during the year	101	38	101	38
Cost at 31 December	3,065	2,964	3,065	2,964
Amortisation at 1 January	(2,926)	(2,904)	(2,926)	(2,904)
Amortisation for the year	(34)	(22)	(34)	(22)
Accumulated amortisation at 31 December	(2,960)	(2,926)	(2,960)	(2,926)
NET BOOK VALUE 31 DECEMBER	105	38	105	38

10 TANGIBLE FIXED ASSETS

	Group 2018			Charity 2018		
	Property	Equipment	Total	Property	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 January	41,918	2,527	44,445	13,451	2,527	15,978
Additions during the year	2,302	9	2,311	118	9	127
Disposals during the year	(834)	-	(834)	-	-	-
Cost at 31 December	43,386	2,536	45,922	13,569	2,536	16,105
Depreciation at 1 January	(9,680)	(2,160)	(11,840)	(3,413)	(2,160)	(5,573)
Depreciation for the year	(940)	(180)	(1,120)	(356)	(180)	(536)
Depreciation on disposals during the year	176	-	176	-	-	-
Accumulated depreciation at 31 December	(10,444)	(2,340)	(12,784)	(3,769)	(2,340)	(6,109)
NET BOOK VALUE 31 DECEMBER 2018	32,942	196	33,138	9,800	196	9,996

	Group 2017			Charity 2017		
	Property	Equipment	Total	Property	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 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)
Cost at 31 December	41,918	2,527	44,445	13,451	2,527	15,978
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
Accumulated depreciation at 31 December	(9,680)	(2,160)	(11,840)	(3,413)	(2,160)	(5,573)
NET BOOK VALUE 31 DECEMBER 2017	32,238	367	32,605	10,038	367	10,405

	2018			2017		
	Property	Equipment	Total	Property	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
NET BOOK VALUE AT 31 DECEMBER IS ANALYSED AS FOLLOWS:						
Gulf Trust Fund (restricted fund)	144	-	144	149	-	149
Princess Marina House	3,885	185	4,070	3,875	345	4,220
RAFBF/RAFA respite homes	777	-	777	803	-	803
Headquarters - London	4,994	11	5,005	5,211	22	5,233
CHARITY	9,800	196	9,996	10,038	367	10,405
RAFBF Housing Trust Ltd	23,142	-	23,142	22,200	-	22,200
GROUP	32,942	196	33,138	32,238	367	32,605
THE NET BOOK VALUE OF PROPERTIES COMPRISES:						
Freehold	32,205			31,210		
Long leasehold	737			1,028		
	32,942			32,238		

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		Charity	
	Restated		2018	2017
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
UK LISTED INVESTMENTS				
Market value at 1 January	88,098	71,219	82,973	66,491
Additions	217	17,309	17	17,309
Withdrawals	(383)	(6,640)	(383)	(6,640)
Net investment (losses)/gains	(5,239)	6,210	(5,082)	5,813
Market value at 31 December	82,693	88,098	77,525	82,973
SHARE OF JOINT VENTURE				
Joint venture RAF100 Appeal at 1 January (restated)	308	-	-	-
Income attributable from joint venture	285	308	-	-
Joint venture RAF100 Appeal at 31 December	593	308	-	-
TOTAL FIXED ASSET INVESTMENTS	83,286	88,406	77,525	82,973
UK LISTED INVESTMENTS ARE REPRESENTED BY				
Pooled funds and unit trusts	82,132	87,545	76,964	82,420
RAF Disabled Holiday Trust Bonds	561	553	561	553
TOTAL	82,693	88,098	77,525	82,973

The Charity is the only Trustee of the RAF Disabled Holiday Trust whose net assets to the value of £561K 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 24.

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. On completion of the joint venture project in 2019 any surplus reserves will be distributed as agreed among the joint venture partners. The Charity's 20% share of the net assets of the joint venture is shown above as part of the total fixed asset investments. The investment and the net income attributable are calculated on the basis of 20% of the unrestricted funds.

12 LOANS TO BENEFICIARIES

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Balance at 1 January	11,046	11,817	11,046	11,817
New loans	418	386	418	386
Interest charged	91	75	91	75
	11,555	12,278	11,555	12,278
Repayments	(1,551)	(1,126)	(1,551)	(1,126)
Loans converted to grants	(15)	(46)	(15)	(46)
Bad debts written off	(7)	(74)	(7)	(74)
Provision for loan conversion	3	14	3	14
BALANCE AT 31 DECEMBER	9,985	11,046	9,985	11,046

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 £9.9M (2017 £10.9M) 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 £113K.

13 DEBTORS

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Legacies	7,187	7,004	7,187	7,004
Inter company balance	-	-	12,086	13,730
Other debtors	1,066	4,171	825	3,037
Prepayments	238	114	238	114
	8,491	11,289	20,336	23,885

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	482	234	482	270
Taxation and social security costs	221	198	218	194
Other creditors	1,600	1,390	1,509	1,232
	2,303	1,822	2,209	1,696

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 provided by an insurance provider. This service has been provided by Royal London since November 2016. The liability of the employer is limited to the contributions it makes which amounted to £501K (2017: £445K) of which £53K remained payable at the year end (2017: £46K).

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 2017. The provisional results of this valuation have been updated to 31 December 2018 by a qualified actuary. Under the schedule of contributions agreed as part of the actuarial valuation as at 31 December 2017, the employer paid £500,000 during 2018 (2017: £500,000). 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 2019 will be £500,000.

	2018	2017
	£'000	£'000
RECONCILIATION OF FUNDED STATUS TO BALANCE SHEET		
Defined benefit obligation	(34,526)	(37,973)
Fair value of plan assets	22,231	22,958
NET DEFINED BENEFIT LIABILITY	(12,295)	(15,015)

The amounts recognised in the SOFA are as follows:

Net interest expense on net defined benefit liability	369	369
Total pension expense recognised in the SOFA	369	369

RECONCILIATION OF DEFINED BENEFIT OBLIGATION OVER THE YEAR

Defined benefit obligation as at 1 January 2018	(37,973)	(37,650)
Interest expenses on defined benefit obligation	(934)	(962)
Remeasurement – effect of experience adjustments gain/(loss)	1,990	-
Remeasurement – effect of changes in assumptions gain/(loss)	1,204	(624)
Benefits paid	1,187	1,263
Defined benefit obligation as at 31 December 2018	(34,526)	(37,973)

CHANGES IN THE FAIR VALUE OF PLAN ASSETS OVER THE YEAR:

Fair value of plan assets as at 1 January 2018	22,958	23,204
Interest income on plan assets	565	593
Remeasurement – return on plan assets excluding interest income (loss)/gain	(605)	(76)
Contributions by employer	500	500
Benefits paid	(1,187)	(1,263)

Fair value of plan assets as at 31 December 2018	22,231	22,958
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Return on plan assets	(40)	517
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REMEASUREMENTS RECOGNISED IN SOFA

Remeasurement – effect of experience adjustments gain/(loss)	1,990	-
Remeasurement – effect of changes in assumptions gain/(loss)	1,204	(624)
Remeasurement – return on plan assets excluding interest income gain/(loss)	(605)	(76)
Total remeasurement gain/(loss) recognised in SOFA	2,589	(700)

	2018		2017	
	£'000	%	£'000	%
ASSETS				
Target Return Fund	21,657	97.4%	22,206	96.7%
Cash	-	0.0%	-	0.0%
Bank account balance	352	1.6%	533	2.3%
Net current assets	222	1.0%	219	1.0%
	22,231	100%	22,958	100%

PRINCIPAL ACTUARIAL ASSUMPTIONS AT THE BALANCE SHEET DATE

Discount rate	2.8%	2.5%
RPI inflation rate	3.4%	3.3%
CPI inflation rate	2.4%	2.3%
Increases to pensions in deferment (CPI max 5%)	2.4%	2.3%
Increases to pensions in payment (CPI max 5%)	2.4%	2.3%
Commutation (% of pension)	25%	20%
Mortality – base table	S2PXA	S2PXA
Mortality – allowance for future improvements	CMI 2017	CMI 2014
	1.0% LTR	0.5% LTR
Life expectancies from age 63:		
Male currently aged 63	86.6	86.4
Female currently aged 63	88.5	88.5
Male currently aged 43	87.7	87.0
Female currently aged 43	89.8	89.2

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000

AMOUNTS FOR CURRENT AND PREVIOUS FOUR PERIODS ARE AS FOLLOWS					
Defined benefit obligation	(34,526)	(37,973)	(37,650)	(29,250)	(30,127)
Fair value of plan assets	22,231	22,958	23,204	23,184	24,118
Deficit	(12,295)	(15,015)	(14,446)	(6,066)	(6,009)

16 RELATED PARTY DISCLOSURE

During the year payments of £53,191 (2017: £78,743) were made by the group to Charles Russell Speechlys Solicitors for professional services. No amount was owed to this firm as at 31 December 2018 (2017: £nil). 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 £494 (2017: £130) were received from individual Trustees in the year.

Donations of £nil (2017: £8,285) 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 2019 are the development and introduction of a new accounting system which is budgeted to cost £450K.

18 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds		Endowment funds		Total funds	
	2018	2017	2018	2017	2018	2017	2018	2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FUND BALANCES AT 31 DECEMBER ARE REPRESENTED BY								
Tangible, intangible fixed assets	33,099	32,494	144	149	-	-	33,243	32,643
Investments	76,024	80,134	1,963	2,382	5,299	5,890	83,286	88,406
Loans to beneficiaries	9,847	10,908	138	138	-	-	9,985	11,046
Current assets	6,468	11,541	5,668	4,019	500	497	12,636	16,057
Current liabilities	(1,787)	(1,305)	(2)	(4)	(514)	(513)	(2,303)	(1,822)
Pension liability	(12,295)	(15,015)	-	-	-	-	(12,295)	(15,015)
TOTAL NET ASSETS	111,356	118,757	7,911	6,684	5,285	5,874	124,552	131,315

19 OPERATING LEASES

At 31 December 2018 the group had total annual commitments under non-cancellable operating leases, all for office equipment and vehicles as follows:

	2018	2017
	£	£
PAYMENTS DUE: OFFICE EQUIPMENT AND VEHICLES		
Within one year	29,480	26,844
Within two to five years	42,388	69,656
Greater than five years	-	-
TOTAL	71,868	96,500

20 WELFARE PROGRAMMES AND GRANTS

SUPPORT TO THE SERVING ROYAL AIR FORCE	2018	2017
	£	£
GENERAL WELFARE		
Citizens Advice Station Outreach Clinic		
Mid Lincolnshire CAB (RAF Digby, Coningsby, Cranwell)	15,000	10,000
Lincoln and District CAB (RAF Waddington)	-	10,000
Norfolk CAB (RAF Marham)	13,543	13,542
Rutland CAB (RAF Wittering)	9,000	8,750
West Oxfordshire CAB (RAF Brize Norton)	-	11,500
Oxfordshire South and Vale CAB (RAF Benson)	-	3,000
	37,543	56,792
STATION GRANTS		
RAF Akrotiri	-	45,000
RAF Benson	49,700	240
RAF Boulmer	-	240
MOD Boscombe Down	2,850	-
BSFAI Falklands	19,091	-
RAF Brize Norton	65,000	11,980
RAF Coningsby	1,800	7,560
RAF Cosford	33,837	95,444
RAFC Cranwell	4,530	-
RAF Digby	9,000	4,380
Digby JSSU	8,500	-
RAF Fylingdales	-	240
RAF Halton	55,868	81,000
RAF Henlow	5,000	-
RAF High Wycombe	12,286	150,000
RAF Honington	40,435	240
Iraq Op Shader	3,228	-
RAF Leeming	21,201	126,028
RAF Linton-on-Ouse	10,000	-
RAF Lossiemouth	30,607	39,745
RAF Manston	-	195
RAF Marham	17,940	111,969
RAF Northolt	20,057	240
RAF Odiham	29,741	17,440
RAF Scampton	17,201	13,000
RAF Shawbury	6,833	72,329
RAF Spadeadam	36,280	25,000
Stafford TSW	15,000	-
RAF Valley	10,613	168,475
RAF Waddington	61,120	2,100
RAF Wittering	197,601	6,780
LUAS Woodvale	4,502	-
RAF Wyton	9,620	480
	799,441	980,105

SUPPORT TO THE SERVING ROYAL AIR FORCE	2018	2017
	£	£
RAF FAMILIES' DAY FUNDING PROGRAMME		
Programmes supported in 41 RAF stations (2017: 31 stations)	50,050	46,150
RELATIONSHIP SUPPORT		
Relate – Relationship counselling/mediation	112,540	96,393
Relate – Building stronger families	3,000	3,000
	115,540	99,393
AIRPLAY PROGRAMME		
RAF stations – Youth support programme	1,142,274	1,106,329
RAF stations – Ben Play parenting and play parks	126,430	218,224
	1,268,704	1,324,553
GENERAL SUPPORT		
Reading Force	25,014	5,000
RAF Families Federation	15,000	15,000
British Forces Foundation	-	3,000
	40,014	23,000
Total support to the serving Royal Air Force	2,311,292	2,529,993

SUPPORT TO THE VETERANS' COMMUNITY	2018	2017
	£	£
Addaction	15,000	-
Age Concern Spain – ACASA	17,850	-
Alzheimer's Society	-	10,000
Bridge For Heroes	-	2,500
Combat Stress	250,000	-
Czech Veterans	4,733	6,292
Defence Medical Welfare Service	15,000	-
East Grinstead Museum	-	5,000
East Midlands Veteran and Pensions Committee	-	400
First Light Trust	5,000	-
Flying for Freedom Ltd	-	5,000
Horseback UK	6,000	4,500
Mutual Support	8,000	7,500
National Association of Swimming Clubs for the Handicapped	500	-
National Gulf Veterans and Families Association	12,785	10,665
Odyssey Project	1,500	-
On Course Foundation	-	8,000
Polish Veterans	6,240	6,240
Poppy Scotland – ASAP	20,000	20,000
Prison Radio Association	2,400	-
RAF Club	-	50,000
RAF Widows' Association	-	32,000
Royal Commonwealth Ex-Services League	37,174	32,252
Royal Observer Corp Association 25 Group	250	-
Slovak Veterans	15,600	-
Spinal Injuries Association	6,000	8,500
SSAFA, the Armed Forces Charity	97,500	80,000
Step Together Volunteering	10,000	-
Stoll	12,000	12,000
Taxi Charity for Military Veterans	5,000	-

The Gwenneli Trust	1,000	-
The Not Forgotten Association	15,000	15,000
The Ripple Pond	-	1,400
Turn to Starboard	10,000	8,000
Veterans Outreach Support	8,000	8,000
Victory Services Club	-	56,150
ZANE	12,500	-
	595,032	389,399

EMPLOYMENT SUPPORT		
Company of Makers	2,000	-
Future for Heroes	3,500	-
The Poppy Factory	19,000	15,000
HighGround	12,500	-
Regular Forces Employment Association	56,500	55,000
Salute My Job!	15,000	15,000
Walking with the Wounded	-	12,000
The Warrior Programme	-	8,000
CatZero Ltd	-	1,500
	108,500	106,500

HOUSING SUPPORT		
AF&V Launchpad Ltd	7,500	-
Broughton House	50,000	-
Erskine	25,000	-
Royal British Legion Industries	50,000	-
Veterans Aid	70,000	-
Queen Elizabeth Hospital Birmingham Hospital Charity – Fisher House	10,000	10,000
Alabare Christian Care Centres	10,000	10,000
	222,500	20,000

RESIDENTIAL AND RESPITE CARE		
British Nuclear Test Veterans	6,000	-
Broughton House	18,000	18,000
Care for Veterans (previously Queen Alexandra Hospital Home)	19,000	20,000
Royal Star and Garter Homes	57,600	10,000
The Curphey Home	3,000	-
Lord Kitchener Memorial Holiday Centre	7,052	7,052
Music in Hospital and Care	5,000	-
Revitalise	27,000	-
	142,652	55,052

Total support to the veterans' community	1,068,684	570,951
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WELLBEING PARTNERSHIPS – SERVING AND VETERAN	2018	2017
Anxiety UK	80,559	24,613
Cruse Bereavement	7,494	5,328
Community Network/Silver Line	27,016	13,778
Work Stress Management	34,247	-
Regular Forces Employment Association	39,435	31,802
Total support to the serving and veterans' community	188,751	75,521

Total external grants to third parties	3,568,727	3,176,465
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21 STATEMENT OF FUNDS

	Restated at 1 January 2018	Income	Expenditure	Net gains/ (losses)	Net gains/ (losses) less expenditure	Transfers	Group at 31 December 2018	Charity at 31 December 2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General reserve	128,214	19,639	(25,096)	(4,334)	(29,430)	(25,426)	92,997	80,132
Designated funds	5,558	374	(221)	(157)	(378)	25,100	30,654	26,464
Pension reserve	(15,015)	-	(369)	2,589	2,220	500	(12,295)	(12,295)
TOTAL UNRESTRICTED FUNDS	118,757	20,013	(25,686)	(1,902)	(27,588)	174	111,356	94,301
Restricted income funds – see Note 23	6,684	2,300	(951)	(159)	(1,110)	37	7,911	7,319
Endowment funds – see Note 22	5,874	211	-	(589)	(589)	(211)	5,285	5,285
TOTAL FUNDS	131,315	22,524	(26,637)	(2,650)	(29,287)	-	124,552	106,905

	At 1 January 2017	Income	Expenditure	Net gains/ (losses)	Net gains/ (losses) less expenditure	Transfers	Group at 31 December 2017	Charity at 31 December 2017
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General reserve	122,102	22,874	(21,614)	5,352	(16,262)	(500)	128,214	117,661
Designated funds	4,967	383	(189)	397	208	-	5,558	-
Pension reserve	(14,446)	-	(369)	(700)	(1,069)	500	(15,015)	(15,015)
TOTAL UNRESTRICTED FUNDS	112,623	23,257	(22,172)	5,049	(17,123)	-	118,757	102,646
Restricted income funds – see Note 23	4,980	3,894	(2,512)	14	(2,498)	-	6,376	6,376
Restricted funds – restatement for share in JV	-	308	-	-	-	-	308	-
Endowment funds – see Note 22	5,427	-	-	447	447	-	5,874	5,874
TOTAL FUNDS	123,030	27,459	(24,684)	5,510	(19,174)	-	131,315	114,896

UNRESTRICTED FUNDS

The sum of £30.7M (2017: £5.6M) is included in unrestricted funds and relates to the following designated reserves:

£5.6M (2017: £5.6M)

Reserves held by the RAF Dependants Fund 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.

£2.7M (2017: nil)

Fundraising development and systems upgrade.

£4.8M (2017: nil)

Investment in Airplay programmes on RAF stations.

£8.9M (2017: nil)

Reaching out campaign to elderly veterans and costs of additional services.

£8.7M (2017: nil)

Funds for developing and providing enhanced welfare services.

The transfer of £500K (2017: £500K) from general reserves to the pension reserve represents the Charity's contribution paid into the defined benefit pension scheme in the year. Endowment dividends are also transferred to general or restricted funds depending on the terms of the endowment.

RESTRICTED INCOME FUNDS – MORE THAN £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.

The April Fools' Club

Respite at Princess Marina House including serving respite support.

Afghan Brain injury

Support to veterans of Afghanistan conflict who have sustained a brain injury.

Afghan – LIBOR

LIBOR funds which support and provide assistance to veterans of Afghanistan conflict.

LIBOR funding for Serving RAF

LIBOR funding to provide support for serving RAF personnel.

RAF100 Appeal

Share of funding from joint venture established to mark RAF centenary year.

ENDOWMENT FUNDS – MORE THAN £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 Princess Marina House.

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.

22 ENDOWMENT FUNDS

The purpose of funds exceeding £100,000 is set out under Note 21.

	As at 1 January 2018	Net income	Transferred out	Unrealised loss	As at 31 December 2018		As at 1 January 2017	Net income	Transferred out	Unrealised gain	As at 31 December 2017
	£	£	£	£	£		£	£	£	£	£
PERMANENT ENDOWMENT FUNDS WITH UNRESTRICTED INCOME						PERMANENT ENDOWMENT FUNDS WITH UNRESTRICTED INCOME					
Pilot Officer J P L Branson Memorial Fund	47,867	1,721	(1,721)	(4,800)	43,067	Pilot Officer J P L Branson Memorial Fund	44,212	1,520	(1,520)	3,655	47,867
Pilot Officer James Erskine Cunning Memorial Fund	45,048	1,619	(1,619)	(4,517)	40,531	Pilot Officer James Erskine Cunning Memorial Fund	41,610	1,431	(1,431)	3,438	45,048
Flying Officer L S Delaney Trust	13,084	470	(470)	(1,312)	11,772	Flying Officer L S Delaney Trust	12,086	416	(416)	998	13,084
Paddy Finucane Memorial Fund	19,495	701	(701)	(1,955)	17,540	Paddy Finucane Memorial Fund	18,006	619	(619)	1,489	19,495
Louise Alice Kay Memorial Fund	40,272	1,448	(1,448)	(4,038)	36,234	Louise Alice Kay Memorial Fund	37,198	1,279	(1,279)	3,074	40,272
Mosquito Memorial Fund	11,317	407	(407)	(1,135)	10,182	Mosquito Memorial Fund	10,451	359	(359)	866	11,317
Flying Officer Douglas Frank Newsham Memorial Fund	35,956	1,293	(1,293)	(3,606)	32,350	Flying Officer Douglas Frank Newsham Memorial Fund	33,211	1,142	(1,142)	2,745	35,956
Viscount Nuffield Endowment	1,040,886	37,418	(37,418)	(104,376)	936,510	Viscount Nuffield Endowment	961,422	33,056	(33,056)	79,464	1,040,886
Helen Mary Renton Fund	42,488	1,527	(1,527)	(4,261)	38,227	Helen Mary Renton Fund	39,244	1,349	(1,349)	3,244	42,488
RAF Rugby Union Fund	49,966	1,796	(1,796)	(5,010)	44,956	RAF Rugby Union Fund	46,152	1,587	(1,587)	3,814	49,966
Peter Henry Slater-Eiggert Memorial Fund	143,375	5,154	(5,154)	(14,377)	128,998	Peter Henry Slater-Eiggert Memorial Fund	132,430	4,553	(4,553)	10,945	143,375
The Revd. James Edmund Strickland Memorial Fund	103,273	3,712	(3,712)	(10,356)	92,917	The Revd. James Edmund Strickland Memorial Fund	95,389	3,280	(3,280)	7,884	103,273
	1,593,027	57,266	(57,266)	(159,743)	1,433,284		1,471,411	50,591	(50,591)	121,616	1,593,027
EXPENDABLE ENDOWMENT FUNDS WITH UNRESTRICTED INCOME						EXPENDABLE ENDOWMENT FUNDS WITH UNRESTRICTED INCOME					
Flying Officer William Dron Memorial Fund	2,415	87	(87)	(242)	2,173	Flying Officer William Dron Memorial Fund	2,230	77	(77)	185	2,415
Frederick Eley Fund	4,654	167	(167)	(467)	4,187	Frederick Eley Fund	4,300	148	(148)	354	4,654
Wing Commander J Higginson Fund	9,504	342	(342)	(953)	8,551	Wing Commander J Higginson Fund	8,778	302	(302)	726	9,504
Peter Grattan Holt Memorial Fund	49,527	1,780	(1,780)	(4,964)	44,563	Peter Grattan Holt Memorial Fund	45,745	1,573	(1,573)	3,782	49,527
E H Jubb Fund	329,886	11,859	(11,859)	(33,080)	296,806	E H Jubb Fund	304,701	10,477	(10,477)	25,185	329,886
Middle East Relief Fund	42,131	1,515	(1,515)	(4,225)	37,906	Middle East Relief Fund	38,915	1,338	(1,338)	3,216	42,131
Morley Fund	6,906	248	(248)	(693)	6,213	Morley Fund	6,379	219	(219)	527	6,906
Orlebar Memorial Fund	7,815	281	(281)	(784)	7,031	Orlebar Memorial Fund	7,219	248	(248)	596	7,815
Shattock Memorial Scholarship Fund	11,735	422	(422)	(1,177)	10,558	Shattock Memorial Scholarship Fund	10,838	373	(373)	897	11,735
Wooding Memorial Fund	8,372	301	(301)	(840)	7,532	Wooding Memorial Fund	7,734	266	(266)	638	8,372
	472,945	17,002	(17,002)	(47,425)	425,520		436,839	15,021	(15,021)	36,106	472,945
PERMANENT ENDOWMENT FUNDS WHERE THE USE OF THE INCOME IS RESTRICTED						PERMANENT ENDOWMENT FUNDS WHERE THE USE OF THE INCOME IS RESTRICTED					
Newton Driver Memorial Fund	2,113,501	75,977	(75,977)	(211,935)	1,901,566	Newton Driver Memorial Fund	1,953,155	67,121	(67,121)	160,346	2,113,501
Group Captain W E Purdin Memorial Fund	2,699	96	(96)	(271)	2,428	Group Captain W E Purdin Memorial Fund	2,491	86	(86)	208	2,699
RAFBF Educational Endowment Fund	535,203	19,240	(19,240)	(53,668)	481,535	RAFBF Educational Endowment Fund	494,345	16,997	(16,997)	40,858	535,203
Douglas Turner Benefaction	127,397	4,580	(4,580)	(12,775)	114,622	Douglas Turner Benefaction	117,671	4,046	(4,046)	9,726	127,397
	2,778,800	99,893	(99,893)	(278,649)	2,500,151		2,567,662	88,250	(88,250)	211,138	2,778,800
EXPENDABLE ENDOWMENT FUNDS WHERE THE USE OF THE INCOME IS RESTRICTED						EXPENDABLE ENDOWMENT FUNDS WHERE THE USE OF THE INCOME IS RESTRICTED					
Mrs H M Jereham Memorial Fund	29,361	1,055	(1,055)	(2,944)	26,417	Mrs H M Jereham Memorial Fund	27,123	932	(932)	2,238	29,361
Hector Pilling Memorial Fund	622,114	22,364	(22,364)	(62,384)	559,730	Hector Pilling Memorial Fund	574,622	19,757	(19,757)	47,492	622,114
RAF Prize Trust	237,744	8,546	(8,546)	(23,840)	213,904	RAF Prize Trust	219,595	7,550	(7,550)	18,149	237,744
RAFBF Educational Expendable Fund	140,441	5,049	(5,049)	(14,083)	126,358	RAFBF Educational Expendable Fund	129,718	4,460	(4,460)	10,723	140,441
	1,029,660	37,014	(37,014)	(103,251)	926,409		951,058	32,699	(32,699)	78,602	1,029,660
TOTAL ENDOWMENT FUNDS	5,874,432	211,175	(211,175)	(589,068)	5,285,364	TOTAL ENDOWMENT FUNDS	5,426,970	186,561	(186,561)	447,462	5,874,432

23 RESTRICTED FUNDS

	Restated as at 1 January 2018	Income	Expenditure	As at 31 December 2018		Restated as at 1 January 2017	Income	Expenditure	As at 31 December 2017	
	£	£	£	£		£	£	£	£	
EDUCATION						EDUCATION				
Air Vice-Marshal Frank Felgate Memorial Prize	497	-	497	-		Air Vice-Marshal Frank Felgate Memorial Prize	497	-	-	497
Group Captain W E Purdain Memorial Fund	774	97	871	-		Group Captain W E Purdain Memorial Fund	667	107	-	774
Hector Pilling	-	-	-	-		Hector Pilling	-	19,055	19,055	-
RAF Prize Trust	-	8,546	8,546	-		RAF Prize Trust	-	9,419	9,419	-
RAFBF Educational Endowment Fund	-	19,239	19,239	-		RAFBF Educational Endowment Fund	-	47,744	47,744	-
RAFBF Educational Expendable Fund	-	5,198	5,198	-		RAFBF Educational Expendable Fund	-	5,564	5,564	-
RAFBF Education	-	20,771	20,771	-		RAFBF Education	-	-	-	-
Douglas Turner Benefaction	-	4,579	4,579	-		Douglas Turner Benefaction	-	5,047	5,047	-
	1,271	58,430	59,701	-			1,164	86,936	86,829	1,271
PRINCESS MARINA HOUSE (PMH) AND RESPITE CARE						PRINCESS MARINA HOUSE (PMH) AND RESPITE CARE				
Princess Marina House Amenities Fund	74,419	61,450	37,602	98,267		Princess Marina House Amenities Fund	52,023	64,411	42,015	74,419
Princess Marina House Shencot/Seacot House	-	1,725	-	1,725		Princess Marina House Shencot/Seacot House	-	1,600	1,600	-
Princess Marina House Other	-	-	-	-		Princess Marina House Other	-	38,415	38,415	-
The April Fools' Club – serving respite care	109,188	-	-	109,188		The April Fools Club – serving respite care	-	233,949	124,761	109,188
	183,607	63,175	37,602	209,180			52,023	338,375	206,791	183,607
HOUSING						HOUSING				
Adaptations	-	-	-	-		Adaptations	108,371	-	108,371	-
Forge House Windows	-	-	-	-		Forge House Windows	556	-	556	-
Housing Trust Gardening Project	-	-	-	-		Housing Trust Gardening Project	1,125	-	1,125	-
Housing Trust General Restricted Fund	-	97,645	97,645	-		Housing Trust General Restricted Fund	-	124,148	124,148	-
Housing Trust Property Adaptations Project	-	17,000	17,000	-		Housing Trust Property Adaptations Project	29,003	5,000	34,003	-
	-	114,645	114,645	-			139,055	129,148	268,203	-
OTHER						OTHER				
Bomber Command Memorial	1,755,902	198,073	187,571	1,766,404		Bomber Command Memorial	1,690,880	159,449	94,427	1,755,902
Gulf Trust	399,797	18,459	14,235	404,021		Gulf Trust	394,075	17,747	12,025	399,797
	2,155,699	216,532	201,806	2,170,425			2,084,955	177,196	106,452	2,155,699
WELFARE PROGRAMMES						WELFARE PROGRAMMES				
Aged Veteran Fund	-	10,103	10,103	-		Aged Veteran Fund	549	40,324	40,873	-
Aged Veteran Lunch Club	-	11,976	12,040	(64)		Aged Veteran Lunch Club	79	80,704	80,783	-
Aged Veteran Refurbishment	-	-	-	-		Aged Veteran Refurbishment	88,488	135,250	223,738	-
Aged Veteran Respite at Home	30,060	36,285	63,511	2,834		Aged Veteran Respite at Home	13,195	186,438	169,573	30,060
Airplay	-	12,670	12,670	-		Airplay	29,352	56,200	85,552	-
Cloud 9 Project	-	33,490	33,490	-		Cloud 9 Project	-	-	-	-
Ben Clubs	-	-	-	-		Ben Clubs	-	13,500	13,500	-
Building stronger families, LIBOR	784	-	784	-		Building stronger families, LIBOR	1,399	-	615	784
CAB Outreach Projects	-	-	-	-		CAB Outreach Projects	17,857	-	17,857	-
RAF Families Fun Day	1,000	-	1,000	-		RAF Families Fun Day	-	5,000	4,000	1,000
Mrs H M Jerham Memorial Fund	2,928	-	-	2,928		Mrs H M Jerham Memorial Fund	2,697	231	-	2,928
RAF stations	-	2,500	2,500	-		RAF stations	-	1,000	1,000	-
Anxiety UK	-	10,000	10,000	-		Anxiety UK	-	-	-	-
Bereavement support	-	10,000	7,494	2,506		Bereavement support	-	-	-	-
Listening, Counselling and Wellbeing Services	-	8,149	8,149	-		Listening, Counselling and Wellbeing Services	-	-	-	-
Relationship support	-	-	-	-		Relationship support	-	6,500	6,500	-

23 RESTRICTED FUNDS (Continued)

	Restated as at 1 January 2018	Income	Expenditure	As at 31 December 2018		As at 1 January 2017	Income	Expenditure	Restated as at 31 December 2017
	£	£	£	£		£	£	£	£
Restricted to befriending welfare	-	-	-	-	Restricted to befriending welfare	4,160	-	4,160	-
Restricted to RAF Valley play parks refurbishment	-	21,750	12,301	9,449	Restricted to RAF Valley play parks refurbishment	-	61,500	61,500	-
Restricted to Serving RAF	-	1,000,000	22,500	977,500	Restricted to Serving RAF	-	-	-	-
	34,772	1,156,923	196,542	995,153		157,776	586,647	709,651	34,772
INDIVIDUAL WELFARE					INDIVIDUAL WELFARE				
Advice and Advocacy	-	11,385	11,385	-	Advice and Advocacy	-	38,121	38,121	-
Afghan Brain Injury	224,845	1,883	-	226,728	Afghan Brain Injury	224,845	-	-	224,845
Afghan: LIBOR	308,964	-	4,735	304,229	Afghan: LIBOR	357,679	-	48,715	308,964
Barclays Transitional Grants Funding	6,336	-	6,336	-	Barclays Transitional Grants Funding	7,582	16,000	17,246	6,336
Various legacies – beneficiaries in Lossiemouth	-	25,000	-	25,000	Various legacies – beneficiaries in Lossiemouth	-	1,500	1,500	-
Various legacies – beneficiaries in Oxfordshire	-	-	-	-	Various legacies – beneficiaries in Oxfordshire	-	1,000	1,000	-
Various legacies – beneficiaries in Scotland	-	341,810	341,810	-	Various legacies – beneficiaries in Scotland	-	489,158	489,158	-
RAF Disabled Holiday Trust	570,995	7,155	9,445	568,705	RAF Disabled Holiday Trust	560,138	17,831	6,974	570,995
Fulmer Fund	240,555	-	-	240,555	Fulmer Fund	240,555	-	-	240,555
General welfare (Individual)	-	55,250	2,955	52,295	General welfare (Individual)	-	-	-	-
General welfare – Devon, Cornwall and Somerset	-	500	-	500	General welfare – Devon, Cornwall and Somerset	-	1,000	1,000	-
General welfare – East Sussex	-	-	-	-	General welfare – East Sussex	-	2,000	2,000	-
General welfare – Leicestershire Area	-	-	-	-	General welfare – Leicestershire Area	-	2,000	2,000	-
Lowe Trust	573,259	-	1,050	572,209	Lowe Trust	579,265	-	6,006	573,259
Nottinghamshire Restricted	-	-	-	-	Nottinghamshire restricted	-	500	500	-
RAF Veterans – Gloucestershire	-	-	-	-	RAF Veterans – Gloucestershire	-	1,000	1,000	-
Restricted to air crew	75,000	-	-	75,000	Restricted to air crew	75,000	-	-	75,000
Restricted to mobility aids	-	-	-	-	Restricted to mobility aids	-	3,135	3,135	-
Restricted to north of England	-	-	-	-	Restricted to north of England	-	19,698	19,698	-
Restricted to Suffolk	-	60	-	60	Restricted to Suffolk	-	-	-	-
Restricted to Worcestershire	-	-	-	-	Restricted to Worcestershire	-	1,000	1,000	-
Restricted to Yorkshire	-	1,000	-	1,000	Restricted to Yorkshire	-	2,000	2,000	-
Home adaptations in Cheshire	-	1,000	-	1,000	Home adaptations in Cheshire	-	-	-	-
Welfare Program – DEFLOG	-	-	-	-	Welfare Program – DEFLOG	500,000	-	500,000	-
Second World War Veterans	650	-	650	-	Second World War veterans	-	650	-	650
	2,000,604	445,043	378,366	2,067,281		2,545,064	596,593	1,141,053	2,000,604
RESPITE CARE - LIBOR					RESPITE CARE - LIBOR				
PMH Lunch Club	200,000	-	-	200,000	PMH Lunch Club	-	200,000	-	200,000
Additional respite PMH houses	700,000	-	-	700,000	Additional respite PMH houses	-	700,000	-	700,000
Additional respite north of England	500,000	-	82,375	417,625	Additional respite north of England	-	500,000	-	500,000
Respite breaks	250,000	-	2,999	247,001	Respite breaks	-	250,000	-	250,000
Day respite breaks	250,000	-	-	250,000	Day respite breaks	-	250,000	-	250,000
General funds for project costs	100,000	-	37,000	63,000	General funds for project costs	-	100,000	-	100,000
	2,000,000	-	122,374	1,877,626		-	2,000,000	-	2,000,000
RAF100 Appeal – 20% share in Joint Venture	307,645	284,668	-	592,313	RAF100 Appeal – 20% share in Joint Venture	-	307,645	-	307,645
TOTAL RESTRICTED FUNDS	6,683,598	2,339,416	1,111,036	7,911,978	TOTAL RESTRICTED FUNDS	4,980,037	4,222,540	2,518,979	6,683,598

24 SUBSIDIARY ENTITIES

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

	RAFBF Trading Ltd		RAF Dependants Fund		RAF Dependants Income Trust Ltd		RAFBF Housing Trust Ltd		RAF Disabled Holiday Trust		Subsidiary Entities	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
INCOME FROM:												
Donations	-	-	-	-	-	-	-	-	47	54	47	54
Investments	-	-	188	196	-	-	-	-	-	-	188	196
Other trading activities	95	119	-	-	-	-	-	-	-	-	95	119
Charitable activities	-	-	-	-	-	-	991	1,014	-	-	991	1,014
Profit on sale of properties	-	-	-	-	-	-	1,145	1,144	-	-	1,145	1,144
Commission	-	-	186	188	51	72	-	-	-	-	237	260
	95	119	374	384	51	72	2,136	2,158	47	54	2,703	2,787
EXPENDITURE ON:												
Charitable activities	49	52	195	165	24	50	1,289	1,284	40	36	1,597	1,587
Other trading activities	36	58	-	-	-	-	-	-	-	-	36	58
Management and administration	10	9	26	24	27	22	-	-	-	-	63	55
	95	119	221	189	51	72	1,289	1,284	40	36	1,696	1,700
Net (loss)/gains on investment assets	-	-	(157)	397	-	-	-	-	(9)	(7)	(166)	390
NET RESULT OF SUBSIDIARY	-	-	(4)	592	-	-	847	874	(2)	11	841	1,477

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 £48,842 to the Charity in 2018 (2017: £52,662).

The inter-company balance owed to the Charity at year end was £154,244 (2017: £897,490). The net assets at year end was £1 (2017: £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 12 deaths in 2018 (2017: 11) and the dependants were paid £17,500 in each case after June 2018 and £15,000 prior to that date.

The inter-company balance owed to the Charity at year end was £24,613 (2017: £3,782). The net assets at year end was £5,554,421 (2017: £5,558,429).

RAF Dependants Income Trust Ltd

Company number 01285364

A company set up for RAF Dependants Fund subscribers to make further financial provision for their dependants in the event of their death in Service. There were 5 deaths in 2018 (2017: 11) and consequently beneficiaries received £1.0M (2017: £1.1M) through this scheme. The Company donated £24,143 to the Charity in 2018 (2017: £50,072).

The inter-company balance owed to the Charity at year end was £29,143 (2017: £3,070). The net assets at year end was £3,339 (2017: £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 £11,855,084 (2017: £11,877,823). The net assets at year end was £11,491,696 (2017: £10,644,701).

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 to the Charity at year end was £5,347 (2017: £5,452 owed by the Charity). The net assets at year end was £568,705 (2017: £570,995).

RAF Benevolent Fund gift in kind amounted to £36K (2016: £33K).

SUBSIDIARY ORGANISATIONS

THE RAF BENEVOLENT FUND HOUSING TRUST LIMITED

Companies House: 01058896
Charity Commission: 264636
OSCR: SC038218

Directors/Trustees:

Mr Al Bennett
Air Vice-Marshal Simon Dougherty
Ms Victoria Fakehinde
Air Commodore Paul Hughesdon
Air Vice-Marshal David Murray (Chairman)
Mr Philip Wiles (appointed June 2018)

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 (Chairman)
Mr Graeme Shankland
Mr John Trampleasure

THE RAF DEPENDANTS INCOME TRUST LIMITED

Companies House: 01285364

Directors:

Group Captain Jacqueline East (from June 2018)
Ms Frances Brindle
Ms Victoria Fakehinde
Air Commodore Paul Hughesdon
Air Vice-Marshal David Murray (Chairman)
Mr Graeme Shankland

THE RAF BENEVOLENT FUND TRUSTEES LIMITED

Companies House: 00945083

Directors:

Mr Al Bennett
Air Vice-Marshal Simon Dougherty
Ms Victoria Fakehinde
Air Commodore Paul Hughesdon
Air Vice-Marshal David Murray (Chairman)
Mr Philip Wiles (appointed 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 Jacqueline East (from January 2018)

Ms Frances Brindle
Ms Victoria Fakehinde
Air Commodore Paul Hughesdon
Air Vice-Marshal David Murray (Chairman)
Mr Graeme Shankland

Scheme Manager:

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 (Chairman)
Air Vice-Marshal Elaine West
Ms Victoria Fakehinde

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 (Vice-Chairman)
Air Vice-Marshal David Murray (Chairman)
Wing Commander Marie-Noelle Orzel
Mr Frank Sykes
Group Captain Anthony Terrett

GET IN TOUCH

For more information about
the RAF Benevolent Fund:

FREE CALL

0800 169 2942

info@rafbf.org.uk

rafbf.org/help

Royal Air Force Benevolent Fund
67 Portland Place
London
W1B 1AR

RAF Benevolent Fund is a registered
charity in England and Wales (1081009)
and Scotland (SCO38109)



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of Service Charities



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REGULATOR

