

REPORT 2010

Royal Air Force Benevolent Fund

Trustees' Report and Accounts
for the year ending 31 December 2010



RAFBF
THE HEART
OF THE RAF FAMILY

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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A safety net in uncertain times: looking back on 2010

“It was clear to us that base closures and redundancies would create new challenges and ask even more of the Service community.”



Chairman's Report

The Royal Air Force family experienced significant changes in 2010 as the new government outlined a programme of spending cuts designed to reduce our national deficit.

The Strategic Defence and Security Review was an important part of this, affecting most serving personnel. It was clear to us that base closures and redundancies would create new challenges and ask even more of the Service community. We also recognised that former RAF personnel, particularly the elderly, would feel the effects as cuts to local authority grants rippled across social care.

It was gratifying to know that, despite all this upheaval, we were well prepared to help the RAF family deal with uncertain times.

Our spectrum of care expanded and strengthened during 2010. We initiated our £11m 'Airplay' Youth Support Programme which began rolling out at RAF stations across the UK, building on our earlier, hugely successful childcare centre project. Meanwhile, our highly respected welfare team continued to offer the mobility, disability, housing and financial support that former RAF personnel need to maintain dignified, independent lives.

We increased the support we offer to other sections of the RAF family, expanding our welfare provision to cover Air Cadets and the Royal Auxiliary Air Force, a move I am particularly pleased about as Honorary Air Commodore of 600 (City of London) Squadron.

We also consolidated our relationships with many other RAF charities, notably the Polish Air Force Association.

We were also privileged to participate in many events held to mark the 70th anniversary of the Battle of Britain. The anniversary was a chance for the nation to reconnect with the men and women who defended this country in its most perilous moment, to honour their dedication, commitment and bravery and to reflect on how these qualities endure in the Royal Air Force today.

I would especially like to thank all our staff and supporters who showed such enthusiasm for our work last year. Of the £18m income received, £12m was raised through many superb community fundraising efforts, legacy income, corporate donations and the invaluable 'half day's pay' contributions made by serving RAF personnel. Nonetheless, in the same year we spent over £23m, an indication of the scale of our welfare expenditure.

We receive no government funding. It is only as a result of your great and enduring generosity that we are able to make such a contribution, helping to repay what Winston Churchill termed the "Debt We Owe" to the extraordinary men and women of the Royal Air Force.



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

Lizzie's story

Lizzie Tandy lives at RAF Benson with husband, Matthew, a Merlin pilot, and their two daughters, Lottie, four, and Ellie, eight. An RAF child herself, Lizzie can see how the pressure on families today has increased, and welcomes RAFBF support.

"When I was growing up, it was a peacetime Air Force. Dad going away hasn't particularly stuck for me because he wasn't going anywhere dangerous. But it's a wartime Air Force now. And the pressure may get worse as the RAF has to do more with less.

"The effect on the children is changing as they grow up. Ellie is far more aware now of what's going on in the world. I encourage the girls to "help Daddy get things ready for packing" so Matthew can answer their questions, and last time Ellie wanted to know why Matthew would have to wear body armour.

"The first two weeks after he goes away are the hardest. When he went to Afghanistan, Lottie was angry and wouldn't even speak to him on the phone. She started kicking out at me and misbehaving, which isn't Lottie. Ellie on the other hand really needed cuddles.

"The Airplay park the RAFBF has built has made such a difference. It's been used every day since it opened – the kids can't get enough of it. There are so many fun things for the children to do and the games area is getting used a lot as well. It's so great to know the kids are safe while they're playing with their friends."

www.rafbf.org/benson



"The Airplay park the RAFBF has built has been used every day since it opened."

Our goals for 2011

You can find a full list of our goals for 2011 at www.rafbf.org/2011
Just a few are listed below:

- Install Airplay parks on at least 10 more RAF stations
- Create a second welfare break cottage for the RAF family on the south coast
- Open a dementia wing at Princess Marina House for people with mild dementia and their carers to have a break by the sea
- Raise £10m to fund our services for the RAF family
- Increase the number of RAF family members we help, directly and indirectly.

2011: our enduring spectrum of care



“Our vision of every RAF family member having access to the support they need remains as strong as ever, while our welfare provision continues to expand to meet those requirements.”

Controller's Report

Reading this Annual Report, I am in no doubt that we are well placed to help the RAF family face the future with confidence. Our vision of every RAF family member having access to the support they need remains as strong as ever, while our welfare provision continues to expand to meet those requirements.

Indeed, our new charitable objective – to enhance the morale and wellbeing of the serving RAF – is all the more prescient in the current climate.

The series of programmes we have developed to meet this new objective are proving hugely successful. To date, the Benefits and Money Advice Service that we jointly fund with The Royal British Legion, utilising 50 Citizens Advice Bureaux, has released over £70m in unclaimed benefits and debt relief for 24,177 clients.

Of these totals, just over £9m was attributable to 3,143 RAF family members – quite extraordinary figures. Meanwhile, our Relate service is helping hundreds of RAF couples through the strain that Service life can place on relationships.

After a successful start, Airplay youth workers are in place at 28 RAF stations, giving RAF Community Support teams the trained assistance they need to deliver programmes of stimulating activities for young people in RAF families.

Looking ahead, Airplay parks will continue to open across the UK during 2011, giving RAF children access to state-of-the-art games and play facilities on stations that are often in isolated, rural locations.

Safe, supervised play is of huge importance to RAF parents, and through Airplay we will relieve some of the pressure on them at home and on the front line.

We will also expand our welfare break provision as demand for more specialised respite care grows by building a second short break cottage for serving personnel, and opening a new dementia wing next door at Princess Marina House, our flagship respite centre on the south coast. We will complement these innovative services by developing our working partnerships with our sister RAF charities and other organisations like, Combat Stress and Erskine Homes which play such an important role in relieving stress and distress among RAF veterans and their families.

Against a backdrop of a struggling economy and a major RAF reorganisation, our hallmark spectrum of care will endure. We have no intention of cutting or reducing services that make a tangible difference to the lives of the RAF family.

Thanks to your continued support, we will always be there for all those who have served: past, present or future. It is our duty and our privilege as the RAF's leading welfare charity.

Sir Marshal Sir Robert Wright
KBE AFC FRAeS FCMI – Controller

Jim's story

Jim Vidler, 88, served at RAF Middle Wallop during the Battle of Britain refuelling and re-arming Spitfires which were defending the south coast from attack.

"We did that and just about anything else there was to do to get the planes in the air," recalls Jim, who fought in eight wars and served for a total of 26 years.

Not wishing to sit back and retire, Jim continued to work until the age of 76 in the building trade but has recently found it more and more difficult to get about. "It was the indignity of it," says his wife, Irene. "It was awful to see him having to go upstairs on his hands and knees to the bathroom.

"We never knew about the RAF Benevolent Fund and didn't think it would help cases like ours. We wrote to them and they said they would fund a new boiler but then I told them that Jim had problems getting up the stairs and they were ever so good about that as well."

We gave Jim a grant for a stairlift to give him his dignity and independence back. "It's absolutely fantastic because Jim can claim some of his life back," says Irene.

www.rafbf.org/jim



"It's absolutely fantastic because Jim can claim some of his life back."

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

Air Chief Marshal Sir Michael Graydon
GCB CBE ADC FRAeS

Lady Humphrey
OBE

Air Chief Marshal Sir Richard Johns
GCB KCVO CBE FRAeS

Air Chief Marshal Sir Thomas Kennedy
GCB AFC DL

Air Chief Marshal Sir Roger Palin
KCB OBE MA FRAeS FIPD

Air Chief Marshal Sir Peter Squire
GCB DFC AFC DSc FRAeS

Sir Adrian Swire
MA DL DSc

Council

Chairman

The Viscount Trenchard of Wolfeton
DL

Deputy Chairman

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

Honorary Treasurer

Mr A Peake
MA

Members

Air Commodore J Bell
OBE FIMgt

Air Chief Marshal Sir Simon Bryant
KCB CBE ADC MA BA CDir FCIPD RAF

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

Mr L Haynes
D Eng BA (Hons) FCILTR FRSA

Air Vice-Marshal N Bairsto
CB MBE

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

Air Marshal A Pulford
CBE
(appointed October 2010)

Air Commodore D Rainford
MBE MB BS MRCS FRCP FFOM FRAeS

Ms B Towle
CBE FRSA BA LLD
(retired November 2010)

Mr A Vaughan
OBE BA
(appointed November 2010)

Trustees

Chairman

The Viscount Trenchard of Wolfeton
DL

Honorary Treasurer

Mr A Peake
MA

Members

Lady Bagnall

Air Vice-Marshal D Couzens
CEng FIMechE FRAeS MA MBA

Mrs A Hastie
MA (Hons)

Mr L Haynes
D Eng BA (Hons) FCILTR FRSA

Mr A Lea
BA (Hons)

Air Commodore R Paterson
OBE BSc PGCE RAF

Ms V Raffé
BA (Hons) MSc

Air Commodore D Rainford
MBE MB BS MRCS FRCP FFOM FRAeS

Ms B Towle
CBE FRSA BA LLD

Mr A Vaughan
OBE BA

Senior Management Team

Controller

Air Marshal Sir Robert Wright
KBE AFC FRAeS FCMI

Chief of Staff

Wing Commander E Bohm

Director Welfare and Policy

Air Commodore P Hughesdon
MA FloD FCMI

Director Marketing and Communications

Mr D Benton

Director Finance and IT

Mr N Waring
FCA DChA

Trustees' Report

The Board of Trustees presents its Annual Report and Accounts for the Royal Air Force Benevolent Fund and its related charities for the year ended 31 December 2010. The financial statements shown on the following pages consolidate the accounts of the Royal Air Force Benevolent Fund Second Development Trust (Charity No 264636), the Royal Air Force Benevolent Fund Housing Trust Ltd (Charity No 202271), the Royal Air Force Dependants Fund (Charity No 253492) and the Royal Air Force Dependants Income Trust (Company No 01285364).

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 SCO 38109. The restricted and endowed funds of the Charity have a separate registration number 207327. In accordance with the provisions of Section 96 of the Charities Act 1993, the Charity Commission has directed that for all or any of the purposes of the Act the two Charities, having the same 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 06.

Structure, Governance and Management

The Charity, which was set up in 1919, was incorporated by Royal Charter in 1999.

Trustees are appointed by the Council for a four-year term, after which they are eligible for re-election for a further four-year term. Trustees may not hold office for a continuous period exceeding eight years or, without the consent of the Board, after their seventy-fifth birthday.

New Trustees are selected with a view to ensuring that the Board has an appropriate balance of experience relevant to the Fund's strategic and operational requirements. Trustees are recruited through advertisements in the media and a range of networks and are considered by a Nominations Committee on behalf of the Council. Each Trustee is provided with a briefing pack, and an individual induction programme is agreed and implemented covering all aspects of the role and the work of the Charity.

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

The Board is assisted by committees overseeing welfare, care services, finance, marketing and remuneration activities, and is assisted by a number of advisory bodies. The Board is responsible for the strategic direction of the Charity and, through its committees, for monitoring the activities of the executive staff. The Board meets every two months. It reviews the position of the Charity and receives reports from the committees and the Senior Management Team. The Board is responsible for approving the business plan and a range of supporting strategies. The Controller and the Directors review strategic and policy matters through the Executive Policy Group and make recommendations to the Board as appropriate.

The Controller, as Chief Executive of the Charity, is responsible for the day-to-day management of the Charity's affairs and for implementing the strategies and policies agreed by the Board.

The Charity provides support for the RAF family through a range of agencies and other charities, as shown on pages 30-32. The Trustees are grateful for the support of these bodies, without whom the Charity would be unable to meet the needs of its beneficiaries.

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- 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 that enable them to ensure the financial statements comply with the Charities Act 1993, the Charity (Accounts & Reports) Regulations 2008, the Charities & Trustee Investment (Scotland) Act 2005, and the Charities Accounts (Scotland) Regulations 2006 and the provisions of the 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.

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.

Major risks identified in the year with mitigating actions included the risk that the Charity:

- fails to identify the welfare needs of its beneficiaries – mitigated by close engagement with beneficiaries, the RAF and with other Service charities through COBSEO
- is unable to grow its supporter base – mitigated by implementation of a clear fundraising strategy

- suffers a failure of a corporate project – mitigated by project management structures with regular reporting to the Board of Trustees
- is unable 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.

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.

Achievements and Performance

Trustees agreed that 2010 should continue to be a period of consolidation, with emphasis on the following activities:

Welfare Strategy and Policy

- The Fund completed, in conjunction with the Royal Air Forces Association (RAFA), a comprehensive Strategic Review of the three jointly funded respite homes. The report was presented to both the Fund's Board of Trustees and to the relevant board within the Association. There are a large number of recommendations that have been agreed and will be delivered during 2011, whilst other recommendations are the subject of further review. These will be taken forward as appropriate in due course.

- During 2010, the Fund's Trustees agreed to widen and streamline the eligibility criteria of those who might seek our support. Regular servicemen and women who have completed four months service now attract life-time support from the Fund, if appropriate, rather than having to complete all their training and reach productive service. The eligibility criteria around members of the Royal Auxiliary Air Force (RAuxAF) have also been considerably simplified and much more closely match the contribution that the RAuxAF makes to the RAF's operational capability.
- The Fund continues to provide the full spectrum of care that covers all age ranges within the RAF family. This care 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, even in these turbulent times, that we will look after our own. This applies particularly to those who have been 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, rarely applying caps to our benevolence. We also consider help for those who have left the RAF, thus giving meaning to our mantra: *'Once RAF, always RAFBF'*.

Welfare Overview

- The number of individual cases handled in 2010 was 7,231, which was similar to the number of cases dealt with in 2009. £19.1m was spent on all forms of welfare support to both the serving and ex-serving communities, compared to £18.4m in 2009; this represents a 4% increase over the previous year, with both figures excluding staff costs and other overheads.
- We attracted 3,017 new cases during the year. Although this was a decrease of 4% on the previous year, these cases exclude the increased number of beneficiaries supported through the Benefits and Money Advice Service, which is covered later in this report.
- We have now put in place measures to better record the number of people that our benevolence touches. 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 have directly helped over 61,000 beneficiaries. Taking the average family unit to comprise two people, we estimate that our work in 2010 has assisted at least 122,000 people.
- In 2010 we paid out £8.1m to the three major caseworking organisations that support us to transfer to RAF beneficiaries: RAFA (£1.3m), SSAFA-FH (£5.6m) and TRBL (£1.2m). The total was similar to that spent in 2009. SSAFA-FH continues to support the highest proportion of cases (69%) whilst RAFA and TRBL comprise the bulk of the other casework (16% and 15% respectively). We remain very grateful to these charities, the Royal Commonwealth Ex-Services League and the many other caseworking organisations that assist us so very well, without whom we could not support the RAF family as well as we aim to do.

Support to the ex-Serving Community

- In the UK and in many areas of the world, pensioners are reliant on financial help to meet the cost of day-to-day living expenses. In 2010, the cost of payments to the 1,801 beneficiaries helped in this way amounted to £2.25m, a 6% increase on the amount paid out in 2009 (£2.12m).
- Recognising that debt and financial issues are at the heart of many of the problems we deal with, the Fund became an equal partner with The Royal British Legion and launched the Benefits and Money Advice Service that provides fast track financial advice for all serving and former members of the armed forces. From its inception on 1 October 2007 until 31 December 2010, the scheme had helped 21,225 clients, of whom 2,759 were from the RAF family. Over £57m 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 £7.5m, or an average of £2,714 per RAF case, and will undoubtedly have negated the requirement for direct financial support from the Fund to some of those helped.
- 356 wheelchairs were issued for the use of beneficiaries, a continuing rise, this time from 351 in 2009. The total cost of all electronically powered wheelchairs increased from £795k to £841k, representing an increase in the cost and complexity of the most advanced wheelchairs and the Fund's determination to make sure that the vehicles are adequately insured and appropriately stored.
- £703k was spent on adjustable beds, riser-recliner chairs, bath aids, stairlifts and other domiciliary care equipment, reflecting a decrease of £165k on the previous year. We helped 543 beneficiaries in this way.
- Fees for 280 beneficiaries in nursing homes amounted to £878k, an average of £3k per person.
- 3,612 respite weeks were provided to members of the RAF with a break at the Fund's Princess Marina House or in one of the homes jointly funded in partnership with RAFA, representing a 2% fall from 2009 figures. In addition, at the end of 2010, ten long-term residents continued to be cared for at Princess Marina House, which equated to 525 bed weeks. This total service, including Seacot House, was provided at a net cost to the Fund of £2m.
- Residential properties were bought for 11 beneficiaries, including nine houses for the serving RAF at a cost of £2.5m, compared to ten in 2009, and ten houses were sold, compared to 12 in 2009. The Fund continues to hold 267 houses for use by beneficiaries. Properties are 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 prohibitive.

Support to the Serving RAF

- The overall level of support provided to members of the serving Royal Air Force and their families amounted to £5m. This was a significant increase over 2009 and was driven primarily by the Youth Support Programme and the growing take up of our relationship counselling service.
- Direct assistance to serving members of the RAF comprised 289 individual cases, compared with 238 in 2009, and amounted to £2.7m, including the purchase of nine houses to personnel who were being medically discharged due to operational injuries, training accidents or illness. The number of grants made as part of the Minor Financial Assistance Scheme rose from 18 to 80, meaning that we were able to provide support at the very earliest point of need.
- Seacot House, which is located in the grounds of the Fund's Princess Marina House, has become increasingly important as a modern 'home from home', or respite home, for members of the serving Royal Air Force. In 2010, 242 respite breaks were enjoyed in this way, a 7% increase from the 226 breaks taken in 2009.
- The relationship support service that we operate in partnership with the national charity Relate has proved to be vital in meeting the needs of the modern RAF as they deal with very high levels of operational tempo and organisational uncertainty. The Fund provides free counselling sessions, of which 1,713 were taken in 2010, a 103% on the 843 utilised in 2009.
- The Fund's support for childcare centres continued in 2010, with the centre at RAF Leeming being opened in September, following a £1.3m grant. With the new facilities at RAF Northolt which came on line in early 2011 and which were part funded by the RAFBF (£120k), and the extension to the centre at RAF Wittering (£240k), the Fund's £13.5m investment over recent years enabled the enduring provision of some 1,800 child care places, year on year.
- The Fund's £10m, five-year Youth Support Programme, now called Airplay, was launched during the year. The Fund entered into a three-year contract with the national charity 4Children to provide station youth workers at 28 RAF stations. This programme was launched at RAF Wittering in August and took effect across most stations in September. The service was hugely welcomed by all stations. Meanwhile the delivery of games areas, play parks and youth shelters, although delayed due to on-going concerns over the Strategic Defence and Security Review and planning permission issues, saw real effect on the ground, and by April 2011 facilities were delivered at nine stations, comprising eight MUGAs, 11 play parks and three youth shelters. The amount spent on Airplay in 2010 was £1.2m.
- 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 £260k. This was a fall from £387k paid out in 2009 and represented a continuing move away from the use of boarding schools. The number of university scholarships fell from 67 to 53.

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, 85 applications were approved at a cost of £2.7m; further details are contained at the end of this report. We estimate that this money directly supported 43,033 members of the RAF family.

Marketing Activities

- Fundraising income amounted to £12.0m in return for an investment of £2.5m, reflecting a cost-to-income ratio of 1:5.
- Specific investment in direct marketing activity resulted in the acquisition of 6,000 new supporters.
- Regional fundraising activity included the appointment of 26 RAFBF champions on RAF stations to support our fundraising and raise our profile among the serving community.
- Press and public relations coverage increased by 51% over 2009 and resulted in the Charity achieving a ranking of 50th position in the Top 100 Charity Brand Index, a recognized benchmark of the public's most recognized and trusted charities.
- Two receptions were held at the House of Commons as part of the Fund's aim to build greater parliamentary engagement with all mainstream political parties.
- Several meetings were held between Regional Directors and their local Members of Parliament to increase awareness of the Fund and its charitable activities.

Plans for Future Periods

- Provide core welfare support to our traditional beneficiary base
- Promote special welfare initiatives
- Develop an internal communications strategy
- Review the arrangements for attracting and managing fundraising income and expenditure
- Effectively generate income
- Promote the Fund's brand and image
- Oversee the redevelopment of 67 Portland Place
- Introduce new business systems supporting the Fund's welfare and fundraising activities, including the promotion of electronic document management
- Manage the Fund's finances to reduce deficit spending
- Review the Fund's investment strategy.

Office Redevelopment

Work to redevelop our permanent offices at 67 Portland Place continued throughout the year and remained on time and on budget. We hope to move back to the refurbished building by January 2012.

Staff

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

Despite this, the results of a Staff Opinion Survey conducted in 2010 showed the Fund as an employer of choice and placed it in the top quartile of the participating companies and organisations for engaging with their employees.

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 Forces Help, The Royal British Legion, RAFA and other charities. The Fund is indebted to everyone who acts as a link between the Charity and its beneficiaries.

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

Volunteers

The Trustees recognise the valuable contribution made by volunteers and wish to place on record their grateful thanks for the commitment and support the Fund receives. 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. The Fund uses a 'total return' approach to measuring the performance of its investments.

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

During 2010 the global financial markets continued to recover the ground lost during the global financial crisis of 2008. The Fund's portfolio achieved a return of 15.7%, against a secondary benchmark of 14.1%.

This return was reduced by the Fund's exposure to commercial property, and a Fund decision to continue to de-risk an element of the portfolio as markets recovered. As of 31 December 2010, the Fund held £6m on cash deposit to meet short-term cash-flow requirements.

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 on any of the Fund's activities once it has met its commitments and covered its other planned expenditure.

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

The Fund holds free reserves to ensure that it is able to meet the needs of its current and future beneficiaries, given potential future risks. The Fund has broken down its 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.

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

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

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

The net assets of the Fund at 31 December 2010 were £135.8m, an increase of £1.5m on 2009. Once fixed assets for charitable use,

restricted and endowed funds have been taken into account, the level of reserves amounted to £88.3m, compared to £89.7m as at 31 December 2009. The current level of free reserves falls within the range as defined in the policy above. Trustees will continue to monitor reserves against the policy in the coming year.

Statement of Financial Activities

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

Incoming Resources

The Charity's income amounted to £18.4m (2009: £17.7m). Donations and legacies amounted to £12.0m. Of this sum, income from serving personnel and associated activities was just over £2m, once again reflecting the consistent support of the Royal Air Force for its principal welfare charity. Investment income fell to £2.9m in the year (2009: £3.6m), reflecting the effects of the global recession. Income from charitable activities was £1.5m, which included contributions from tenants of Housing Trust properties, care home fees and interest received from loans made to beneficiaries. Other income amounted to £2.0m.

Cost of Generating Funds

Marketing and Communication costs increased to £2.5m (2009: £2.0m), reflecting the continuing implementation of the Charity's evolving strategies. Investment management fees, which are based on the market value of the funds invested, were £0.4m and reflected a strong year for the Fund's investments, with an unrealised gain of £10.3m on the market value of the portfolio.

Outgoing Resources

During the year the Fund spent £27.0m (2009: £24.2m) in charitable expenditure and associated costs. Details of the services and achievements of the Fund are included earlier in this report.

Direct charitable expenditure amounted to £23.5m (2009: £21.2m), which included donations to other charities that provide help to the extended RAF family. In addition to the amount spent on direct charitable expenditure, as recorded in the SOFA, capital expenditure on housing through the Fund's Housing Trust and loans to beneficiaries amounted to a further £3.7m (2009: £4.0m).

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 7 June 2011.



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

Principal Office and Professional Advisers

Fund's Principal Office

12 Park Crescent
London W1B 1PH

Auditors

Kingston Smith LLP

Devonshire House
60 Goswell Road
London EC1M 7AD

Bankers

Lloyds TSB Bank plc

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

Solicitors

Charles Russell LLP

5 Fleet Place
London EC4H 7RD

Sheppard and Wedderburn LLP

Saltire Court
20 Castle Terrace
Edinburgh EH1 2ET

Custodian Trustees

The Northern Trust Corporation

155 Bishopsgate
London EC2M 3XS

Investment Managers

Aberdeen Asset Management PLC

Bow Bells House
1 Bread Street
London EC4M 9HH

Actuary

Pope Anderson LLP

Pegasus House
37-43 Sackville Street
London W1S 3EH

Independent Auditor's Report

We have audited the financial statements of the Royal Air Force Benevolent Fund for the year ended 31 December 2010, which comprise the Group Statement of Financial Activities, the Group and Charity Balance Sheet, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable laws 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 regulations made under section 43 of the Charities Act 1993 and section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them 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 Auditors

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

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act and under the Charities Accounts (Scotland) Regulations 2006.

Our responsibility is to audit 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.

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 group and Charity's affairs as at 31 December 2010 and of its incoming 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 prepared in accordance with the requirements of the Charities Act 1993, the Charities and Trustee Investment (Scotland) Act 2005 Act and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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 1993 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

Chartered Accountants
and Registered Auditors

Devonshire House
60 Goswell Road
London EC1M 7AD

Date: 07 June 2011

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

Consolidated Statement of Financial Activities

for the year ended 31 December 2010

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Group 2010 £'000	Group (Restated) 2009 £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income					
Donations	2	4,906	41	4,947	4,038
Legacies		7,056	-	7,056	7,222
Investment income	3	2,820	89	2,909	3,642
Incoming resources from charitable activities					
Housing		847	14	861	790
Residential care		440	-	440	530
Loan interest		189	-	189	191
Other income	4	1,970	-	1,970	1,276
Total incoming resources		18,228	144	18,372	17,689
Resources expended					
Cost of generating funds					
Marketing and communications	5,6,7,8	2,523	-	2,523	2,087
Legacies	5,6,7,8	331	-	331	217
Investment management costs	5a	402	-	402	328
		3,256	-	3,256	2,632
Net incoming resources available for charitable application		14,972	144	15,116	15,057
Charitable expenditure					
Costs of activities in furtherance of the charity's objects					
Direct charitable expenditure					
General welfare	5,6,7,8	16,633	4	16,637	14,446
Education	5,6,7,8	60	39	99	327
Housing	5,6,7,8	2,379	33	2,412	2,764
Residential care	5,6,7,8	4,237	121	4,358	3,708
Total direct charitable expenditure		23,309	197	23,506	21,245
Pension interest costs		-	-	-	77
Governance		291	-	291	303
Total resources expended	5	26,856	197	27,053	24,257

	Note	Unrestricted Funds £'000	Restricted Funds £'000	Endowed Funds £'000	Group 2010 £'000	Group 2009 £'000
Net outgoing resources on continuing activities		(8,628)	(53)	-	(8,681)	(6,568)
Other recognised gains & losses						
Net gains on investment assets	11	9,871	-	457	10,328	11,847
Actuarial gains/(losses) on defined benefit pension scheme		729	-	-	729	(4,125)
Net movement in funds						
Fund balances brought forward on 1 January 2010		137,274	1,052	4,031	142,357	141,203
Fund balances carried forward at 31 December 2010	15	139,246	999	4,488	144,733	142,357

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, with the exception of the RAF Benevolent Fund 2nd Development Trust, details of which can be found within note 16 to these accounts.

Balance Sheet

as at 31 December 2010

	Note	Group 2010 £'000	Group 2009 £'000	Charity 2010 £'000	Charity 2009 £'000
Fixed assets					
Property	9	34,090	30,983	7,663	6,284
Furniture and equipment	9	634	407	634	407
		34,724	31,390	8,297	6,691
Loans to beneficiaries					
Secured		15,033	14,704	15,033	14,704
Unsecured		1,181	1,453	1,181	1,453
	10	16,214	16,157	16,214	16,157
Investments					
	11	91,301	99,918	88,509	97,435
Current Assets					
Stock		7	7	7	7
Debtors and prepayments	12	1,062	437	22,241	20,289
Cash at bank and in hand		8,849	3,238	7,831	2,255
		9,918	3,682	30,079	22,551
Current liabilities					
Creditors and accrued charges: amounts falling due within one year	13	(2,203)	(2,456)	(2,044)	(2,222)
Net current assets		7,715	1,226	28,035	20,329
Net assets excluding long-term liabilities and pension liability					
Defined benefit pensions liability	8	(5,221)	(6,334)	(5,221)	(6,334)
Net Assets		144,733	142,357	135,834	134,278
Funds					
Endowed		4,488	4,031	4,488	4,031
Restricted		999	1,052	999	1,052
Unrestricted – designated funds		15,272	10,000	15,272	10,000
Unrestricted – general funds		129,195	133,608	120,296	125,529
Pension reserve	8	(5,221)	(6,334)	(5,221)	(6,334)
	14,15	144,733	142,357	135,834	134,278
Note on historical costs					
Net Assets at historical cost		142,562	149,720		
Unrealised investment valuation surplus/(deficit)		2,171	(7,363)		
Total net assets as above		144,733	142,357		

The financial statements on pages 14 to 32 were approved by Trustees on 7 June 2011 and were signed on its behalf by:



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

Consolidated Cash Flow Statement

for the year ended 31 December 2010

	2010 £'000	2009 £'000	
Net cash inflow from capital expenditure and financial investment	(13,091)	(11,024)	
Returns on Investments			
Bank interest and sundry income	61	72	
Dividends receivable	1	3	
Fixed interest securities	2,847	3,567	
Net cash inflow from returns on investments	2,909	3,642	
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	(4,716)	(3,788)	
Net withdrawal from investments	18,945	8,936	
New loans	(1,227)	(1,094)	
Receipts from sales of tangible fixed assets	1,705	2,049	
Loans repaid	1,088	834	
Net cash inflow from capital expenditure and financial investment	15,795	6,937	
Increase/(decrease) in cash	5,613	(445)	
Notes to cash flow statement			
Reconciliation of net outgoing resources			
Net outgoing resources	(8,681)	(6,568)	
Less: investment income	(2,909)	(3,642)	
	(11,590)	(10,210)	
Adjustment for non-cash items:			
Profit on sale of tangible fixed assets	(1,218)	(924)	
Provision for loan conversions	250	-	
Loan interest	(189)	(191)	
Loans to grants	21	27	
Depreciation	895	793	
Pension interest (income)/costs	(384)	77	
Foreign exchange differences	2	(31)	
Movement in debtors	(625)	6	
Movement in creditors	(253)	(571)	
Net cash outflow from operating activities	(13,091)	(11,024)	
	2010 £'000	2009 £'000	Change in Year £'000
Cash at bank and in hand	8,849	3,238	5,611
Foreign exchange difference	-	-	2
Increase in cash and net funds			5,613

Notes to the Financial Statements

for the year ended 31 December 2010

1. Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with applicable accounting standards. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" published in March 2005.

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

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

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

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

Status

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

Fund accounting

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

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

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

Investment income and gains are allocated to the appropriate fund.

Incoming resources

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

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

Resources expended

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

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

The SOFA defines costs in three specific categories:

- cost of generating funds
- charitable activities
- governance costs.

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

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

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

Tangible fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised and included at cost, including any incidental expense of acquisition.

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

- freehold land nil
- freehold buildings over fifty 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.

Investments

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

Stock

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

Pension costs

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

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

For the defined benefit pension scheme, any increase in the present value of the net liabilities expected to arise from employee service in the period is charged to the SOFA.

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

Finance and operating leases

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

Foreign currencies

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

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.

2. Donations and gifts

	2010 £'000	2009 £'000
a. Royal Air Force voluntary income		
Service personnel	1,937	1,720
Stations and units	15	219
Battle of Britain "At Home Days"	204	148
	2,156	2,087
b. Other voluntary income		
General donations	2,538	1,878
Polish Air Force	250	-
Royal Air Forces Association	3	73
	2,791	1,951
	4,947	4,038

3. Investment income

	2010 £'000	2009 £'000
Interest receivable	61	72
Dividends receivable from equity shares	1	3
Dividends receivable from investments and unit trusts	2,847	3,567
	2,909	3,642

4. Other income

	2010 £'000	2009 £'000
Profit on sale of fixed assets	1,218	924
Pension interest income	384	-
Administration fee	339	331
Rental of office space	21	12
Administration recovery	8	9
	1,970	1,276

5a. Total resources expended

	Staff Costs £'000	Other Direct Costs £'000	Other Allocated Costs £'000	2010 £'000	2009 (Restated) £'000
Cost of generating voluntary income					
Donations	609	1,115	799	2,523	2,087
Legacies	49	122	160	331	217
Investment management costs					
Investment management fee	-	383	-	383	314
Custodian Trustee fee	-	19	-	19	14
Cost of charitable activities					
General welfare	1,375	13,566	1,696	16,637	14,446
Education	30	50	19	99	327
Housing	353	1,715	344	2,412	2,764
Residential homes	1,430	2,462	466	4,358	3,708
Pension interest expenditure	-	-	-	-	77
Governance	-	191	100	291	303
Total resources expended	3,846	19,623	3,584	27,053	24,257

5b. Other allocated costs

	Group 2010 £'000	Group 2009 £'000
Salaries	1,441	1,275
Overheads and depreciation	2,143	1,114
	3,584	2,389

5c. Net outgoing resources are stated after chargings

	2010 £'000	2009 £'000
Audit fees – current year	34	33
Audit fees – other	23	6
Custodian Trustee	19	13
Investment management fees	383	314
Solicitor/surveyors	195	181
Depreciation	895	793

6. Trustees' remuneration

The Trustees neither received nor waived any emoluments during the year 2010 (2009: £NIL)

Out of pocket expenses were reimbursed to Trustees as follows:

	2010 Number	2009 Number	2010 £	2009 £
Travel	5	4	3,722	1,863

During the year payments of £68,727 were made to Charles Russell Solicitors for professional services.

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

7. Staff costs

	2010 £'000	2009 £'000
Wages and salaries	4,739	4,381
Social security costs	429	393
Pension costs	867	511
	6,035	5,285

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

	2010 Number	2009 Number
£60,001 – £70,000	-	1
£70,001 – £80,000	3	1
£80,001 – £90,000	1	2
£90,001 – £100,000	1	1
£100,000 – £110,000	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 average number of employees, calculated on a full-time equivalent basis, analysed by function was:

	2010 Number	2009 Number
Charitable activities	125	125
Cost of generating funds	20	19
Governance, administration and support	25	25

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:

	2010 £000	2009 £000
Fair value of scheme assets	22,171	19,504
Present value of funded obligations	(27,392)	(25,838)
Present value of unfunded benefits (deficit in the scheme)	(5,221)	(6,334)

The amounts recognised in profit or loss are as follows:

	2010 £000	2009 £000
Defined benefit pension schemes		
Current service cost	483	372
Interest cost	1,478	1,233
Expected return on scheme assets	(1,452)	(1,145)
Total	509	460
Actual return on scheme assets	2,956	3,081

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

	2010 £000	2009 £000
Defined benefit pension schemes		
Opening defined benefit obligation	25,838	19,399
Current service cost	483	372
Interest cost	1,478	1,233
Contributions by scheme participants	22	20
Actuarial losses	775	6,061
Benefits paid	(1,204)	(1,247)
Closing defined benefit obligation	27,392	25,838

8. Pension commitments *continued*

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

	2010 £000	2009 £000
Opening fair value of scheme assets	19,504	17,267
Expected return	1,452	1,145
Actuarial gains	1,504	1,936
Contributions by employer	893	383
Contributions by scheme participants	22	20
Benefits paid	(1,204)	(1,247)
	22,171	19,504

The Charity is expected to contribute £900,000 to the Scheme in 2011.

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

	2010	2009
Target Return Fund	98%	99%
Fixed Interest and Cash	2%	1%

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

	2010	2009
Discount rate	5.4%	5.80%
Expected return on scheme assets	7.3%	7.50%
Future pension increases (RPI capped at 5%)	3.1%	3.30%
Future salary increases	3.8%	4.00%
Inflation assumption (RPI)	3.3%	3.50%
Mortality – base table	SAPS	SAPS
Mortality – allowance for future improvements	Medium Cohort	Medium Cohort
Life expectancies at age 63:		
Male currently aged 63	85.4 years	85.3 years
Male currently aged 43	86.7 years	86.6 years
Female currently aged 63	87.9 years	87.9 years
Female currently aged 43	89.0 years	89.0 years

Amounts for the current and previous four periods are as follows (all in £000's):

	2010	2009	2008	2007	2006
Defined benefit obligation	(27,392)	(25,838)	(19,399)	(20,415)	(20,934)
Scheme assets	22,171	19,504	17,267	21,467	20,845
Surplus/(deficit)	(5,221)	(6,634)	(2,132)	1,052	(89)
Experience adjustments on scheme liabilities*	-	(234)	-	-	(16)
Experience adjustments on scheme assets*	1,504	1,936	(5,263)	(435)	544

*positive experience adjustments represent a gain to the Fund

9. Tangible Fixed assets

	Property £'000	Equipment £'000	Total £'000
Cost on 1 January 2010	35,556	1,793	37,349
Additions during the year	4,297	419	4,716
Disposals during the year	(566)	(219)	(785)
Cost at 31 December 2010	39,287	1,993	41,280
Depreciation at 1 January 2010	(4,573)	(1,386)	(5,959)
Depreciation for the year	(732)	(163)	(895)
Depreciation on disposals during the year	108	190	298
Accumulated depreciation at 31 December 2010	(5,197)	(1,359)	(6,556)
Net book value 31 December 2010	34,090	634	34,724
Net book value 31 December 2009	30,983	407	31,390
Net book value 31 December 2010			
Gulf Trust Fund	193	-	193
Princess Marina House	3,955	154	4,109
RAFBF/RAFA convalescent homes	984	-	984
Headquarters – London	2,531	480	3,011
Charity	7,663	634	8,297
RAFBF Housing Trust Properties	26,427	-	26,427
Group	34,090	634	34,724
Net book value 31 December 2009			
Gulf Trust Fund	198	-	198
Princess Marina House	4,041	129	4,170
RAFBF/RAFA convalescent homes	1,010	-	1,010
Headquarters – London	1,035	278	1,313
Charity	6,284	407	6,691
RAFBF Housing Trust Ltd	24,699	-	24,699
Group	30,983	407	31,390

The net book value of properties comprises:

	2010 £'000	2009 £'000
Freehold	32,549	29,428
Long leasehold	1,541	1,555
	34,090	30,983

10. Loans to beneficiaries

	2010 £'000	2009 £'000
Balance as at 1 January	16,157	15,732
New loans	1,227	1,094
Interest charged	189	191
	17,573	17,017
Repayments	(1,088)	(833)
Loans converted to grants	(21)	(27)
Provision for loan conversion	(250)	-
Balance at 31 December	16,214	16,157

The outstanding loans include balances totaling £15.0 million (2009 – £14.7 million) 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 beneficiaries estate.

11. Fixed asset investments

	2010 £'000	2009 £'000
Group		
Market value as at 1 January	99,918	97,007
Net withdrawals	(18,945)	(8,936)
Net investment gains	10,328	11,847
Market value at 31 December	91,301	99,918
Historical cost at 31 December	85,472	95,525
UK listed investments are represented by:		
Fixed interest securities	847	-
Equity shares	2,375	1,689
Pooled funds	84,227	87,300
Total	87,499	88,989

12. Debtors

	Group 2010 £'000	Group 2009 £'000	Charity 2010 £'000	Charity 2009 £'000
Legacies	148	36	148	36
Other debtors	309	242	21,506	20,151
Prepayments	605	159	587	102
	1,062	437	22,241	20,289

13. Creditors: amounts falling due within one year

	Group 2010 £'000	Group 2009 £'000	Charity 2010 £'000	Charity 2009 £'000
Trade creditors	421	385	374	335
Taxation and social security costs	133	118	133	118
Other creditors	1,649	1,953	1,537	1,769
	2,203	2,456	2,044	2,222

14. Statement of funds

	At 1 January 2010 £'000	Incoming Resources £'000	Resources Expended £'000	Investment Gain £'000	Transfers £'000	At 31 December 2010 £'000
General reserve	133,608	17,844	(26,856)	9,871	(5,272)	129,195
Designated funds	10,000	-	-	-	5,272	15,272
Total unrestricted funds	143,608	17,844	(26,856)	9,871	-	144,467
Restricted income funds – see schedule page 29	1,052	144	(197)	-	-	999
Endowment funds – see schedule page 28	4,031	-	-	457	-	4,488
Pension reserve	(6,334)	384	-	729	-	(5,221)
Total funds	142,357	18,372	(27,053)	11,057	-	144,733

Designated funds

The sum of £7.0m has been designated for the refurbishment of the Charity's head office and is included in the total unrestricted funds.

The sum of £6.4m has been designated for Station Childcare Facilities (Multi Use Games Area Project Plan) and is included in the total unrestricted funds.

The sum of £1.5m has been designated for the Head Office Future Building Fund and is included in the total unrestricted funds.

The sum of £0.4m has been designated for the upgrading of the Charity's computer system and is included in the total unrestricted funds.

Restricted income funds – Over £100,000

Fulmer Fund

To offer relief to wives of RAF Officers in need of maternity or post-natal services.

Gulf Trust

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

Endowment funds – Over £100,000

Viscount Nuffield

Income used for general purposes.

Peter Henry Slater-Eiggert

Memorial Fund for the benefit of ex-members and dependants of 83 Squadron.

E H Jubb

For the benefit of Aircrew, their widows and dependants.

Newton Driver

Memorial fund for the general purposes of the fund and the upkeep of the property at Rustington.

RAFBF Educational Endowment Fund

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

Hector Pilling Memorial Fund

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

RAF Prize Fund

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

RAFBF Educational Expendable Fund

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

15. Analysis of group net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Total Funds £'000
Fund Balances at 31 December 2010 are represented by:				
Tangible fixed assets	34,531	193	-	34,724
Loans to beneficiaries	16,027	187	-	16,214
Investments	86,813	-	4,488	91,301
Current assets	9,062	724	132	9,918
Current liabilities	(1,966)	(105)	(132)	(2,203)
Pension liability	(5,221)	-	-	(5,221)
Total net assets	139,246	999	4,488	144,733

16. Subsidiary entities

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

	RAFBF Dependants Fund 2010 £'000	RAFBF Dependants Income Trust 2010 £'000	RAFBF 2nd Development Trust 2010 £'000	RAFBF Housing Trust Ltd 2010 £'000	Subsidiary Entities 2010 £'000	Subsidiary Entities 2009 £'000
Incoming resources						
Investment income	90	-	-	-	90	104
Other income	246	93	-	829	1,168	1,091
Profit on sale of freehold properties	-	-	-	1,247	1,247	714
	336	93	-	2,076	2,505	1,909
Resources expended						
Grants	190	67	77	1,657	1,991	2,235
Management and administration	29	26	(53)	-	2	59
	219	93	24	1,657	1,993	2,294
Net gains on investment assets	310	-	-	-	310	329
Per statement of financial activities	427	-	(24)	419	822	(56)

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 the relief of dependants of deceased serving personnel.

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 is an ongoing review of the future of the RAF Dependants Fund Income Trust with the aim of discontinuing its activities within the next 12 months.

RAFBF 2nd Development Trust

A trust set up to promote the recruitment and efficiency of the Royal Air Force by printing, publishing, advertising and distributing any book or by carrying on any trade or business connected with aircraft or the personnel of the Royal Air Force. No longer active.

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.

Endowment Funds

	Balances 31.12.09 £	Unrealised/ Realised Gain £	Balances 31.12.10 £
Permanent endowment funds with unrestricted income			
Pilot Officer J P L Branson Memorial Fund	32,231	4,211	36,442
Pilot Officer James Erskine Cunning Memorial Fund	30,268	4,029	34,297
Flying Officer L S Delaney Trust	8,791	1,170	9,961
Paddy Finucane Memorial Fund	13,098	1,743	14,841
Louise Alice Kay Memorial Fund	27,059	3,601	30,660
Mosquito Memorial Fund	7,624	991	8,615
Flying Officer Douglas Frank Newsham Memorial Fund	24,158	3,216	27,374
Viscount Nuffield Endowment	699,365	93,089	792,454
Helen Mary Renton Fund	28,547	3,800	32,347
RAF Rugby Union Fund	33,572	4,468	38,040
Peter Henry Slater-Eiggert Memorial Fund	98,894	10,261	109,155
The Revd. James Edmund Strickland Memorial Fund	97,023	(18,397)	78,626
	1,100,630	112,182	1,212,812
Expendable endowment funds with unrestricted income			
Flying Officer William Dron Memorial Fund	1,623	216	1,839
Frederick Eley Fund	3,127	416	3,543
Wing Commander J Higginson Fund	6,429	806	7,235
Peter Grattan Holt Memorial Fund	33,277	4,429	37,706
E H Jubb Fund	229,250	21,901	251,151
Middle East Relief Fund	28,762	3,313	32,075
Morley Fund	4,640	618	5,258
Orlebar Memorial Fund	5,251	699	5,950
Shattock Memorial Scholarship Fund	8,010	924	8,934
Wooding Memorial Fund	5,630	744	6,374
	325,999	34,066	360,065
Permanent endowment funds where the use of the income is restricted			
Frere Memorial Scholarship Fund	4,167	520	4,687
Newton Driver Memorial Fund	1,445,232	163,832	1,609,064
Group Captain W E Purdin Memorial Fund	1,844	211	2,055
RAFBF Educational Endowment Fund	368,866	38,598	407,464
Douglas Turner Benefaction	85,748	11,243	96,991
	1,905,857	214,404	2,120,261
Expendable endowment funds where the use of the income is restricted			
Mrs H M Jereham Memorial Fund	20,329	2,024	22,353
Lord Knolly's Holiday Fund	7,733	766	8,499
Hector Pilling	409,729	63,903	473,632
Lord Portal Fund	1,943	227	2,170
RAF Prize Trust	162,878	18,122	181,000
RAFBF Educational Expendable Fund	95,525	11,396	106,921
	698,137	96,438	794,575
Total endowment funds	4,030,623	457,090	4,487,713

Restricted Income Funds

These funds can not be used for general purposes.

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

	Balances 31.12.09 £	Income £	Expenditure £	Balances 31.12.10 £
Education				
Air Vice-Marshal Frank Felgate Memorial Prize	488	2	-	490
Frere Memorial Scholarship Fund	6,275	167	-	6,442
Lord Knolly's Holiday Fund	-	262	262	-
Hector Pilling	-	14,909	14,909	-
RAF Prize Trust	-	5,288	5,288	-
RAFBF Educational Endowment Fund	-	12,540	12,540	-
RAFBF Educational Expendable Fund	-	3,274	3,274	-
Douglas Turner Benefaction	-	3,075	3,075	-
	6,763	39,517	39,348	6,932
RAFBF – Funds				
Alastrean House Amenities Fund	6,774	-	796	5,978
Newton Driver Memorial Fund	-	47,167	47,167	-
Princess Marina House Amenities Fund	55,123	38,333	72,639	20,817
	61,897	85,500	120,602	26,795
General purposes				
Fulmer Fund	536,149	1,652	-	537,801
Lord Portal Fund	146	67	-	213
Group Captain W E Purdain Memorial Fund	122	61	-	183
	536,417	1,780	-	538,197
Other purposes				
Mrs H M Jerham Memorial Fund	1,659	695	1,659	695
RAF Officers' Wives Fund	-	2,750	2,750	-
Gulf Trust	445,649	13,988	32,597	427,040
	447,308	17,433	37,006	427,735
Total restricted funds	1,052,385	144,230	196,956	999,659

Grants to Third Parties

	Capital Cost £	Running Cost £	Total Grant £
Support to the serving Royal Air Force			
General welfare			
Citizens Advice Bureau – Lincoln & District	-	5,000	5,000
Citizens Advice Bureau – Mid Bedfordshire	-	1,000	1,000
Citizens Advice Bureau – Moray	-	2,500	2,500
Citizens Advice Bureau – RAF Brize Norton	-	9,000	9,000
Citizens Advice Bureau – RAF Halton	-	5,100	5,100
Citizens Advice Bureau – South Kesteven	-	4,000	4,000
Citizens Advice Bureau – West Oxfordshire	-	8,500	8,500
RAF Brize Norton Wi-Fi Project	1,500	-	1,500
RAF Church Collections Fund	-	4,920	4,920
RAF Cottesmore	-	8,000	8,000
RAF Leeming – 90 Signals Unit	-	6,000	6,000
RAF Wittering	-	10,000	10,000
Relate (The Relationship People)	-	85,733	85,733
	1,500	149,753	151,253
Childcare			
Airplay (MUGAs, Play parks and station youth workers)	1,194,996	-	1,194,996
RAF Leeming – Flying Start Nursery	723,000	-	723,000
RAF Lyneham – Melsome Play Park	10,000	-	10,000
RAF Marham – Rainbow Childcare Centre	53,670	-	53,670
RAF Northolt – Childcare Centre Play Park	6,457	-	6,457
	1,988,123	-	1,988,123
Residential, Nursing and Therapy Centres			
Episkopi Decompression Unit	2,785	-	2,785
	2,785	-	2,785
Total support to the serving Royal Air Force	1,992,408	149,735	2,142,161

	Capital Cost £	Running Cost £	Total Grant £
Support to the veterans' community			
General welfare			
Age Concern – Spain	-	6,500	6,500
Alzheimer's Society	-	55,000	55,000
Czech Veterans	-	2,040	2,040
Combat Stress	-	218,000	218,000
COBSEO	-	7,550	7,550
Counsel and Care for the Elderly	-	5,000	5,000
Dogs for the Disabled	-	2,500	2,500
Football Foundation	-	30,000	30,000
Gatehouse	-	1,000	1,000
Mutual Support	-	7,000	7,000
National Association of Swimming Clubs for the Disabled	-	1,000	1,000
National Gulf Veterans and Families Association	-	7,588	7,588
Palace Barracks Memorial Fund	400	-	400
Polish Veterans	-	6,815	6,815
Poppy Scotland – Armed Services Advice Project	-	100,000	100,000
RAF HCPT – The Pilgrimage Trust	-	1,500	1,500
RAF Widows Association	-	500	500
Regular Forces Employment Association	19,222	23,000	42,222
Royal Commonwealth Ex-Services League	3,000	24,800	27,800
Slovak Veterans	-	31,040	31,040
SSAFA Forces Help	-	161,500	161,500
The Gwenneli Trust	-	500	500
The "Not Forgotten Association"	-	40,000	40,000
The Officers' Association	-	30,000	30,000
The Royal British Legion (Benefits & Money Advice Service Project)	-	450,000	450,000
Veterans' Scotland	-	1,500	1,500
	22,622	1,214,333	1,236,955
Residential, Nursing and Therapy Centres			
Abbeyfield (Bucks) Society – Leonard Pulham Home	3,000	-	3,000
Alzheimer's Support – Trowbridge	-	5,000	5,000
Broughton House	-	38,000	38,000
Curphey Home, Jamaica	-	15,000	15,000
Erskine	-	150,000	150,000
Gardening Leave	-	5,700	5,700
Haig Homes	15,000	-	15,000
Home Farm Trust	-	145,000	145,000
Homes in Zimbabwe	-	75,000	75,000
King Edward VII's Hospital – Sister Agnes	-	1,000	1,000
Scottish Veterans Garden City Association	100,000	-	100,000
Scottish Veterans Residences	100,000	-	100,000
Somme Nursing Home	145,000	-	145,000
St Dunstan's	100,000	-	100,000
Sue Ryder Home – Prague	-	7,500	7,500
The Queen Alexander Hospital Home	-	33,200	33,200
The Royal Homes	45,000	1,000	46,000
Veterans Aid	-	15,000	15,000
	508,000	491,400	999,400

Grants to Third Parties *continued*

	Capital Cost £	Running Cost £	Total Grant £
Support to the veterans' community <i>continued</i>			
Holidays for disabled/disadvantaged			
Lord Kitchener Memorial Holiday Centre	-	12,500	12,500
The RAF and Dependants Disabled Holiday Trust	-	18,835	18,835
	-	31,335	31,335
Hospices			
Hospice in the Weald	-	10,000	10,000
Phyllis Tuckwell Hospice	-	11,000	11,000
Rainbows Children Hospice	1,000	500	1,500
South Bucks Hospice	-	3,500	3,500
St Andrew's Hospice	-	15,000	15,000
St Margaret's Somerset Hospice	1,100	-	1,100
St Martlet's Hospice	-	5,000	5,000
Sue Ryder Care	-	12,500	12,500
Thames Hospicecare	-	10,000	10,000
The Iain Rennie Hospice at Home	5,300	19,700	25,000
	7,400	87,200	94,600
Housing			
Community Housing and Therapy	-	2,717	2,717
	-	2,717	2,717
Charities for the Blind			
Calibre Audio Library	-	2,500	2,500
Deafblind	-	4,000	4,000
National Talking Newspapers and Magazines Association	-	5,000	5,000
	-	11,500	11,500
Schools and training colleges			
Ladybird Developmental Group	-	2,000	2,000
Royal Caledonian Schools Trust	-	4,000	4,000
Queen Victoria School	-	1,000	1,000
The Queen Elizabeth's Foundation for the Disabled	-	3,500	3,500
	-	10,500	10,500
Returns			
Childcare – RAF Leeming	-	(130,281)	(130,281)
Childcare – RAF Marham	-	(8,433)	(8,433)
Childcare – RAF Benson	-	(30,000)	(30,000)
Czech Veterans	-	(2,859)	(2,859)
	-	(171,573)	(171,573)
Total support to the veterans' community	538,022	1,677,412	2,215,434
Total grants to third parties	2,530,430	1,827,165	4,357,595



Flight Lieutenant Andy Costin, featured on the front cover, was severely injured when an IED exploded under his vehicle in Afghanistan. Fortunately, the RAFBF was able to provide much-needed support during this difficult time. Once he'd recovered, Andy and his wife, Yvonne, organised a gruelling 100km 'Row for Recovery' along the Caledonian Canal with six colleagues from RAF Lossiemouth. The row was in memory of two of Andy's comrades who were killed in the explosion and raised £6,000 for the RAFBF. Earlier this year, Flt Lt Costin was awarded the RAFBF Poignard in recognition of his outstanding support for the charity.

You can watch a short film about Andy's story at www.rafbf.org/andy

If you would like to help the RAF Benevolent Fund so we can help the RAF family, you can:

Make a donation

You can do this at www.rafbf.org/donate by phone on **020 7580 8343**, or by sending a cheque payable to the RAFBF, to the address below.

Put a gift to the RAFBF in your Will

Contact our legacy fundraiser on **020 7307 3444** or email legacy@rafbf.org.uk

Royal Air Force Benevolent Fund

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