

# REPORT 09

The Royal Air Force Benevolent Fund  
**Trustees' Report & Accounts**  
for the year ending 31 December 2009



**ONCE RAF  
ALWAYS RAFBF**



**RAFBF**  
THE HEART  
OF THE RAF FAMILY



**Cover story** – We were able to help Jacqui Thompson cope when her husband Gary was killed in action in Afghanistan. **Read more on page 05.**

Chairman's Report	<b>Page 03</b>
Controller's Report	<b>Page 04</b>
Principals, Trustees and Senior Management Team	<b>Page 06</b>
Trustees' Report	<b>Page 07</b>
Principal Office and Professional Advisers	<b>Page 12</b>
Independent Auditor's Report	<b>Page 13</b>
Consolidated Statement of Financial Activities	<b>Page 14</b>
Balance Sheet	<b>Page 16</b>
Consolidated Cash Flow Statement	<b>Page 17</b>
Notes to the Financial Statements	<b>Page 18</b>
Endowment Funds	<b>Page 28</b>
Restricted Income Funds	<b>Page 29</b>
Special Donations	<b>Page 30</b>

## Our Vision

Every member of the RAF family should have access to support whenever they need it.

## Our Mission

The Royal Air Force Benevolent Fund is the RAF's leading welfare charity, providing financial, practical and emotional support to all members of the RAF family.

We are here to help serving and former members of the RAF, as well as their partners and dependants, whenever they need us.

# report & accounts **CONTENTS**

## How we helped Ryan

"I knew a bit about the Benevolent Fund, but I didn't really know how they help the serving RAF," says former SAC Ryan Moorhouse, based at RAF Honington until he took medical discharge in 2009 as a result of serious injuries sustained in Afghanistan.

Ryan has a young family: Caroline, his wife, and young son, Connor. "We had nothing to fall back on," he says. "I'd been based at RAF Lossiemouth in Scotland before RAF Honington, so I'd taken out a car loan so I could drive down to visit my family who were living in Leeds. I was still paying it off. Someone suggested the RAF Benevolent Fund might be able to help, so I applied for a grant."

Part of the grants process involves assessing the person's needs, and the RAFBF could see that Ryan needed more than just help with his car loan.

"I've got a displacement in my neck which can be quite painful and I'd been sleeping on the floor as we couldn't afford a special mattress," he says. "So the RAFBF got a special bed for me. They also gave us three months' mortgage payment and some money for Christmas presents for Connor – that was really nice. They've helped us get back on our feet. They really deserve support, because they do a lot of good work and don't shout about it."

[www.rafbf.org/RyanMoorhouse](http://www.rafbf.org/RyanMoorhouse)

# "They do a lot of good work and don't shout about it"

Ryan Moorhouse – Afghanistan Veteran



"The recession and the war in Afghanistan have had a marked effect on the world the RAFBF operates in. The recession has increased the number of applications for financial assistance, while current operations have increased the need for rounded support for RAF families."

## Enduring and adaptable



The Viscount Trenchard  
of Wolfeton DL  
Chairman of the RAF Benevolent Fund

### Chairman's Report

2009 was the RAF Benevolent Fund's 90th year at the heart of the RAF family. Our values and determination to do our utmost for those who have left the RAF and those who are serving have not changed. Our support is enduring, but how we deliver that support is adaptable, so that we are always relevant to the changing world we live in.

We may no longer be awarding small grants for hawkers' licences, as we were after WWI when young aviators found themselves out of the RAF and a job. But in 2009 we did award grants to 1,680 members of the ex-RAF community to help with emergency home repairs, mobility aids, and nursing home fees beyond the reach of a state pension and savings eroded by low interest rates.

We may no longer contribute to the costs of medical care, as we did before the Welfare State arrived. But in 2009 we purchased new homes for 12 RAF personnel, with little to fall back on, after medical discharge from Service. And we paid for 972 relationship counselling sessions to help the serving RAF cope with the emotional and psychological fall-out of the high operational tempo on their family lives.

The recession and the war in Afghanistan have had a marked effect on the world in which the RAFBF operates. The recession has increased the number of applications for financial assistance, while current operations have increased the need for rounded support for RAF families.

I am delighted to see that the new and improved services and infrastructure that we have put in place in the last three years, which you can read about in this Annual Review, are proving relevant and robust. I would like to say thank you to all who have contributed to making them happen – by using your influence, answering surveys on stations, joining us as a partner organisation, giving your Half Day's Pay or making a donation. Supporting the RAF family is a partnership of many and we are extremely grateful to all of you who help to make it such an effective one.

“Whether we are investing in support networks on stations to relieve stress on young serving families or providing grants so that veterans can have the dignified retirement they deserve, our over-arching mission is one and the same. Throughout our 90 years, we have always been here to repay that debt of gratitude to the RAF family and we will continue to do so as long as we are needed.”

## 2010: what to expect from us



Air Marshal Sir Robert Wright  
KBE AFC FRAeS FCMI – Controller

### Controller's Report

2009 has been a year of continuing consolidation as we bed in new services against a backdrop of recession at home and operations in Afghanistan that have put many in the RAF family under strain.

In 2010, our first priority will be to strengthen further our core welfare grants, to reach more people who may not realise they are eligible for our assistance – for example, those who did their National Service in the RAF.

Our second priority, but of utmost importance to the serving RAF who give us nearly £2m each year through the Half Day's Pay scheme, will be implementing the youth programmes we are funding as part of our objective of relieving stress on RAF families. In partnership with other Service charities, we are also looking at what support we can provide for RAF personnel on Joint Units.

At the same time, so that we can continue to evolve and adapt to the needs of future generations of serving and former RAF personnel we will be attempting to tackle a major fundraising challenge. It is important that younger people in the RAF are aware that the RAF Benevolent Fund is a charity which is wholly reliant on donations, so that they continue to support our work when they too leave the Service.

Partnership is key to how we work, as I hope you will have seen in these pages. I very much look forward to working with the Royal Air Force and the RAF Association to celebrate the 70th anniversary of the Battle of Britain in 2010, just as we work together with other organisations to provide a full spectrum of care to the RAF family. A good example of this is our £2.2m donation to Combat Stress over five years, to help provide specialist support to the increasing numbers of RAF veterans with psychological injuries caused by recent conflicts.

In 2010, it is worth reflecting on our motto – “The Debt we Owe”. Coined by Churchill, these words are as true to our founding mission in 1919 as they were in the dark days of 1940 and as they continue to be today. So whether we are investing in support networks on stations to relieve stress on young serving families or providing grants so that veterans can have the dignified retirement they deserve, our over-arching mission is one and the same. Throughout our 90 years, we have always been here to repay that debt of gratitude to the RAF family and we will continue to do so as long as we are needed.

*Rob Wright.*

### How we helped Jacqui

“My husband Gary Thompson, a reservist with the RAF Regiment, was killed in Afghanistan in 2008 when his vehicle was hit by a landmine. I cannot put into words how much we love and miss him.

We have five girls. They had a really close relationship with their Dad. He was the loveliest rogue, always teasing. His jokes were terrible though!

It was his first time in Afghanistan. He would ring us and write to us – his letters are here beside me in the bedside cabinet.

When he was killed, the RAF Benevolent Fund sent me a really nice letter saying how they could help, and a cheque to make sure we weren't in difficulty during the turmoil. I knew then that we wouldn't face losing our home and I would be able to support our daughter, Jordan, through university.

So in 2009, I decided to raise money for the RAFBF by climbing Kilimanjaro. It was way out of my comfort zone, but my driving force all the way through was Gary. I wanted more people to know that, if the worst happens, the RAFBF are ready to help in any way they can.”

Jacqui has made a short film about her story. You can see it at [www.rafbf.org/JacquiThompson](http://www.rafbf.org/JacquiThompson)

Read her Kilimanjaro diary at [www.rafbf-marketing.org.uk/blogs/2009/10/jacqui-kilimanjaro-challenge](http://www.rafbf-marketing.org.uk/blogs/2009/10/jacqui-kilimanjaro-challenge)

“I wanted more people to know that, if the worst happens, the RAF Benevolent Fund are ready to help in any way they can”

Jacqui Thompson – RAF Widow

## our commitments for 2010:

You can find a full list of objectives for 2010 at [www.rafbf.org/about/annual-review-and-report/objectives2010](http://www.rafbf.org/about/annual-review-and-report/objectives2010)

Here are some of them:

- Install Multi Use Games Areas and playparks, for RAF children and teenagers, on up to 10 RAF stations.

- Appoint up to 25 youth workers on RAF stations in partnership with another charity.

- Complete a review of our 3 respite break homes owned jointly with the RAF Association and report on recommendations.

- Increase enquiries for assistance from people in the RAF family

who may not at the moment know they are eligible for help from the RAFBF.

- Attract £10m in donations from the RAF family, corporate supporters and the wider public.

- Achieve 5% return above inflation on our investments over 5 year rolling periods.

# Principals, Trustees and Senior Management Team

## Patron

Her Majesty The Queen

## President

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

## Vice-Presidents

Marshal of the Royal Air Force  
Sir Michael Beetham  
GCB CBE DFC AFC DL FRAeS

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

Air Chief Marshal Sir John Gingell  
GBE KCB KCVO  
*(deceased 10 December 2009)*

Air Chief Marshal Sir Michael Graydon  
GCB CBE ADC FRAeS

Lady Humphrey  
OBE

Air Chief Marshal Sir Richard Johns  
GCB KCVO CBE FRAeS

Air Chief Marshal Sir Thomas Kennedy  
GCB AFC DL

Air Chief Marshal Sir Roger Palin  
KCB OBE MA FRAeS FIPD

Air Chief Marshal Sir Peter Squire  
GCB DFC AFC DSc FRAeS

Sir Adrian Swire  
MA DL DSc

Marshal of the Royal Air Force  
Sir Keith Williamson  
GCB AFC

## Council

### Chairman

The Viscount Trenchard of Wolfeton  
DL

### Deputy Chairman

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

### Honorary Treasurer

Mr A Peake  
MA

## Members

Air Commodore J Bell  
OBE FIMgt

Air Marshal S Bryant  
CBE MA BA RAF

Air Chief Marshal Sir Stephen Dalton  
KCB ADC BSc FRAeS FCMI RAF

Mr L Haynes  
BA (Hons) FCIT FIHT FRSA

Air Vice-Marshal P Liddell  
CB BSc CEng FIEE FRAeS  
*(retired May 2010)*

Air Chief Marshal Sir Christopher Moran  
KCB OBE MVO ADC MA BSc RAF  
*(deceased 26 May 2010)*

Air Commodore D Rainford  
MBE MB BS MRCS FRCP FFOM FRAeS

Ms B Towle  
CBE FRSA BA LLD

## Trustees

### Chairman

The Viscount Trenchard of Wolfeton  
DL

### Honorary Treasurer

Mr A Peake  
MA

## Members

Air Marshal Sir Roger Austin  
KCB AFC FRAeS  
*(retired December 2009)*

Lady Bagnall

Air Vice-Marshal D Couzens  
CEng FIMechE FRAeS MA MBA

Mrs A Hastie  
MA

Mr L Haynes  
BA (Hons) FCIT FIHT FRSA

Air Commodore P Hughesdon  
MA FlntD FCMI RAF  
*(resigned April 2009)*

Mr A Lea  
BA (Hons)

Air Commodore R Paterson  
OBE BSc PGCE RAF  
*(appointed June 2009)*

Ms V Raffé  
BA (Hons) MSc

Air Commodore D Rainford  
MBE MB BS MRCS FRCP FFOM FRAeS

Ms B Towle  
CBE FRSA BA LLD

Mr A Vaughan  
OBE BA

## Senior Management Team

### Controller

Air Marshal Sir Robert Wright  
KBE AFC FRAeS FCMI

### Director Welfare and Policy

Air Commodore M Barter  
CBE  
*(until February 2009)*

Air Commodore P Hughesdon  
MA FlntD FCMI  
*(from June 2009)*

### Director Marketing and Communications

Mr D Benton

### Director Projects and Plans

Wing Commander E Bohm

### Director Finance and IT

Mr N Waring  
FCA DChA

# Trustees' Report

The Board of Trustees presents its Annual Report and Accounts for the Royal Air Force Benevolent Fund and its related charities for the year ended 31 December 2009. The financial statements shown on the following pages consolidate the accounts of the Royal Air Force Benevolent Fund Second Development Trust (Charity No 264636) and the Royal Air Force Benevolent Fund Housing Trust Ltd (Charity No 202271).

In October 2009 the Charity Commission approved a scheme to govern the Royal Air Force Dependants Fund (Charity No 253492). The scheme amended the Charity's objects, discharged the custodian Trustee and appointed the Royal Air Force Benevolent Fund as Trustee.

At the same time, the RAF Benevolent Fund became responsible for the appointment of the directors of the Royal Air Force Dependants Income Trust (Company No 01285364). As a result of these changes, the financial results of both entities are consolidated with those of the Royal Air Force Benevolent Fund.

## Reference and Administrative Details

The Royal Air Force Benevolent Fund has the registration number 1081009. As the Fund owns land in Scotland, it is also registered with the Office of the Scottish Charity Regulator in order to comply with the Charities and Trustee Investment (Scotland) Act 2005; the registration number is SCO 38109. 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 Trustees, are to be treated as a single charity.

Details of the Principals and Trustees of the Charity and members of the Senior Management Team are set out on page 06.

## Structure, Governance and Management

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 seventy-fifth 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. Trustees are recruited through advertisements in the media and a range of networks and are considered by a Nominations Committee on behalf of 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 of Trustees consists of up to 15 Trustees, reflecting a mixture of those who are serving or have served in the Royal Air Force and those who have a background in industry, commerce or the charitable sector.

The Board is assisted by committees overseeing welfare, care services, finance, marketing and remuneration activities, and is assisted by a number of advisory bodies.

The Board is responsible for the strategic direction of the Charity and, through its committees, for monitoring the activities of the executive staff. The Board meets every two months. It reviews the position of the Charity and receives reports from the committees and the Senior Management Team. The Board is responsible for approving the business plan and a range of supporting strategies. The Controller and the Directors review strategic and policy matters through the Executive Policy Group 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 Charity provides support for the RAF family through a range of agencies and other charities, as shown on pages 30-32. The Trustees are grateful for the support of these bodies, without whom the Charity would be unable to meet the needs of its beneficiaries.

## Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law. The financial statements are required by law to give a true and fair view of the state of affairs of the Charity and of the income and expenditure of the Charity for that period. In preparing these financial statements, the Trustees are required to undertake the following:

- Select suitable accounting policies and then apply them consistently.
- 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 1993. 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.

## Trustees' Report continued

Trustees undertake an assessment of business risks and risk management procedures. The major risks to which the Charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks. The cycle of reviews forms an integral part of the risk management processes adopted by the Charity.

To provide a view of the risks associated with other charitable bodies who receive financial support from the Charity, visits are made to the organisations concerned to undertake a quality assurance check before and after major grants are approved. This also helps to provide assurance that donations are properly applied for the purposes intended and in a way that protects the reputation of the Royal Air Force Benevolent Fund.

### Objects and Activities

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

When reviewing the Fund's aims and objectives, and in planning future activities and policies, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary guidance on public benefit and fee charging. Where a contribution is invited, for example towards the costs of a respite break or occupying a residential property, the beneficiary's means are always taken into account so that no member of the RAF family is prevented from accessing the services of the Fund because they cannot afford the full cost.

### Achievements and Performance

Trustees agreed that 2009 should continue to be a period of consolidation, with emphasis on the following activities:

#### ■ Completing and implementing a number of internal studies and reviews

These included an End-to-End Welfare Process Review, which resulted in streamlining the structure and processes of the Welfare Department and the governance of the welfare committees. A structural review of the Finance Department was undertaken, leading to the appointment of a new Head of Financial Management Information Systems.

#### ■ Developing and implementing proposals to support youth activities on main RAF stations

Considerable preparatory work was undertaken during 2009 to deliver the Youth Support Programme to the RAF. This programme will cost up to £10m over 5 years. The first phase involves the provision of a mix of play parks, Multi Use Games Areas (MUGAs) and youth shelters on the majority of RAF bases, and will be completed by mid 2011. The second phase involves a contractual partnership with a national provider to deliver a youth activity service across most of the RAF's bases; this should be in place by late 2010. The youth activity staff will link in with existing RAF civilian personnel. The combined effect of these projects will provide the skill and capacity to help to develop the young dependants of the serving RAF family into even more effective contributors to society and, more pertinently, help to reduce stress for the family at home base, thus reducing combat stress on the front line.

#### ■ Continuing to work with other charities to provide appropriate financial advice

The Benefits and Money Advice Service, operated in conjunction with The Royal British Legion and Citizens Advice, was further expanded to 50 counsellors, up from 30 in 2008. In 2009, 7,505 cases were dealt with, resulting in £19.5m being drawn down from the Government in the form of unclaimed benefits or written off by lenders. Members of the RAF family amounted to 973 claimants, drawing down, pro rata, £2.5m, or £2,528 per case. The Royal Air Force Benevolent Fund's contribution to the scheme's cost was £450k, or 18% of the gross benefit to beneficiaries.

#### ■ Promoting efforts to sustain relationships affected by RAF Service

Our contract with Relate, the leading relationship charity, began to gain traction and deliver real benefit. Serving members of the RAF are able to receive up to 6 sessions paid for by the Fund. This service is designed to help compensate for the adverse impact that operational pressures can have on marriages, partnerships and families. In 2009, 972 sessions were provided to 300 individuals or couples. Take up is expanding and the service is very well received by those who use it, with many saying that the counselling has either saved their marriage or made separation considerably less painful than it might otherwise have been.

#### ■ Providing childcare centres on RAF bases

We continued to support the RAF in the provision of childcare centres, funding an extension of the existing facility at RAF Wittering and a brand new facility at RAF Leeming; these works are currently underway at a cost of over £1.6m. The RAF has agreed to provide the Fund with an annual stewardship report. From the 2009 report, it is worthy of note that the Fund's facilities provide for over 1,600 registered childcare places for the serving RAF family, at rates considerably below the market comparator.

#### ■ Managing the relocation of staff to temporary premises and the redevelopment of the Fund's main offices in London

For health and safety reasons, and to ensure that staff were provided with a working environment fit for the 21st century, Trustees approved a major refurbishment of our offices at 67 Portland Place, London.

Following the granting of planning permission, staff relocated to nearby Park Crescent. Despite the inevitable turbulence caused to staff, the move was undertaken with the minimum of disruption and the Fund was fully operational within a few days of the move.

Oversight of the redevelopment is undertaken by a Project Management Board, which reports regularly on progress to the Board of Trustees. The Fund has appointed Mansell Construction Services as the main contractor, and work is due to begin in June 2010 with completion forecast for the end of 2011.

#### ■ Contributing to the development of the Confederation of British Service and ex-Service Organisations (COBSEO) in its role of charity cooperation and lobbying of Government

Cooperation amongst key military charities continues to flourish thanks largely to a collegiate approach by all of the members.

Partnerships have been successfully established between the Royal Air Force Benevolent Fund and The Royal British Legion on the reinforcement of the Benefit and Money Advice capability, whereby 43 Citizens Advice Bureaux are offering an enhanced and fast-track service, and with the Ministry of Defence on veterans' matters, for which COBSEO is the collective and effective voice of the military Third Sector.

COBSEO is a key driver of the Armed Forces Compensation Scheme and of the utilisation of a common electronic case-working process for all welfare work; furthermore, it draws together and highlights the spectrum of activity that encompasses the work of the military charity sector.

#### ■ Promoting the reputation and role of the Fund in its 90th year, as a means of reaching out to "do more for more"

Successful and high profile events included a Thanksgiving Service at St Clement Danes, a garden party at Princess Marina House, a reception at Edinburgh Castle, participation in The Lord Mayor of London's parade and a gala event at RAF Bentley Priory.

Following a successful trial on three RAF units, agreement was reached with the charity Relate to roll out the relationship counselling service to the whole of the RAF.

The Fund's charitable objects were expanded to allow greater support for the serving community, the main emphasis of which will be on the provision of qualified youth workers, and play and sports equipment on RAF stations.

### Cases

■ The number of individual cases handled in 2009 was 7,623, which represented an increase of 6% on the number of cases dealt with in 2008. £20.6m was spent on grants, compared to £19.1m in 2008, again reflecting the Fund's efforts to extend its help.

■ The Fund attracted 3,260 new cases during the year, a 9.6% increase on 2008. The Fund continues to drive its Reaching Out Campaign forward to ensure that as many beneficiaries as possible are aware of our existence.

■ Assistance with boarding school fees and university scholarships for children of serving personnel who died or who were medically discharged as a result of severe disabilities amounted to £319k. We continue to see a move away from the use of boarding schools; the number of university scholarships remains unchanged at approximately 50.

■ Direct assistance to serving members of the RAF comprised 238 cases and amounted to £2.0m, including £1.2m on 5 houses. These cases included 18 grants through the new Minor Grants Initiative, whereby station HR staff have delegated authority to make payments on the Fund's behalf, subject to predetermined rules and criteria.

■ Residential properties were bought for 12 beneficiaries at a cost of £2.8m. The Fund sold 11 houses that were no longer required during 2009.

■ £0.9m was spent on adjustable beds, riser-recliner chairs, bath aids, stair lifts and other domiciliary care equipment, reflecting an increase of £0.2m or 21% on the previous year.

■ 4,018 respite weeks were provided to members of the RAF with a break at the Fund's Princess Marina House, or in one of the homes jointly funded in conjunction with the Royal Air Forces Association, or at Seacot House (for serving members and their families). In addition, up to 12 long-term residents continued to be cared for at Princess Marina House, which equated to approximately 600 bed weeks. This total service was provided at a cost to the Fund of £2.0m.

■ 350 wheelchairs were issued for the use of beneficiaries, compared to 336 in 2008, a rise of 4%, that included 251 new purchases and 99 re-issues. The total cost of all wheelchair activities increased from £676k to £796k, representing an increase in the cost and complexity of the most advanced wheelchairs and the Fund's determination to make sure that the vehicles are adequately insured.

■ In the UK and in many areas of the world, pensioners are reliant on financial help to meet the cost of day-to-day living expenses. In 2009, the cost of maintaining support in this way amounted to £2.0m, compared to £1.8m in 2008. This represented a 15% increase in the total sum awarded, and an increase of 11% in the number of claims.

■ Donations are made to other charities that provided specialist support to members of the RAF family. During the year, 75 applications were approved at a cost of £2.7m; further details are contained at the end of this report.

## Trustees' Report continued

### Marketing Activities

- Fundraising income amounted to £11.3m in return for an investment of £2.6m, reflecting a cost to income ratio of 1:4. During 2009 the Charity embarked on a 3 year investment to build its supporter base. The investment made over the year is expected to result in increased returns in future years.
- Specific investment in direct marketing activity resulted in the acquisition of 6,000 new supporters.
- Regional fundraising activity included the appointment of 26 RAFBF champions on RAF stations to support our fundraising and raise our profile amongst the serving community.
- Press and public relations coverage increased by 33% over 2008 and resulted in the Charity achieving a ranking of 50th position in the Top 100 Charity Brand Index, a benchmark of the public's most recognised and trusted charities.
- Two receptions were held at the House of Commons as part of the Fund's aim to build greater parliamentary engagement with all mainstream political parties.
- Several meetings were held between Regional Directors and their local Members of Parliament to increase awareness of the Fund and its charitable activities.

### Plans for Future Periods

- Give priority to our traditional beneficiary base.
- Provide Multi Use Games Areas, play parks and qualified Youth Workers on principal RAF stations.
- Complete the review of the joint homes begun in 2009.
- Attract donations from RAF, corporate and public supporters and achieve maximum exposure through press articles, publicity material and Fund sponsored events.
- Review the Fund's investment strategy.
- Identify and procure fit-for-purpose welfare and fundraising IT systems.
- Oversee the redevelopment of 67 Portland Place.
- Develop the history of 67 Portland Place for the public benefit.
- Seek views of staff on conditions and terms of employment.

### Staff

The Trustees continue to be grateful to all members of staff, particularly during a period of uncertainty surrounding the move to interim premises and the redevelopment of the Fund's existing offices.

The Fund seeks to be an employer of choice and continually reviews the level of remuneration and other benefits awarded to staff. These include encouragement and support to undertake training and development for the benefit of both the Fund and individual employees.

### Working with Others

The majority of the Fund's work involves making grants to beneficiaries, invariably through intermediaries. These include the personnel and community support staff on RAF stations and other charities who undertake casework on our behalf. The latter includes SSAFA Forces Help, The Royal British Legion, The Royal Air Forces Association and other charities. The Fund is indebted to everyone who acts as a link between the Fund and its beneficiaries.

In addition to casework support, the Fund is leading in several partnership initiatives and works increasingly closely with RAF community support staff at HQ Air Command, the Royal Air Forces Association, other RAF and Service related charities – including The Royal British Legion and SSAFA – Citizens Advice, Relate and other charitable organisations. This degree of cooperation leads to greater efficiency and economy of effort and is a key feature of the Fund's strategic development.

### Volunteers

The Trustees recognise the valuable contribution made by volunteers and wish to place on record their grateful thanks for their commitment. These include the caseworkers and helpers who act as the link between beneficiaries and the Charity, those who undertake fundraising activities on behalf of the Fund, and the committees of volunteers who meet regularly to assess applications for welfare support. No amounts are included in the financial statements to reflect the value of work undertaken by volunteers.

### Investment Policy and Returns

The Fund's investment strategy is to enhance the value of its investments through the adoption of a managed, diversified portfolio. The Fund uses a "total return" approach to measuring the performance of its investments.

The return on investments in a year is the investment income generated and any capital gains or losses on the underlying investments. The investment manager has been tasked to deliver a return of at least RPI + 5% each year over rolling 5 year periods. In the shorter term, there is a secondary objective to outperform a composite benchmark of agreed indices.

During 2009 the global financial markets recovered some of the ground lost during 2008. The Fund's portfolio achieved a return of 19.3%, against a secondary benchmark of 19.4%. This return was reduced by the Fund's exposure to commercial property, and a Fund decision to de-risk an element of the portfolio as the market recovered in the second half of the year.

The Fund holds investments for long-term reserve requirements and the Trustees are satisfied that their long-term investment strategy is appropriate. The Trustees and the Finance Committee continue to monitor carefully the performance of both the Fund's investments and the investment manager.

### Reserves

Free reserves are the resources which the Fund has or could make available to spend on any or all of the Fund's purposes once it has met its commitments and covered its other planned expenditure.

Free reserves exclude restricted, endowed and designated funds. They also exclude fixed assets, including Housing Trust properties and loans to beneficiaries.

The Fund holds free reserves to ensure that it is able to meet the needs of its current and future beneficiaries given potential future risks. The Fund has broken down its reserves requirement into three categories. Reserves are held for the following reasons:

- Short-term tactical needs (such as temporary setbacks in funding or cash flow difficulties).
- Contingency needs (to enable the Fund to evolve and take advantage of strategic development opportunities and to meet unexpected calls on the Fund such as a disaster within the RAF family).
- Long-term strategic needs (to reduce the risk posed by large external changes in the environment in which the Fund operates; for example, a large fall in stock markets).

The Fund believes that the level of long-term strategic reserves should be based on funding requirements, given its anticipated expenditure in the next 5 years, the presence of an economic downturn, and related income and investment decline. The Fund believes that 4 years of expenditure would allow it to meet its commitments to its beneficiaries during this period. Given the long-term nature of the reserve requirement, the short-term volatility of financial markets and the time taken to make reserve adjustments, the Fund has set a reserve requirement range of 3-5 years' core annual expenditure. The Fund will manage short-term and contingency requirements through its long-term strategic reserve

The Fund believes that 6 months' expenditure should be allocated to meet these short-term requirements and that these funds should be held in cash or near-cash. If the Fund's reserves are projected to exceed the 5 years' level, consideration will be given to de-risk an element of the portfolio.

The reserves policy is reviewed each year as a part of the annual planning process. 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.

The net assets of the Fund at 31 December 2009 were £142.0m, an increase of £1.0m on 2008. Once fixed assets for charitable use, restricted and endowed funds have been taken into account, the level of reserves amounted to £90.0m, compared to £91.0m in 2008. The current level of free reserves falls within the range as defined in the policy above. Trustees will continue to monitor reserves against the policy in the coming year.

### Statement of Financial Activities

The consolidated Statement of Financial Activities (SOFA) for the year is set out on pages 14 and 15 of the financial statements. A summary of the financial results is set out below.

### Incoming Resources

The Charity's income amounted to £17.7m (2008: £19.5m). Donations and legacies amounted to £11.2m. Of this sum, income from serving personnel and associated activities was just over £2m, once again reflecting the consistent support of the Royal Air Force for its principal welfare charity. Investment income fell to £3.6m in the year (2008: £5.2m), reflecting the effects of the global recession. Income from charitable activities was £1.5m, which included contributions from tenants of Housing Trust properties, care home fees and interest received from loans made to beneficiaries. Other income amounted to £1.3m.

### Cost of Generating Funds

Marketing and Communication costs increased to £2.6m (2008: £1.9m), reflecting the continuing implementation of the Charity's evolving fundraising strategies to build voluntary income in future years. This amount includes £0.6m relating to public relations and building brand awareness. Investment management fees, which are based on the market value of the funds invested, continued to reflect the lower value of the Fund's portfolio

### Outgoing Resources

During the year the Fund spent £24.2m (2008: £22.3m) in charitable expenditure and associated costs. Details of the services and achievements of the Fund are included earlier in this report.

Direct charitable expenditure amounted to £20.6m (2008: £19.3m), which included donations to other charities that provide help to the extended RAF family; these amounted to £2.6m and included a donation of £0.7m to RAF Leeming and £0.2m to RAF Wittering for their nurseries, and £0.4m to The Royal British Legion for a joint initiative with Citizens Advice. In addition to the amount spent on direct charitable expenditure as recorded in the SOFA, capital expenditure on housing through the Fund's Housing Trust and loans to beneficiaries amounted to a further £4.0m (2008: £4.9m).

### Changes in Fixed Assets

The movements in fixed assets during the year are set out in Note 9 to the financial statements.

This Report was approved by the Board of Trustees on 01 June 2010.



**The Viscount Trenchard of Wolfeton DL**  
Chairman of the RAF Benevolent Fund

# Principal Office and Professional Advisers

## Fund's Principal Office

12 Park Crescent  
London W1B 1PH

## Auditors

### Kingston Smith LLP

Devonshire House  
60 Goswell Road  
London EC1M 7AD

## Bankers

### Lloyds TSB Bank plc

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

## Solicitors

### Charles Russell LLP

5 Fleet Place  
London EC4H 7RD

### Sheppard and Wedderburn LLP

Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2ET

## Custodian Trustees

### The Northern Trust Corporation

155 Bishopsgate  
London EC2M 3XS

## Investment Managers

### Aberdeen Asset Management PLC

Bow Bells House  
1 Bread Street  
London EC4M 9HH

## Actuary

### Pope Anderson LLP

Pegasus House  
37-43 Sackville Street  
London W1S 3EH

# Independent Auditor's Report

We have audited the group and parent charity financial statements (the "financial statements") of the Royal Air Force Benevolent Fund for the year ended 31 December 2009, which comprise the Group Statements of Financial Activities, the Group and Charity Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the Charity's Trustees, as a body, in accordance with regulations made under section 43 of the Charities Act 1993. Our audit work has been undertaken for no purpose other than to draw to the attention of the Charity's Trustees those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the Charity and Charity's Trustees as a body, for our audit work, for this report, or for the opinion we have formed.

## Respective Responsibilities of Trustees and Auditors

The Trustees' responsibilities for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act and Charities Accounts (Scotland) Regulations 2006. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the Charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit, or if information specified by law in respect of Trustees' remuneration and other transactions is not disclosed.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

## Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and Charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## Opinion

In our opinion the financial statements:

- Give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the group's and Charity's affairs as at 31 December 2009 and of the group's incoming resources and application of resources, including the income and expenditure of the group for the year then ended.
- And have been properly prepared in accordance with the Charities Act 1993 and the Charities Accounts (Scotland) Regulations 2006.



### Kingston Smith LLP

Chartered Accountants  
and Registered Auditors

Devonshire House  
60 Goswell Road  
London EC1M 7AD

Date: 01 June 2010



# Consolidated Statement of Financial Activities

for the year ended 31 December 2009

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Group 2009 £'000	Group Restated 2008 £'000
<b>Incoming resources</b>					
<b>Incoming resources from generated funds</b>					
Voluntary income					
Donations	2	3,969	69	4,038	3,597
Legacies		7,222	-	7,222	7,117
Investment income	3	3,552	90	3,642	5,250
<b>Incoming resources from charitable activities</b>					
Housing		779	11	790	747
Residential care		530	-	530	577
Loan interest		191	-	191	170
Other income	4	1,276	-	1,276	2,001
<b>Total incoming resources</b>		<b>17,519</b>	<b>170</b>	<b>17,689</b>	<b>19,459</b>
<b>Resources expended</b>					
<b>Cost of generating funds</b>					
Marketing and communications	5,6,7,8	2,610	-	2,610	1,949
Legacies	5,6,7,8	190	-	190	179
Investment management costs	5a	328	-	328	462
		3,128	-	3,128	2,590
<b>Net incoming resources available for charitable application</b>		<b>14,391</b>	<b>170</b>	<b>14,561</b>	<b>16,869</b>
<b>Charitable expenditure</b>					
<b>Costs of activities in furtherance of the charity's objects</b>					
Direct charitable expenditure					
General welfare	5,6,7,8	11,858	3	11,861	11,063
Education	5,6,7,8	65	254	319	304
Housing	5,6,7,8	2,610	84	2,694	2,306
Residential care	5,6,7,8	5,757	-	5,757	5,660
<b>Total direct charitable expenditure</b>		<b>20,290</b>	<b>341</b>	<b>20,631</b>	<b>19,333</b>
Pension interest costs		77	-	77	-
Governance		421	-	421	394
<b>Total resources expended</b>	<b>5</b>	<b>23,916</b>	<b>341</b>	<b>24,257</b>	<b>22,317</b>

## Net outgoing resources on continuing activities

### Other recognised gains & losses

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Group 2009 £'000	Group Restated 2008 £'000
Net gains/(losses) on investment assets	11	11,222	-	625	11,847	(33,943)
Actuarial losses on defined benefit pension scheme	8	(4,125)	-	-	(4,125)	(3,950)

### Net movement in funds

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Group 2009 £'000	Group Restated 2008 £'000
Fund balances brought forward on 1 January 2009		133,070	1,223	3,405	141,203	181,594
<b>Fund balances carried forward at 31 December 2009</b>	<b>15</b>	<b>133,770</b>	<b>1,052</b>	<b>4,030</b>	<b>142,357</b>	<b>141,203</b>

## Designated Funds

The sum of £9m has been designated for the provision of Multi Use Games Areas, play parks and qualified Youth Workers on principal RAF stations and is included in the total Unrestricted Funds.

The sum of £1.0m has been designated for the Head Office Future Building Fund and is included in the total Unrestricted Funds.

The consolidated statement of financial activities includes all gains and losses recognised in the year.

# Balance Sheet

as at 31 December 2009

	Note	Group 2009 £'000	Group Restated 2008 £'000	Charity 2009 £'000	Charity Restated 2008 £'000
<b>Fixed assets</b>					
Property	9	30,983	29,304	6,284	5,970
Furniture and equipment	9	407	216	407	216
		<b>31,390</b>	<b>29,520</b>	<b>6,691</b>	<b>6,186</b>
<b>Loans to beneficiaries</b>					
Secured		14,704	14,230	14,704	14,230
Unsecured		1,453	1,502	1,453	1,502
	10	16,157	15,732	16,157	15,732
<b>Investments</b>	11	99,918	97,008	97,435	94,855
<b>Current assets</b>					
Stock		7	7	7	7
Debtors and prepayments	12	437	443	20,289	18,342
Cash at bank and in-hand		3,238	3,652	2,255	2,586
		3,682	4,102	22,551	20,935
<b>Current liabilities</b>					
Creditors and accrued charges: amounts falling due within one year	13	(2,456)	(3,027)	(2,222)	(2,506)
<b>Net current assets</b>		1,226	1,075	20,329	18,429
<b>Net assets excluding long-term liabilities and pension liability</b>		148,691	143,335	140,159	135,202
Defined benefit pensions liability	8	(6,334)	(2,132)	(6,334)	(2,132)
<b>Net assets</b>		<b>142,357</b>	<b>141,203</b>	<b>134,278</b>	<b>133,070</b>
<b>Funds</b>					
Endowed		4,031	3,405	4,031	3,405
Restricted		1,052	1,223	1,052	1,223
Unrestricted - designated funds		10,000	9,500	10,000	9,500
Unrestricted - general funds		133,608	129,207	125,529	121,074
Pension reserve	8	(6,334)	(2,132)	(6,334)	(2,132)
	14,15	142,357	141,203	134,278	133,070
<b>Note on historical costs</b>					
Net assets at historical cost		149,720	165,886		
Unrealised investment valuation deficit		(7,363)	(24,683)		
<b>Total net assets as above</b>		<b>142,357</b>	<b>141,203</b>		

The financial statements on pages 14 to 32 were approved by Trustees on 01 June 2010 and were signed on its behalf by:



**The Viscount Trenchard of Wolfeton DL**  
Chairman of the RAF Benevolent Fund

# Consolidated Cash Flow Statement

for the year ended 31 December 2009

	2009 £'000	2008 Restated £'000	
<b>Net cash outflow from operating activities</b>	(11,024)	(9,011)	
<b>Returns on investments</b>			
Bank interest and sundry income	72	263	
Dividends receivable	3	8	
Fixed interest securities	3,567	4,843	
<b>Net cash inflow from returns on investments</b>	<b>3,642</b>	<b>5,114</b>	
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets	(3,788)	(3,350)	
Net withdrawal from investments	8,936	6,659	
New loans	(1,094)	(2,077)	
Receipts from sales of tangible fixed assets	2,049	804	
Loans repaid	834	1,097	
<b>Net cash inflow from capital expenditure and financial investment</b>	<b>6,937</b>	<b>3,133</b>	
<b>Decrease in cash</b>	<b>(445)</b>	<b>(764)</b>	
<b>Notes to cash flow statement</b>			
<b>Reconciliation of net outgoing resources for the year to net cash outflow from operating activities</b>			
Net outgoing resources	(6,568)	(2,858)	
Less: investment income	(3,642)	(5,114)	
	(10,210)	(7,972)	
<b>Adjustment for non-cash items:</b>			
Profit on sale of tangible fixed assets	(924)	(367)	
Non-cash legacies	-	(56)	
Loan interest	(191)	(170)	
Loans to grants	27	40	
Depreciation	793	768	
Pension interest income/(expenditure)	77	(1,280)	
Foreign exchange differences	(31)	(8)	
Movement in stock	-	(1)	
Movement in debtors	6	717	
Movement in creditors	(571)	18	
Movement in long-term liabilities	-	(700)	
<b>Net cash outflow from operating activities</b>	<b>(11,024)</b>	<b>(9,011)</b>	
	2009 £'000	2008 £'000	Change in Year £'000
Cash at bank and in-hand	3,238	3,652	(414)
Foreign exchange difference	-	-	(31)
<b>Decrease in cash and net funds</b>			<b>(445)</b>

# Notes to the Financial Statements

for the year ended 31 December 2009

## 1. Principal accounting policies

### Basis of preparation

The financial statements have been prepared 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 Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the charity and its subsidiary undertakings.

The results of the subsidiaries are consolidated on a line-by-line basis.

Separate SOFAs have not been presented as permitted by paragraph 397 of the SORP.

A summary of the results of the subsidiary entities are shown in Note 16.

### Status

The Charity was incorporated by Royal Charter on 29 December 1999. The directors of the corporate body are the Trustees named on page 06.

### Fund accounting

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

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of the designated funds 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 the specific funds. The aim and use of the larger restricted funds is set out in the notes to the financial statements.

Investment income and gains are allocated to the appropriate fund.

### Incoming resources

All incoming resources are included in the SOFA when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the Charity being notified of an impending/imminent distribution or the legacy being received.

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.

### Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Where costs cannot be directly attributed to the particular headings, they have been allocated to activities on a basis consistent with use of resources. Premises overheads have been allocated on a floor area basis and other overheads have been allocated on the basis of head count.

The SOFA defines costs in three specific categories:

- cost of generating funds
- charitable activities
- governance costs

Costs of generating funds are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of charitable activities.

Costs of charitable activities relate to the work carried out on the core purposes of the Fund, which are to provide relief and assistance to past and present members of the RAF family who are in need and to enhance the morale and wellbeing of Service personnel.

Governance costs are those incurred in connection with the administration of the Charity and compliance with constitutional and statutory requirements.

### Tangible fixed assets and depreciation

Tangible fixed assets costing more than £1,000 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
■ project and office equipment	over 5 years
■ computer equipment	over 3 years
■ motor vehicles	over 5 years
■ equipment held under finance leases	over the life of the lease

### 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.

### Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of the 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

The Charity operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund.

The Charity accounts for pension schemes in accordance with FRS17 (Retirement Benefits).

For the defined benefit pension scheme any increase in the present value of the net liabilities expected to arise from employee service in the period is charged to the SOFA. The interest costs and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains or losses are recognised immediately in the SOFA. Pension scheme assets are measured using market values, and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities. Actuarial valuations are obtained at least tri-annually and are updated at each balance sheet date.

### Finance and operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred. Assets purchased under finance leases are capitalised as fixed assets. Obligations under such agreements are included in creditors. The difference between the capitalised cost and the total obligation under the lease represents the finance charges. Finance charges are written off to the SOFA over the period of the lease so as to produce a constant periodic rate of charge.

### 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 rate of exchange ruling at the balance sheet date. All differences are taken into the SOFA.

## Notes to the Financial Statements continued

### 2. Donations and gifts

	2009 £'000	2008 Restated £'000
a. Royal Air Force voluntary income		
Service personnel	1,720	1,832
Stations and units	219	77
Battle of Britain "At Home Days"	148	111
	2,087	2,020
b. Other voluntary income		
General donations	1,878	1,568
Royal Air Forces Association	73	9
	1,951	1,577
	<b>4,038</b>	<b>3,597</b>

### 3. Investment income

	2009 £'000	2008 Restated £'000
Interest receivable	72	264
Dividends receivable from equity shares	3	7
Dividends receivable from investments and unit trusts	3,567	4,979
	<b>3,642</b>	<b>5,250</b>

### 4. Other income

	2009 £'000	2008 Restated £'000
Profit on sale of fixed assets	924	368
Pension interest income	-	1,280
Dependants Income Trust	331	338
Rental of office space	12	10
Administration recovery	9	5
	<b>1,276</b>	<b>2,001</b>

### 5a. Total resources expended

	Staff Costs £'000	Other Direct Costs £'000	Other Allocated Costs £'000	2009 £'000	2008 Restated £'000
Cost of generating voluntary income					
Donations	734	1,221	655	2,610	1,949
Legacies	44	15	131	190	179
Investment management costs					
Investment management fee	-	314	-	314	441
Custodian trustee fee	-	14	-	14	21
Cost of charitable activities					
General welfare	1,076	9,930	855	11,861	11,063
Education	32	261	26	319	304
Housing	402	2,036	256	2,694	2,306
Residential homes	1,322	4,042	393	5,757	5,660
Pension interest expenditure	-	77	-	77	-
Governance	-	348	73	421	394
<b>Total resources expended</b>	<b>3,610</b>	<b>18,258</b>	<b>2,389</b>	<b>24,257</b>	<b>22,317</b>

### 5b. Other allocated costs

	Group 2009 £'000	Group 2008 £'000
Salaries	1,275	1,222
Overheads and depreciation	1,114	925
	<b>2,389</b>	<b>2,147</b>

### 5c. Net outgoing resources are stated after charging:

	2009 £'000	2008 £'000
Audit fees	39	37
Custodian trustee	13	21
Investment management fees	314	441
Solicitor/surveyor fees	181	232
Depreciation	793	769

### 6. Trustees' remuneration

The Trustees neither received nor waived any emoluments during the year 2009 (2008: £NIL)

Out of Pocket expenses were reimbursed to Trustees as follows:

	2009 Number	2008 Number	2009 £	2008 £
Travel	4	5	1,863	3,515

During the year payments of £63,768 were made to Charles Russell Solicitors for professional services.

Mr Michael Scott, a partner in the firm, is a Director and Trustee of the RAFBF Housing Trust Ltd.

### 7. Staff costs

	2009 £'000	2008 £'000
Wages and salaries	4,381	4,288
Social security costs	393	334
Pension costs	511	449
	<b>5,285</b>	<b>5,071</b>

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2009 Number	2008 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	1	3
£80,001 - £90,000	1	-
£90,001 - £100,000	2	1
£100,001 - £110,001	1	-

The Controller is required to occupy residential accommodation provided by the Fund. He is required to pay rent and meet expenses, as agreed with the Inland Revenue.

Two employees earning more than £60,000 participated in the pension scheme

The average number of employees, calculated on a full-time equivalent basis, analysed by function was:

	2009 Number	2008 Number
Charitable activities	125	129
Cost of generating funds	19	16
Governance, administration and support	25	21

## Notes to the Financial Statements continued

### 8. Pension commitments

The FRS17 calculations have been carried out by an independent qualified actuary and relate to the RAF Benevolent Fund Staff Pension Fund.

The amounts recognised in the balance sheet are as follows:

	2009 £'000	2008 £'000
Fair value of scheme assets	19,504	17,267
Present value of funded obligations	(25,838)	(19,399)
Present value of unfunded benefits (deficit in the scheme)	(6,334)	(2,132)

The amounts recognised in profit or loss are as follows:

	2009 £000	2008 £000
Defined benefit pension schemes		
Current service cost	372	487
Interest cost	1,233	1,208
Expected return on scheme assets	(1,145)	(1,651)
<b>Total</b>	<b>460</b>	<b>44</b>
Actual return on scheme assets	3,081	(3,612)

Changes in the present value of the defined benefit obligation are as follows:

	2009 £000	2008 £000
Defined benefit pension schemes		
Opening defined benefit obligation	19,399	20,415
Current service cost	372	487
Interest cost	1,233	1,208
Contributions by scheme participants	20	21
Actuarial losses/(gains)	6,061	(1,673)
Benefits paid	(1,247)	(1,059)
<b>Closing defined benefit obligation</b>	<b>25,838</b>	<b>19,399</b>

### 8. Pension commitments continued

Changes in the fair value of scheme assets (excluding any AVCs) are as follows:

	2009 £'000	2008 £'000
Opening fair value of scheme assets	17,267	21,467
Expected return	1,145	1,651
Actuarial gains/(losses)	1,936	(5,263)
Contributions by employer	383	450
Contributions by scheme participants	20	21
Benefits paid	(1,247)	(1,059)
	<b>19,504</b>	<b>17,267</b>

The Charity expects to contribute £950,000 to the scheme in 2010.

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	2009	2008
Target Return Fund	99%	95%
Fixed Interest and Cash	1%	5%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2009	2008
Discount rate	5.8%	6.5%
Expected return on scheme assets	7.5%	6.8%
Future pension increases (LPI)	3.5%	2.75%
Future salary increases	4%	3.4%
Inflation assumption	3.5%	2.9%
Mortality - Active & deferred members	SAPS mc	PA92 (C2010)
- Pensioners	SAPS mc	PA92 (C2005)
Life expectancies at age 63 (NPA)		
Male currently aged 63	85.3 years	83.3 years
Male currently aged 43	86.6 years	83.7 years
Female currently aged 63	87.9 years	86.2 years
Female currently aged 43	89 years	86.7 years

Amounts for the current and previous four periods are as follows:

	2009	2008	2007	2006	2005
Defined benefit obligation	(25,838)	(19,399)	(20,415)	(20,934)	(20,329)
Plan assets	19,504	17,267	21,467	20,845	19,467
Surplus/(deficit)	(6,634)	(2,132)	1,052	(89)	(832)
Experience adjustments on scheme liabilities*	(234)	-	-	(16)	-
Experience adjustments on scheme assets*	1,936	(5,263)	(435)	544	1,861

\*positive experience adjustments represent a gain to the Fund

## Notes to the Financial Statements continued

### 9. Tangible fixed assets

	Property £'000	Equipment £'000	Total £'000
<b>Cost on 1 January 2009</b>	33,342	1,826	35,168
Additions during the year	3,452	336	3,788
Disposals during the year	(1,238)	(369)	(1,607)
Cost at 31 December 2009	35,556	1,793	37,349
<b>Depreciation at 1 January 2009</b>	(4,038)	(1,610)	(5,648)
Depreciation for the year	(676)	(117)	(793)
Depreciation on disposals during the year	141	341	482
Accumulated depreciation at 31 December 2009	(4,573)	(1,386)	(5,959)
<b>Net book value 31 December 2009</b>	30,983	407	31,390
<b>Net book value 31 December 2008</b>	29,304	216	29,520
<b>Net book value 31 December 2009</b>			
Gulf Trust Fund	198	-	198
Princess Marina House	4,041	129	4,170
RAFBF/RAFA convalescent homes	1,010	-	1,010
Headquarters - London	1,036	278	1,314
<b>Charity</b>	6,285	407	6,692
RAFBF Housing Trust Properties	24,698	-	24,698
<b>Group</b>	<b>30,983</b>	<b>407</b>	<b>31,390</b>
<b>Net book value 31 December 2008</b>			
Gulf Trust Fund	203	-	203
Princess Marina House	4,102	84	4,186
RAFBF/RAFA convalescent homes	1,036	-	1,036
Headquarters - London	629	132	761
<b>Charity</b>	5,970	216	6,186
RAFBF Housing Trust Ltd	23,334	-	23,334
<b>Group</b>	<b>29,304</b>	<b>216</b>	<b>29,520</b>
The net book value of properties comprises:			
		2009 £'000	2008 £'000
Freehold		29,428	27,874
Long leasehold		1,555	1,430
		<b>30,983</b>	<b>29,304</b>

### 10. Loans to beneficiaries

	2009 £'000	2008 £'000
Balance as at 1 January 2009	15,732	14,623
New loans	1,094	2,076
Interest charged	191	170
	17,017	16,869
Repayments	(834)	(1,097)
Loans converted to grants	(26)	(40)
<b>Balance at 31 December 2009</b>	<b>16,157</b>	<b>15,732</b>

The outstanding loans include balances totaling £14.7m (2008 - £14.2m) which are secured by legal charges on the assets of the beneficiaries. The majority of loans have no fixed repayment date; these are normally repayable from the beneficiary's estate.

### 11. Fixed asset investments

	2009 £'000	2008 £'000
<b>Group</b>		
Market value as at 1 January	97,007	137,554
Net withdrawals	(8,936)	(6,658)
Net investment (losses)/gains	11,847	(33,945)
Legacies	-	56
<b>Market value at 31 December 2009</b>	<b>99,918</b>	<b>97,007</b>
<b>Historical cost at 31 December 2009</b>	<b>95,525</b>	<b>121,127</b>
UK listed investments are represented by:		
Equity shares	1,689	838
Pooled funds	87,300	86,509
Property trusts	-	8,846
<b>Total</b>	<b>88,989</b>	<b>96,193</b>

### 12. Debtors

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 Restated £'000
Legacies	36	45	36	45
Other debtors	242	255	20,151	18,203
Prepayments	159	143	102	94
	<b>437</b>	<b>443</b>	<b>20,289</b>	<b>18,342</b>

### 13. Creditors: amounts falling due within one year

	Group 2009 £'000	Group 2008 £'000	Charity 2009 £'000	Charity 2008 £'000
Trade creditors	385	320	335	215
Taxation and social security costs	118	160	118	160
Other creditors	1,953	2,547	1,769	2,131
	<b>2,456</b>	<b>3,027</b>	<b>2,222</b>	<b>2,506</b>

## Notes to the Financial Statements continued

### 14. Statement of funds

	At 1 January 2009 £'000	Incoming Resources £'000	Resources Expended £'000	Investment Gain £'000	Transfers £'000	At 31 December 2009 £'000
General reserve	129,206	17,519	(23,839)	11,222	500	133,608
Designated funds	9,500	-	-	-	500	10,000
<b>Total unrestricted funds</b>	<b>138,706</b>	<b>17,519</b>	<b>(23,839)</b>	<b>11,222</b>	<b>-</b>	<b>143,608</b>
Restricted income funds - see schedule page 28	1,223	170	(341)	-	-	1,052
Endowment funds - see schedule page 27	3,406	-	-	625	-	4,031
Pension reserve	(2,132)	-	(77)	(4,125)	-	(6,334)
<b>Total funds</b>	<b>141,203</b>	<b>17,689</b>	<b>(24,257)</b>	<b>7,722</b>	<b>-</b>	<b>142,357</b>

#### Restricted income funds – over £100,000

Fulmer Fund	To offer relief to wives of RAF Officers in need of maternity or post-natal services.
Gulf Trust	The funds are held in a ring-fenced fund for the benefit of RAF Gulf War Veterans.
<b>Endowment funds – over £100,000</b>	
Viscount Nuffield	Income used for general purposes.
E H Jubb	For the benefit of Aircrew, their widows and dependants.
Newton Driver Memorial Fund	For the general purposes of the Fund and the upkeep of the property at Rustington.
RAFBF Educational Endowment Fund	To promote the education of the children of members of the Royal Air Force.
Hector Pilling Memorial Fund	To provide financial assistance for foundationers at the Duke of Kent School.
RAF Prize Fund	To help with the education of dependants of deceased members of the RAF killed on duty or attributable to Service.

### 15. Analysis of group net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
<b>Fund balances at 31 December 2009 are represented by:</b>				
Tangible fixed assets	31,192	198	-	31,390
Loans to beneficiaries	15,960	197	-	16,157
Investments	95,887	-	4,031	99,918
Current assets	2,035	1,248	399	3,682
Current liabilities	(1,466)	(591)	(399)	(2,456)
Pension liability	(6,334)	-	-	(6,334)
<b>Total net assets</b>	<b>137,274</b>	<b>1,052</b>	<b>4,031</b>	<b>142,357</b>

### 16. Subsidiary entities

The results of the Fund's subsidiary entities are included within the Consolidated Statement of Financial Activities as follows:

	RAF Dependants Fund 2009 £'000	RAF Dependants Income Trust 2009 £'000	RAFBF 2nd Development Trust 2009 £'000	RAFBF Housing Trust Ltd 2009 £'000	Subsidiary Entities 2009 £'000	Subsidiary Entities 2008 Restated £'000
<b>Incoming resources</b>						
Donations	-	-	-	-	-	-
Investment income	103	1	-	-	104	138
Other income	237	94	-	760	1,091	1,050
Profit on sale of freehold properties	-	-	-	714	714	368
	<b>340</b>	<b>95</b>	<b>-</b>	<b>1,474</b>	<b>1,909</b>	<b>1,556</b>
<b>Resources expended</b>						
Grants	220	72	1	1,942	2,235	1,894
Management and administration	36	23	-	-	59	53
	<b>256</b>	<b>95</b>	<b>1</b>	<b>1,942</b>	<b>2,294</b>	<b>1,947</b>
Net gains/(losses) on investment assets	329	-	-	-	329	(725)
<b>Per Statement of Financial Activities</b>	<b>413</b>	<b>-</b>	<b>(1)</b>	<b>(468)</b>	<b>(56)</b>	<b>(1,116)</b>

### 17. Post Balance Sheet events

The Board of Trustees has approved Mansell Constructions Services Ltd to be the contractor for the redevelopment of its headquarters, 67 Portland Place, London. The total contract value is expected to be in the region of £4m + VAT and the Charity expects to sign a contract by the end of June 2010. Building work is expected to commence in June 2010 for completion by the end of 2012. The Charity will create a designated fund to cover the cost of this project during 2010.

The Board of Trustees has also approved a 3 year contract with 4Children (Charity No 288285) for the provision of youth workers on RAF stations. The contract value is approximately £1.25m per annum and the contract is expected to be signed by the end of June 2010. The Charity has already set aside funds for this initiative within designated funds as at 31 December 2009.

# Endowment Funds

	Balances 31.12.08 £	Unrealised/ Realised Gain £	Balances 31.12.09 £
<b>Permanent endowment funds with unrestricted income</b>			
Pilot Officer J P L Branson Memorial Fund	27,504	4,727	32,231
Pilot Officer James Erskine Cuning Memorial Fund	25,940	4,328	30,268
Flying Officer L S Delaney Trust	7,534	1,257	8,791
Paddy Finucane Memorial Fund	11,225	1,873	13,098
Louise Alice Kay Memorial Fund	23,189	3,870	27,059
Mosquito Memorial Fund	6,499	1,125	7,624
Flying Officer Douglas Frank Newsham Memorial Fund	20,704	3,454	24,158
Viscount Nuffield Endowment	599,360	100,005	699,365
Helen Mary Renton Fund	24,465	4,082	28,547
RAF Rugby Union Fund	28,771	4,801	33,572
Peter Henry Slater-Eiggert Memorial Fund	81,286	17,608	98,894
The Revd. James Edmund Strickland Memorial Fund	83,149	13,874	97,023
	939,626	161,004	1,100,630
<b>Expendable endowment funds with unrestricted income</b>			
Flying Officer William Dron Memorial Fund	1,391	232	1,623
Frederick Eley Fund	2,680	447	3,127
Wing Commander J Higginson Fund	5,436	993	6,429
Peter Grattan Holt Memorial Fund	28,518	4,759	33,277
E H Jubb Fund	183,539	45,711	229,250
Middle East Relief Fund	24,068	4,694	28,762
Morley Fund	3,977	663	4,640
Orlebar Memorial Fund	4,500	751	5,251
Shattock Memorial Scholarship Fund	6,703	1,307	8,010
Wooding Memorial Fund	4,817	813	5,630
	265,629	60,370	325,999
<b>Permanent endowment funds where the use of the income is restricted</b>			
Frere Memorial Scholarship Fund	3,519	648	4,167
Newton Driver Memorial Fund	1,212,897	232,335	1,445,232
Group Captain W E Purdin Memorial Fund	1,546	298	1,844
RAFBF Educational Endowment Fund	300,876	67,990	368,866
Douglas Turner Benefaction	73,231	12,517	85,748
	1,592,069	313,788	1,905,857
<b>Expendable endowment funds where the use of the income is restricted</b>			
Mrs H M Jereham Memorial Fund	16,399	3,930	20,329
Lord Knollys Holiday Fund	6,232	1,501	7,733
Hector Pilling	367,455	42,274	409,729
Lord Portal Fund	1,627	316	1,943
RAF Prize Trust	136,217	26,661	162,878
RAFBF Educational Expendable Fund	80,347	15,178	95,525
	608,277	89,860	698,137
<b>Total endowment funds</b>	<b>3,405,601</b>	<b>625,022</b>	<b>4,030,623</b>

# Restricted Income Funds

These funds cannot be used for general purposes.

They may only be used for the express purposes set out in the Trust Deed.

	Balances 31.12.08 £	Income £	Expenditure £	Balances 31.12.09 £
<b>Education</b>				
Air Vice-Marshal Frank Felgate Memorial Prize	486	2	-	488
Frere Memorial Scholarship Fund	6,089	186	-	6,275
Lord Knollys Holiday Fund	7,263	307	7,570	-
Hector Pilling	90,862	16,875	107,737	-
RAF Prize Trust	108,665	5,297	113,962	-
RAFBF Educational Endowment Fund	-	13,449	13,449	-
RAFBF Educational Expendable Fund	-	3,454	3,454	-
Douglas Turner Benefaction	3,879	3,512	7,391	-
	217,244	43,082	253,563	6,763
<b>RAFBF – funds</b>				
Alastrean House Amenities Fund	7,056	2	284	6,774
Newton Driver Memorial Fund	-	44,515	44,515	-
Princess Marina House Amenities Fund	17,905	66,599	29,381	55,123
	24,961	111,116	74,180	61,897
<b>General purposes</b>				
Fulmer Fund	534,437	1,712	-	536,149
Lord Portal Fund	77	69	-	146
Group Captain W E Purdain Memorial Fund	63	59	-	122
	534,577	1,840	-	536,417
<b>Other purposes</b>				
Mrs H M Jerham Memorial Fund	1,724	752	817	1,659
RAF Officers' Wives Fund	-	2,500	2,500	-
Gulf Trust	444,454	11,064	9,869	445,649
	446,178	14,316	13,186	447,308
<b>Total restricted funds</b>	<b>1,222,960</b>	<b>170,354</b>	<b>340,929</b>	<b>1,052,385</b>



# Special Donations

	Grant £
<b>Service Charities</b>	
<b>General welfare</b>	
Air Bridge Association	23,423
Forces Children's Trust	1,015
National Gulf Veterans & Families Association	18,988
Odiham Chaplaincy Centre	923
RAF Halton - Newcomers Club	23,287
Royal Commonwealth Ex-Services League	20,900
SSAFA Forces Help	172,890
The "Not Forgotten" Association	50,000
The Royal British Legion (CAB Project)	400,000
	711,426
<b>Residential, nursing and therapy centres</b>	
Broughton House	35,000
Chaseley Trust	1,000
Curphey Home, Jamaica	10,000
Gardening Leave	9,000
Lilian Faithfull Homes	25,000
The Queen Alexander Hospital Home	70,000
The Royal British Legion Industries	3,000
	153,000
<b>Holidays for disabled / disadvantaged</b>	
Lord Kitchener Memorial Holiday Centre	12,500
	12,500
<b>Childcare</b>	
Youth Service Projects	15,870
RAF Wittering - Flying Start Nursery	230,281
RAF Leeming - Flying Start Nursery	678,380
RAF station childcare centres	5,000
	929,531

	Grant £
<b>National Charities</b>	
<b>General welfare</b>	
Age Concern - Spain	5,000
Alzheimer's Society	45,000
Citizens Advice Bureau - Boston	500
Citizens Advice Bureau - Hart District	4,000
Citizens Advice Bureau - Lincoln & District	5,000
Citizens Advice Bureau - Mid Bedfordshire	1,000
Citizens Advice Bureau - Moray	2,500
Citizens Advice Bureau - RAF Halton	5,100
Citizens Advice Bureau - Rutland	10,000
Citizens Advice Bureau - West Yorkshire	8,500
Citizens Advice Bureau - Ynys Môn	1,000
KISS Group - Kinloss	750
Motor Neurone Disease Association	20,000
National Association of Swimming Clubs for the Handicapped	1,750
Propeller Project	500
HCPT - The Pilgrimage Trust	1,500
Relate (The Relationship People)	42,844
RNID	50,000
The Spinal Injuries Association	6,000
	210,944
<b>Residential, nursing and therapy centres</b>	
Abbeyfield (Bucks) Society - Leonard Pulham Home	3,000
Alzheimer's Support - Trowbridge	7,000
Hft	145,000
Homes in Zimbabwe	55,000
Livability (Grooms-Shaftesbury)	2,000
Marie Curie Cancer Care	145,000
RAFT (Restoration of Appearance & Function)	500
The College of St Barnabas	7,500
	365,000
<b>Housing</b>	
Community Housing & Therapy	1,500
Extracare Charitable Trust	25,000
Sir Oswald Stoll Foundation	29,750
	56,250
<b>Holidays for disabled/disadvantaged</b>	
Vitalise	50,000
	50,000
<b>Schools and training colleges</b>	
Royal Caledonian Schools Trust	8,000
The Queen Elizabeth's Foundation for the Disabled	2,500
	10,500

## Special Donations continued

	Grant £
<b>National Charities continued</b>	
<b>Hospices</b>	
Dorothy House Hospice	16,000
Help the Hospices	15,000
Phyllis Tuckwell Hospice	32,000
Rainbows Children's Hospice	1,500
St Luke's Hospice	40,000
South Bucks Hospice	4,650
St Barnabas Hospice Trust	35,000
St Barnabas Hospice, Worthing	10,000
The Hospice of St Francis	20,000
The Iain Rennie Hospice at Home	24,636
	198,786
<b>Charities for the blind</b>	
Calibre Audio Library	3,380
Henshaws Society for Blind People	9,750
National Talking Newspapers and Magazines	5,000
	18,130
<b>Returns</b>	
Childcare - Akrotiri	(18,712)
Childcare - Waddington	(47,840)
	(66,552)
<b>Provisions no longer required</b>	
King Edward VII's Hospital Sister Agnes Fund	(500)
St Luke's Hospice	(5,000)
Veteran Aid	(1,419)
	(6,919)
	(6,919)
<b>Total special donations</b>	<b>2,642,596</b>

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