

# Royal Air Force Benevolent Fund Annual Report 2012

Trustees' Report and Accounts for the year ending 31 December 2012



**Royal Air Force  
Benevolent Fund**  
THE HEART OF THE RAF FAMILY

## **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.

## **Contents**

Chairman's Report	Page	03
Controller's Report	Page	04
Principals, Trustees and Senior Management Team	Page	05
Trustees' Report	Page	09
Principal Office and Professional Advisers	Page	19
Independent Auditor's Report	Page	21
Consolidated Statement of Financial Activities	Page	23
Balance Sheet	Page	25
Consolidated Cash Flow Statement	Page	26
Notes to the Financial Statements	Page	27
Endowment Funds	Page	36
Restricted Income Funds	Page	37
Grants to Third Parties	Page	38

## **Continuing to repay ‘the debt we owe’**

As all are too well aware, we are living in very challenging financial times, which appear likely to continue for some time. The pressure on everyone’s pockets, whether individuals or commercial organisations, has been felt keenly in the charitable sector, where fundraising is becoming ever tougher. I am pleased to say that the Royal Air Force Benevolent Fund’s very generous and loyal supporters have continued to provide us with the means to undertake our vital welfare work for members of the RAF family in need in 2012.

But we are certainly not complacent, and we know that we need to continue to educate people about what we do to demonstrate the value of our work. This will help to widen our support base and further ensure our long-term financial health and sustainability.

In an appeal on behalf of the RAF Benevolent Fund in 1951, Winston Churchill reminded the nation of ‘the debt we owe’ to those who served in the Royal Air Force in World War Two. With recent operations in Iraq, Afghanistan, Libya and now places such as Mali, today’s Royal Air Force continues to face enormous pressures in keeping us safe at home and protecting British interests around the world, often involving long periods of separation from families.

We must acknowledge the debt we owe today just as our forebears did all those years ago. The Royal Air Force Benevolent Fund is here to ensure that we remember that debt and continue to help those who need our assistance.

2013 will be my final year as Chairman of the Royal Air Force Benevolent Fund, which has come a long way since I first became a trustee in 1991. It has been a great privilege to serve such a wonderful organisation and to play a part in the outstanding work that it does for the Royal Air Force family.

I know that my grandfather, the first Viscount Trenchard, sometimes called the founder of the Royal Air Force, would be happy and proud that the charity he set up in 1919 continues to do so much to help those in need almost 100 years later.

**The Viscount Trenchard of Wolfeton DL**  
Chairman of the Royal Air Force Benevolent Fund

## **Prudent planning for the future**

After less than a year as the Controller of the Royal Air Force Benevolent Fund, there is still much for me to learn about the organisation. But the one thing that struck me almost immediately on my arrival was the incredible breadth of our work, involving a wide range of welfare activities which embrace all members of the Royal Air Force family, from the most elderly to the young children of those currently serving.

Some of our work is highly visible, such as our youth activities on Royal Air Force stations or our guardianship of the Bomber Command Memorial in London (already a top visitor attraction), but much of our day-to-day welfare support, particularly to the veteran community, is not. That work is just as vital in supporting those who need our help, even though few see it.

Readers of this review will note that our spending has reduced in 2012. This was deliberate as for several years we funded a large number of projects for the serving Royal Air Force under the umbrella of the Airplay programme. The capital expenditure on Airplay is now largely complete, and going forward we need to better balance our income and outgoings to ensure that we remain a viable organisation for the long term. Our future health will also require us to look at a broader range of fundraising methods to counter a loss of income in some areas and to enable us to withstand the tough economic climate.

Overall, however, the Benevolent Fund remains in good health as the Royal Air Force's leading welfare charity, and I thank all who have supported our important work, no matter how large or small the donation, as well as our staff and volunteers. With no government funding, we rely on your support to continue providing the depth and breadth of the services laid out in this Review.

So please continue to support us in whatever way you can. It is your advocacy, your volunteering and your donations that are the lifeblood of everything we do and everything we stand for.

**Air Marshal Chris Nickols**

Controller, RAF 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 Thomas Kennedy  
*GCB AFC DL*

Air Chief Marshal Sir Roger Palin  
*KCB OBE MA FRAeS FIPD*

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

Sir Adrian Swire  
*AE DL MA*

## **Council**

### **Chairman**

The Viscount Trenchard of Wolfeton  
*DL*

### **Deputy Chairman**

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

### **Honorary Treasurer**

Mr A Lea  
*BA (Hons)*  
*(appointed March 2012)*

Mr Andrew Peake  
*MA (retired March 2012)*

### **Members**

Air Chief Marshal Sir Stephen Dalton  
*GCB ADC LLD (Hon) BSc FRAeS CCMI RAF*

Air Vice-Marshal S Dougherty  
*MSc MBBS FRCP FFOM DAvMed*  
*DObstRCOG FCMi FRAeS*  
*(appointed March 2012)*

Mr L Haynes  
*D Eng BA (Hons) FCILTR FRSA*  
*(retired November 2012)*

Air Vice-Marshal N Bairsto  
*CB MBE*

Air Commodore A Neal  
*AFC FCMi*  
*(appointed February 2012)*

Air Marshal Sir Andrew Pulford  
*KCB CBE RAF*

Air Commodore D Rainford  
*MBE MB BS MRCS FRCP FFOM FRAeS*  
*(retired March 2012)*

Air Commodore A Vaughan  
*OBE BA*

## **Trustees**

### **Chairman**

The Viscount Trenchard of Wolfeton  
*DL*

### **Honorary Treasurer**

Mr A Lea  
*BA (Hons)*  
*(appointed March 2012)*

Mr A Peake  
*MA*  
*(retired March 2012)*

### **Members**

Lady Bagnall

Air Commodore N Beet  
*CBE MA BA Chartered FCIPD FCMI RAF*

Air Vice-Marshal D C Couzens  
*MA MBA CEng FIMechE FRAeS*

Mr S Critchley  
*MA (Hons) D Phil FCA*  
*(appointed Nov 2012)*

Air Vice-Marshal S Dougherty  
*MSc MBBS FRCP FFOM DAvMed*  
*DObstRCOG FCMI FRAeS*  
*(appointed March 2012)*

Mrs A Hastie  
*MA (Hons)*

Mr L Haynes  
*D Eng BA (Hons) FCILTR FRSA*  
*(retired November 2012)*

Mr A Irvine  
*MCSI*  
*(appointed November 2012)*

Ms V Raffé  
*BA (Hons) MSc*

Air Commodore D Rainford  
*MBE MB BS MRCS FRCP FFOM FRAeS*  
*(retired March 2012)*

Ms B Towle  
*CBE BA LLD FRSA*

Air Commodore A H Vaughan  
*OBE BA*

## **Senior Management Team**

### **Controller**

Air Marshal Sir Robert Wright  
*KBE AFC FRAeS FCMI*  
*(retired July 2012)*

Air Marshal Christopher Nickols  
*CB CBE MA FRAeS*  
*(appointed July 2012)*

### **Chief of Staff**

Group Captain M Neville  
*CBE*  
*(appointed March 2012)*

Wing Commander E Bohm  
*(retired March 2012)*

### **Director Finance**

Mr N Waring (retired January 2013)

Mr M Forster (appointed January 2013)

### **Director Marketing and Communications**

Mr D Benton  
*DipM MCIM*

### **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 ended 31 December 2012. 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 Royal Air Force Benevolent Fund 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 the Fund 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 page 5.

### **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 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, marketing and remuneration activities, and is assisted by a number of advisory bodies. The Board is responsible for the strategic direction of the Charity and, through its committees, for monitoring the activities of the executive staff. The Board usually meets every two months. It reviews the position of the Charity and receives reports from the committees and the Senior Management Team.

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

The Controller and 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 38-39. 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.

Trustees undertake an assessment of business risks and risk management procedures. The major risks to which the Charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks. The cycle of reviews forms an integral part of the risk management processes adopted by the Charity. 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. Major risks identified as having the potential to affect the reputation and subsequent successful performance of the Charity in 2012, 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 COBSEO;
- inability to grow its supporter base – mitigated by implementation of a clear fundraising strategy;
- failure to deliver a large-scale corporate project – mitigated by project management structures with regular reporting to the Board of Trustees;

- failure to meet its charitable objects due to a lack of financial resources – mitigated by long-term financial forecasting linked to an investment strategy.

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

## **Objects and Activities**

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

## **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.

## **Achievements and Performance**

Trustees agreed that activity within 2012 should place emphasis on the following:

### **Welfare Strategy and Policy**

- 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 from the 2 million people who, we estimate, are in the RAF family, whether they be children of serving RAF personnel, those serving, early leavers 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 to 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 operations. In all individual cases, we consider the need as presented and, based on the financial distress, endeavour to meet that need, operating within sensible, modern policies. We also provide help to those who have left the RAF many years ago, thus giving meaning to our mantra: 'once RAF always RAFBF'.
- Trustees annually prioritise the support that they will 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, recognising that the country's economic weakness requires us to better match our expenditure with our annual income. As an example and edging towards completion of the build phase of the Airplay Programme, spending on large capital item programmes reduced in 2012. Although

welfare policies in 2012 were amended to better reflect the difficult economic situation, the range of support that we provide has not been restricted greatly; but we have seen a reduction in 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 we owe' to members of the RAF family, while balancing this against the need to ensure the long-term sustainability of the Fund.

- But in all this, real people with real problems remain at the core of our thinking and we are proud to support those in need, either directly or in partnership with other bodies.
- We continue to be very grateful to all the case working organisations that provide the 'eyes and ears' on the ground for us and without whose support we could not provide assistance to individual beneficiaries. Our thanks go, in particular, to: the Royal Air Forces Association, SSAFA, the Royal British Legion and the Royal Commonwealth Ex-Services League.

## **Welfare Overview**

- The number of individual cases considered in 2012 was 7,501, down 1% on the equivalent figure in 2011 (7,591). £16.1m was spent on all forms of welfare support to both the serving and ex-serving communities, compared to £20.8m in 2011; this represents a 23% reduction on the previous year, with both figures excluding staff costs and other overheads. These figures include an element of capital expenditure on the Airplay Programme; excluding this, our spend declined by 18%, from £18.1m to £14.9m; reflecting the revised strategic approach encompassed within the new welfare policies. Applications are generally becoming increasingly complex and time consuming.
- 2,570 people who had not previously applied to us for help, did so in 2012. The Fund was very pleased to be able to consider helping them. This figure represented a fall of some 12% on 2011 (2,926), and is consistent with our expectation that the number of new cases being presented to the Fund will continue to decline as the numbers of those who served in the RAF during World War Two and who need our help continue to fall. This will be partially offset by the effects of the recession and cuts in public spending.
- Across all strands of welfare support, including through external grants and signposting to other organisations that might be able to assist if we cannot, we estimate that we have directly helped 68,538 people, some 10% more than 2011 (62,133). Taking the average family unit to comprise two people, we estimate that our work in 2012 has assisted at least 137,000 people. Whilst the giving of money is important, it is so often the relief of suffering, and the accompanying freeing of mental anguish, the freedom of being able to get out of the house or spend time away, or so many other factors, which make our work so very important to those who come to us for help and support.

## **Support to the ex-Serving Community**

- The mainstay of our work for the mobile elderly veterans and their widows/ers are the Regular Financial Assistance grants. In 2012, 1,657 people were awarded such grants equating to £1.515m; this represents a 13% reduction in the number of awards made and a 20% decrease on the amount paid out in 2011. This reduction reflects in part the more elderly and frail becoming eligible for Attendance Allowance and associated disability premiums and natural mortality, as well as the effect of the Fund's new policies.
- Debt and financial issues continue to be a component of many of the problems that we deal with. 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. We came to the end of our five-year partnership with The Royal British Legion, to help fund the Benefits

and Money Advice Service (BMAS), which provides fast-track financial advice for all serving and former members of the Armed Forces. Over the duration of our partnership, the scheme helped 34,767 individual clients, of whom 4,381 were from the RAF family. Over £118.9m was either written off by the banks or payments drawn down from Central or Local Government. This represents a saving for the RAF family of £14.98m, or an average of £3,420 per RAF case, and will undoubtedly have negated the requirement for direct financial support from the Fund to some of those helped. Input costs were less than £2m. This programme is being continued by The Royal British Legion.

- The Fund's strategy for supporting those with debt issues is two-pronged. The first strand is our work with Poppy Scotland and other Armed Forces charities to deliver the Armed Forces Advice Project, a scheme for Scotland, which is based on the BMAS, but which provides help and advice beyond the mere financial. Since its commencement in July 2010, the service has assisted 2,416 clients and realised financial gains of £1.45m. The RAF family accounted for 17% of the clients, or 345 people. Of those who had financial issues, there was an average saving of £3,558 per person. The second strand remains our financial support, via the External Grants Programme, for Citizen Advice Bureaux, which are local to stations and larger RAF communities and that provide additional services to members of the RAF family.
- 340 wheelchairs or electrically powered vehicles (EPVs) were issued for use by beneficiaries, a slight fall from the peak of 376 in 2011. The total cost of all electrically powered wheelchair activities increased by 3%, from £896k to £920k. Whilst EPV prices have themselves been kept down, the wide range of support that we provide to EPV users is causing this cost to increase, and the number of awards to increase by 15% to 1,303, a rise of 172 over the year. However, this service is a vital part of providing dignity and freedom in retirement for those who are no longer fully mobile. Overall, we are providing more than 1,900 scooters and EPVs. We will continue to drive out cost, not least through the recent contract re-let, but it is likely that overall demand for EPVs, and their repairs etc, will continue.
- £520k was spent on adjustable beds, riser-recliner chairs, bath aids, stair lifts and other domiciliary care equipment, in comparison with 2011's £709k; the awards in this area totalled 436, down from 460 in 2011. Adaptation awards and property loans were also down. The demand for domiciliary care payments increased by 7% to 129, although overall cost to the Fund fell by 21% to £110k.
- Fees for 209 beneficiaries in residential care or nursing homes amounted to £679k, an average of £3,250, down from £3,800 per person in 2011. This was a 16% reduction in numbers on last year, but a 29% decrease from £961k spent in 2011. This fall in expenditure is a natural outcome of our change in welfare policies, including our reduction in support for the Nominated Homes; this is an area that will fall further as we withdraw from this arrangement.
- The number of guests who stayed at the Fund's Princess Marina House (PMH) and the Seaside Cottages rose by 26.7% to 1,562, up from 1,233 (re-stated figures). The number of unique clients has also risen from 677 to 932, a rise of 37.6%. Sadly, the number of permanent residents has declined to four. Against this background, it is pleasing that the number of bed weeks has remained largely flat at 1,964 (1,993 in 2011). Bed occupancy has held firm at 64% whilst room occupancy has risen by 6% to 71%. Beachside utilisation is running at about 54% which is good for the facilities and staffing levels that are available. The Fund continues to financially support the Joint Homes, which are operated by the Royal Air Forces Association. Overall, across PMH and the Joint Homes, 2,850 guests benefited from the facilities, representing a 4.8% rise from 2011 and the number of

bed weeks amounted to 4,648, a 2% decline from 4,753. The net cost to the Fund of PMH and the Joint Homes was £2.03m, a modest decline from 2011.

- Residential properties were bought for seven beneficiaries at a cost of £1.47m. A total of 12 properties were sold and proceeds before costs were £2.13m. As at 31 December 2012, the Fund owned 263 houses. The vast majority of these were occupied by beneficiaries, with eight properties vacant pending sale and a further two recently purchased, awaiting occupancy. Maintaining the housing stock supports a small group of people leaving the Royal Air Force whose needs are particularly acute. 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.
- Secured loans remain an important part of our support for those who are, relatively speaking, asset rich, but cash poor. As at the end of the year, there were 1,273 loans outstanding with a book value of £15.845m, down from £16.171m and 1,440 cases in 2011, an average of £12,447 per loan. Where interest rates are charged, they are materially below market rates and are usually only payable on repayment of the loan. It is envisaged that the size of the loan book will decline as loans are repaid on the death of beneficiaries.

### **Support to the Serving RAF**

- The overall level of support provided to members of the serving Royal Air Force and their families amounted to £3.72m, a fall of 32% from 2011's high of £5.44m. Removing the exceptional spend on the Airplay play parks, (2012 £1.22m; 2011 £2.74m), this represents a decline of 8%, from £2.7m to £2.5m.
- Direct assistance to serving members of the RAF comprised 363 individual cases; an increase of 13% compared with 322 in 2011, and amounted to £1.037m. The number of grants made under the Minor Financial Assistance Scheme rose from 111 to 143 in 2012, a 29% increase. We see this scheme as providing support right at the point of need, within RAF stations themselves, and we therefore welcome its greater utilisation. In addition, 14 Transition and Immediate Needs Grants for Wounded, Injured and Sick personnel were made at a cost of £31k.
- Our Relate contract continues to be vital in meeting the needs of the modern RAF, as they deal with very high levels of operational tempo and organisational uncertainty. In 2012, the Fund provided 1,550 counselling sessions to 771 unique clients, at no cost to the users, in comparison with the 2011 figures of 1,576 and 600 respectively.
- The Seaside Cottages (Seacot and Shencot) are 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 holiday with their family or in which to provide a break from the stresses of life at home base. In 2012, the cottages supported 337 guests, up from 147 in 2011; the extra capacity that Shencot provided is being increasingly well used, although high levels of occupancy during term time will always be challenging.
- The Airplay Programme (Airplay play parks, Airplay youth support and Airplay childcare centres) has continued to be a great success, amounting to over £24m. By the end of 2012, Airplay play parks had delivered facilities at 25 stations comprising 19 MUGAs, 41 play parks and ten shelters, a total of 70 facilities. Work is underway at RAF Akrotiri, RAF Ayios Nikolaos and RAF Scampton which will deliver a further three facilities. Airplay

youth support has looked after some 2,610 children and young people, the highlights of which were a very busy and successful summer programme and participation in a Tri-Service Youth Forum hosted by the Ministry of Defence. Meanwhile, Airplay childcare centres continue to provide 1,900 places on a daily basis. The Fund's relationship with the national charity 4Children continues to mature, primarily in the delivery of the youth support strand, but the Fund is pleased that 4Children's expertise is increasingly being used to run childcare centres on RAF stations. All the Airplay work is strongly supported by the RAF Community Support staff.

- Assistance with boarding school fees and university scholarships for children of serving personnel who died or who were medically discharged as a result of severe disabilities amounted to £211K, some £54k less than in 2011. The number of children supported with school fees fell from 16 to 13 and the number of university scholarships fell from 61 to 34.

### **External Grants**

- Donations were made to other charities and organisations (including RAF stations) which provided specialist support to members of the RAF family. During the year, 79 (71 in 2011) applications were approved at a cost of £1,112k, down from £2,073k. We estimate that this money directly supported 46,055, up by 23% from 37,388 members of the RAF family. The reduced size of the 2012 budget was as a direct result of trustees deciding to prioritise spending on our core beneficiary base. A major review of the External Grants programme will be held in 2013.

### **Marketing & Communication Activities in 2012**

- Fundraising income amounted to £11.6m in return for an investment of £3.1m (2011: £12.3m and £2.9m respectively).
- Investment in direct marketing activity resulted in 4,000 new individuals supporting the Fund and 222 new individuals started to make regular gifts.
- Income from gifts in wills amounted to £6.2m (2011: £7.2m). Marketing activity in the year identified 70 new individuals who have pledged to include a gift in their will to the Charity. Based on 2012 values they have a potential value of £2,366,376.
- The Fund was awarded a grant of £130,000 from the Armed Forces Community Covenant Grant Scheme towards the building of the Airplay play park at RAF Brize Norton, which was opened by the local Member of Parliament, the Right Honourable David Cameron.
- Summer 2012 proved a busy one for the Fund with the unveiling of the Bomber Command Memorial on 28 June by HM The Queen, which coincided with the Charity becoming guardians of the Memorial. On the day itself, we organised a major stage show, hosted by Carol Vorderman, which was attended by some 5,000 people, among them many veterans and their relatives.
- The Fund created a dedicated section of the website for the Bomber Command Memorial. It is the third most visited page of the website and in November we launched a Bomber Command Memorial iPhone app.
- New activity was introduced to raise money for the maintenance of the Bomber Command Memorial including five items of merchandise and the Upkeep Club.
- On 19 May 2012 the Fund hosted 21 guests at the Royal Military Muster for HM The Queen's Diamond Jubilee at Windsor Castle.
- For a second year the Charity was chosen with the other Service Benevolent Funds to benefit from the British Military Tournament which raised £18,750 for our work and

exposed an audience of some 45,000 people to our brand. The same three charities worked together on The Red, White and Blue Day event, which took place on 12 October with 238 schools and 90,091 pupils participating.

- We initiated a further nine Ambassadors – key influencers who are great supporters and advocates for our work. There are now a total of 25 RAF Benevolent Ambassadors.

### **Plans for Future Periods**

- Provide core welfare support to our traditional beneficiary base.
- Promote special welfare initiatives.
- Encourage staff development and improvements in performance.
- Review the arrangements for attracting and managing fundraising income and expenditure.
- Promote the Fund's brand and image.
- Maintain the Bomber Command Memorial in perpetuity and introduce fundraising initiatives to support the maintenance programme.
- Introduce new business systems supporting the Fund's welfare and fundraising activities, including the promotion of electronic document management.
- Review the impact and value for money of the RAF Benevolent Fund's regional structure.

### **Staff**

The Trustees continue to be grateful to all members of staff, particularly during the uncertain times of deficit reduction and during the roll out of Project Atlas – the introduction of new IT systems and procedures.

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.

### **Working with Others**

The majority of the Fund's work involves making grants to beneficiaries, invariably through intermediaries. These include the personnel and community support staff on RAF stations and other charities who undertake casework on our behalf. The latter includes SSAFA, The Royal British Legion, Royal Air Forces Association (RAFA) and other charities. This degree of cooperation leads to greater efficiency and economy of effort and is a key feature of the Fund's strategic development. The Fund is indebted to everyone who acts as a link between the Charity and its beneficiaries.

### **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 case workers and helpers who act as the link between beneficiaries and the Charity, those who undertake fundraising activities on behalf of the Fund, and the committees of volunteers who meet regularly to assess applications for welfare support.

No amounts are included in the financial statements to reflect the value of work undertaken by volunteers.

### **Investment Policy and Returns**

The Fund's investment strategy is to enhance the value of its investments through the adoption of a managed, diversified portfolio. During the year the Fund changed its fund manager, moving from Aberdeen to Newton, and in so doing segregated its investments into three separate portfolios, based on information derived from its five-year plan. Cash requirements for the first



year of the five-year plan are to be held in a Sterling Fund. Funds required for years two to five of the five-year plan are held primarily in a Bond Fund, whilst funds not required for the duration of the five-year plan would continue to be held in a long-term Real Return Fund.

The return on investments in a year is the investment income generated and any capital gains or losses on the underlying investments. The investment manager has been tasked to deliver a return of 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 2012, the Fund's portfolio achieved a total return of 8.2%. It is not possible to compare this to a definitive benchmark for the year given the change of fund manager during the year and change in benchmark indicators.

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

### **Reserves**

Free reserves are the resources 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.

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

The Fund holds free reserves to ensure that it is able to meet the needs of its current and future beneficiaries given potential future risks. The Fund has broken down its reserve requirement into three categories. 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 environment in which the Fund operates; for example, a large fall in stock markets).

Trustees believe that the level of long-term strategic reserves should be based on funding requirements, given our anticipated expenditure in the next five years and the presence of an economic downturn and related income and investment decline. Based on the Fund's five-year financial forecast, Trustees judge that two years of expenditure would allow the Fund to meet its commitments to its beneficiaries during this period. The reserves will be held in a diversified investment portfolio.

An additional two years of reserves will be held in less liquid assets (Housing Trust properties), providing a second tier reserve. Cash-flow requirement for the next five years has already been identified, and these funds are invested in a low-risk, short-term portfolio. The reserves policy is reviewed each year as a part of the annual planning process. Performance against the reserves policy is monitored during the year as part of regular financial management and is reflected as a key performance indicator at Board level.

The net assets of the Fund at 31 December 2012 were £124.6m, a decrease of £2.5m on 2011. Once fixed assets for charitable use, restricted and endowed funds have been taken into account, the level of reserves amounted to £62.5m, compared to £66.7m as at 31 December 2011. The current level of free reserves falls within the range as defined in the policy above. Trustees will continue to monitor reserves against the policy in the coming year.

## **Statement of Financial Activities**

The consolidated Statement of Financial Activities (SOFA) for the year is set out on pages 23 and 24 of the financial statements. A summary of the financial results is set out below.

### **Incoming Resources**

The Charity's income amounted to £17.3m (2011: £17.9m). Donations and legacies amounted to £11.6m (2011: £12.3m). Of this sum, income from serving personnel and associated activities was £1.9m, once again reflecting the consistent support of the Royal Air Force for its principal welfare charity. Investment income fell to £2.1m in the year (2011: £2.6m), reflecting the effects of the global recession and the reducing levels of reserves held by the Fund. Income from charitable activities was £1.5m, which included contributions from tenants of Housing Trust properties, care home fees and interest received from loans made to beneficiaries. Other income amounted to £2.1m.

### **Cost of Generating Voluntary Income**

Marketing and Communication costs were £2.7m, but achieved a better than most return in a challenging fundraising market. Investment management fees, which are based on the market value of the funds invested, fell to £0.2m, and reflected a fall in the total value of the portfolio to fund activities.

### **Outgoing Resources**

During the year, the Fund spent £25.4m (2011: £29.6m) on charitable expenditure and associated costs. Details of the services and achievements of the Fund are included earlier in this report. Direct charitable expenditure amounted to £21.7m (2011: £26.0m), which included donations to other charities that provide help to the extended RAF family.

### **Changes in Fixed Assets**

The movements in fixed assets during the year are set out in Note 9 to the financial statements. This Report was approved by the Board of Trustees on 28 May 2013.

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

## **Principal Office and Professional Advisers**

### **Fund's Principal Office**

67 Portland Place  
London W1B 1AR

### **Auditors**

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

### **Bankers**

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

National Westminster Bank plc  
135 Bishopsgate  
London EC2M 3UR

Barclays  
1 Churchill Place  
London E14 5HP

### **Solicitors**

Charles Russell LLP  
5 Fleet Place  
London EC4H 7RD

Sheppard and Wedderburn LLP  
Saltire Court  
20 Castle Terrace  
Edinburgh EH1 2ET

### **Custodian Trustees**

The Northern Trust Corporation  
155 Bishopsgate  
London EC2M 3XS

### **Investment Managers**

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

(Investment Management moved from Aberdeen to Newton in September 2012)

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

**Actuary**

Broadstone  
(formerly Pope Anderson LLP)  
Pegasus House  
37-43 Sackville Street  
London W1S 3EH

## **Independent Auditor's Report**

We have audited the financial statements of the Royal Air Force Benevolent Fund for the year ended 31 December 2012, which comprise the Statement of Financial Activities, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the 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 Trustees' Responsibilities Statement, the Trustees are responsible for the preparation of financial statements which provide a true and fair view.

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.

### **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 2012 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.

### **Kingston Smith LLP**

Devonshire House  
Statutory auditor  
60 Goswell Road  
London EC1M 7AD

Date: 28 May 2013

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 2012

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Group 2012 £'000	Group 2011 £'000
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
Voluntary income						
Donations	2	4,691	732	-	5,423	5,058
Legacies		6,011	140	-	6,151	7,245
<b>Investment income</b>	3	1,968	106	1	2,075	2,569
<b>Incoming resources from charitable activities</b>						
Housing		909	15	-	924	891
Residential care		512	-	-	512	444
Loan interest		98	-	-	98	188
Other income	4	2,118	-	-	2,118	1,515
<b>Total incoming resources</b>		<b>16,307</b>	<b>993</b>	<b>1</b>	<b>17,301</b>	<b>17,910</b>
<b>Resources expended</b>						
<b>Cost of generating funds</b>						
Marketing and communications	5,6,7,8	2,700	-	-	2,700	2,567
Legacies	5,6,7,8	352	-	-	352	366
Investment management costs	5a	183	-	-	183	258
		<b>3,235</b>	<b>-</b>	<b>-</b>	<b>3,235</b>	<b>3,191</b>
<b>Net incoming resources available for charitable application</b>		<b>13,072</b>	<b>993</b>	<b>1</b>	<b>14,066</b>	<b>14,719</b>
<b>Charitable expenditure</b>						
Costs of activities in furtherance of the Charity's objects						
Direct charitable expenditure						
General welfare	5,6,7,8	15,160	33	-	15,193	19,689
Education	5,6,7,8	63	53	4	120	109
Housing	5,6,7,8	2,391	18	-	2,409	2,373
Residential care	5,6,7,8	3,775	240	-	4,015	3,859
<b>Total direct charitable expenditure</b>		<b>21,389</b>	<b>344</b>	<b>4</b>	<b>21,737</b>	<b>26,030</b>
<b>Governance</b>		457	-	-	457	353
<b>Total resources expended</b>	5	<b>25,081</b>	<b>344</b>	<b>4</b>	<b>25,429</b>	<b>29,574</b>

# THE ROYAL AIR FORCE BENEVOLENT FUND

## Consolidated Statement of Financial Activities - continued

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Group 2012 £'000	Group 2011 £'000
<b>Net (outgoing)/incoming resources on continuing activities</b>		<b>(8,774)</b>	<b>649</b>	<b>(3)</b>	<b>(8,128)</b>	<b>(11,664)</b>
<b>Other recognised gains &amp; (losses)</b>						
Net gains/(losses) on investment assets	11	3,326	-	300	3,626	(1,877)
Actuarial gains/(losses) on defined benefit pension scheme	8	1,964	-	-	1,964	(4,078)
<b>Net movement in funds</b>		<b>(3,484)</b>	<b>649</b>	<b>297</b>	<b>(2,538)</b>	<b>(17,619)</b>
Fund balances brought forward on 1 January 2012		121,635	1,414	4,065	127,114	144,733
Fund balances carried forward at 31 December 2012	15	<b>118,151</b>	<b>2,063</b>	<b>4,362</b>	<b>124,576</b>	<b>127,114</b>

The consolidated statement of financial activities include 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 2012

	Note	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
<b>Fixed assets</b>					
Property	9	38,066	37,557	11,440	11,135
Furniture and equipment	9	2,027	1,173	2,027	1,173
		<b>40,093</b>	<b>38,730</b>	<b>13,467</b>	<b>12,308</b>
<b>Loans to beneficiaries</b>					
Secured		14,975	15,109	14,975	15,109
Unsecured		870	1,062	870	1,062
	10	<b>15,845</b>	<b>16,171</b>	<b>15,845</b>	<b>16,171</b>
<b>Investments</b>					
	11	<b>69,294</b>	<b>64,819</b>	<b>65,540</b>	<b>62,023</b>
<b>Current assets</b>					
Stock		58	7	27	7
Debtors and prepayments	12	1,340	994	22,239	22,198
Cash at bank and in hand		6,149	18,148	5,644	16,958
		<b>7,547</b>	<b>19,149</b>	<b>27,910</b>	<b>39,163</b>
<b>Current liabilities</b>					
Creditors and accrued charges: amounts falling due within one year	13	(1,888)	(3,006)	(1,693)	(2,729)
<b>Net current assets</b>		<b>5,659</b>	<b>16,143</b>	<b>26,217</b>	<b>36,434</b>
<b>Net assets excluding long-term liabilities and pension liability</b>					
		<b>130,891</b>	<b>135,863</b>	<b>121,069</b>	<b>126,936</b>
Defined benefit pensions liability	8	(6,315)	(8,749)	(6,315)	(8,749)
<b>Net Assets</b>		<b>124,576</b>	<b>127,114</b>	<b>114,754</b>	<b>118,187</b>
<b>Funds</b>					
Endowed		4,362	4,065	4,362	4,065
Restricted		2,063	1,414	2,063	1,414
Unrestricted - designated funds		3,850	5,100	3,850	5,100
Unrestricted - general funds		120,616	125,284	110,794	116,357
Pension reserve	8	(6,315)	(8,749)	(6,315)	(8,749)
	14,15	<b>124,576</b>	<b>127,114</b>	<b>114,754</b>	<b>118,187</b>
<b>Note on historical costs</b>					
Net assets at historical cost		124,710	128,531		
Unrealised investment valuation deficit		(134)	(1,417)		
<b>Total net assets as above</b>		<b>124,576</b>	<b>127,114</b>		

The financial statements on pages 23 to 39 were approved by Trustees on 28 May 2013 were signed on its behalf by:

**The Viscount Trenchard of Wolfeton**  
Chairman

# THE ROYAL AIR FORCE BENEVOLENT FUND

## Consolidated Cash Flow Statement for the year ended 31 December 2012

	2012 £'000	2011 £'000
<b>Net cash outflow from operating activities</b>	<b><u>(11,980)</u></b>	<b><u>(13,521)</u></b>
<b>Returns on investments</b>		
Interest receivable	111	103
Dividends receivable from fixed interest securities	238	-
Dividends receivable from equity shares	6	1
Dividends receivable from pooled funds and unit trusts	1,720	2,465
<b>Net cash inflow from returns on investments</b>	<b><u>2,075</u></b>	<b><u>2,569</u></b>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(3,543)	(6,213)
Net (investment)/withdrawal from investments	(849)	24,605
New loans	(1,012)	(1,254)
Receipts from sales of tangible fixed assets	2,081	1,852
Loans repaid	1,246	1,271
<b>Net cash (outflow)/inflow from capital expenditure and financial investment</b>	<b><u>(2,077)</u></b>	<b><u>20,261</u></b>
<b>(Decrease)/increase in cash and net funds</b>	<b><u>(11,982)</u></b>	<b><u>9,309</u></b>

### Notes to cash flow statement

#### Reconciliation of net outgoing resources

Net outgoing resources	(8,128)	(11,664)
Less: investment income	(2,075)	(2,569)
	<b><u>(10,203)</u></b>	<b><u>(14,233)</u></b>

#### Adjustment for non-cash items:

Profit on sale of tangible fixed assets	(1,275)	(618)
Provision for loan conversions	96	112
Loan interest	(98)	(188)
Loans converted to grants	71	8
Loans written off	23	94
Depreciation	1,374	973
Pension interest income	(470)	(550)
Foreign exchange differences	17	10
Movement in stock	(51)	-
Movement in debtors	(346)	68
Movement in creditors	(1,118)	803
<b>Net cash outflow from operating activities</b>	<b><u>(11,980)</u></b>	<b><u>(13,521)</u></b>

	2012 £'000	2011 £'000	Change in Year £'000
Cash at bank and in hand	6,149	18,148	(11,999)
Foreign exchange difference	-	-	17
<b>Decrease in cash and net funds</b>			<b><u>(11,982)</u></b>

# THE ROYAL AIR FORCE BENEVOLENT FUND

## Notes to the Financial Statements

for the year ended 31 December 2012

### 1. Principle 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 page 05.

#### 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 cost 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. For legacies, entitlement is the earlier of the Charity being notified of an impending/imminent distribution or the legacy being received.

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

# THE ROYAL AIR FORCE BENEVOLENT FUND

## Notes to the Financial Statements

for the year ended 31 December 2012

### 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 are capitalised and included at cost, including any incidental expense of acquisition.

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

- |                                       |                            |
|---------------------------------------|----------------------------|
| • freehold land                       | nil                        |
| • freehold buildings                  | over 50 years              |
| • leasehold buildings                 | over the life of the lease |
| • leasehold improvements              | over 30 years              |
| • project and office equipment        | over five years            |
| • computer equipment                  | over three years           |
| • motor vehicles                      | over five years            |
| • equipment held under finance leases | over the life of the lease |

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

# THE ROYAL AIR FORCE BENEVOLENT FUND

## Notes to the Financial Statements

for the year ended 31 December 2012

### 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 ruling at the balance sheet date. All differences are taken into 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

<b>2.</b>	<b>Donations and gifts</b>			<b>2012</b>	<b>2011</b>	
				<b>£'000</b>	<b>£'000</b>	
a.	Royal Air Force voluntary income					
	Service personnel			1,739	1,912	
	Stations and units			67	9	
	Battle of Britain "At Home Days"			75	18	
				<b>1,881</b>	<b>1,939</b>	
b.	Other voluntary income					
	General donations			3,539	3,009	
	Polish Air Force Association			-	100	
	Royal Air Forces Association			3	10	
				<b>3,542</b>	<b>3,119</b>	
				<b>5,423</b>	<b>5,058</b>	
<b>3.</b>	<b>Investment income</b>			<b>2012</b>	<b>2011</b>	
				<b>£'000</b>	<b>£'000</b>	
	Interest receivable			111	103	
	Dividends receivable from fixed interest securities			238	-	
	Dividends receivable from equity shares			6	1	
	Dividends receivable from pooled funds and unit trusts			1,720	2,465	
				<b>2,075</b>	<b>2,569</b>	
<b>4.</b>	<b>Other income</b>			<b>2012</b>	<b>2011</b>	
				<b>£'000</b>	<b>£'000</b>	
	Profit on sale of fixed assets			1,275	618	
	Pension interest income			470	550	
	Administration fee			305	327	
	Trading income			48	-	
	Rental of office space			13	12	
	Administration recovery			7	8	
				<b>2,118</b>	<b>1,515</b>	
<b>5a.</b>	<b>Total resources expended</b>	<b>Staff</b>	<b>Other</b>	<b>Other</b>	<b>2012</b>	<b>2011</b>
		<b>Costs</b>	<b>Direct</b>	<b>Allocated</b>	<b>£'000</b>	<b>£'000</b>
		<b>£'000</b>	<b>Costs</b>	<b>Costs</b>		
			<b>£'000</b>	<b>£'000</b>		
	Cost of generating voluntary income					
	Donations	671	1,096	933	2,700	2,567
	Legacies	41	124	187	352	366
	Investment management costs					
	Investment management fee	-	172	-	172	242
	Custodian trustee fee	-	11	-	11	16
	Cost of charitable activities					
	General welfare	1,157	11,570	2,466	15,193	19,689
	Education	36	67	17	120	109
	Housing	363	1,647	399	2,409	2,373
	Residential homes	1,544	1,950	521	4,015	3,859
	Governance	-	329	128	457	353
	<b>Total resources expended</b>	<b>3,812</b>	<b>16,966</b>	<b>4,651</b>	<b>25,429</b>	<b>29,574</b>
<b>5b.</b>	<b>Other allocated costs</b>			<b>2012</b>	<b>2011</b>	
				<b>£'000</b>	<b>£'000</b>	
	Salaries			2,262	1,463	
	Overheads and depreciation			2,389	2,849	
				<b>4,651</b>	<b>4,312</b>	
<b>5c.</b>	<b>Net outgoing resources are stated after charging:</b>			<b>2012</b>	<b>2011</b>	
				<b>£'000</b>	<b>£'000</b>	
	Audit fees - current year			34	33	
	Audit fees - other			12	9	
	Custodian trustee			11	16	
	Investment management fees			171	242	
	Solicitor/surveyors			248	169	
	Depreciation			1,374	973	

# 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 2012 (2011: £NIL)

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

	2012 Number	2011 Number	2012 £	2011 £
Travel	6	6	2,506	3,699

### 7. Staff costs

	2012 £'000	2011 £'000
Wages and salaries	4,766	4,971
Social security costs	484	459
Pension costs	824	854
	<b>6,074</b>	<b>6,284</b>

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

	2012 Number	2011 Number
£60,001 - £69,000	5	-
£70,001 - £79,000	1	-
£80,001 - £90,000	1	2
£90,001 - £100,000	1	2
£100,000 - £110,000	1	-
£110,000 - £120,000	1	1

The Controller is required to occupy residential accommodation as a condition of his employment. As agreed with HMRC, he meets the utilities costs associated with his occupation of the property personally and is taxed on the equivalent rental value as a benefit in kind.

Three employees earning more than £60,000 participated in the final salary pension scheme, the cost of scheme contributions in respect of these employees is £49,156. Seven employees earning more than £60,000 participated in the money purchase pension scheme, the cost of scheme contributions in respect of these employees is £48,586.

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

	2012 Number	2011 Number
Charitable activities	137	133
Cost of generating funds	19	19
Governance, administration and support	28	23

### 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:

	2012 £'000	2011 £'000
Fair value of scheme assets	23,620	22,475
Present value of funded obligations	(29,935)	(31,224)
Present value of unfunded benefits (deficit in scheme)	<b>(6,315)</b>	<b>(8,749)</b>

The amounts recognised in profit or loss are as follows:

Defined benefit pension schemes	2012 £'000	2011 £'000
Current service cost	(498)	(485)
Interest cost	(1,451)	(1,463)
Expected return on scheme assets	1,582	1,612
Total	<b>(367)</b>	<b>(336)</b>
Actual return on scheme assets	<b>(1,525)</b>	<b>(489)</b>

# 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	2012 £'000	2011 £'000
Opening defined benefit obligation	(31,224)	(27,392)
Current service cost	(498)	(485)
Interest cost	(1,451)	(1,463)
Contributions by scheme participants	(12)	(12)
Actuarial gains/(losses)	2,021	(2,955)
Benefits paid	1,229	1,083
<b>Closing defined benefit obligation</b>	<b>(29,935)</b>	<b>(31,224)</b>

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

	2012 £'000	2011 £'000
Opening fair value of scheme assets	22,475	22,171
Expected return	1,582	1,612
Actuarial (losses)	(57)	(1,123)
Contributions by employer	837	886
Contributions by scheme participants	12	12
Benefits paid	(1,229)	(1,083)
	<b>23,620</b>	<b>22,475</b>

The Charity is expected to contribute £710,000 to the scheme in 2013.

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

	2012	2011
Target return fund	87%	96%
Cash	13%	4%

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

	2012	2011
Discount rate	4.3%	4.7%
Inflation assumption (RPI)	3.1%	3.1%
Inflation assumption (CPI)	2.4%	n/a
Expected return on scheme assets	7.1%	7.1%
Future pension increases	2.4%	3.0%
Deferred revaluation	2.4%	3.1%
Commutation (% of pension)	20.0%	Nil
Future salary increases		
Years 1 to 3	2.0%	3.6%
Years 4+	3.6%	3.6%
Mortality - base table	SAPS	SAPS
Mortality - allowance for future improvements	CMI 2011 [0.5%]	Medium Cohort
Life expectancies at age 63:		
Male currently aged 63 now	86.2 years	85.6 years
Male currently aged 63 in 20 years	86.8 years	86.8 years
Female currently aged 63 now	88.5 years	88.1 years
Female currently aged 63 in 20 years	89.3 years	89.1 years

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit obligation	(29,935)	(31,224)	(27,392)	(25,838)	(19,399)
Scheme assets	23,620	22,475	22,171	19,504	17,267
<b>Deficit</b>	<b>(6,315)</b>	<b>(8,749)</b>	<b>(5,221)</b>	<b>(6,634)</b>	<b>(2,132)</b>
Experience adjustments on scheme liabilities*	(242)	-	-	(234)	-
Experience adjustments on scheme assets*	(57)	(1,123)	1,504	1,936	(5,263)

\*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 2012	43,277	2,744	46,021
Additions during the year	2,277	1,266	3,543
Disposals during the year	(973)	(10)	(983)
<b>Cost at 31 December 2012</b>	<b>44,581</b>	<b>4,000</b>	<b>48,581</b>
Depreciation at 1 January 2012	(5,720)	(1,571)	(7,291)
Depreciation for the year	(962)	(412)	(1,374)
Depreciation on disposals during the year	167	10	177
<b>Accumulated depreciation at 31 December 2012</b>	<b>(6,515)</b>	<b>(1,973)</b>	<b>(8,488)</b>
<b>Net book Value 31 December 2012</b>	<b>38,066</b>	<b>2,027</b>	<b>40,093</b>
<b>Net book Value 31 December 2011</b>	<b>37,557</b>	<b>1,173</b>	<b>38,730</b>
<b>Net Book Value 31 December 2012</b>			
Gulf Trust Fund	183	-	183
Princess Marina House	4,032	92	4,124
RAFBF/RAFA convalescent homes	932	-	932
Headquarters - London	6,293	1,935	8,228
<b>Charity</b>	<b>11,440</b>	<b>2,027</b>	<b>13,467</b>
RAFBF Housing Trust Ltd	26,626	-	26,626
<b>Group</b>	<b>38,066</b>	<b>2,027</b>	<b>40,093</b>
<b>Net book value 31 December 2011</b>			
Gulf Trust Fund	188	-	188
Princess Marina House	4,133	116	4,249
RAFBF/RAFA convalescent homes	958	-	958
Headquarters - London	5,856	1,057	6,913
<b>Charity</b>	<b>11,135</b>	<b>1,173</b>	<b>12,308</b>
RAFBF Housing Trust Ltd	26,422	-	26,422
<b>Group</b>	<b>37,557</b>	<b>1,173</b>	<b>38,730</b>
<b>The net book value of properties comprises:</b>		<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
Freehold		36,708	36,352
Long leasehold		1,358	1,205
		<b>38,066</b>	<b>37,557</b>
<b>10. Loans to beneficiaries</b>		<b>2012</b>	<b>2011</b>
		<b>£'000</b>	<b>£'000</b>
Balance as at 1 January		16,171	16,214
New loans		1,012	1,254
Interest charged		98	188
		17,281	17,656
Repayments		(1,246)	(1,271)
Loans converted to grants		(71)	(8)
Bad debts written off		(23)	(94)
Provision for loan conversion		(96)	(112)
<b>Balance at 31 December</b>		<b>15,845</b>	<b>16,171</b>

The outstanding loans include balances totalling £15.0m (2011 - £15.1m) which are secured by legal charges on the assets of the beneficiaries. The majority of loans have no fixed repayment date; these are normally repayable from the beneficiary's estate.

# THE ROYAL AIR FORCE BENEVOLENT FUND

## Notes to the Financial Statements

### 11. Fixed asset investments

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
<b>Group</b>				
Market value as at 1 January	64,819	91,301	62,022	88,509
Net investment/(withdrawals)	849	(24,605)	79	(24,606)
Net investment gains/(losses)	3,626	(1,877)	3,439	(1,881)
<b>Market value at 31 December</b>	<b>69,294</b>	<b>64,819</b>	<b>65,540</b>	<b>62,022</b>
<b>Historical cost at 31 December</b>	<b>69,428</b>	<b>66,236</b>	<b>66,440</b>	<b>64,030</b>
UK listed investments are represented by:				
Fixed interest securities	21,697	1,031	20,500	-
Equity shares	-	2,324	-	3,470
Pooled funds & unit trusts	37,780	59,858	35,990	58,955
Investment properties	3	-	3	3
Cash	9,948	3,023	9,947	1,602
<b>Total</b>	<b>69,428</b>	<b>66,236</b>	<b>66,440</b>	<b>64,030</b>

Included within the investments of the Charity is £1 of share capital for the RAFBF Trading Co Ltd, the results of this subsidiary entity are shown in note 16.

### 12. Debtors

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Legacies	327	151	327	151
Other debtors	898	320	21,797	21,526
Prepayments	115	523	115	521
	<b>1,340</b>	<b>994</b>	<b>22,239</b>	<b>22,198</b>

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

	Group 2012 £'000	Group 2011 £'000	Charity 2012 £'000	Charity 2011 £'000
Trade creditors	342	1,083	332	1,028
Taxation and social security costs	158	164	158	164
Other creditors	1,388	1,759	1,203	1,537
	<b>1,888</b>	<b>3,006</b>	<b>1,693</b>	<b>2,729</b>

### 14. Statement of funds

	At 1 January 2012 £'000	Incoming Resources £'000	Resources Expended £'000	Other Recognised Gains £'000	Transfers £'000	At 31 December 2012 £'000
General reserve	125,284	15,879	(25,123)	3,326	1,250	120,616
Designated funds	5,100	-	-	-	(1,250)	3,850
Total unrestricted funds	130,384	15,879	(25,123)	3,326	-	124,466
Restricted income funds - see schedule page 37	1,414	947	(298)	-	-	2,063
Endowment funds - see schedule page 36	4,065	1	(4)	300	-	4,362
Pension reserve	(8,749)	470	-	1,964	-	(6,315)
<b>Total funds</b>	<b>127,114</b>	<b>17,297</b>	<b>(25,425)</b>	<b>5,590</b>	<b>-</b>	<b>124,576</b>

#### Designated Funds

The sum of £0.75m has been designated for station childcare facilities (multi-use games area project plan) and is included in the total unrestricted funds.

The sum of £2.5m has been designated for the Head Office Future Building Fund and is included in the total unrestricted funds.

The sum of £0.6m has been designated for the upgrading of the Charity's computer system and is included in the total unrestricted funds.

The transfer from designated to general reserves represents the movement between the balance brought forward and the designation held at end of 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.  
The funds are held in a ring-fenced fund for the benefit of RAF Gulf War Veterans.  
Support Battle of Britain veterans and their descendants.

#### Endowment funds - Over £100,000

E H Jubb  
Newton Driver Memorial Fund  
Viscount Nuffield  
Hector Pilling Memorial Fund  
RAF Prize Fund  
  
RAFBF Educational Endowment Fund  
RAFBF Educational Expendable Fund  
Peter Henry Slater-Eiggert Memorial Fund

For the benefit of Aircrew, their widows and dependants.  
For the general purposes of the fund and the upkeep of the property at Rustington.  
Income used for general purposes.  
To provide financial assistance for foundationers at the Duke of Kent School.  
To help with the education of dependants of deceased members of the RAF killed on duty or attributable to Service.  
To promote the education of the children of members of the Royal Air Force.  
To promote the education of the children of members of the Royal Air Force.  
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 £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
<b>Fund balances at 31 December 2012 are represented by:</b>				
Tangible fixed assets	39,910	183	-	40,093
Loans to beneficiaries	15,704	141	-	15,845
Investments	64,928	-	4,366	69,294
Current assets	5,801	1,746	-	7,547
Current liabilities	(1,877)	(7)	(4)	(1,888)
Pension liability	(6,315)	-	-	(6,315)
<b>Total net assets</b>	<b>118,151</b>	<b>2,063</b>	<b>4,362</b>	<b>124,576</b>

### 16. Subsidiary entities

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

	RAFBF Trading Co Ltd 2012 £'000	RAFBF Dependants Fund 2012 £'000	RAFBF Dependants Income Trust 2012 £'000	RAFBF Housing Trust Ltd 2012 £'000	Subsidiary Entities 2012 £'000	Subsidiary Entities 2011 £'000
<b>Incoming resources</b>						
Investment income	-	97	-	-	97	94
Other income	48	222	83	892	1,245	1,184
Profit on sale of freehold properties	-	-	-	1,275	1,275	618
	48	319	83	2,167	2,617	1,896
<b>Resources expended</b>						
Grants	4	155	59	1,600	1,818	1,813
Cost of generating funds	13	-	-	-	13	-
Management and administration	31	24	24	-	79	59
	48	179	83	1,600	1,910	1,872
Net gains on investment assets	-	187	-	-	187	4
<b>Per statement of financial activities</b>	<b>-</b>	<b>327</b>	<b>-</b>	<b>567</b>	<b>894</b>	<b>28</b>

#### 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.

#### 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.

#### 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 £56,137 (2011: £151,464) were made by the group to Charles Russell Solicitors for professional services. Mr Michael Scott, a partner in the firm, is a Director and Trustee of the RAFBF Housing Trust Ltd.

### 18. Capital commitments

At the year end the charity was committed to expenditure of £66,240 (2011: £114,000) on the Atlas (system development) project.

# 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
	2012	Income	Expenditure	Realised Gain	2012
	£	£	£	£	£
<b>Permanent endowment funds with unrestricted income</b>					
Pilot Officer J P L Branson Memorial Fund	33,010	10	-	2,438	35,458
Pilot Officer James Erskine Cunning Memorial Fund	31,067	9	-	2,295	33,371
Flying Officer L S Delaney Trust	9,023	3	-	667	9,693
Paddy Finucane Memorial Fund	13,444	4	-	993	14,441
Louise Alice Kay Memorial Fund	27,772	9	-	2,052	29,833
Mosquito Memorial Fund	7,804	2	-	577	8,383
Flying Officer Douglas Frank Newsham Memorial Fund	24,796	7	-	1,832	26,635
Viscount Nuffield Endowment	717,814	224	-	53,026	771,064
Helen Mary Renton Fund	29,300	10	-	2,164	31,474
RAF Rugby Union Fund	34,456	13	-	2,545	37,014
Peter Henry Slater-Eiggert Memorial Fund	98,874	31	-	7,304	106,209
The Revd. James Edmund Strickland Memorial Fund	71,219	22	-	5,261	76,502
	<b>1,098,579</b>	<b>344</b>	<b>-</b>	<b>81,154</b>	<b>1,180,077</b>
<b>Expendable endowment funds with unrestricted income</b>					
Flying Officer William Dron Memorial Fund	1,666	-	-	123	1,789
Frederick Eley Fund	3,209	2	-	237	3,448
Wing Commander J Higginson Fund	6,554	2	-	484	7,040
Peter Grattan Holt Memorial Fund	34,155	10	-	2,523	36,688
E H Jubb Fund	227,496	71	-	16,805	244,372
Middle East Relief Fund	29,054	10	-	2,146	31,210
Morley Fund	4,763	1	-	352	5,116
Orlebar Memorial Fund	5,390	1	-	398	5,789
Shattock Memorial Scholarship Fund	8,093	2	-	598	8,693
Wooding Memorial Fund	5,773	2	-	427	6,202
	<b>326,153</b>	<b>101</b>	<b>-</b>	<b>24,093</b>	<b>350,347</b>
<b>Permanent endowment funds where the use of the income is restricted</b>					
Frere Memorial Scholarship Fund	4,225	-	4,225	-	-
Newton Driver Memorial Fund	1,457,510	455	-	107,669	1,565,634
Group Captain W E Purdin Memorial Fund	1,861	1	-	137	1,999
RAFBF Educational Endowment Fund	369,086	115	-	27,265	396,466
Douglas Turner Benefaction	87,855	28	-	6,490	94,373
	<b>1,920,537</b>	<b>599</b>	<b>4,225</b>	<b>141,561</b>	<b>2,058,472</b>
<b>Expendable endowment funds where the use of the income is restricted</b>					
Mrs H M Jereham Memorial Fund	20,248	6	-	1,496	21,750
Lord Knollys Holiday Fund	7,698	2	-	569	8,269
Hector Pilling	429,021	135	-	31,692	460,848
Lord Portal Fund	1,965	1	-	145	2,111
RAF Prize Trust	163,952	52	-	12,111	176,115
RAFBF Educational Expendable Fund	96,851	29	-	7,155	104,035
	<b>719,735</b>	<b>225</b>	<b>-</b>	<b>53,168</b>	<b>773,128</b>
<b>Total endowment funds</b>	<b>4,065,004</b>	<b>1,269</b>	<b>4,225</b>	<b>299,976</b>	<b>4,362,024</b>

# THE ROYAL AIR FORCE BENEVOLENT FUND

## Restricted Income Funds

These funds can not 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	
	2012	Income	Expenditure	2012
	£	£	£	£
<b>Education</b>				
Air Vice-Marshal Frank Felgate Memorial Prize	491	-	-	491
Frere Memorial Scholarship Fund	6,619	-	6,619	-
Lord Knollys Holiday Fund	-	303	303	-
Hector Pilling	-	16,874	16,874	-
RAF Prize Trust	-	6,449	6,449	-
RAFBF Educational Endowment Fund	-	15,341	15,341	-
RAFBF Educational Expendable Fund	-	3,809	3,809	-
Douglas Turner Benefaction	-	3,456	3,456	-
	<b>7,110</b>	<b>46,232</b>	<b>52,851</b>	<b>491</b>
<b>RAFBF - Funds</b>				
Alastrean House Amenities Fund	5,578	-	-	5,578
Mrs JP Mitchell	-	500	500	-
Mrs GK Tyrrell	-	95,084	95,084	-
Mr JS Williams	-	44,181	44,181	-
Newton Driver Memorial Fund	-	57,327	57,327	-
Princess Marina House Amenities Fund	30,783	45,657	42,516	33,924
	<b>36,361</b>	<b>242,749</b>	<b>239,608</b>	<b>39,502</b>
<b>Other purposes</b>				
Bomber Command Memorial	403,050	96,740	29,006	470,784
Fulmer Fund	539,075	950	-	540,025
Group Captain W E Purdain Memorial Fund	254	74	-	328
Mrs H M Jerham Memorial Fund	1,468	799	1,468	799
Lord Portal Fund	288	78	-	366
Lowe Trust	-	586,905	-	586,905
RAF Officers' Wives Fund	-	2,750	2,750	-
Gulf Trust	426,584	15,567	18,302	423,849
	<b>1,370,719</b>	<b>703,863</b>	<b>51,526</b>	<b>2,023,056</b>
<b>Total restricted funds</b>	<b>1,414,190</b>	<b>992,844</b>	<b>343,985</b>	<b>2,063,049</b>

# THE ROYAL AIR FORCE BENEVOLENT FUND

## Grants to Third Parties

Support to the serving Royal Air Force		Capital Cost	Running Cost	Total Grant
		£	£	£
<b>General welfare</b>				
	Carterton Pavilion	-	5,000	5,000
	Citizens Advice Bureau - Dacorum	-	4,600	4,600
	Citizens Advice Bureau - Hart District Ltd	-	5,500	5,500
	Citizens Advice Bureau - Lincoln & District	-	6,500	6,500
	Citizens Advice Bureau - Mid Bedfordshire	-	700	700
	Citizens Advice Bureau - Norwich & West Norfolk	-	10,000	10,000
	Citizens Advice Bureau - Rutland	-	5,500	5,500
	Citizens Advice Bureau - South Kesteven	-	2,000	2,000
	Citizens Advice Bureau - Suffolk West	-	5,000	5,000
	Citizens Advice Bureau - West Oxfordshire	-	9,500	9,500
	Forces Children's Trust	-	2,690	2,690
	Relate (The Relationship People)	-	90,340	90,340
	Recruit for Spouses	-	7,000	7,000
	RAF Brize Norton & South Cerney Passenger Information System	19,390	-	19,390
		19,390	154,330	173,720
<b>Airplay (formerly childcare)</b>				
	MUGA & play parks	1,253,589	5,234	1,258,823
	Youth support	-	1,248,932	1,248,932
		1,253,589	1,254,166	2,507,755
<b>Total support to the serving Royal Air Force</b>		<b>1,272,979</b>	<b>1,408,496</b>	<b>2,681,475</b>
<b>Support to the veterans' community</b>				
		Capital Cost	Running Cost	Total Grant
		£	£	£
<b>General welfare</b>				
	Age Concern Spain	-	6,500	6,500
	Alzheimer's Society	-	60,000	60,000
	Combat Stress	-	267,694	267,694
	COBSEO	-	7,550	7,550
	Czech Veterans	-	26	26
	Dogs for the Disabled	-	2,500	2,500
	Gatehouse	-	500	500
	Motor Neurone Disease Association	-	7,500	7,500
	Mutual Support	-	7,500	7,500
	National Association of Swimming Clubs for the Handicapped	-	500	500
	National Gulf Veterans & Families Association	-	15,000	15,000
	Polish Veterans	-	6,005	6,005
	Poppy Scotland - Armed Services Advice Project	-	25,000	25,000
	RAF HCPT - The Pilgrimage Trust	-	1,500	1,500
	RAF Widows Association (CRUSE)	-	2,473	2,473
	RAFT (Restoration of Appearance Function)	-	500	500
	Royal Commonwealth Ex-Services League	-	24,100	24,100
	Services Employment and Enterprise Network (SEEN)	-	20,000	20,000
	South Atlantic Medal Association 1982	-	1,000	1,000
	SSAFA Forces Help	-	126,000	126,000
	The London Taxi Benevolent Association	-	500	500
	The Spinal Injuries Association	-	7,000	7,000
	The "Not Forgotten Association"	-	25,000	25,000
	The Royal British Legion (Start Here)	-	9,240	9,240
	The Royal British Legion (Benefits & Money Advice Service Project)	-	450,000	450,000
	Veterans' Scotland	-	3,000	3,000
		-	1,076,588	1,076,588
<b>Residential, nursing and therapy centres</b>				
	Broughton House	-	18,000	18,000
	Community Housing Therapy	-	3,500	3,500
	Curphey Home, Jamaica	-	15,000	15,000
	Erskine	-	80,000	80,000
	Home Farm Trust	-	30,000	30,000
	Homes in Zimbabwe	-	50,000	50,000
	Norcare	-	2,000	2,000
	Royal Star and Garter Homes	-	10,000	10,000
	St David's Home for Ex-Serviceman and Woman	-	10,000	10,000
	Sue Ryder Home - Prague	-	3,150	3,150
	The Queen Alexandra Hospital Home	-	15,000	15,000
	Veterans Aid	-	17,500	17,500
		-	254,150	254,150

# THE ROYAL AIR FORCE BENEVOLENT FUND

## Grants to Third Parties

Holidays for disabled/disadvantaged	Capital Cost £	Running Cost £	Total Grant £
Lord Kitchener Memorial Holiday Centre	-	10,000	10,000
The RAF and Dependants Disabled Holiday Trust	-	25,940	25,940
Vitalise	-	10,000	10,000
	-	45,940	45,940
<b>Hospices</b>			
Dorothy House Hospice	-	8,000	8,000
Hospice in the Weald	-	13,000	13,000
Iain Rennie Grove House Hospice	-	12,000	12,000
Martlets Hospice	-	7,700	7,700
Oakhaven Hospice Trust	-	4,500	4,500
Phyllis Tuckwell Hospice	-	10,000	10,000
South Bucks Hospice	-	2,500	2,500
St Andrews Hospice	-	7,500	7,500
St Barnabas House Hospice	-	3,500	3,500
St Luke's Hospice	-	6,000	6,000
St Nicholas Hospice Care	-	5,000	5,000
St Wilfred's Hospice	-	11,000	11,000
Thames Hospicecare	-	3,000	3,000
Weston Hospicecare	-	5,000	5,000
	-	98,700	98,700
<b>Charities for the blind</b>			
Deafblind UK	-	1,500	1,500
Calibre Audio Library	-	3,600	3,600
National Talking Newspapers & Magazines Association	-	2,000	2,000
	-	7,100	7,100
<b>Total support to the veterans' community</b>	-	<b>1,482,478</b>	<b>1,482,478</b>
<b>Contributions &amp; returns</b>			
Slovak veterans	(1,405)	-	(1,405)
RAF Leeming childcare centre	(6,321)	-	(6,321)
MUGA and play parks at RAF Wyton	(7,500)	-	(7,500)
Air play park at RAF Halton	(24,060)	-	(24,060)
	(39,286)	-	(39,286)
<b>Total grants to third parties</b>	<b>1,233,693</b>	<b>2,890,974</b>	<b>4,124,667</b>