

ANNUAL REPORT 2014

TRUSTEES' REPORT AND ACCOUNTS
for the year end 31 December 2014



Royal Air Force
Benevolent Fund



Our Vision

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

Our Mission

We are 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.

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CHAIRMAN'S REPORT

2014 was another very successful year for the RAF Benevolent Fund in our work of supporting all members of the RAF Family who need assistance. We continue to provide help across a broad range of areas to both young and old and our overall spend on welfare activities was slightly higher than 2013, supported by a very strong fundraising performance. The commemoration of the D-Day landings during the year once again reminded us of the debt we owe to those who served all those years ago. While their numbers are steadily reducing, we believe that one of our most important tasks is to ensure that they and their loved ones can live out their final years with dignity and comfort.

But we are also constantly looking to the future, to ensure that the support we offer is matched to modern needs, whether amongst the serving RAF or the older veterans. Our aim is to ensure any member of the RAF Family who needs assistance should know we are here to help, that our response to their needs is both sympathetic and rapid, and that we complement, but do not replace, what the State should be providing. To that end, we are actively conducting research on the need for our support and 'reaching out' through the media to try to ensure people are aware we are here to help.

The RAF Benevolent Fund could not retain its position as the RAF's leading welfare charity without the support of many others, especially the volunteers who give up so much time to raise vital funds for our work and the caseworkers from organisations such as SSAFA and RAFA who act as the key interface with many of our beneficiaries. Of course, none of this could be achieved without a great deal of hard work by our staff, whose commitment and dedication to our work has been exemplary. It is truly a team effort – and I hope that readers will be encouraged to think about how you can support the work we do, only part of which can be covered in this short report on our activities.

A handwritten signature in black ink that reads "Lawrie Haynes". The signature is written in a cursive style and is positioned above a short horizontal line.

Lawrie Haynes
Chairman, Royal Air Force Benevolent Fund

CONTROLLER'S REPORT

For the RAF Benevolent Fund, 2014 was a year of very significant progress on a number of fronts. A two-year programme of cost reductions was completed, ensuring that we maximise the amount we have available to spend on our work for our beneficiaries in the RAF Family. We also saw significant increases in most areas of our fundraising, most notably in legacies, direct marketing campaigns and applications to trusts. These were boosted by successful bids for LIBOR fund money made available for support to the welfare of the Armed Forces community.

Our financial performance has allowed us to implement several important new initiatives. To try to ensure that all of those in need of assistance in the RAF Family are aware that we are here to help, we ran a new media campaign aimed at 'reaching out' to those people; this resulted in many new applications for support and will be continued. Equally importantly, we undertook extensive research on the RAF community and those we are helping to make sure that in future we apply our resources to where they are most needed and can have best effect. One of the early outcomes of such work has been the setting up, at the start of 2015, of a new Advocacy and Benefits Advice Service to assist those who find it difficult to gain access to their entitlements for a variety of reasons. This is likely to be followed by other initiatives in the coming year and beyond, all of which are intended to ensure that we are addressing today's needs and thinking of the future requirements.

The serving RAF has remained very busy operationally, with the associated pressures on its personnel and their families. While we have a very strong record of support to RAF stations over the past few years, particularly through our children and youth programmes, we will continue to consult with the RAF to see where we can help to alleviate particular pressure points in the future.

Very many people help us to achieve our aims through most generous donations, in particular through legacies in their wills. We are immensely grateful for all of the support we receive, no matter how large or small. It allows us to continue with our vital work for those who have served the nation.

A handwritten signature in black ink that reads "Christopher Nickols". The signature is written in a cursive style and is underlined with a single horizontal line.

Air Marshal Chris Nickols
Controller, 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)*

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*

Marshal of the Royal Air Force Sir Keith Williamson *GCB AFC ADC*

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 Roger Palin *KCB OBE MA FRAeS FIPD*

Air Chief Marshal Sir Peter Squire *GCB DFC AFC DSc FRAeS*

Sir Adrian Swire *AE DL MA*

Council

Chairman

Mr Lawrie Haynes *D Eng BA (Hons) FCILTR FRSA (appointed January 2014)*

Deputy Chairman

The Viscount Trenchard of Wolfeton *DL (appointed January 2014)*

Honorary Treasurer

Mr A Lea *BA (Hons)*

Members

Air Chief Marshal Sir Andrew Pulford *KCB CBE ADC RAF*

Air Marshal Sir Baz North *KCB OBE MA FRAeS RAF*

Air Vice-Marshal S Dougherty *MSc MBBS FRCP FFOM DAvMed DObstRCOG FCMI FRAeS*

Air Vice-Marshal N Bairsto *CB MBE*

Air Commodore A Neal *AFC FCMI*

Air Commodore A Vaughan *OBE BA (retired January 2014)*

Mr S Critchley *MA (Hons) D Phil FCA*

Mrs A Hastie *MA (Hons) (appointed January 2014)*

Trustees and Directors

Chairman

Mr L Haynes *D Eng BA (Hons) FCILTR FRSA*

Honorary Treasurer

Mr A Lea *BA (Hons)*

Members

Lady Bagnall *(retired November 2014)*

Ms Frances Brindle *MSc BSc (Hons) (appointed May 2014)*

Air Vice-Marshal D Couzens *MA MBA CEng FIMechE FRAeS (retired November 2014)*

Mr D Cheyne *MA (Cantab) (appointed September 2014)*

Mr S Critchley *MA (Hons) D Phil FCA*

Air Vice-Marshal S Dougherty *MSc MBBS FRCP FFOM DAvMedDObstRCOG FCMI FRAeS*

Mrs A Hastie *MA (Hons)*

Mr A Irvine *BA (Hons) MCSI*

Air Commodore A Opie *MDA MA BSc FCIPD RAF*

Ms Marie-Noelle Orzel *OBE QVRM MSc PGDE RGN RSCN (appointed November 2014)*

Air Commodore A Vaughan *OBE BA*

Senior Management Team

Controller

Air Marshal C M Nickols *CB CBE MA FRAeS*

Director of Strategy and Fundraising

Group Captain M Neville *CBE BSc (Hons)*

Director Finance

Mr M Forster *(retired January 2014)*

Ms L Baliga *FCCA (appointed February 2014)*

Director Welfare and Policy

Air Commodore P Hughesdon *MA FIoD*

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 end 31 December 2014. The financial statements shown on the following pages consolidate the accounts of the Royal Air Force Benevolent Fund, the Royal Air Force Benevolent Fund Housing Trust Ltd (Charity No 202271), the Royal Air Force Dependants Fund (Charity No 253492), the Royal Air Force Dependants Income Trust (Company No 01285364) and the RAFBF Trading Limited (Company No 07768120).

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 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.

Details of the Principals and Trustees of the Charity and members of the Senior Management Team are set out on pages 5 – 6.

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 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. Trustees are recruited through advertisements in the media and a range of networks, and are considered by a Nominations Committee on behalf of the Board of Trustees and the Council. Each 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, finance, fundraising and communications and remuneration activities, and is aided by a number of advisory bodies. The Board is responsible for the strategic direction of the Charity and, 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. It met every two months in 2014.

The Board is responsible for approving the business plan and a range of supporting strategies.

The Controller and Directors review strategic and policy matters through the 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 39-40. The Trustees are grateful for the support of these bodies, and especially the unpaid caseworkers and other volunteers, 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 Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charity and the group and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 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.

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.

Public Benefit Statement

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

STRATEGIC REPORT

Achievements and Performance

Trustees agreed that activity during 2014 should place emphasis on the following:

- Provision of essential and vital welfare support to the RAF Family;
- Encouraging new applications for support through a cost-effective Reaching Out Campaign;
- Researching the changing dynamic of the RAF Family's welfare demand;
- Promoting new welfare initiatives;
- Promoting the Fund's brand and image across a wider target audience;
- Expanding corporate partnerships and enhancing other income streams to ensure the longer-term financial viability of the Fund.

Spectrum of Care

The Fund continues to take great pride in supporting the full spectrum of care, a strategy that ensures that we provide support for all those in need who are in the RAF Family, whether they be children of serving RAF personnel, those serving, early leavers (including those wounded, injured or sick personnel) or veterans and spouses from every generation of service in the Royal Air Force. It is substantial in range and depth and provides a very real impact for those we are able to help. The Fund holds the view that, even in these financially challenging times, we will look after our own. This applies particularly to those serving today and who are injured on operations or whilst training for them. In all individual cases, we consider the need as presented and not simply what is requested and based on the financial distress, endeavour to meet that need, operating within sensible modern policies and seeking to provide a hand up, not a hand out. We also provide help to those who left the RAF many years ago, including those who completed their National Service in the RAF, thus giving meaning to our mantra: Once RAF, always RAFBF. Most of our beneficiaries are based in the UK, but we support people worldwide.

Trustees prioritise annually the support we provide, which guides the Welfare Directorate's work. Our first priority is to support individual benevolence. In addition to this, Trustees have agreed to continue to support a number of other programmes that support members of the RAF Family who are in need. We have, of course, had to be mindful of the Fund's long-term sustainability and the need to match expenditure to income, and this has reduced our discretionary expenditure. However, we are determined to remain best in class in as many aspects of our work as possible and to repay the debt that we owe to members of the RAF Family. But in all this, real people with

real problems remain at the core of our ethos and we are proud to support those in need, either directly or in partnership with other organisations.

We continue to be very grateful to all the caseworking organisations which provide the “eyes and ears” on the ground for us and without whose support we could not deliver our support to individual beneficiaries. Our thanks go, in particular, to the Royal Air Forces Association (RAFA), SSAFA, the Royal British Legion and the Royal Commonwealth Ex-Services League. In terms of the balance of effort by the key largest caseworking organisations, SSAFA handled 2,765 (47%) of our cases in 2014, representing a value of £3.24m and RAFA dealt with 1,181 (20%) of our cases, a value of £1.72m. We also recognise other organisations such as the Officers’ Association provide support for members of the RAF Family, for which we are very grateful, as we are for the volunteers who support our committee processes and help us to make the best decisions in increasingly complex cases.

Key Welfare Developments

As well as delivering substantial welfare support to the RAF Family, the Fund has worked hard at developing its activities and evaluating its performance, to ensure we continue to provide relevant and effective support to beneficiaries now and into the future. We preceded this work by completing the installation of new IT infrastructure which now provides the Fund with a modern, effective and reliable system that will sustain us for many years to come. It also enables the Fund to seamlessly connect with CMS, the sector’s primary casework system, greatly enhancing our contact with caseworking organisations.

Having ensured the new system was fully operational, the Fund embarked on a Reaching Out Campaign to encourage eligible members of the RAF Family to apply to the Fund, as Trustees were concerned at the rate of decline in new applications, a decline which is being experienced across the sector. Focusing on four regions of the UK, the campaign has not only substantially arrested this rate of decline but has also proven the effectiveness of Reaching Out campaigns. It is planned to continue the campaign into 2015 and potentially beyond. Trustees have also encouraged further discussion about the actual needs of the individual members of the RAF Family. After some initial work, it was agreed that an Advice and Advocacy Service would be introduced to help support our beneficiaries. The benefits aspect ensures all beneficiaries are claiming as much as they should from the State, whilst the advocacy service ensures beneficiaries are able to challenge local authorities and other statutory bodies who appear slow or reluctant to support people who have home or residential care needs. Although a new service, it has been widely welcomed and will be essential in supporting all members of the RAF Family, even if they do not need our direct financial support.

Welfare Research

Following continued reductions in the size of the serving Royal Air Force, it was recognised that research was required to better understand the RAF Family’s future demography and needs; better assess how we are currently meeting the needs of our beneficiaries; and, understand how we might improve the ways in which we support them.

The findings show that the current size of the RAF Family at 1.6 million is substantially lower than the previous estimate of 2 million, and that it will decline to just below 1 million by 2030. This represents an overall decline of 36% over the next 15 years, or an average of 2.4% per annum. Our assumption is that the serving community of around 100,000 will stay broadly constant. The RAF Family currently makes up 2.4% of the overall national population; this will decline to 1.5% by 2030. The research shows that the percentage of the adult ex-RAF community aged 65 or over, is higher than the 64% for the wider Armed Forces ex-Service community. The report also shows that whilst the overall size of the RAF Family is forecast to decline over the next 15 years, the

number of over 85-year-olds is likely to increase, before an eventual decline. Therefore, the needs among this cohort are not set to reduce for some time to come.

Overall, the report shows that the support the Fund provides is graded as excellent or very good by 88% of all beneficiaries and made a lot of difference to 83% of them. The Report demonstrated that there was a genuine desire from many of our beneficiaries to be more engaged with the Fund.

The research findings provide a firm foundation for Trustees to make enhancements to the Fund's Welfare Strategy. The Research will be published later in 2015.

General Welfare - Impact and Outcomes

Despite a further reduction in the size of the Royal Air Force, we are pleased to report that across all strands of welfare support, including through external grants and signposting to other organisations, we have directly helped more than 39,000 people, plus their immediate family. Taking the average family unit to comprise two people, we estimate our work in 2014 has assisted nearly 80,000 people. The following provides the underpinning detail of this work across our Spectrum of Care.

Whilst the giving of money is important, it is so often the relief of suffering, the freeing of mental anguish, the freedom of being able to get out of the house or spend time away, and many other factors, which make our work so very important to those who come to us for help. It is this that makes our service so valued and a constant driver for the Fund to be person-centred and to find better ways to support those who are in need.

The Fund continued to make a significant financial contribution to the well-being of the RAF Family. Over the year, the Fund proudly considered 6,150 individual cases and spent £12.6m on all forms of welfare support to the serving and ex-serving communities; this represented a slight increase on the previous year. A better understanding of the future needs and scale in our traditional welfare demand areas is an issue that is being addressed through our research project and the follow-on work. Although aspects of support to our more traditional welfare beneficiary base may be reducing, the difficulties faced by serving and veteran personnel are undoubtedly changing and becoming more complex, including those related to increasing numbers of elderly people living at home. The Fund will continue to look at these issues and seek to enhance both the breadth and depth of its spectrum of care in innovative ways to support those in need.

1,918 people who had not previously applied to us for help did so in 2014 and the Fund was delighted to be able to consider helping them. Although this represents a fall of 2% on 2013 (we experienced a 24% fall in the previous year), it is consistent with our revised expectations, and represents a most significant turnaround in the Fund's resolve to ensure that we do indeed help as many as possible of the members of the RAF Family who are in need.

Support to the ex-Serving Community

The mainstay of our work for the mobile elderly veterans and their widows and widowers is our Regular Financial Assistance grants. In 2014, 930 people were awarded such grants, at an average of £1,000 per beneficiary, providing those who are retired with a degree of dignity in retirement more than the welfare state might otherwise provide.

Debt and Financial Issues

Debt and financial issues continue to be a significant component of many of the problems with which we deal. We resolutely do not pay off debt, but work with others to try to overcome the impact that uncontrolled debt can have on individuals and their families. The Fund's strategy for supporting those with debt issues is three-pronged. The first strand is our work with Poppyscotland

and other Armed Forces charities to deliver the Armed Forces Advice Project, a scheme for Scotland, which provides help and advice beyond the mere financial. Between July 2010 and August 2014, the service assisted a total of 5,588 individual clients with resultant collective financial benefits of £3.5m. 905 people from the RAF Family, approximately 16% of clients, used this service which broadly reflects our level of overall funding. The second strand remains our financial support, through the External Grants programme, for Citizens Advice Bureaux, which are local to stations and larger RAF communities and provide additional services to members of the RAF Family. The final and most recent prong is the introduction of the Advice and Advocacy Service which primarily provides internal advice to Welfare Executives and Caseworkers, and will ensure that beneficiaries claim what they should from the State, allowing the Fund to focus on the areas we can best make a positive difference.

Improving Mobility

We are delighted to record that we issued 290 electrically powered vehicles (EPVs) for use by beneficiaries. The total cost of all electrically powered wheelchair activities (including storage, power and ramps) was £724k and the overall number of EPVs in use increased slightly from 1,527 to 1,580. It was pleasing to note that a survey of mobility beneficiaries ascertained 95% were extremely satisfied.

Helping People to Live Longer in their own Home

In 2014, we spent £544k on adjustable beds, riser-recliner chairs, bath aids, stairlifts and other domiciliary care equipment, a 13% increase on the £480k spent in 2013. Surprisingly, there was a fall in domiciliary cases but this is an area that will be targeted in the Reaching Out Campaign work and also looked into by the Advocacy Service.

A Helping Hand

Loans, both secured and unsecured, remain an important part of our support to those who are, relatively speaking, asset rich but cash poor. The Fund is one of only a very few Service charities that provide this type of support and to the level possible. As at the end of the year, there were 1,067 loans with a total book value of £14.4m in comparison with 2013 when there were 1,203 loans with a total value of £15.3m. The average loan value in 2014 was £13.5k, 6% higher than the 2013 average value of £12.7k. At the end of 2014, 691 loans, with a value of £13.6m, were secured. The remaining 376 loans with a value of £840k were unsecured.

Education

£291k was spent on providing 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. This was £76k or 27% more than was spent in 2013. The number of children supported with school fees rose slightly from nine to 12 and the number of university scholarships fell from 26 to 17.

Support to the Serving RAF

Our support for the serving RAF has remained as strong as ever and in 2014 we spent £2.8m. Although a little lower than in 2013, owing to fewer Housing Trust purchases required for those who were Wounded, Injured and Sick (a welcome fact, as it meant that there were fewer RAF personnel in serious need), we remain steadfast in support of those in need. Our support for the serving RAF comprises individual awards and also the delivery of programmes to support the serving community.

Grants in Support of Serving Personnel

Direct assistance to serving members of the RAF remained strong with 252 individual cases being supported at a cost of £1.1m. Although this was a reduction in spend on previous years, due mainly to the reduced need for Housing Trust properties as explained above, all eligible cases for assistance were supported. The Minor Financial Assistance (MFA) Scheme continues to be a popular method by which the RAF chain of command, acting as the Fund's local agent, can provide immediate financial support to the individual who is in need. The number of awards under the MFA Scheme remained identical to 2013 at 110 and expenditure rose marginally from £44k to £46k. Importantly, we made 17 (up from 15) Transition and Immediate Needs Grants for Wounded, Injured and Sick personnel at a cost of £41k, a large increase on the £27.5k spent in 2013. As in previous years, serving awards centred on the needs of disability, bereavement, retraining, childcare and family breakdown. We generally see the decline in overall awards to the serving RAF as a good sign, as our profile remains high on stations and therefore a reduction in requests represents a decline in need. This in some ways may be a reflection of a marginal reduction in operational and organisational tempo in the RAF, as well as a reduced force size. It is also appropriate to commend the RAF Human Resources staff and the chain of command for their help and support in presenting cases to the Fund for assistance, and also to SSAFA who, operating under the RAF's Personnel and Support Workers' contract, provide high quality reports to underpin the applications.

Relationship Support

Our Relate contract has now been running for six years and continues to be highly relevant in assisting RAF families to deal with relationship difficulties as a consequence of very high levels of operational tempo. It is an integral part of the welfare support structure provided for those who serve and their partners and is very well received. In 2014, the Fund provided 1,411 free counselling sessions to 625 unique clients. In 2013, 1,370 sessions were provided to 654 clients. The average number of sessions per person has remained almost the same, (2014: 2.3 and 2013: 2.1), showing that clients continue to have their issues resolved quickly. Relate has continued to provide, at our insistence, empirical evidence to show the provision is much needed and delivering positive outcomes. In 2014, 48% of respondents reported that after using the service, there had been a positive or very positive effect on their ability to concentrate at work, 59% of respondents said that use of the service reduced their sense of isolation and a third reported a positive effect on their ability to engage in the community. This data is similar to that which was reported in 2013.

Home Away from Home at the Seaside Cottages

The Seaside Cottages (Seacot and Shencot), which sit alongside Princess Marina House, remain an important part of the Fund's welfare provision to the serving RAF, providing a modern 'home from home' in which those recently returned from operations or otherwise suffering from personal or family stress or illness, can take a low-cost respite break with their family. In 2014, the cottages supported 429 guests (95 families). New school rules about not taking children away from school out of official holidays meant this provision was slightly lower than in 2013 when the cottages supported 438 guests (103 families). The overwhelming demand for these facilities during the peak periods has led the Fund to launch a £360k appeal to convert four rooms in one of the wings of Princess Marina House into two disabled adapted apartments. The new apartments, which will double our capacity to assist the serving RAF Family, are planned to be ready in the latter part of 2015.

Supporting the Serving Family at Home

The Airplay Programme (Airplay Play Parks, Airplay Youth Support and Airplay Childcare Centres) continues to be the Fund's flagship support programme for the serving RAF. By the end of 2014, Airplay Play Parks had delivered facilities at 29 stations comprising 20 multi-use games areas (MUGAs), 47 play parks and 10 shelters, a total of 77 facilities. The Fund's successful bid for a £325k grant from the Armed Forces Covenant LIBOR Fund has seen an additional four facilities, branded alongside the Airplay banner, built at RAF Benson, RAF Cosford (a first build), RAF Cranwell and RAF Shawbury. Airplay Youth Support has looked after 2,258 RAF children, the highlights of which were another successful Summer Programme and participation in a third Tri-Service Youth Forum hosted by the Ministry of Defence. Airplay Childcare Centres continue to provide in excess of 1,900 places on a daily basis, and the Fund's engagement with 4Children, who are now running six centres, ensures that cost effective and affordable childcare is provided to serving families. The Fund and 4Children work together in partnership on this, supported and underpinned by the RAF Community Support Team.

Supporting others who Support Members of the RAF Family

Grants totalling almost £2.7m were made to a number of organisations during the year covering both serving and veterans' communities. A breakdown is shown on pages 39 and 40.

The External Grants programme was used to support a wide range of charities and organisations that provided specialist support to members of the RAF Family which we ourselves could not. Following a review of our benevolence in 2013 we have made some changes in this area of support so that we can continue to focus more on our own core charitable provision. To provide veteran support in 2014, we awarded grants to 47 charities and organisations amounting to £564k. Grants supporting the serving RAF amounted to £1.85m, including our successful Airplay Programme. In addition, we continued to honour our £2.2m five-year pledge to Combat Stress, providing £190k in grants for individual counselling and a £300k grant for running costs in the year. Finally, in 2014, the Fund renewed its partnership with Poppyscotland and other Armed Forces charities to deliver the Armed Services Advice Project (ASAP), a scheme providing information, advice and support to members of the Armed Forces community in Scotland. All told, it is estimated that the Fund has directly supported 20,105 RAF Family members through its External Grants programme, in support of other charities and organisations.

The Fund became the Sole Trustee of the RAF Disabled Holiday Trust (RAFDHT) during the year. The RAFDHT has a proud family history and supports a most deserving part of the RAF Family. This means that in addition to continuing to provide administration of the Trust (equating to half a full-time post), this closer integration will yield real benefits for the RAF Family.

The Fund also provides support in a variety of ways to many other charities that are part of the overall family of RAF charities, sometimes in addition to the financial support noted on page 39. Without providing an exhaustive list they include the RAF Widows' Association (some secretarial support, provision of meeting rooms and website hosting); the Alexander Duckham Memorial Schools Trust (some accounting and secretarial support and provision of meeting rooms); and, the Royal Observer Corps (accounting support). The Fund also runs the RAF Dependants Fund, which provides an immediate grant of £15k on the death of the Service member (£225k to 15 bereaved family members).

In addition, the Fund supports the development of Cobseo and its Clusters, as well as other Cobseo members, often through the free use of meeting rooms. Our support of Cobseo is important as it allows us to work collaboratively together, reducing overlaps and underlaps as we seek to provide the best solutions for our shared beneficiaries.

Housing

At the end of the year, the Fund held 244 Housing Trust properties exclusively for use by our beneficiaries and had spent £2.1m across all housing activity. We buy and sell properties as necessary, to meet the needs of the eligible group including, but not limited to, Wounded, Injured and Sick personnel who are discharged from the RAF. We do not hold property for future use or simply for intrinsic value and potential growth. Four property purchases were approved during the year of which three were purchased by the year end at a cost of £559k. Two property purchases were for Servicemen being medically discharged and in the process of transition. The other two were to facilitate the relocation of existing Housing Trust residents to new properties for better support. A further £97k was spent on making capital improvements to properties owned by the Housing Trust. Eleven properties were sold for £2.2m, realising a gain on disposal of £838k.

Rental income from beneficiaries continued to be assessed with the sensible application of welfare principles according to ability to pay and taking eligibility for Housing Benefit into consideration. Properties continue to be included on the Fund's balance sheet at historical cost, less any charge for depreciation. Trustees acknowledge that the market value of the properties could be materially different but are satisfied that the Fund is following appropriate accounting standards, and that the cost of performing a regular revaluation of all properties would be disproportionate.

Residential Care and Respite Care

Support for care home fees fell by 8% to £614k, but there was a significant reduction (some 60%) in domiciliary care awards, down to £38k; there is no obvious rationale for this and it is an area that future advertising will address, seeking out those who require assistance in this area.

Princess Marina House, our flagship respite and care home on the South Coast, had another excellent year. Sadly, we now have only two permanent residents but respite provision continues to be the main service provided. During 2014, 1,687 guests stayed at Princess Marina House and the two Seaside Cottages, a level similar to the previous year. Bed occupancy rose by 5% to 71% and room occupancy, the hoteliers' key measure, rose by 4% to 76%, therefore, 2014 was viewed as an excellent year. Beachside, our specialist dementia respite wing bucked the trend with a small decrease in guest numbers. That Princess Marina House was able to provide a similar level of support to guests in 2014 against a backdrop of reduced room availability because of an extensive wetroom upgrade funded by an Armed Forces Covenant LIBOR grant, was illustrative of the Fund's commitment to provide dignity in retirement for our older beneficiaries. Those who stay at Princess Marina House continue to applaud its high standards, the caring approach of the staff and its effectiveness in reducing social isolation.

The Fund continued its long-standing financial support of the Joint Homes, now referred to by RAFA as the "Wings Breaks" Homes, albeit at a reduced level. A total of £311k was granted to the three homes to support 1,349 unique guests. A reduced level of subsidy will be paid to RAFA in 2015, after which the Association will bear the full cost. This is felt to be appropriate as RAFA now has sufficient reserves and income to do so, and it will allow the RAF Benevolent Fund to focus on Princess Marina House. That said, the Fund will continue to support the Joint Homes, by leaving its capital investment, 50% of the historical cost of both Flowerdown and Rothbury Houses in place until 2018.

Fundraising and Communication Activities and Performance

The end of year performance, £16.4m, far exceeded the 2013 figure of £13.2m and the in-year target, and was a result of improvements across all areas of fundraising. The Fund further benefited from successful bids for funding from the money made available through the Armed

Forces Covenant and the LIBOR fines. £2.97m was spent to raise this income compared with the £3.2m spent in 2013.

The revised fundraising strategy approved by Trustees in 2013, with its focus on diversifying income streams to offset the threat from any one stream drying up, appears to be going well and a refresh of the strategy, in terms of mapping income growth for the next five years, will be introduced in 2015. Voluntary income comprised donations (£5.7m) and income from legacies or Gifts in Wills (£10.7m).

For the second year in succession, the Direct Marketing programme exceeded the £1m mark as well recruiting 3,577 new individual supporters and a further 418 regular givers.

In 2014, the RAF Benevolent Fund successfully applied for two grants totalling £450,000 from the Veterans Accommodation Fund. Of this £50,000 will be used to replace the windows of Forge House, home to six ex-service men and women in Rottingdean. The remainder will be used to adapt 20 Housing Trust properties to improve kitchen and garden facilities for our Wounded, Injured and Sick personnel. These renovations will be phased over a two-year period.

Income from Gifts in Wills continues to perform strongly and in 2014 amounted to £10.7m compared to £7.9m in 2013. During the year, 182 people informed the Fund they had left a bequest in their will. Based on average values these pledges could be worth more than £5m. The majority of these individuals are already supporting the Fund in other ways.

Major Risks and Uncertainties

Trustees undertake a regular 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. The Royal Air Force Benevolent Fund has adopted a cascade system to manage risk with the highest-level strategic risk being reputation – both threat and opportunity. The major risks identified as having the potential to affect the reputation and subsequent successful performance of the Charity in 2014, along with mitigating actions, were:

- Failure to identify the welfare needs of its beneficiaries: mitigated by close engagement with beneficiaries, the RAF and with other Service charities through the Confederation of Service Charities (Cobseo) and, importantly, through in-depth research which was designed to understand better the impact of our welfare provision, as well as the changing dynamics of the RAF Family;
- Loss of relevance to key audiences: mitigated by the implementation of an effective communication strategy which enables the Fund to impart and receive information across all audiences;
- Ineffectual delivery of welfare support mitigated by maintaining strong relationships with caseworking organisations and exploiting opportunities presented by the casework management system, as well as capitalising on the Reaching Out Campaign and the significant research undertaken in order to identify the impact of our welfare delivery;
- Failure to meet its charitable objects due to a lack of financial resources: mitigated by a revised reserves policy, appropriate investment policy supported by refreshed fundraising strategy comprising diversified income streams.

Plans for Future Periods

Some of our key objectives for 2015 and beyond are to:

- Provide essential and vital welfare support to the RAF;
- Encourage new applications through cost-effective Reaching Out campaigns;
- Embed recent welfare changes and develop further new initiatives, particularly those that support the serving RAF and those experiencing social isolation and loneliness;
- Commemorate and celebrate the 75th Anniversary of the Battle of Britain;
- Enhance all income streams in order to reduce the reliance on legacies;
- Assist with the planning, coordination and governance of an RAF Centenary Appeal;
- Encourage staff development and improvements in performance.

Staff

The Trustees continue to be grateful to all members of staff, and were extremely impressed by a successful Reaching Out Campaign and a greatly improved fundraising performance. Following the significant changes introduced by the 2013 Head Office and Regional reviews it was clear that the staff had responded terrifically well. The Fund 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.

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 Committee adheres to the following principles when considering staff remuneration:

- Reward employees using processes that are fair and equitable;
- Aim to pay competitively against our relevant comparators in the voluntary sector by determining an individual's pay through the Annual Voluntary Sector Salary Survey, together with the skills, expertise and contribution that the individual demonstrates within their performance;
- 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) are also valuable to employees.

The Fund, when assessing remuneration, considers all benefits open to the employees, namely: salary; pension; death in service; and healthcare. The Remuneration Committee reviews the Fund's remuneration policy annually in order to ensure the principles listed above are adhered to and remain appropriate. This policy applies equally to all staff, including the senior management team.

Trustees also remain aware of the need to keep staff costs of running the fund to the minimum commensurate with its overall objectives. This was one of the primary purposes of the recent Head Office Review, with one such example being the reduction in the overall costs of the Fund's Senior Management, as it reduced in 2014 by 28% from the 2011 level, a real (CPI) reduction of 38%.

Volunteers

The Trustees recognise the valuable contribution made by volunteers and once again wish to place on record their grateful thanks for their commitment. Volunteers 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.

Financial Review

The consolidated Statement of Financial Activities (SOFA) for the year is set out on pages 24 and 25 of the financial statements. Prior to gains/losses on investment assets and the defined benefit pension scheme there was a small deficit of £600k.

Income

We had an outstanding year with total income of £21.7m, an increase of 13% over 2013 (£19.3m). Legacies accounted for 50%, Donations 26%, Investment Income 9%, Charitable Activities 8% and 7% from other income.

Legacy income increased from £7.9m in 2013 to £10.7m and £5.7m was generated from other fundraising activities.

£1.9m was generated from our investment income to support our Welfare activities. The Housing Trust generated more than £1m. Income from other sources was £2.3m, the majority of which was the gains made on the disposal of fixed assets.

Expenditure

During 2014, we spent £18.7m on delivering Welfare and our other charitable objectives; £500k more than was spent in 2013. £12.6m was spent on providing General Welfare, £4m spent on Residential and Respite Care and £2.1m on Housing.

£3.1m was spent on generating funds of which £2.9m was spent on fundraising and communications activities, a slight reduction on the previous year whilst generating more income. £161k was spent on investment management.

Investments

The Fund's investment strategy is to enhance the value of its investments through the adoption of a managed, diversified portfolio. The Fund holds its investments in three separate portfolios determined by the requirements of our Five-Year Plan. Cash requirements for the first year of the Plan are held in a Sterling Fund. Funds required for years two to five are held primarily in a Bond Fund, whilst funds not required for the duration of the Five-Year Plan continue to be held in a long-term Real Return Fund.

The return on investments in a year comprises 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 LIBOR for the Sterling Fund, LIBOR plus 2% for the Bond Fund and LIBOR plus 4% for the Real Return Fund each year over rolling five-year periods.

During 2014, the Fund's portfolio achieved a total return of 3.6% (2013: 5.6%).

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. A more comprehensive review of the investment strategy will be conducted in 2015.

Reserves

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

The Fund holds a level of free reserves to ensure it is able to meet the needs of its current and future beneficiaries given potential future risks. Reserves are held for the following reasons:

- short-term tactical needs (such as short-term 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 economy).

The Fund adopted a risk based reserves policy in 2014, determining the equivalent cost associated with each of the major risks as detailed on the Fund's Risk Register. External factors were considered as were the changing dynamics of the RAF Family. The exercise determined that we require a reserves figure of around £40m to ensure our long term sustainability.

Free reserves exclude restricted and endowed funds, fixed assets and loans to beneficiaries. Reserves stayed stable at £62.8m against £62.4m in 2013. Our reserves have been reducing over the past few years as we have spent more on welfare activities than we have generated in income; this is likely to continue for at least one more year as we better balance our income and expenditure. We will also reduce our reserves further over the next few years by funding new welfare initiatives being considered in our strategy.

The reserves policy is reviewed each year as 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. Furthermore, having completed the research into the changing dynamics of the RAF Family, its size and welfare demands, Trustees have directed that the risk based approach is used to estimate the level of free reserves likely to be required in 15 years, 2030, thus supporting longer-term strategic activity and financial planning.

Trustee Declaration

Trustees, as company directors, hereby approve the 2014 Annual Report and the 2014 Strategic Report which is embedded within it.



Lawrie Haynes
Chairman, Royal Air Force Benevolent Fund

Principal Office and Professional Advisers

RAF Benevolent Fund Principal and Registered Office

67 Portland Place
London W1B 1AR

Auditors

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

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

Solicitors

Charles Russell Speechleys 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

BNY Mellon
160 Queen Victoria Street
London EC4V 4LA

Investment Managers

Newton Investment Management Ltd
BNY Mellon Centre
160 Queen Victoria Street
London EC4V 4LA

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

Aberdeen Asset Management plc
Bow Bells House
1 Bread Street
London EC4M 9HH

Actuary

Broadstone Corporate Benefits Ltd
55 Baker Street,
London W1U 7EU

Independent Auditor's Report

We have audited the financial statements of the Royal Air Force Benevolent Fund for the year ended 31 December 2014, which comprise the Consolidated Statement of Financial Activities, the Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken for no purpose other than to draw to the attention of the Charity's Trustees those matters which we are required to include in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to 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 auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of financial statements which provide a true and fair view reflection.

We have been appointed as auditors under section 144 of the Charities Act 2011 and under Section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with regulations made under that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and have been prepared in accordance with the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2014 and of its outgoing resources and application of resources for the year then ended; and

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006 (as amended) requires us to report to you if, in our opinion:

- the information given in the Annual Report is inconsistent in any material respects with the financial statements; or
- sufficient accounting records have not been kept; or
- the 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.

A handwritten signature in black ink that reads "Kingston Smith LLP". The signature is written in a cursive, flowing style.

Kingston Smith LLP

Statutory auditor
Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 08 June 2015

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

THE ROYAL AIR FORCE BENEVOLENT FUND

Consolidated Statement of Financial Activities for the year ended 31 December 2014

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Group 2014 £'000	Group 2013 £'000
Incoming Resources						
Incoming resources from generated funds						
Voluntary Income						
Donations	2	4,392	1,278	-	5,670	5,293
Legacies		10,053	674	-	10,727	7,917
Investment income	3	1,819	118	3	1,940	2,024
Incoming resources from charitable activities						
Housing		1,008	15	-	1,023	991
Residential and respite care		562	-	-	562	584
Loan interest		124	-	-	124	134
Other income	4	1,614	15	-	1,629	2,310
Total incoming resources		19,572	2,100	3	21,675	19,253
Resources expended						
Cost of generating funds						
Marketing and communications	5a	2,478	11	-	2,489	2,799
Legacies		422	-	-	422	359
Investment management costs		161	-	-	161	110
		3,061	11	-	3,072	3,268
Net incoming resources available for charitable application		16,511	2,089	3	18,603	15,985
Charitable expenditure						
Costs of activities in furtherance of the Charity's objects						
Direct charitable expenditure						
General welfare	5a	12,152	494	-	12,646	12,607
Housing		2,090	22	-	2,112	2,242
Residential and respite care		3,311	640	-	3,951	3,337
Total direct charitable expenditure		17,553	1,156	-	18,709	18,186
Governance		434	-	-	434	417
Total resources expended	5a	21,048	1,167	-	22,215	21,871

THE ROYAL AIR FORCE BENEVOLENT FUND

Consolidated Statement of Financial Activities - continued

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Group 2014 £'000	Group 2013 £'000
Net (outgoing)/incoming resources on continuing activities		(1,476)	933	3	(540)	(2,618)
Other recognised gains and (losses)						
Net gains/(losses) on investment assets	11	382	(8)	135	509	1,860
Actuarial (losses)/gains on defined benefit pension scheme	8	(1,458)	-	-	(1,458)	521
Net movement in funds		(2,552)	925	138	(1,489)	(237)
Fund balances brought forward on 1 January 2014		116,540	2,860	4,939	124,339	124,576
Fund balances carried forward at 31 December 2014	15	113,988	3,785	5,077	122,850	124,339

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

All incoming and outgoing resources arise from continuing operations.

THE ROYAL AIR FORCE BENEVOLENT FUND

Balance Sheet as at 31 December 2014

	Note	Group 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Fixed assets					
Property	9	35,153	36,787	10,836	11,164
Furniture and equipment	9	1,666	2,083	1,666	2,083
		36,819	38,870	12,502	13,247
Loans to beneficiaries					
Secured		13,550	14,436	13,550	14,436
Unsecured		840	900	840	900
	10	14,390	15,336	14,390	15,336
		67,370	69,139	63,359	65,051
Investments					
	11	67,370	69,139	63,359	65,051
Current assets					
Stock		79	70	33	6
Debtors and prepayments	12	3,677	2,026	21,540	20,955
Cash at bank and in hand		8,528	5,620	7,076	4,991
		12,284	7,716	28,649	25,952
Current liabilities					
Creditors and accrued charges: amounts falling due within one year	13	(2,004)	(1,535)	(1,885)	(1,323)
		10,280	6,181	26,764	24,629
Net current assets					
		10,280	6,181	26,764	24,629
Net assets excluding long term liabilities and pension liability					
		128,859	129,526	117,014	118,263
Defined benefit pensions liability	8	(6,009)	(5,187)	(6,009)	(5,187)
		122,850	124,339	111,004	113,076
Net Assets					
		122,850	124,339	111,004	113,076
Funds					
Endowed		5,077	4,939	5,077	4,939
Restricted		3,785	2,860	3,785	2,820
Unrestricted - designated funds		3,000	3,000	3,000	3,000
Unrestricted - general funds		116,997	118,727	105,150	107,504
Pension reserve	8	(6,009)	(5,187)	(6,009)	(5,187)
	14,15	122,850	124,339	111,004	113,076
Note on historical costs					
Net assets at historical cost		121,414	123,040		
Unrealised investment valuation surplus		1,436	1,299		
		122,850	124,339		
Total net assets as above					

The financial statements on pages 24 to 40 were approved by Trustees on 08 June 2015 were signed on its behalf by:



Lawrie Haynes
Chairman

THE ROYAL AIR FORCE BENEVOLENT FUND

Consolidated Cash Flow Statement for the year ended 31 December 2014

	2014 £'000	2013 £'000	
Net cash outflow from operating activities	<u>(3,387)</u>	<u>(6,489)</u>	
Returns on investments			
Interest receivable	78	99	
Dividends receivable from fixed interest securities	645	1,020	
Dividends receivable from equity shares	-	-	
Dividends receivable from pooled funds and unit trusts	1,217	905	
Net cash inflow from returns on investments	<u>1,940</u>	<u>2,024</u>	
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(1,209)	(1,883)	
Net withdrawal from investments	2,278	2,015	
New loans	(574)	(775)	
Receipts from sales of tangible fixed assets	2,219	3,195	
Loans repaid	1,641	1,389	
Net cash inflow from capital expenditure and financial investment	<u>4,355</u>	<u>3,941</u>	
Increase/(decrease) in cash and net funds	<u>2,908</u>	<u>(524)</u>	
Notes to cash flow statement:			
Reconciliation of net outgoing resources			
Net outgoing resources	(540)	(2,618)	
Deduct investment income	(1,940)	(2,024)	
	<u>(2,480)</u>	<u>(4,642)</u>	
Adjustment for non-cash items:			
Profit on sale of tangible fixed assets	(839)	(1,515)	
Provision for loan conversions	(11)	8	
Loan interest	(124)	(134)	
Loans converted to grants	16	15	
Loans written off	(2)	6	
Depreciation	1,880	1,426	
Pension interest income	(362)	(386)	
Staff costs FRS 17 adjustment	(274)	(221)	
Foreign exchange differences	-	5	
Movement in stock	(9)	(12)	
Movement in debtors	(1,651)	(686)	
Movement in creditors	469	(353)	
Net cash outflow from operating activities	<u>(3,387)</u>	<u>(6,489)</u>	
	2014	2013	Change in Year
	£'000	£'000	£'000
Cash at bank and in hand	8,528	5,620	<u>2,908</u>
Increase in cash and net funds			

THE ROYAL AIR FORCE BENEVOLENT FUND

Notes to the Financial Statements

for the year ended 31 December 2014

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 is 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 pages 5 and 6.

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 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. Income from pecuniary legacies is recognised upon notification or receipt if earlier. Income from residual legacies is recognised after the date of probate only where a reasonable estimate can be made and there is no evidence of uncertainty of receipt.

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.

THE ROYAL AIR FORCE BENEVOLENT FUND

Notes to the Financial Statements

for the year ended 31 December 2014

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; all 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 (£5,000 in the Housing Trust) 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 fifty years |
| • leasehold buildings | over the life of the lease |
| • leasehold improvements | over thirty 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.

THE ROYAL AIR FORCE BENEVOLENT FUND

Notes to the Financial Statements

for the year ended 31 December 2014

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 and a defined contribution pension scheme, both of which require contributions to be made to separately administered funds.

The Charity accounts for pension schemes in accordance with FRS17 (Retirements 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 exchange rate ruling at the balance sheet date. All differences are taken to the SOFA.

Related party disclosures

The Charity has taken advantage of the exemption which is conferred by FRS8, Related Party Disclosures, that allows it not to disclose transactions with group undertakings that are eliminated on consolidation.

Grant commitments

Grants awarded are provided in the SOFA in the year in which they are approved by the Trustees and the offer is conveyed to the recipient. Grants awarded but not paid are recorded as a liability within the balance sheet. Grants awarded subject to explicit conditions being met by the recipient before payments are made are not accrued until such conditions have been met. Such commitments are disclosed in the financial statements as a contingent liability.

THE ROYAL AIR FORCE BENEVOLENT FUND

Notes to the Financial Statements

2.	Donations			2014	2013	
				£'000	£'000	
a.	Royal Air Force voluntary income					
	Service personnel			1,660	1,709	
	Stations and units			67	58	
	Air Shows			135	34	
				<hr/>	<hr/>	
				1,862	1,801	
b.	Other voluntary income					
	General donations			2,257	2,702	
	LIBOR funding			1,020	781	
	Disabled Holiday Trust			529	0	
	Royal Air Forces Association			2	9	
				<hr/>	<hr/>	
				3,808	3,492	
				<hr/>	<hr/>	
				5,670	5,293	
3.	Investment Income			2014	2013	
				£'000	£'000	
	Interest receivable			78	99	
	Dividends receivable from fixed interest securities			645	1,020	
	Dividends receivable from pooled funds and unit trusts			1,217	905	
				<hr/>	<hr/>	
				1,940	2,024	
4.	Other Income			2014	2013	
				£'000	£'000	
	Profit on the sale of fixed assets			839	1,515	
	Pension interest income			362	386	
	Administration fee			265	280	
	Trading income			137	109	
	Rental of office space			19	14	
	Administration recovery			7	6	
				<hr/>	<hr/>	
				1,629	2,310	
5a.	Total Resources Expended	Staff	Other	Other	2014	2013
		Costs	Direct	Allocated	£'000	£'000
		£'000	Costs	Costs		
			£'000	£'000		
	Cost of generating voluntary income					
	Donations	434	925	1,130	2,489	2,799
	Legacies	33	163	226	422	359
	Investment management costs					
	Investment management fee	-	157	-	157	111
	Custodian trustee fee	-	4	-	4	(1)
	Cost of charitable activities					
	General welfare	1,125	9,243	2,156	12,524	12,488
	Education	57	50	15	122	119
	Housing	369	1,387	356	2,112	2,242
	Residential and respite care	1,698	1,869	384	3,951	3,337
	Governance	-	317	117	434	417
	Total resources expended	3,716	14,115	4,384	22,215	21,871
5b.	Other Allocated Costs			2014	2013	
				£'000	£'000	
	Salaries			1,577	1,826	
	Overheads and depreciation			2,807	2,361	
				<hr/>	<hr/>	
				4,384	4,187	
5c.	Net Outgoing Resources are Stated After Charging:			2014	2013	
				£'000	£'000	
	Audit fees - current year			37	36	
	Audit fees - prior year under provision			-	9	
	Audit fees - other			7	10	
	Custodian trustee			4	(1)	
	Investment management fees			157	111	
	Legal and professional fees			216	193	
	Depreciation			1,880	1,426	

THE ROYAL AIR FORCE BENEVOLENT FUND

Notes to the Financial Statements

6. Trustees' Remuneration

The Trustees neither received nor waived any emoluments during the year 2014 (2013: £NIL)

Out of Pocket expenses were reimbursed to Trustees as follows:

	2014 Number	2013 Number	2014 £	2013 £
Travel	5	7	3,692	2,692

7. Staff Costs

	2014 £'000	2013 £'000
Wages and salaries	4,371	4,732
Social security costs	448	516
Pension costs	455	421
Redundancy costs	19	514
	5,293	6,183

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

	2014 Number	2013 Number
£60,001 - £70,000	3	6
£70,001 - £80,000	1	1
£80,001 - £90,000	1	2
£90,001 - £100,000	2	1
£100,001 - £110,000	1	-
£110,001 - £120,000	-	-
£120,001 - £130,000	1	1
	9	11

The Controller has been required to occupy residential accommodation as a condition of his employment. As agreed previously with HMRC, he met the utilities costs associated with his occupation of the property personally and was taxed on the equivalent rental value as a benefit in kind. From 2015 the Controller will no longer be required to reside at the residence and as a result the property will be disposed of in accordance with the Charity Act.

The payments shown above include lump sums towards payment in lieu of notice and ex gratia payments following the closure of the final salary pension scheme (FSPS).

Two employees earning more than £60,000 participated in the final salary pension scheme which closed in April 2014. Eight employees, including the two who had been members of the FSPS, participated in the money purchase pension scheme.

The RAFBF benchmarks salaries against the Xpert HR voluntary sector salary survey.

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

	2014 Number	2013 Number
Charitable activities	126	133
Cost of generating funds	19	18
Governance, administration and support	17	29
	162	180

8. Pension Commitments

FRS 17 disclosure

The FRS 17 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:

	2014 £'000	2013 £'000
Fair value of scheme assets	24,118	24,420
Present value of funded obligations	(30,127)	(29,607)
Present value of unfunded benefits (deficit in scheme)	(6,009)	(5,187)

The amounts recognised in the Statement of Financial Activities are as follows:

Defined benefit pension schemes

	2014 £'000	2013 £'000
Current service cost	(141)	(471)
Interest cost	(1,274)	(1,269)
Expected return on scheme assets	1,636	1,655
(Gains)/losses on curtailment	679	-
Total	900	(85)
Actual return on scheme assets	(844)	(1,419)

THE ROYAL AIR FORCE BENEVOLENT FUND

Notes to the Financial Statements

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

Defined benefit pension schemes	2014 £'000	2013 £'000
Opening defined benefit obligation	(29,607)	(29,935)
Current service cost	(141)	(471)
Interest cost	(1,274)	(1,269)
Contributions by scheme members	(4)	(12)
Actuarial gains/(losses)	(1,345)	757
Curtailments	679	-
Benefits paid	1,565	1,323
Closing defined benefit obligation	(30,127)	(29,607)

Changes in the fair value of scheme assets are as follows:

	2014 £'000	2013 £'000
Opening fair value of scheme assets	24,420	23,620
Expected return	1,636	1,655
Actuarial gains/(losses)	(792)	(236)
Contributions by employer	415	692
Contributions by scheme participants	4	12
Benefits paid	(1,565)	(1,323)
Closing fair value of scheme assets	24,118	24,420

The Charity is expected to contribute £300,000 to the Scheme in 2015.

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

	2014	2013
Target Return Fund	98%	100%
Cash	2%	0%

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

	2014	2013
Discount rate	3.6%	4.4%
Inflation assumption (RPI)	3.0%	3.3%
Inflation assumption (CPI)	2.0%	2.3%
Expected return on scheme assets	n/a	6.85%
Future pension increases	2.0%	2.3%
Deferred revaluation	2.0%	2.3%
Commutation (% of pension)	20%	20%
Future salary increases		
Years to 2015	n/a	2.0%
Years from 2016	n/a	3.8%
Mortality - base table	S1PA	S1PA
Mortality - allowance for future improvements	CMI 2014 [0.5%]	CMI 2012 [0.5%]
Life expectancies at age 63:		
Male aged 63 now	86.2 years	86.3 years
Male aged 63 in 20 years	86.8 years	86.9 years
Female aged 63 now	88.5 years	88.6 years
Female aged 63 in 20 years	89.3 years	89.4 years

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Defined benefit obligation	(30,127)	(29,607)	(29,935)	(31,224)	(27,392)
Scheme assets	24,118	24,420	23,620	22,475	22,171
Deficit	(6,009)	(5,187)	(6,315)	(8,749)	(5,221)
Experience adjustments on scheme liabilities*	285	-	(242)	-	-
Experience adjustments on scheme assets*	(792)	(236)	(57)	(1,123)	1,504

*positive experience adjustments represent an increase to the liabilities

*positive experience adjustments represent an increase to the assets

THE ROYAL AIR FORCE BENEVOLENT FUND

Notes to the Financial Statements

9.	Tangible Fixed Assets	Property £'000	Equipment £'000	Total £'000
	Cost on 1 January 2014	45,933	4,531	50,464
	Additions during the year	678	531	1,209
	Disposals during the year	(1,615)	(41)	(1,656)
	Cost at 31 December 2014	44,996	5,021	50,017
	Depreciation at 1 January 2014	(9,146)	(2,448)	(11,594)
	Depreciation for the year	(932)	(948)	(1,880)
	Depreciation on disposals during the year	235	41	276
	Accumulated Depreciation at 31 December 2014	(9,843)	(3,355)	(13,198)
	Net Book Value 31 December 2014	35,153	1,665	36,818
	Net Book Value 31 December 2013	36,787	2,083	38,870
	Net Book Value 31 December 2014			
	Gulf Trust Fund	172	-	172
	Princess Marina House	3,856	381	4,237
	RAFBF/RAFA residential and respite homes	881	-	881
	Headquarters - London	5,927	1,285	7,212
	Charity	10,836	1,666	12,502
	RAFBF Housing Trust Ltd	24,317	-	24,317
	Group	35,153	1,666	36,819
	Net Book Value 31 December 2013			
	Gulf Trust Fund	178	-	178
	Princess Marina House	3,934	88	4,022
	RAFBF/RAFA residential and respite homes	907	-	907
	Headquarters - London	6,145	1,995	8,140
	Charity	11,164	2,083	13,247
	RAFBF Housing Trust Ltd	25,623	-	25,623
	Group	36,787	2,083	38,870
	The net book value of properties comprises:		2014	2013
			£'000	£'000
	Freehold		34,056	35,985
	Long leasehold		1,097	802
			35,153	36,787
	10. Loans to Beneficiaries		2014	2013
			£'000	£'000
	Balance as at 1 January		15,336	15,845
	New loans		574	775
	Interest charged		124	134
			16,034	16,754
	Repayments		(1,641)	(1,389)
	Loans converted to grants		(16)	(15)
	Bad debts written off		-	(6)
	Provision for loan conversion		13	(8)
	Balance at 31 December		14,390	15,336

Properties held by the Housing Trust and loans to beneficiaries are in connection with charitable programmes. Properties are held so that beneficiaries including those wounded, injured or sick personnel who have been medically discharged from the RAF, can live in suitable accommodation. Properties are stated at historical cost. 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 £13.4 million (2013 - £14.4 million) 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. The reduction in the total value outstanding reflects an increased rate of settlement by beneficiaries.

THE ROYAL AIR FORCE BENEVOLENT FUND

Notes to the Financial Statements

11. Fixed Asset Investments

	Group 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Group				
Market value as at 1 January	69,139	69,294	65,051	65,540
Net withdrawals	(2,278)	(2,015)	(2,188)	(2,014)
Net investment gains	509	1,860	496	1,525
Market value at 31 December	67,370	69,139	63,359	65,051
Net assets at historical cost at 31 December	65,934	67,505	62,878	60,611
UK listed investments are represented by:				
Fixed interest securities	21,526	22,887	21,525	21,458
Pooled funds & unit trusts	45,352	43,551	41,342	40,893
RAF Disabled Holiday Trust Bonds	487	-	487	-
Investment properties	3	3	3	3
Cash	2	2,698	2	2,697
Total	67,370	69,139	63,359	65,051

The Charity became the sole trustee of the RAF Disabled Holiday Trust during the year and net assets of £487k are included within investments. Also included is the Charity's share capital in the RAFBF Trading Co Ltd, the results of this subsidiary entity are shown in note 16.

12. Debtors

	Group 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Legacies	2,153	738	2,153	738
Other debtors	1,408	1,175	19,271	20,104
Prepayments	116	113	116	113
	3,677	2,026	21,540	20,955

13. Creditors: Amounts Falling Due Within One Year

	Group 2014 £'000	Group 2013 £'000	Charity 2014 £'000	Charity 2013 £'000
Trade creditors	411	471	387	437
Taxation and social security costs	131	200	131	200
Other creditors	1,462	864	1,367	686
	2,004	1,535	1,884	1,323

14. Statement of Funds

	At 1 January 2014 £'000	Incoming Resources £'000	Resources Expended £'000	Other Recognised Gains/(losses) £'000	Transfers £'000	At 31 December 2014 £'000
General reserve	118,727	19,210	(20,908)	383	(415)	116,997
Designated funds	3,000	-	-	-	-	3,000
Total unrestricted funds	121,727	19,210	(20,908)	383	(415)	119,997
Restricted income funds - see schedule on page 38	2,860	2,100	(1,166)	(9)	-	3,785
Endowment funds - see schedule on page 37	4,939	3	-	135	-	5,077
Pension reserve	(5,187)	362	(141)	(1,458)	415	(6,009)
Total funds	124,339	21,675	(22,215)	(949)	-	122,850

Unrestricted Funds

The sum of £3m, included in unrestricted funds has been designated for the Head Office Future Building Fund.

The transfer of £415,000 from general reserves to the pension reserve represents the Charity's contributions paid into the pension scheme in the year.

Restricted Income Funds - Over £100,000

Bomber Command Memorial
Fulmer Fund

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

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

Support Battle of Britain veterans and their descendants.

LIBOR Fund

This is the element of LIBOR funding received that will be used to refurbish Princess Marina House, carry out property adaptations and repairs, and fund family support services.

Disabled Holiday Trust

Providing holidays to disabled serving and ex-RAF personnel and their immediate dependents.

Endowment Funds - Over £100,000

E H Jubb Fund

For the benefit of aircrew, their widows and dependents.

Newton Driver Memorial Fund

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

Viscount Nuffield Endowment

Income used for general purposes.

Hector Pilling Memorial Fund

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

RAF Prize Trust

To help with the education of dependents 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 dependents.

RAFBF Educational Endowment Fund

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

RAFBF Educational Expendable Fund

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

Peter Henry Slater-Eiggert Memorial Fund

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

THE ROYAL AIR FORCE BENEVOLENT FUND

Notes to the Financial Statements

15. Analysis of Group Net Assets Between Funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds
Fund Balances at 31 December 2014 are represented by:	£'000	£'000	£'000	£'000
Tangible fixed assets	36,646	173	-	36,819
Loans to beneficiaries	14,250	140	-	14,390
Investments	61,806	487	5,077	67,370
Current assets	9,134	2,986	164	12,284
Current liabilities	(1,839)	(1)	(164)	(2,004)
Pension liability	(6,009)	-	-	(6,009)
Total net assets	113,988	3,785	5,077	122,850

16. Subsidiary Entities

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

	RAFBF Trading Co Ltd	RAFBF Dependants Fund	RAFBF Dependants Income Trust	RAFBF Housing Trust Ltd	Subsidiary Entities	Subsidiary Entities
	2014 £'000	2014 £'000	2014 £'000	2014 £'000	2014 £'000	2013 £'000
Incoming Resources						
Investment income	-	106	-	-	106	126
Other income	158	196	69	992	1,415	1,347
Profit on sale of properties	-	-	-	839	839	1,349
	158	302	69	1,831	2,360	2,822
Resources Expended						
Grants	-	225	44	1,306	1,575	1,552
Cost of generating funds	112	-	-	-	112	61
Management and administration	52	27	26	-	105	103
	164	252	70	1,306	1,792	1,716
Net gains on investment assets	-	13	-	-	13	335
Per statement of financial activities	(6)	63	(1)	525	581	1,441

RAFBF Trading Ltd

A company set up for RAFBF to conduct trading in support of its charitable objectives.

RAFBF Dependants Fund

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 15 deaths in 2014 and the dependants were paid £15,000 in each case.

RAFBF Dependants Income Trust

A company set up for RAFBF Dependants Fund subscribers to make further financial provision for their dependants in the event of their death in service. There were 15 deaths in 2014 and consequently beneficiaries received £1.3m through this scheme. The company donated £43,508 to the charity in 2014.

RAFBF Housing Trust Ltd

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.

17. Related Party Disclosure - FRS8

The Charity has taken advantage of the exemption which is conferred by FRS8, Related Party Disclosures, that allows it not to disclose transactions with group undertakings that are eliminated on consolidation.

During the year payments of £67,470 (2013: £56,965) were made by the group to Charles Russell Speechlys Solicitors for professional services. £9,678 was owed to the firm at the year end. Mr Michael Scott, a partner in the firm, is a Director and Trustee of the RAFBF Housing Trust Ltd.

18. Capital Commitments

There were no capital commitments at the end of the year 2013: £66,240.

THE ROYAL AIR FORCE BENEVOLENT FUND

Endowment Funds

The purpose of funds exceeding £100,000 is set out under note 14.

	As at 1 January		Unrealised	As at 31 December
	2014	Net Income	Gain	2014
	£	£	£	£
Permanent Endowment Funds with unrestricted income				
Pilot Officer J P L Branson Memorial Fund	40,151	20	1,098	41,270
Pilot Officer James Erskine Cunning Memorial Fund	37,788	19	1,033	38,841
Flying Officer L S Delaney Trust	10,976	6	300	11,282
Paddy Finucane Memorial Fund	16,352	8	447	16,808
Louise Alice Kay Memorial Fund	33,781	17	924	34,722
Mosquito Memorial Fund	9,492	5	260	9,756
Flying Officer Douglas Frank Newsham Memorial Fund	30,160	15	825	31,000
Viscount Nuffield Endowment	873,114	444	23,880	897,438
Helen Mary Renton Fund	35,640	18	975	36,633
RAF Rugby Union Fund	41,913	21	1,146	43,081
Peter Henry Slater-Eiggert Memorial Fund	120,266	61	3,289	123,616
The Revd. James Edmund Strickland Memorial Fund	86,627	44	2,369	89,040
	1,336,260	680	36,547	1,373,486
Expendable Endowment Funds with unrestricted income				
Flying Officer William Dron Memorial Fund	2,026	1	55	2,082
Frederick Eley Fund	3,905	2	107	4,014
Wing Commander J Higginson Fund	7,972	4	218	8,194
Peter Grattan Holt Memorial Fund	41,543	21	1,136	42,700
E H Jubb Fund	276,714	141	7,568	284,423
Middle East Relief Fund	35,341	18	967	36,326
Morley Fund	5,794	3	158	5,955
Orlebar Memorial Fund	6,555	3	179	6,738
Shattock Memorial Scholarship Fund	9,843	5	269	10,117
Wooding Memorial Fund	7,023	4	192	7,219
	396,716	202	10,850	407,768
Permanent Endowment Funds where the use of the income is restricted				
Newton Driver Memorial Fund	1,772,846	902	48,487	1,822,235
Group Captain W E Purdin Memorial Fund	2,264	434	62	2,760
RAFBF Educational Endowment Fund	448,939	228	12,278	461,446
Douglas Turner Benefaction	106,863	54	2,923	109,840
	2,330,912	1,619	63,750	2,396,281
Expendable Endowment Funds where the use of the income is restricted				
Mrs H M Jereham Memorial Fund	24,629	13	674	25,315
Lord Knollys Holiday Fund	9,363	5	256	9,624
Hector Pilling Memorial Fund	521,842	266	14,272	536,380
Lord Portal Fund	2,390	1	65	2,457
RAF Prize Trust	199,424	101	5,454	204,980
RAFBF Educational Expendable Fund	117,804	60	3,222	121,086
	875,452	445	23,944	899,841
Total Endowment Funds	4,939,340	2,946	135,091	5,077,376

THE ROYAL AIR FORCE BENEVOLENT FUND

Restricted Income Funds

These funds cannot be used for general purposes. They may only be used for the express purpose set out in the Trust Deed.

The purpose of funds exceeding £100,000 is set out under note 14.

	As at 1 January		As at 31 December	
	2014	Income	Expenditure	2014
	£	£	£	£
Education				
Airplay: LIBOR	318,760	1,441	313,880	6,321
Airplay: Other	-	15,510	-	15,510
Air Vice-Marshal Frank Felgate Memorial Prize	492	2	-	494
Lord Knollys Holiday Fund	-	309	309	-
Hector Pilling	-	17,215	17,215	-
RAF Prize Trust	-	6,579	6,579	-
RAFBF Educational Endowment Fund	-	15,698	15,698	-
RAFBF Educational Expendable Fund	-	3,886	3,886	-
Douglas Turner Benefaction	-	3,525	3,525	-
	319,252	64,167	361,093	22,325
RAFBF - Funds				
Alastrean House Amenities Fund	5,992	-	100	5,892
Newton Driver Memorial Fund	-	58,485	58,485	-
Princess Marina House Amenities Fund	81,274	47,903	39,765	89,412
Princess Marina House Shencot/Seacot House	50,000	2,394	45,749	6,645
Princess Marina House Wet Rooms: LIBOR	381,000	1,723	347,188	35,535
Princess Marina House Wet Rooms	10,976	50	-	11,026
Princess Marina House Other	-	138,650	138,650	-
Princess Marina House Minibus Appeal 2013	8,500	38	8,538	-
Princess Marina House Seaside Apartments	-	86,771	12,117	74,654
	537,742	336,014	650,592	223,164
Housing				
Adaptations: LIBOR	-	400,000	-	400,000
Forge House Windows: LIBOR	-	50,000	10,578	39,422
	-	450,000	10,578	439,422
Other Purposes				
Beneficiaries in Scotland	40,378	1,183	41,561	-
Bomber Command Memorial	639,935	688,544	32,934	1,295,545
Fulmer Fund	237,691	1,075	-	238,766
Group Captain W E Purdain Memorial Fund	415	76	-	491
Gulf Trust	420,936	15,176	25,566	410,546
Mrs H M Jerham Memorial Fund	939	817	939	817
Lord Portal Fund	458	81	-	539
Lowe Trust	587,810	2,658	-	590,468
RAF Officers' Wives Fund	-	2,580	2,580	-
Building Stronger Families: LIBOR	75,000	339	-	75,339
WW2 Veterans	-	295	295	-
Mobility Aids	-	8,000	8,000	-
Disabled Holiday Trust	-	528,626	41,312	487,314
	2,003,562	1,249,450	153,187	3,099,824
Total Restricted Funds	2,860,556	2,099,631	1,175,451	3,784,735

THE ROYAL AIR FORCE BENEVOLENT FUND

External Grants

Support to the serving Royal Air Force		Total Grant
		£
General Welfare		
RAF St Mawgan - post traumatic stress disorder training day		2,000
RAF Families Federation		15,000
RAF Lossiemouth - education roadshows for children		1,000
RAF Marham - bus shelters, trim trail and community centre furnishings		9,538
Citizens Advice Bureau - Lincoln & District		6,000
Citizens Advice Bureau - Oxfordshire South & Vale		3,000
Citizens Advice Bureau - Rutland		8,000
Citizens Advice Bureau - Sleaford and District		10,000
Citizens Advice Bureau - South Kesteven		1,000
Citizens Advice Bureau - West Oxfordshire		15,000
Relate - relationship counselling		89,476
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		160,015
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Airplay		
Airplay Play Parks		34,379
Airplay Play Parks (LIBOR)		353,755
Airplay Youth Support		1,300,333
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		1,688,467
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Total support to the serving Royal Air Force		1,848,481
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Support to the veterans' community		Total Grant
		£
General Welfare		
ACASA (Age Concern Spain)		15,000
Armed Service Advice Project (Poppyscotland)		25,000
COBSEO Annual Subscription		7,500
Czech Veterans		5,250
East Midlands Veterans Advisory and Pension Committee		400
National Association of Swimming Clubs for the Handicapped		500
National Gulf Veterans and Families Association		13,994
Not Forgotten Association		20,000
Pathfinder Veterans Support (RAF Wyton)		300
Polish Veterans		4,200
RAF Widows Association		6,500
Restoration of Appearance and Function Trust (RAFT)		500
Royal Commonwealth Ex-Services League		28,000
Slovak Veterans		7,350
Spinal Injuries Association		8,500
SSAFA		100,000
Veterans Scotland		5,000
Combat Stress: This is included in the total of £490,085 paid to Combat Stress		300,000
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		547,994
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Employment Support		
Queen Elizabeth Foundation for the Disabled		8,000
Recruit for Spouses		10,000
Regular Forces Employment Association		51,000
St Loye's Foundation		10,000
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		79,000
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THE ROYAL AIR FORCE BENEVOLENT FUND

External Grants

Residential, Nursing and Therapy centres

Broughton House	20,000
Erskine	20,000
Gardening Leave	5,000
Home Farm Trust	15,000
Queen Alexandra Hospital Home	20,000
RCEL (Curphy Home)	6,000
Royal Star and Garter Homes	10,000
Sue Ryder (Prague)	3,000
The Chaseley Trust	939
Veterans Aid	19,000
Zimbabwe A National Emergency	25,000

143,939

Holidays for Disabled or Disadvantaged

Total Grant

£

Families Activity Breaks	10,000
Forces Children's Trust	1,020
RAF Disabled Holiday Trust	32,639
Lord Kitchener Memorial Holiday Centre	8,500
The Gwenneli Trust	500
Vitalise	15,780

68,439

Charities for the blind

Blind Veterans UK	25,000
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25,000

Total support to the veterans' community

864,372

Contributions

Airplay Play Parks - JSSU	(6,113)
Airplay Play Parks - Benson Skate Park	(39,875)

(45,988)

Total External Grants

2,666,866



For more information on how the RAF Benevolent Fund can help you or a family member, or to make a donation, visit **www.rafbf.org**

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

Helpline **0800 169 2942**

Email **info@rafbf.org.uk**

