

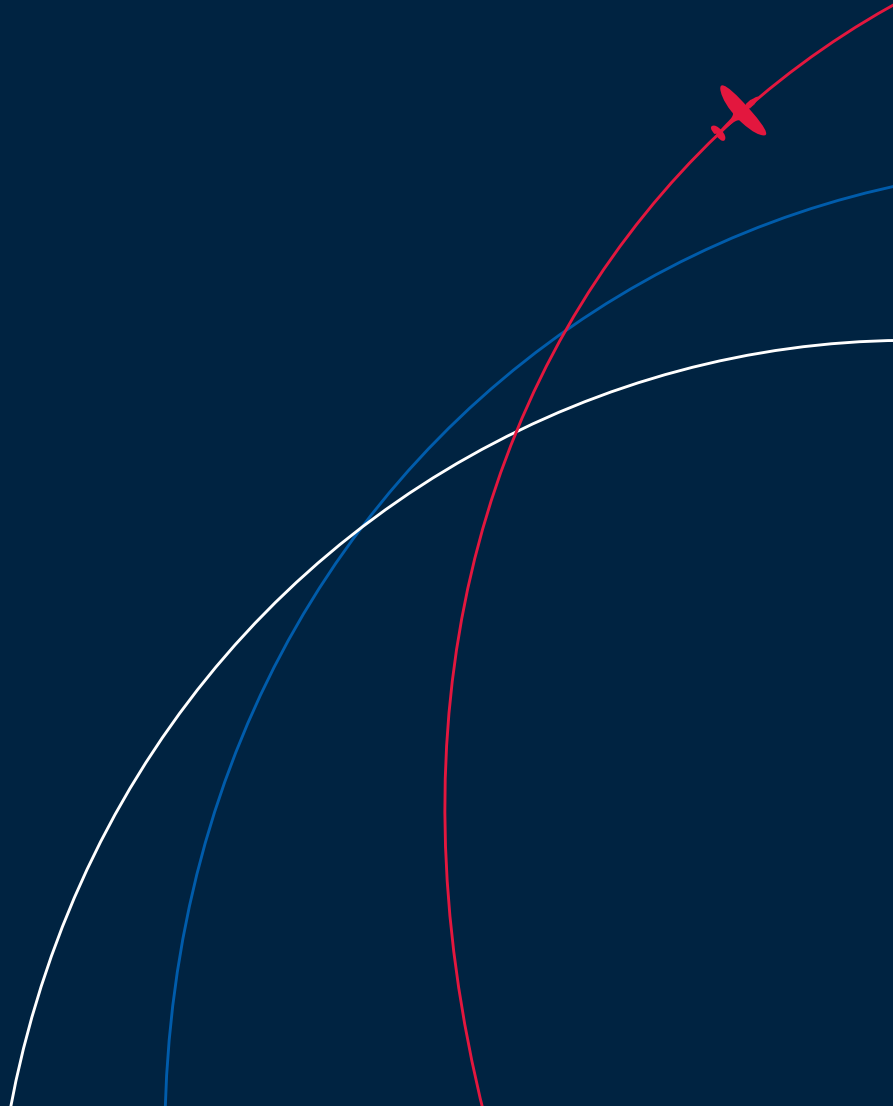


Royal Air Force
Benevolent Fund

ANNUAL REPORT

2020

TRUSTEES' REPORT AND ACCOUNTS FOR
THE YEAR ENDED 31 DECEMBER 2020



PRINCIPALS, TRUSTEES AND SENIOR MANAGEMENT TEAM

PATRON

Her Majesty The Queen

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GCMG GCVO ADC(P)

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Graydon GCB CBE ADC FRAeS

Air Chief Marshal Sir Stephen
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Air Chief Marshal Sir Richard
Johns GCB KCVO CBE FRAeS

Air Chief Marshal Sir Roger
Palin KCB OBE MA FRAeS FIPD

Lady Hillier

Lady Humphrey OBE
(died 3 January 2021)

VICE-PRESIDENT

John Isabel

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FCILTR FRSA

Deputy Chair

The Viscount Trenchard
of Wolfeton DL

Honorary Treasurer

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(Hons) DPhil FCA (until
26 November 2020)

Alastair Irvine BA (Hons) MCSI
(from 26 November 2020)

Members

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Wigston KCB CBE ADC RAF

Air Marshal Andrew Turner
CB CBE MA MSc BA FRAeS
CCMI RAF

Air Vice-Marshal John Cliffe
CB OBE

Air Vice-Marshal Simon
Dougherty MBE MSc
MBBS FRCP FFOM DAvMed
DObstRCOG FCMI FRAeS
(until 1 June 2020)

Air Commodore Ro Atherton
(until 14 December 2020)

Frances Brindle MSc BSc (Hons)

David Cheyne MA (Cantab)

Wing Commander Marie-Noelle
Orzel OBE QVRM MSc PGDE
RGN RSCN (from 1 June 2020)

TRUSTEES

Chair

Lawrie Haynes DEng BA (Hons)
FCILTR FRSA

Honorary Treasurer

Dr Stephen Critchley MA (Hons)
DPhil FCA (until 26 November
2020)

Alastair Irvine BA (Hons) MCSI
(from 26 November 2020)

Members

Kathryn Adamson
(until 23 October 2020)

Allyson Arnold MSc BScN
(Hons) (from 1 June 2021)

Patrick Aylmer FCA
(from 1 June 2021)

Alison Benjamin BA (Hons)
(from 1 June 2021)

Frances Brindle MSc BSc (Hons)

Sarah Casemore MBA
(from 1 June 2021)

David Cheyne MA (Cantab)

Graeme Craig MA

Richard Cryer MA (Cantab) FCA
(from 1 June 2021)

Wing Commander Sarah Davis
MBA MSc FCIPD
(from 1 June 2020)

Air Vice-Marshal Simon
Dougherty MBE MSc
MBBS FRCP FFOM DAvMed
DObstRCOG FCMI FRAeS
(until 1 June 2020)

Richard Ingham
(until 25 March 2021)

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

Graeme Shankland

Air Vice-Marshal Elaine West
CBE

SENIOR MANAGEMENT TEAM

Controller

Air Vice-Marshal The
Honourable David Murray
CVO OBE (until 20 April 2020)

Air Vice-Marshal Chris Elliot
CB CBE MA BSc
(from 20 April 2020)

Chief of Staff/Director of Governance

Air Commodore Paul Higgins
MA BA (Hons) FCILT FCMI

Director of Finance

Victoria Fakehinde BSc (Hons)
ACMA CGMA

Director of Fundraising and Communications

John Trampleasure
(until 1 May 2020)

Mike Straney (from 4 May
2020 until 30 April 2021)

Jason Shauness BEc (Hons)
Grad Dip REM (from 24 May
2021)

Director of Welfare and Policy

Air Commodore Paul
Hughesdon MA

CENTENARY CAMPAIGN ADVISORY BOARD

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Air Marshal Peter Ruddock
CB CBE

Mr Richard Shirley

The Viscount Trenchard
of Wolfeton DL

Air Chief Marshal Sir Michael
Wigston KCB CBE ADC RAF

Royal Air Force Benevolent Fund Principal and Registered Office

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CONTENTS

TRUSTEES' REPORT

Foreword	4
Aims, objectives and values	6
Our strategic aims: progress and changes	8
2020: our key stats	12
Our five key aims	14
Fundraising	20
Supporter promise	22
Grant making	23
Financial highlights	24
Financial review	26
Strategic risk management	32
Structure, governance and management	36
Principle professional advisers	39

INDEPENDENT AUDITOR'S REPORT 40

FINANCIAL STATEMENTS 44



SUPPORTING THE RAF FAMILY DURING A TURBULENT YEAR

2020 will go down in history as one of the Fund's most challenging years ever. While we faced many difficulties due to the Covid-19 pandemic, we are proud of how we continued to support the RAF Family during these toughest of times.

The onset of the Covid-19 pandemic turned the lives of many in the RAF Family upside down, leaving people facing everything from extreme loneliness and isolation to financial problems, anxiety and bereavement. We knew we had to rapidly adapt our ways of working and our key services to be there for those most in need. Despite a downturn in income, we are pleased to have supported over 63,700 veterans and serving personnel – and their families – in 2020, spending £26M to help them get through this turbulent year.

Tackling social isolation – particularly amongst veterans – was a crucial challenge. As the pandemic took hold we immediately set up our Check and Chat call service, with staff from the Fund regularly calling socially-isolated RAF Family members throughout the year to see how they were coping. We also quickly expanded our Telephone Friendship Groups, with 88% more people taking part compared to 2019.

Supporting the RAF Family's mental wellbeing during such a difficult time was another important task for us. Our Listening and Counselling Service, new 24-hour Emotional Support Helpline and new counselling service for children and young people all helped with this. We also made sure relationship counselling was still available online. We were there for children in other ways too, launching Airplay Connect, a digital platform where young people – isolated from school and their

friends – could access our programme of activities. We also made up to £2.5K available for each RAF station to provide activity packs for families and support for those living in single living accommodation during lockdown.

We continued to support members of the RAF Family in financial need too, from topping up pensions to helping with unexpected bills. We quickly made it possible to apply for grants of up to £750 completely online – a first for a UK military charity. We continued our important work giving grants to support RAF Family members to live independently and with dignity too.

We were, however, immensely sad to permanently close Princess Marina House, our care and respite centre on the West Sussex coast. We thank all our staff there for their hard work over the years, and hope our guests will continue to use our other welfare services.

Our wide-ranging work this year would simply not have been possible without the incredible support of our amazing donors and fundraisers. Thank you so much for your help, especially during what was a difficult financial year for many. We would also like to thank the Fund's brilliant, hard-working staff, who adapted so well to sudden and unsettling changes this year, and continued to do everything they could to help the RAF Family. Gratitude must also go to the Fund's Trustees for their invaluable guidance through these uncharted waters.

We go into 2021 hopeful that the Covid-19 situation will stabilise, and we will continue to evaluate how we can best support the RAF Family. We are a resilient organisation, and in many ways the pandemic has made us stronger, forcing us to look at how to become more efficient and adaptable, and at new ways to live up to our values of being beneficiary-focused, compassionate, inclusive, responsive and trustworthy. The pandemic has also brought many communities closer together. We hope this will mean more people will direct RAF veterans to us for help.

For the past 100 years, the Fund has stood side by side with the RAF Family during its toughest times – and we are confident we will make it through this huge challenge more robust than ever.

Lawrie Haynes
Chair
Royal Air Force Benevolent Fund

Air Vice-Marshal Chris Elliot CB CBE
Controller
Royal Air Force Benevolent Fund

AIMS, OBJECTIVES AND VALUES

OUR VISION

No member of the RAF Family will ever face adversity alone.

OUR PURPOSE

To understand and support each and every member of the RAF Family, whenever they need us.

OUR VALUES



Beneficiary-focused – We place the people we support at the heart of all we do and act in their best interests, understanding their needs and using our expertise to provide appropriate solutions.



Compassionate – We show empathy, giving a helping hand to those in need and distress.



Inclusive – Promoting fairness, diversity and respect for others, we are non-judgemental and non-discriminatory. We make ourselves accessible to all those who need our help.



Responsive – Forward leaning and innovative, we remain relevant by anticipating changes in the wider environment which affect those who need our help.



Trustworthy – We have integrity and are honest. We strive to do the right thing, and challenge decisions and actions which are not consistent with our values, while remaining accountable for our actions.

OUR OBJECTIVES AND ACTIVITIES

We support current and former members of the RAF, and their partners and families, providing practical, emotional and financial support. We are committed to getting them through the toughest times, whatever life may send their way.

Most of our services can be used by both serving and former personnel and their partners and children. These include one-off grants to help with unexpected expenses like a broken boiler or home adaptations, relationship counselling and bereavement support.

Some services can only be accessed by current personnel and their families. These include our subsidised breaks and online mindfulness programme. For former personnel and their partners, our Telephone Friendship Groups provide a safe space to chat to others in the comfort of their own home.

We also maintain the RAF Memorial on the Victoria Embankment and the Bomber Command Memorial in Green Park, London.

OUR STRUCTURE

We carry out our activities through the following subsidiaries:

- RAF Benevolent Fund Housing Trust Limited
- RAF Benevolent Fund Trading Limited
- RAF Disabled Holiday Trust
- RAF Dependants Income Trust Limited
- RAF Dependants Fund
- Royal Observer Corps Benevolent Fund.

PUBLIC BENEFIT STATEMENT

When reviewing the Fund's aims and objectives and in planning future activities and policies, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and to its supplementary guidance on public benefit and fee charging.

All of our services are either free or heavily subsidised. Where we ask for contributions, for example towards the costs of living in one of our Housing Trust properties, we always take beneficiaries' means into account. No member of the RAF Family should be prevented from accessing our services because they cannot afford the full cost.

Through our External Grants programme, we also enable other charities to maximise their public benefit in support of the RAF Family.

OUR STRATEGIC AIMS: PROGRESS AND CHANGES

Despite the huge and unprecedented challenges brought by the Covid-19 pandemic, we continued to implement the strategic aims from our 2017-2022 strategy in 2020. The Fund's strong governance and financial management meant we were able to adapt with agility to the changing circumstances and continue to support the RAF Family uninterrupted, while responding to new and emerging needs.

However, we had to make some significant adjustments to our original plan for the year in light of Covid-19. We also recognised that, with the world changing so significantly, we needed to overhaul our strategy for 2021, 2022 and beyond. Our new interim 'stabilise and adjust' strategy will guide our work over the next two years, while we prepare a long-term strategy to continue supporting the RAF Family through their toughest times.

PROGRESS AGAINST 2017-2022 STRATEGIC AIMS

STRATEGIC AIM 1

To reach and support more RAF Family members in need

In 2020, we continued our multi-channel campaign to put veterans in need of our support 'Back On The Radar', encouraging members of the RAF Family to come to us for assistance. Although we had to adapt our plans due to the pandemic, we remained successful in raising awareness of the Fund and reaching new people. Enquiries about our welfare services and public awareness of

the Fund remained high, and we saw a 32% increase in our overall media coverage. After 18 months, the campaign officially ended in December 2020, having brought about significant increases in the number of people we reached and helped.

We also completed a review of our beneficiary journey – the process members of the RAF Family go through when they come to us for help. This led us to begin developing a new model involving more practical support to people accessing our services, particularly when they make initial enquiries and when a caseworker assesses them for help. We began implementing this new model (including developing online forms and providing more support to navigate the enquiries process) in 2020 and will continue throughout 2021.

We adapted and deepened our engagement with key stakeholders and caseworkers to expand our local reach too, using videoconferencing due to travel restrictions.

STRATEGIC AIM 2

To expand our welfare services in key areas, assessing and responding to the ever-changing needs of veterans, serving personnel and their families

We continued to offer the RAF Family support in five key areas: emotional wellbeing, friendships and connections, family relationships, independent living and financial assistance. We adapted our services and found innovative ways to ensure the RAF Family could still access them during the pandemic, including:

- Making our Listening and Counselling Service available virtually, and expanding it to provide counselling for children and young people
- Developing processes for veteran and serving communities to apply for grants online
- Introducing a free legal advice service
- Increasing the number of Telephone Friendship Groups
- Coordinating letters to veterans from children in our Airplay youth groups
- Undertaking Check and Chat calls, where members of staff regularly called beneficiaries to check on their wellbeing and combat social isolation
- Continuing our Community Engagement Worker and Social Engagement Worker programmes (with a shift in focus to digital engagement)
- Expanding subscriptions for the mindfulness app Headspace
- Providing digital Thrive workshops to increase emotional wellbeing and resilience, reduce isolation and increase the employability of partners of people in the RAF
- Introducing Airplay Connect, a new digital platform to engage with the children of RAF personnel
- Working with the RAF to deliver special hampers, tins of Spitfire shortbread and some much-needed festive cheer to vulnerable RAF Family members in December.

For more about our impact in our five key areas of work, see pages 14-18.

We also continued to invest in research to increase our understanding of the current and changing needs of the RAF Family. We concluded a major piece of research into the wellbeing of children and young people growing up with one or more parents serving in the RAF, and we launched a new research project into wellbeing and coping within the serving community.

The impact of Covid-19 meant that the planned expansion of our respite and care provision and Group Wellbeing Breaks for dementia sufferers could not go ahead. The Fund also had to make the very difficult decision to close Princess Marina House (see box on the following page).

STRATEGIC AIM 3

To increase income across all fundraising channels

The effects of Covid-19 resulted in the Fund falling 20% short of its planned income. Reduced legacy income, cancelled events and lack of face-to-face engagement created challenges for fundraising. Despite this, we successfully adapted to the difficult circumstances, moving events like our annual awards and Bomber Command Memorial service online and developing targeted and innovative approaches to continue engaging our audiences.

Hard-won results in some income streams (including direct marketing, in-memory giving, and corporate, major donors and trusts income) were better than expected, offsetting what could otherwise have been a worse result.

We succeeded in raising brand awareness despite the challenging circumstances. Work around the 80th anniversary of the Battle of Britain in particular generated significant media interest and provided an excellent opportunity to involve supporters and partners.

STRATEGIC AIM 4

To strengthen our governance and support functions so we can better help our beneficiaries

Our robust business continuity management framework and previous work to improve our telephone, IT and intranet systems meant we were able to swiftly move to home-working in response to the pandemic, with no disruption to our ability to help the RAF Family.

We enhanced our governance and compliance practices, completing an information security audit, developing a records management programme and giving ongoing support to staff to ensure

that practices, projects and contracts remained compliant in the changed working environment. We also developed a fundraising contract management framework, and reviewed our complaint management processes.

We continued our project to implement a new finance system, which went live in March 2020, and improved our financial reports.

We strengthened governance at the Board level too by completing a review of Board effectiveness (with the recommendations implemented throughout 2020 and 2021); reviewing and formalising Trustee recruitment and induction processes; and mapping Trustee skills against a Board skills matrix, which we are now using to inform Trustee recruitment drives.

Our HR function prioritised staff wellbeing. We also supported staff through the redundancy process made necessary by the closure of Princess Marina House.

CLOSING PRINCESS MARINA HOUSE

In July 2020, we made the reluctant but necessary decision to permanently close Princess Marina House, our care and respite centre on the West Sussex coast.

Before the Covid-19 pandemic, our research told us the number of veterans and their partners likely to visit Princess Marina House would decline, bringing the centre's long-term viability to the attention of the Board of Trustees. However, no decisions about its future had been made.

Covid-19 meant Princess Marina House needed to shut its doors temporarily in March 2020. Reviewing the situation in July 2020, our Trustees concluded that it was unlikely that we would be able to welcome back our guests, who primarily

fall into the vulnerable category, before mid-2021. If we had, their experience would have been vastly different due to the measures needed for their safety. Many of our guests may not have felt comfortable returning to Princess Marina House at all in the near future, despite safety measures in place. Looking back on the impacts of the second wave of the virus, we are confident that this difficult choice was the right one.

The move to close for good was made with great sadness as Princess Marina House was a unique and special place both to visit and to work. We contacted all guests directly to let them know and to ensure they were aware of the other support and welfare services we provide.

OUR INTERIM 'STABILISE AND ADJUST' STRATEGY

The Fund's 2017–2022 strategy has been enormously successful. It has broadened and deepened the services we offer the RAF Family, our fundraising capacity and back-office capability, and led us to support significantly more people. However, in the three years since we wrote it, there have been changes to the RAF Family's composition, the fundraising environment, governance, and the Armed Forces charity sector. The Covid-19 pandemic and other factors have driven these changes.

This has made it necessary for us to retire our 2017–2022 strategy and reset our strategic direction.

We have adopted a short-term strategy for 2021 and 2022 to stabilise our operations and adjust to immediate challenges and opportunities. At the same time, we will review our position and develop a new long-term strategy to serve the RAF Family.

Our 'stabilise and adjust' strategy's aims and objectives are:

1. To effectively support members of the RAF Family in need, achieving our vision and purpose through our welfare delivery

- To effectively support members of the RAF Family in need, by providing high quality and holistic support
- To improve the beneficiary journey to receiving support
- To generate evidence and analysis to identify and respond to the changing needs of the RAF Family and maximise impact
- To raise awareness of the Fund and our services within the RAF Family.

2. To develop and adopt a more financially sustainable model to support the RAF Family, recognising that the Fund is currently spending down its reserves to finance its operations, which is not sustainable in the long term

- To raise awareness of the Fund to support income generation
- To maximise income generated by improving return on investment across a diversified mix of fundraising streams
- To design a more enduring and sustainable welfare offering
- To use evidence, analysis and insight to develop a more affordable welfare programme, while continuing to develop new initiatives in response to emerging needs.

3. To protect and enhance our reputation by demonstrating that we are a trusted, inclusive organisation that has our beneficiaries at our heart

- To provide strong and effective governance
- To minimise support costs and maximise impact
- To deliver communications across all audiences that demonstrate how we live our brand values.

4. To enhance our ways of working, to ensure we are a modern, efficient and effective organisation

- To embed data analysis and insight throughout all Fund operations to enable evidence-based decision-making
- To make the Fund an inclusive and resilient organisation that adopts modern ways of working
- To harness opportunities for greater partnership and collaboration where it will deliver greater impact for our beneficiaries
- To support the strengthening of the wider Armed Forces charity sector for the benefit of the RAF Family.

2020: OUR KEY STATS

£26M
SPENT SUPPORTING
63,700+
MEMBERS OF THE RAF FAMILY

£21.2M+
SPENT SUPPORTING
21,500+
VETERANS AND
THEIR FAMILIES

£4.8M+
SPENT SUPPORTING
42,200+
SERVING PERSONNEL
AND THEIR FAMILIES

96%
SAID OUR SUPPORT
IMPROVED THEIR
QUALITY OF LIFE

92%
RATED OUR SERVICE
AS EITHER 'EXCELLENT'
OR 'VERY GOOD'

HOW WE WERE THERE FOR PHILL AND SALLY

Just months before he was due to retire from the RAF following 39 years' service, Phill Taylor received the devastating news he had Alzheimer's disease. "Phill had an amazing sense of humour and was so quick-witted," says his wife Sally. "Sadly this is no more. This disease has taken my husband from me."

Before Covid-19, our Community Engagement Worker Graeme Spark had been visiting, helping Phill maintain his link to the RAF and taking the strain off Sally. When the pandemic hit, he continued his support via FaceTime.

"Phill loves reminiscing about his RAF days with Graeme. Graeme takes Phill out, giving me some much-needed respite," says Sally.

Graeme is one of our four – soon to be six in 2021 – Community Engagement Workers supporting veterans to feel less isolated.

// Phill loves reminiscing
about his RAF days
with Graeme."





KEY AIM 1: EMOTIONAL WELLBEING

WE SUPPORT THE RAF FAMILY'S MENTAL WELLBEING

In normal times, RAF life is tough. Challenges for serving personnel include deployment, family separation and frequent moves between postings. And for veterans and serving members alike, loneliness, bereavement and ill health can all cause unhappiness.

Covid-19 shook many in the RAF Family's mental wellbeing even further, causing financial difficulties, increased isolation and stress, fear of illness and more.

Throughout this turbulent year, we were there to support the RAF Family to stay strong, stay resilient, and improved their emotional wellbeing.

HOW WE ACHIEVED THIS

Our Listening and Counselling Service supports people struggling with bereavement, low mood, anxiety and depression. In 2020, the service moved to virtual counselling sessions, and helped over 950 members of the RAF Family. 97% of people who completed their counselling course saw a reliable improvement or recovery in their mental health.

With the pandemic leading to extra stress and anxiety for many members of the RAF Family, we launched our Emotional Support Helpline this year. Trained counsellors are available on the phone 24 hours a day to talk through people's problems.

It's estimated that one in eight children have experienced a mental health issue such as anxiety. To support children in the RAF

Family, in June 2020 we launched a specialist counselling service for 11- to 18-year-olds, helping 71 young people by the end of the year. Towards the end of 2020, we extended the service to children aged five and over.

The meditation and mindfulness app Headspace offers practical tips and exercises to relieve stress. In 2020, in addition to offering free Headspace memberships to serving RAF members, we opened up the programme to their partners too. Over 1,800 people signed up, bringing our total membership to over 4,600. 99% of members we surveyed said they would recommend Headspace to a colleague.

£854K SPENT ON IMPROVING THE RAF FAMILY'S EMOTIONAL WELLBEING

950+
RAF FAMILY MEMBERS SUPPORTED BY OUR LISTENING AND COUNSELLING SERVICE

97%
OF THOSE WHO COMPLETED COUNSELLING SAW IMPROVEMENT IN THEIR MENTAL HEALTH

1,800+
NEW MEMBERS OF MINDFULNESS APP HEADSPACE

99%
OF HEADSPACE USERS WOULD RECOMMEND IT TO A COLLEAGUE



KEY AIM 2: FRIENDSHIPS AND CONNECTIONS

WE MAKE SURE NO ONE IN THE RAF FAMILY FEELS ALONE

For all of us, a vital part of wellbeing is having people to turn to, talk to and share life with, in good times and bad. But not everyone in the RAF Family has this. We estimate that over 85,000 veterans and their partners feel lonely and many simply don't know where to turn for help. Serving members and their families often find life in the RAF, with its frequent moves, lonely too.

Helping the RAF Family create friendships and connections is a key part of our work. As Covid-19 plunged many into complete isolation, we made sure no one faced these tough times alone.

HOW WE ACHIEVED THIS

When the pandemic hit in March 2020, we were extremely concerned for the many RAF veterans and their partners facing self-isolation, shielding and loneliness. In response, we immediately launched our Check and Chat call service, with staff from the Fund regularly calling socially-isolated RAF Family members to see how they were coping. We made more than 3,700 calls to 277 members of the RAF Family during the year.

Another key part of our response to the pandemic was expanding our Telephone Friendship Groups service – weekly calls between up to six RAF veterans or their partners, facilitated by a trained volunteer. In 2020, 246 isolated RAF Family members used this service – up from 131 in 2019. Around two thirds of participants surveyed said they had made new friendships.

Our four Community Engagement Workers continued their work to reduce social isolation and loneliness in Cambridgeshire, Norfolk, Suffolk and Lincolnshire. On the phone rather than in person, they helped 215 people find new activities to help them feel less lonely.

Our Social Engagement Workers, based at RAF Leeming, RAF Lossiemouth, RAF Odiham and RAF Honington, help people become more involved in social activities in their communities. While Covid-19 curbed much of their usual work, this year they supported 188 people to feel less socially isolated. They also ran virtual social events including coffee mornings, quizzes and bingo.

3,700+ CHECK AND CHAT CALLS MADE TO 277 RAF FAMILY MEMBERS ISOLATED BY THE PANDEMIC

£96K
SPENT ON TELEPHONE FRIENDSHIP GROUPS

246
VETERANS AND THEIR PARTNERS SUPPORTED THROUGH OUR TELEPHONE FRIENDSHIP GROUPS

62%
OF TELEPHONE FRIENDSHIP GROUPS PARTICIPANTS MADE NEW FRIENDSHIPS

215
PEOPLE SUPPORTED BY OUR COMMUNITY ENGAGEMENT WORKERS



KEY AIM 3: FAMILY AND RELATIONSHIPS

WE IMPROVE LIFE FOR RAF FAMILIES

Apart from the usual strains of family life like money and parenting concerns, serving RAF couples have to cope with extra pressures, including uprooting themselves as they go from posting to posting, and maintaining long-distance relationships during deployments and training away from home.

Relationship breakdown, social isolation and loneliness are common – and in many cases are being exacerbated by the Covid-19 pandemic. Veterans and their families can, of course, face relationship problems too.

In 2020, we were there with a whole range of support to help serving families and veterans with the challenges they faced, keeping them together, improving wellbeing, enhancing children's lives – and ultimately aiming to make RAF personnel happier and more efficient at work.

HOW WE ACHIEVED THIS

In partnership with Relate, we offer free relationship counselling and subsidised mediation sessions to members of the RAF Family to help them work through their problems. Our free online course, Building Stronger Families, also helps serving personnel and their partners navigate relationships and family life. In 2020, we gave more than 1,200 people relationship support, with 91% who completed relationship counselling reporting an improvement in communication with their partner.

Our Airplay and Ben Clubs offer interesting and exciting activities for children and young people on RAF stations. In 2020, over 1,900 children and young people took part in the programmes. With Covid-19 meaning in-

person meetings had to stop in March, we launched Airplay Connect, a digital platform young people can use to access Airplay. There were 220 sign-ups throughout the year. We also made up to £2.5K available for each RAF station to provide activity and wellbeing packs for children missing out on Airplay sessions, and to support those living in single living accommodation.

Funding facilities for children and young people on RAF stations is another key part of our work. This year, we spent £641K on play parks for RAF stations.

Thrive, our pilot workshops for partners of serving RAF personnel to improve their wellbeing, resilience, employability and ultimately quality of life, continued virtually in 2020. After our Building for the Future workshop, 86% of participants felt better prepared for the years ahead.

£2.1M

SPENT ON IMPROVING THE LIVES OF FAMILIES

1,200+
RAF FAMILY MEMBERS RECEIVED RELATIONSHIP SUPPORT

91%
REPORTED AN IMPROVEMENT IN COMMUNICATION WITH THEIR PARTNER

1,900+
CHILDREN AND YOUNG PEOPLE TOOK PART IN EXCITING ACTIVITIES THROUGH OUR AIRPLAY AND BEN CLUBS

£641K
SPENT ON PLAY PARKS FOR RAF STATIONS



KEY AIM 4: INDEPENDENT LIVING

WE HELP RAF FAMILY MEMBERS KEEP THEIR INDEPENDENCE AND LIVE WITH DIGNITY

Losing independence due to disability, injury or advancing years can be distressing. This can be particularly true for members of the RAF Family, who through their service are used to being proudly self-sufficient.

In 2020, we continued to support RAF Family members to live full lives independently and happily in their homes for as long as possible. We also helped with care home fees, so RAF Family members could live in a better standard of home, closer to family and have dignity in retirement.

HOW WE ACHIEVED THIS

We made more than 2,100 grants to RAF Family members in 2020 to pay for mobility, care and disability equipment so they could live comfortably and get out and about. 84% of grant recipients surveyed said their need had been fully met or the grant had helped them. We also gave £307K to help pay for care at home.

We awarded £400K in grants to serving members of the RAF and their dependants to use to alter their homes to make them more accessible, plus £31.1K in grants to wounded, injured and sick personnel leaving the RAF to help them transition back into civilian life.

We were there to help those who needed to go into a care home too, spending £1M to top up fees so members of the RAF Family could live in the best homes possible.

We specialise in providing advocacy in a number of areas, including care services issues. We can act on behalf and argue in favour of RAF Family members facing problems including getting a care assessment, funding for care and more. We supported 786 people in 2020, with 96% of those surveyed saying it had benefitted them or a member of their family.

£7.9M

SPENT ON HELPING THE RAF FAMILY LIVE MORE INDEPENDENTLY

2,100+
GRANTS GIVEN TO PAY FOR MOBILITY, CARE AND DISABILITY EQUIPMENT

£400K
GIVEN TO SERVING MEMBERS OF THE RAF TO PAY FOR ACCESSIBLE HOUSING

£1M
PAID TO TOP UP CARE HOME FEES

786
PEOPLE SUPPORTED BY OUR ADVOCACY SERVICE



KEY AIM 5: FINANCIAL ASSISTANCE

WE'RE THERE FOR THE RAF FAMILY WITH FINANCIAL HELP

If a member of the RAF Family runs into financial difficulties, we're by their side. We can provide support with paying for urgent home repairs, topping up pensions, funeral expenses, debt and much more. We can also advise on and help people apply for welfare benefits.

2020 threw many members of the RAF Family into turmoil, from working-age veterans finding themselves unemployed, to veterans needing extra support with bills. Our grants and advice provided a much-needed safety net, relieving worry and helping RAF Family members get back on their feet during a difficult time.

HOW WE ACHIEVED THIS

We gave more than 4,900 individual awards to veterans and their partners, and over 500 individual awards to serving RAF members and their dependants in 2020. 96% of veterans surveyed said their need had been fully met or they had been helped by the Fund's support.

We gave more than 1,000 grants to help with home repairs or adaptations. 99% of the people who received these grants said this work had improved the comfort of their day to day living either 'a lot' (90%) or 'quite a bit' (9%).

Before the pandemic, a trained caseworker from one of our partner organisations would visit every person who applied for

financial support. With this difficult due to Covid-19, we quickly made it possible to apply for grants of up to £750 completely online – a first for a UK military charity.

The benefits system – in ever more demand in 2020 – can be difficult to navigate. Our Advice and Advocacy Service helps those struggling to get support. This year we identified £2.7M in unclaimed benefits and £16.5K in one-off lump sum payments people could claim. 96% of people surveyed who used the service rated it as 'excellent', 'very good' or 'good'.

£6M

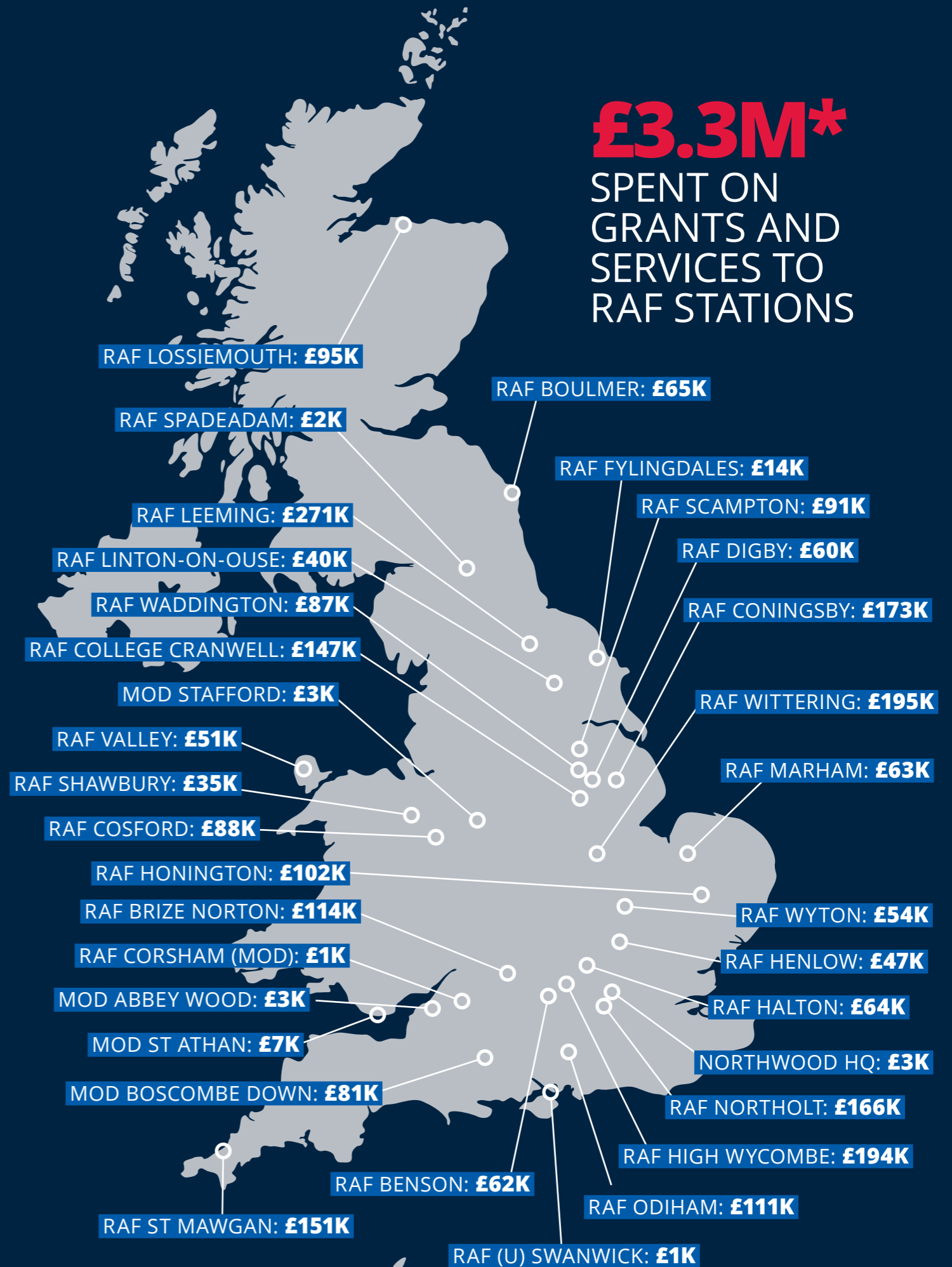
SPENT ON SUPPORTING THE RAF FAMILY FINANCIALLY

£2.7M IDENTIFIED IN UNCLAIMED BENEFITS AND **£16.5K** IN ONE-OFF LUMP SUM PAYMENTS

£372K SPENT ON FUNERAL COSTS

£908K SPENT ON REGULAR FINANCIAL HELP FOR PENSIONERS

£1.4M SPENT TO HELP WITH HOUSING COSTS



*An additional £601K awarded across stations



FUNDRAISING

Our endeavours to ensure no member of the RAF Family faces adversity alone would be impossible without the impressive fundraising efforts of our dedicated volunteers, supporters, corporate partners and staff. Thanks to their hard work and commitment, we raised an amazing £14.1M during a turbulent year, with many fundraising events cancelled.

This support from people across the UK helped over 63,700 members of the RAF Family deal with loneliness, social isolation and financial hardship, and improve their family relationships and emotional wellbeing throughout 2020.

THE IMPACT OF COVID-19

As for many charities, Covid-19 stopped us delivering on some of our planned objectives in 2020. It also hugely impacted our fundraising.

We adapted our fundraising to minimise this impact as much as possible, moving many activities online. However, as fundraising events continued to be cancelled, and legacies were impacted by delays in notifications, our income at year end stood at £14.1M – £3.9M (22%) less than our original plan.

We remain resilient, and we are adopting creative approaches to fundraising to inspire and engage our supporters, while being understanding of their needs and changing circumstances, as we navigate these uncharted waters. We hope that together, we can continue to raise the vital funds needed to positively change the lives of more RAF Family members.

PARTNERSHIPS

Despite overall income being down on 2019, we had many fundraising successes in 2020. Sharing our expertise and working in collaboration with commercial, strategic and philanthropic partners helped us accelerate progress towards our goals.

Philanthropic income reached new heights, raising £2.2M (+74% on 2019). We struck up a number of new relationships, for example with Forces Mutual, The Hobson Charity and The Scottish Wellbeing Fund. We also strengthened long-held and valued partnerships, including with MBDA Missile Systems, Mr Paul Nicholas FRAeS, BAE Systems and Midshires Mobility Group. This was against a backdrop of many corporates, trusts and individuals themselves facing difficult decisions and having to reassess priorities and cancel fundraising activities. This makes their contributions even more admirable. We are proud of all our supporters' loyalty and commitment to our cause over the past year.

Our partners and Centenary Campaign Advisory Board members also supported us to share our message with over 443,000 people in 2020, who in turn helped us find more RAF Family members in need.

One example of how effectively engaging with partners increased our reach and income was Lockheed Martin's support for our tribute to the 80th anniversary of the Battle of Britain. We marked the occasion with a poignant light show projected onto Remote Radar Head Buchan, a radar that was built by Lockheed Martin. This event received significant print and digital media coverage, creating over 6 million social media impressions and contributing to the more than 1,100 enquiries the Fund received between 15 September and 15 October 2020.

BOMBER COMMAND MEMORIAL

We are the proud guardians of the Bomber Command Memorial, which stands as a fitting tribute to the 55,573 Bomber Command crew who lost their lives in the Second World War. In 2020, we were delighted to reach the Bomber Command Memorial Fund fundraising target of £2M. Thanks to incredible support from Dr Michael Oliver OBE DL and other individuals, associations, trusts and businesses, the Memorial is now supported by enough funds to secure its maintenance in perpetuity. To continue to honour the memory of those who so bravely served in Bomber Command, we have created the new Bomber Command Remembrance Fund to support RAF Family members in need today.

SUPPORT FROM THE SERVING RAF

Serving personnel continue the tradition of looking after their own, recognising the support the Fund can offer to them in their time of need. 70% made a monthly gift to the Fund through the Service Day's Pay Giving Scheme, contributing an amazing £1.6M in 2020.

INDIVIDUAL SUPPORTERS

Individuals make a significant contribution to our funds each year (£1.6M in 2020, up 10% from 2019). In 2020 we received regular gifts from over 9,200 people (9% higher than in 2019). 2,250 new supporters chose to support the Fund with a regular gift (20% higher than our target). We also enjoyed generous support from individuals who made gifts in response to our fundraising appeals and in memory of a loved one.

Social distancing and lockdowns meant many of our plans for challenge events had to be cancelled. We are grateful to supporters for their creativity in organising their own Covid-safe fundraising events throughout 2020.

GIFTS IN WILLS

In 2020, we were extremely grateful to receive £7.7M in legacies. This was down 23% compared to 2019, mainly due to delays in receiving new notifications throughout the year due to Covid-19. Gifts in Wills represent the largest form of income for the Fund and we are deeply indebted to the people who choose to support the RAF Family in this way.

£14.1M

TOTAL RAISED INCLUDING:

£7.7M
RECEIVED FROM
GIFTS IN WILLS

£1.6M
RECEIVED FROM
INDIVIDUALS

£2.2M
RECEIVED FROM
PARTNERS, TRUSTS
AND MAJOR
DONORS

£1.6M
RECEIVED FROM
THE SERVICE DAY'S
PAY GIVING SCHEME

SUPPORTER PROMISE

Despite the turbulent times, we remain fully committed to the principles we laid out in our fundraising promise:

We believe in being transparent in how we raise money and spend donations, and the impact this makes on the RAF Family. We take this responsibility very seriously. The Fund is registered with the Fundraising Regulator and is committed to its Code of Fundraising Practice. In all that we do, we aim to meet the highest standards, so that supporters and volunteers are able to give to and fundraise for the Fund with confidence and trust that their hard work will make a difference. In line with the Charities Act 2016, our Board of Trustees closely monitors our fundraising activity and performance alongside the fundraising management team.

WE ARE OPEN, HONEST AND TRANSPARENT

We promise to be open, honest and transparent in relation to our fundraising and, as importantly, how accurately we represent members of the RAF Family in the materials we produce. We engage them in planning and ensure we have sign-off before the materials are made available to supporters or the public.

WE ARE RESPECTFUL

In our fundraising materials or in conversation, we show respect and we promise never to pressure anyone to make a donation. We are particularly sensitive when engaging with vulnerable people, including those who are elderly. Importantly, we do not and never have shared our supporters' details with any other charity or business. Following the introduction of the General Data Protection Regulation in 2018, we only

communicate with supporters who have given us express permission to maintain contact with them. We keep supporters up to date with our work in a way and at times that suit them. If any supporter prefers a reduced level of contact, they only have to let us know and we will respond to their wishes.

WE ARE ACCESSIBLE

We want to make it easy for anyone to get in touch with our fundraising team. Whether they want to update their contact preferences, or ask a question about our work or how we spend their donation, we welcome their phone call, email or letter.

We have a complaints procedure should a supporter be unhappy or have concerns about any of our fundraising activity. This is available on our website or by contacting the fundraising team at hello@rafbf.org.uk. We will help supporters to take their complaint to the Fundraising Regulator should they feel we have not responded suitably. We record all complaints we receive in response to our fundraising. In 2020 we received 15 complaints (2019: 13). We were able to resolve these with the supporters concerned without referral to the Fundraising Regulator.

RELATIONSHIPS WITH FUNDRAISING SUPPLIERS

We employ external agencies to add additional expertise or capacity when and where needed. This is more cost effective than trying to do everything ourselves. We appoint these agencies through a competitive tendering process and we put in place a contract and an agreed Service Level Agreement for the work they will carry out for us, carefully ensuring they provide the same high standards as our in-house team.

GRANT MAKING

As part of our work, we provide financial support and give grants to eligible people in times of financial difficulty. Our grant making is means tested. We also provide non-financial services which any member of the RAF Family can access. Our welfare strategy is guided by research, underpinned by impact frameworks, and we measure its results through evaluation and outcomes.

THE PURPOSE OF OUR GRANTS

Where we are able to help, our grants support the RAF Family with unexpected and unaffordable one-off costs, priority bills and debts (when supported by an independent debt adviser's report), and regular and temporary financial assistance. We also provide grants for domestic assistance to help RAF Family members live independently at home, and to help people who are isolated take part in social activities. In addition, we provide mobility and disability equipment and help with care home top-up fees, areas which saw growth in 2020. This is linked to the ageing RAF Family, and also our centenary 'Back On The Radar' campaign, which sought to raise awareness of our services.

We try to help people in need as much as we can. For some, this will involve a small grant, support or advice. For others, our support is much greater. Above all, we try to be caring, supportive and compassionate in all we do.

APPLYING FOR OUR GRANTS

RAF Family members can apply for individual grants throughout the year. A trained caseworker usually completes applications from former RAF personnel or their partners, with any grant usually channelled through the caseworking body.

RAF serving personnel can apply through their station HR staff, who have some delegated powers to give out smaller sums. We always consider the station staff's recommendations as part of our holistic approach to welfare, but are not limited by them and quite often provide additional support.

To enhance accessibility, in 2020 we introduced online applications for both veterans and serving personnel. This innovation has been widely welcomed. There is a cap of £750 on online applications, but we can involve caseworkers if a beneficiary needs more support.

On request, we can also award grants to RAF stations, with the aim of increasing the overall efficiency of the RAF. By providing welfare support to meet RAF community needs, our work aims to increase morale, retention and wellbeing within the serving RAF community, including for families.

GIVING GRANTS TO OTHER ORGANISATIONS

We contract with quality organisations to deliver targeted assistance to the RAF Family. We also give discretionary grants to other charities to help them support members of the RAF Family, provided their help is consistent with our impact framework. We gave £418K to the RAF Family through these organisations during 2020.

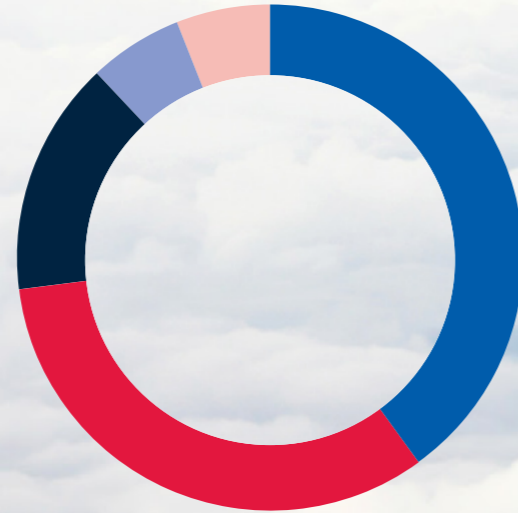
Caseworking organisations, such as the RAF Association (RAFA) and SSAFA, investigate the majority of cases on our behalf, and moved to working virtually, rather than face-to-face, during the pandemic. We are very grateful to them and their dedicated volunteers for supporting our work.

FINANCIAL HIGHLIGHTS

TOTAL INCOME £19.1M

(2019: £21.4M)

- **Legacies: £7.7M/40%**
(2019: £10.1M)
- **Donations and other fundraising: £6.4M/34%**
(2019: £5.3M)
- **Investment income: £2.7M/14%**
(2019: £2.7M)
- **Charitable activities: £1.2M/6%**
(2019: £1.8M)
- **Other income: £1.1M/6%**
(2019: £1.5M)



TOTAL EXPENDITURE £31.1M

(2019: £33.5M)

- **Charitable activities: £22.4M/72%**
(2019: £24.4M)
- **Direct fundraising: £3.4M/11%**
(2019: £3.9M)
- **Support costs: £5.3M/17%**
(2019: £5.2M)



CHARITABLE EXPENDITURE £26M

(2019: £27.9M)

- **Direct support to individuals: £15.6M/60%**
(2019: £14.7M)
- **Welfare programmes and grants: £4.9M/19%**
(2019: £6.5M)
- **Respite care: £3.9M/15%**
(2019: £4.5M)
- **Housing Trust support: £1.6M/6%**
(2019: £2.2M)



FINANCIAL REVIEW

OVERVIEW

2020 was a challenging year for the Fund. The Covid-19 crisis was an exceptional event in terms of unexpectedness, rapidity and impact across all of our activities, presenting us with an uncertain future. Our 2020 financial plan rapidly became undeliverable and the Trustees agreed a revised budget that reflected the impact of the pandemic on income, our ability to support our beneficiaries, expenditure, and our existing financial obligations.

Supplementing our income with reserves, our investment strategy prior to the crisis, agile financial management and, of course, the continued support of donors and the serving RAF meant we could stay resilient and continue to support our beneficiaries.

The uncertainty we face makes spending donations wisely more important than ever. We want to make sure that our activities make maximum impact and we focus on those most in need. At the same time, we are focusing on securing the Fund's long-term financial viability so we can continue to support veterans, serving RAF and their families in the future.

INCOME

Total income in 2020 was £19.1M, £2.3M (11%) lower than the £21.4M generated in 2019. £18.3M (2019: £20.9M) representing 95% (2019: 98%) of total income received was unrestricted. Of the £19.1M raised, 75p in the pound was spent on charitable activities.

In 2020, £14.1M (2019: £15.4M) was received from legacies, donations and other fundraising, making up 74% (2019: 72%) of total income. Legacy income in 2020 was £7.7M (2019: £10.1M) and this £2.4M decrease was the largest cause of the year-on-year fall in income. The pandemic led to the cancellation of many fundraising events and activities and some donors were

forced to reduce their giving. However, we saw sustained or better than expected performance in direct marketing, in memory giving and with some of our high value partners and donors.

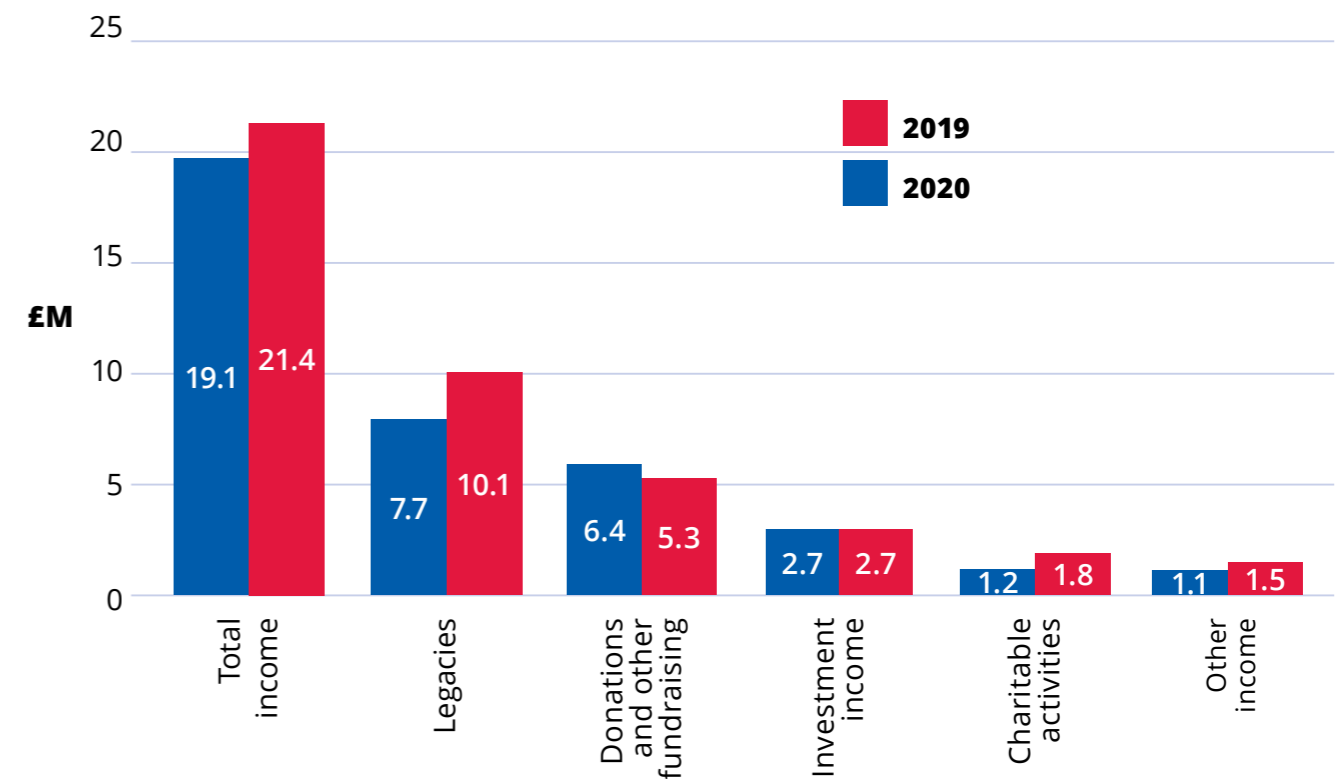
As a charity with a comparable purpose, we were fortunate to receive a £1M grant from the Headley Court Charity. We also received Covid-19 support from the Armed Forces Covenant Fund of £159K. We received a £594K grant under the Government's Coronavirus Job Retention (Furlough) Scheme. We were able to curtail our year-on-year fall in income from donations and legacies to £1.3M because of these one-off income receipts.

Again in 2020, support from the serving RAF was stable, generating £1.6M (2019: £1.5M) through the Service Day's Pay Giving Scheme.

Gross investment income (excluding our joint venture share) was £2.9M (2019: £2.7M) and the 6% increase on the previous year was possible because our investment managers were able to maintain income distributions in spite of market turbulence in 2020.

Charitable activities income comprises mainly of Housing Trust rental income and respite care income. We maintained income from the Housing Trust (£993K in 2020 vs £1M in 2019). However, we saw a significant decrease in respite care income (£746K in 2019 to £181K in 2020) as a result of the hibernation then closure of Princess Marina House. The consequent risk to our guests posed by the pandemic, the cost of keeping the facility ticking over for an undefined period, allied with the long forecast decline in the size of the RAF Family, sadly compelled our Board of Trustees to take the decision to close Princess Marina House permanently, and the majority of staff left us on 30 September 2020.

INCOME £19.1M



EXPENDITURE

Total expenditure in 2020 was £31.1M (2019: £33.5M), a £2.4M or 7% year-on-year decrease. In response to the impact of Covid-19, we took action to reduce costs as far as possible, without adversely affecting the support we provided to beneficiaries during a difficult time. The pandemic itself restricted some of our activities resulting in a reduction in costs, and sadly resulted in the closure of Princess Marina House. Expenditure in the year was funded by a combination of income generated in year, government grant funding and from reserves.

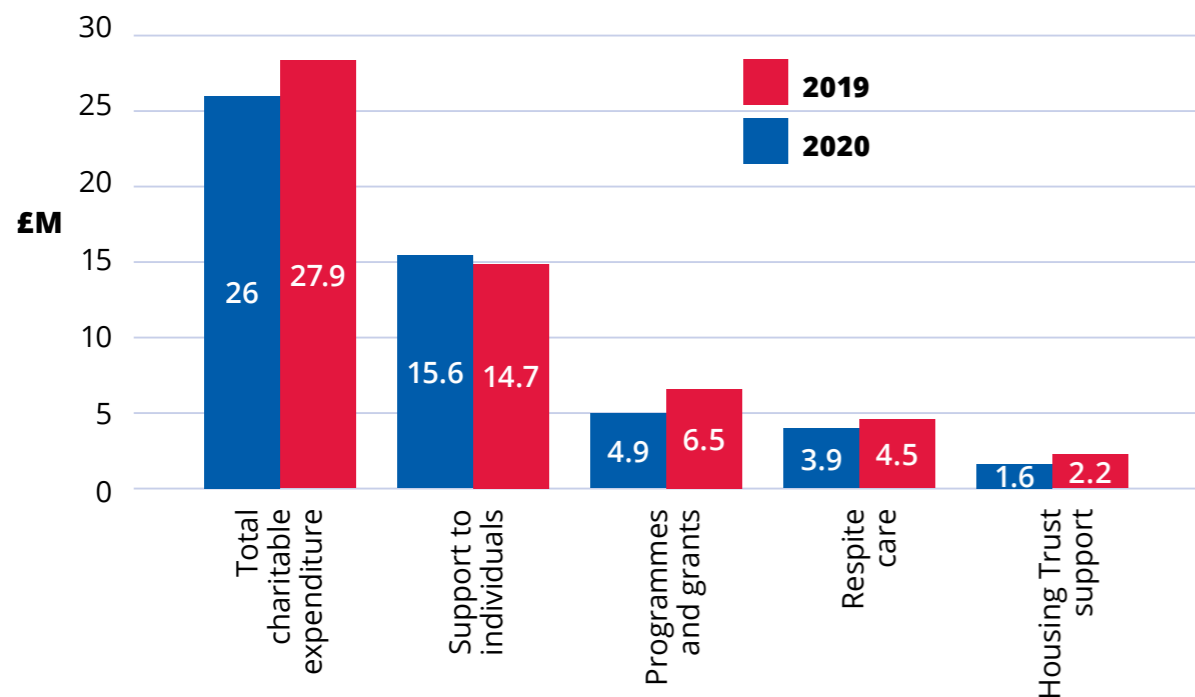
We spent £5.1M (2019: £5.5M) on raising funds, of which £3.4M (2019: £3.9M) was direct expenditure on raising income. Allocated support costs came to £1.7M (2019: £1.7M). There were expenditure reductions associated with cancelled fundraising activities, but we took advantage of opportunities to invest towards gaining medium- to long-term income returns.

£509K (2019: £540K) of fundraising expenditure was from funds designated for fundraising development to sustain our income generation capability.

In 2020, 84% (2019: 83%) of total expenditure – representing £26M (2019: £27.9M) – was on charitable activities. Our activities include financial support to individuals, providing welfare services mainly through third parties, awarding grants to RAF stations and organisations who support the RAF Family, respite care and providing affordable and adapted housing.

£15.6M (2019: £14.7M), representing 60% (2019: 53%) of our expenditure on charitable activities was to directly support individuals from both the serving and veteran communities, an increase of £810K or 5%. During the year, we experienced a high demand for regular and temporary financial assistance and applications for domestic assistance, social inclusion and funeral grants. The increases were related to the effect of the pandemic on the personal

EXPENDITURE ON CHARITABLE ACTIVITIES £26M



FIVE YEAR ANNUAL CHARITABLE EXPENDITURE

2020	2019	2018	2017	2016
£M	£M	£M	£M	£M
26	27.9	20.9	18.8	17.6

circumstances of both working- and pension-age beneficiaries. The money spent on individuals included £1M centenary campaign expenditure, aimed at finding RAF veterans and their families who need our support.

We spent £1.9M (2019: £3.6M) on supporting the serving RAF by awarding grants to stations and funding services offered by third-party organisations in support of our beneficiaries. The most significant of these services in financial terms was Airplay, our youth support programme. The year-on-year decrease in our spending on the serving RAF was due in part to agreed specific project funding arrangements, with higher funding in 2019 than in 2020; a reduction in programme funding due to Covid-19 restrictions and pressures; and a general fall

in applications due to operational pressures. We gave a total of £52K to RAF stations in the form of Covid-19 grants.

Grant funding to support the veteran community was £690K (2019: £850K). In the year we spent £3.9M (2019: £4.5M) on providing respite care, including £2.8M on operating and closing costs for Princess Marina House. We spent £415K to acquire a property to be used for our respite and care offering which will be part of our continuing work in this area.

Total support costs allocated, including the costs of IT, administration and management, premises, governance, depreciation of fixed assets, finance, human resources and system improvements, came to £5.4M (2019: £5.2M).

HOUSING AND LOANS

Through our subsidiary the RAF Benevolent Fund Housing Trust Limited, we purchase and adapt houses to meet individual needs and then rent them at affordable rates. In 2020, we spent £1.6M (2019: £2.2M) on maintaining and adapting such properties. We purchased and adapted three new properties (2019: five) at a cost of £928K (2019: £1.9M) and sold six properties (2019: 10) realising £1.5M (2019: £2.2M) in sales proceeds and £874K (2019: £1.5M) in net gain.

We awarded £109K (2019: £135K) in new secured loans to beneficiaries. Repayments are determined on the basis of an individual's ability to repay the loan and we received £776K (2019: £900K) in loan repayments. The total value of loans to beneficiaries at the end of the year was £8.6M (2019: £9.3M). We proactively review our loan book to ensure that the value is not impaired, and the recoverability of balances is assessed and reported fairly.

INVESTMENTS

We take a total return approach to our investment portfolio and our policy is to enhance the value of investments as well as earn an appropriate return through the adoption of a managed, diversified portfolio at acceptable levels of risk. The main objectives of the policy are:

- To hold investments in a manner that will assist the Fund in delivering its objectives in the short, medium and long term
- To earn a rate of total return of CPI plus 5% ensuring that real capital value is preserved, and income is generated to fund our activities
- To measure overall performance against an agreed market-derived benchmark and use an industry-wide peer group benchmark to assess performance against the average
- To employ investment managers who generate low costs and develop relatively stable portfolios which meet the objectives of this strategy in the long term.

The Finance Committee has responsibility for reviewing the policy.

BlackRock Investment Management (UK) Limited and CCLA Investment Management Limited have managed our long-term portfolios since 2016. In 2019, we appointed Close Brothers Asset Management to manage the funds we would need to spend over three years. Our medium-term objective is to ensure our liquidity requirements are met while still achieving good returns.

Assets held with fund managers were valued at £77.7M (2019: £81.7M). Income yield from these investments was £2.6M (2019: £2.3M).

Our funds managed by BlackRock are in the Armed Forces Charities Growth and Income Fund, a Charity Authorised Investment Fund. The value of our investments in this fund on 31 December 2020 was £20.4M (2019: £19.4M). The Fund aims to provide a net return on investment over a period of five or more consecutive years beginning at the point of investment, generated through an increase to the value of the assets held by the Fund and income received from those assets. The Fund has a flexible approach to asset allocation and seeks to achieve its investment objective through a variety of asset classes. The Fund is actively managed in accordance with our Investment Policy. Over the year a net return of 9.01% was achieved against a 3.8% benchmark. Dividend yield in the 12 months to 31 December 2020 was 3.5% (2019: 3.5%).

Our funds managed by CCLA are held in the COIF Charities Investment Fund. The value of our investments in this Fund on 31 December 2020 was £34.4M (2019: £32.3M). The investment objective of the Fund is to provide real long-term growth and an income, rising over time from a portfolio managed within a clear risk control framework. To meet these objectives, the portfolio has a bias towards real assets, predominantly global equities, but also property and to non-traditional areas such as infrastructure. Stock selection is on a 'bottom-up' basis, and companies with a robust financial position and the potential

to grow faster and more consistently are favoured more than the broad trend in the economy. Over the year a net return of 9.78% was achieved against a 3.95% benchmark. Dividend yield in the 12 months to 31 December 2020 was 2.9% (2019: 3.1%).

Our investments managed by Close Brothers Asset Management are invested in a bespoke portfolio of short dated, high quality corporate bonds with a bespoke maturity profile to meet liquidity requirements. All maturities are expected to be met and the income paid out is expected to be in line with the original expectations. The value of the portfolio on 31 December 2020 was £23M (2019: £30M). The net yield on this portfolio in the year was 2.4%.

The RAF Benevolent Fund is the charity trustee of The Royal Air Force Disabled Holiday Trust (DHT). DHT held property investments valued at £532K on 31 December 2020 (2019: £561K).

2020 was an extraordinary year for investments as Covid-19 caused investment values to plummet sharply between March and May and then start to improve after that. This improvement in prices gained pace over the rest of the year due to unprecedented levels of stimulus coming from major governments and central banks, a reduction in fatality and hospitalisation rates and the emergence of a vaccine. The value of our long-term investments fell by 16% (£8M) in Q1 2020. Unrealised gains on investments at the year end at £2.6M (2019: £11.9M) were 78% lower than in 2019.

RESERVES

Total funds as at 31 December 2020 were £110M (2019: £122.8M) and comprised of unrestricted funds of £97.9M (2019: £109.7M) and restricted and endowment funds of £12M (2019: £13.1M).

Unrestricted reserves included operational assets of £40.9M (2019: £41.9M), designated funds of £17.4M (2019: £23.7M) and free reserves of £39.6M (2019: £44.1M).

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

Trustees review the level of reserves regularly to ensure funds are available to deliver welfare services and programmes, and to secure, as far as possible, future financial viability. Our annual review of reserves included assessing the impact of Covid-19 on our business plans, projected income and expenditure, and on our investments.

Following that review, we determined that we should hold a minimum of £30M in free reserves to be assured that we are able to sustain the support we provide to the RAF Family in these unprecedented times and in the long term as well as meet other obligations, irrespective of fluctuations in income.

Free reserves excluding operational assets used to deliver our charitable objectives were £39.6M (2019: £44.1M) at the end of December 2020. The £4.5M decrease includes a £2.8M increase in the pension deficit.

Prior to the pandemic we had a deficit budgeting strategy that allowed us to expand our welfare offer to our beneficiaries. We will continue to do this over the next few years but as this strategy is unsustainable in the long term, we have started to reset and move towards more balanced financial planning. Trustees are of the view that our current level of free reserves gives assurance that we are able to deliver our short- to medium-term strategy to support our beneficiaries, in the current environment.

Designated funds were £17.4M (2019: £23.7M). £10.4M of this represents reserves set aside by Trustees for the development of welfare initiatives and the enhancement of existing programmes in response to beneficiary need. They will also be used for fundraising development investments to

help us sustain and grow our medium- to long-term income-generating capacity, and the modernisation of infrastructure and systems. £7M (2019: £6.5M) reserves of the Dependants Fund have also been designated to meet obligations to RAF personnel who are subscribers to the Fund.

In 2020, total expenditure from designated funds was £7.1M (2019: £8.3M). This expenditure included £5M (2019: £4.7M) on welfare services and support, £1.1M (2019: £2.5M) on reaching new beneficiaries, £509K (2019: £540K) on fundraising development and £252K (2019: £190K) on our finance system and new website, underpinning our digital strategy.

In response to the current and future impact of Covid-19, Trustees took the decision to significantly reduce the spending on reaching out to new beneficiaries through an advertising and PR campaign. Funds previously designated to that campaign, unspent at the end of the year, will now be used for welfare support and services. The Dependants Fund reserves increased by £505K (2019: £958K) due to the market gains on investments of £406K (2019: £929K) and a £99K operating surplus (2019: £29K).

Restricted funds representing the unexpended balance of funds received for specific charitable activities were £5.7M (2019: £7.1M).

Endowment funds including both permanent and expendable funds were £6.3M (2019: £6M).

These funds represent income donated to the Fund but subject to the condition that the capital remains unspent. The increase in the year was due to capital gains on invested funds.

The Trustees are assured that the Fund has adequate resources to continue to operate for the foreseeable future and the Fund

therefore continues to adopt the going concern basis in preparing its financial statements.

Performance against the Reserves Policy is monitored during the year as part of regular financial management.

PENSION DEFICIT

Under FRS 102 the closed defined benefit pension scheme had a deficit of £16.5M (2019: £13.7M). The 2017 triennial valuation of the scheme was a deficit of £3.7M, based on valuation assumptions and an agreement to provide 67 Portland Place W1B 1AR as a contingent asset to the pension fund as security for deficit funding obligations. The building was valued at £11M.

Under the current deficit recovery plan we are obliged to make annual deficit contributions of £500K until 31 July 2024. To support the Staff Pension Fund during the Covid-19 crisis in 2020, our Trustees agreed to accelerate the payment of deficit contributions. £1M was contributed to the pension fund in 2020 (2019: £500K). The 2020 triennial valuation is planned to be completed by the end of 2021.

STRATEGIC RISK MANAGEMENT

The Board of Trustees has overall responsibility for the management of risk in the Fund and in its subsidiary entities. That responsibility is, in part, delegated to the Finance Committee which exercises oversight on the Board's behalf by receiving regular reports, providing recommendations and updating the Board, which then discusses strategic risks at each Board meeting. The Fund's senior management team manages day-to-day risks, regularly assessing these and the associated management procedures.

Our reputation as the RAF's leading welfare charity continues to be our most significant risk as well as one of our greatest assets. Our reputation is carefully guarded by, among other things:

- Ensuring staff at all levels live the Fund's values
- Being honest and transparent about both our successes and our shortcomings
- Maintaining excellent processes to review and improve the support we offer
- Having robust policies and procedures in place to ensure proper governance, regulatory compliance and prompt reporting and resolution of problems.

The negative impact of Covid-19 on our own operations and on the wider sector has exposed us to additional risk by reducing our ability to deliver certain services and impeding our efforts to generate fundraising income. It has also meant staff largely working from home, which needs greater governance and wellbeing oversight. We are managing this by:

- Proactively and regularly monitoring changes to the external environment and adapting our approach accordingly
- Operating under a revised suite of policies and processes to make sure we operate in a Covid-safe manner
- Engaging closely with other charities and key stakeholders
- Protecting staff resilience with a heightened focus on wellbeing, ensuring our employees can continue to be agile in responding to the situation and provide the best possible support for the RAF Family.

On the opposite page is an overview of our other major risks together with corresponding high-level mitigating actions.

RISKS	HOW WE MANAGE THESE RISKS
Governance risks	
Failure to comply with our regulatory obligations, noting the additional risks as a result of extended remote working	<ul style="list-style-type: none"> • We select Trustees and staff using skills-based and rigorous recruitment processes. • We offer appropriate support for staff capacity, resilience and wellbeing. • We have strong internal communication and management processes. • We promote a culture of openness and constructive challenge, giving staff the training and support necessary to identify and combat wrongdoing. • We use the Charity Governance Code as our primary guidance framework for evaluation, regularly updating our policies and processes in turn.
Welfare delivery risks	
Failure to deliver timely and effective support to anyone in the RAF Family who is in need	<ul style="list-style-type: none"> • In 2020 we reviewed the beneficiary journey to getting support and have identified and implemented improvements. • We offer a wide range of financial and non-financial services and regularly review their effectiveness and the need for new services. • We undertake research and regularly seek feedback to assess and improve our welfare offer. • We underpin our welfare strategy with commissioned research and use pilot projects to evaluate the viability of our response to emerging needs as appropriate.
Weakness in third-party welfare delivery	<ul style="list-style-type: none"> • We maintain strong relationships with our caseworking partners and third-party welfare providers and engage with other Service charities to benchmark and share best practice. • We have established 'warm transfers' of beneficiaries between the Fund and RAFA. • New Welfare Navigators will help us have greater oversight over the provision of support and identify issues at the earliest possible stage. • A new pilot establishing a limited in-house caseworking functionality to address complex cases is planned for 2021.

RISKS	HOW WE MANAGE THESE RISKS
Fundraising risks	
Failure to attract sufficient levels of funding to support the strategic aspirations of the Fund (the pandemic has significantly increased this risk)	<ul style="list-style-type: none"> • We monitor and evaluate the implementation of our agreed fundraising strategy, taking action where appropriate. • We adhere to the Fundraising Regulator's Code of Fundraising Practice.
Lack of awareness of the Fund and poor differentiation between the Fund and other military charities among our target audiences, potentially impacting our fundraising and reputation (depending on the conduct of other charities)	<ul style="list-style-type: none"> • Among other initiatives, we continue to drive awareness by building on our previous work to develop our brand and ensure it is advocated and affirmed by our staff and Ambassadors (beneficiaries who go on to speak about their experiences and represent the Fund at events) at every opportunity.
Increased competition in the charity sector for support (many charities are restructuring due to reduced income and the number of urgent and emergency appeals remains high)	<ul style="list-style-type: none"> • We continue to diversify our income base to reduce reliance on any one stream. • We focus on our impact and telling the stories of the people we help. • We engage closely with the senior leadership of sister charities to avoid overlap and competition where possible.

RISKS	HOW WE MANAGE THESE RISKS
Financial risks	
Long-term financial sustainability	<ul style="list-style-type: none"> • We are reviewing our financial strategy and long-term financial projections with a view to ensuring we have the flexibility in our operating model to remain financially stable while meeting the needs of the RAF Family. • Our Trustees regularly review our Reserves Policy. • We closely and carefully monitor cash flow projections.
Investment risks	<ul style="list-style-type: none"> • Our investment strategy offers protection from short-term market volatility. Also, the investment strategies we have in place ensure that our liquidity requirements are met and good returns are achieved with medium-level risk. • Our Finance Committee regularly reviews our investment performance.
The new defined benefit funding code driving increased contributions to meet the Fund's obligations to the Staff Pension Fund, thereby diverting resources that could be spent on supporting beneficiaries	<ul style="list-style-type: none"> • We have improved the governance arrangements for the Staff Pension Fund, including the appointment of a Sole Professional Trustee. • We have a clear strategy for completing the next triennial valuation of the pension deficit. • We take appropriate professional advice to inform our position.
Safeguarding risks	
Failure to protect vulnerable people (both internally and in the Fund's external activities)	<ul style="list-style-type: none"> • We ensure staff and Trustees have a strong awareness of our safeguarding policies, which are robust and regularly reviewed. • Key staff members have been allocated responsibility for ensuring the Fund meets best practice and have been given additional training. • Safeguarding updates are provided at every Board meeting. • Our Board has a dedicated Safeguarding Lead Trustee with the necessary expertise to assist them with safeguarding matters. • In 2020 we established a Safeguarding Committee to provide further oversight and guidance.

STRUCTURE, GOVERNANCE AND MANAGEMENT

REFERENCE AND ADMINISTRATIVE DETAILS

The Royal Air Force Benevolent Fund has the Charity Commission registration number 1081009. As the Fund owns land and properties in Scotland, it is also registered with the Office of the Scottish Charity Regulator to comply with the Charities and Trustee Investment (Scotland) Act 2005; the registration number is SCO38109. The restricted and endowed funds of the Fund have a separate registration number, 207327. The Fund is also registered as a Royal Charter Company with the Companies House registration numbers ZC000201/RC000773.

In accordance with the provisions of Section 96 of the Charities Act 1993 (now replaced by Section 20 of the Charities Act 2011), the Charity Commission has previously directed that for all or any of the purposes of the Act, the two charities, having the same charity Trustees, are to be treated as a single charity.

The RAF Benevolent Fund group also encompasses other entities, details of which can be found at the back of this report.

STRUCTURE AND GOVERNANCE

The Fund, 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 without the consent of the Board.

New Trustees are selected with a view to ensuring that the Board has an appropriate balance of skills, backgrounds and experience relevant to our strategic and operational requirements. We continue to be guided by our Diversity Policy to ensure that the Board is sufficiently diverse to

adapt to macro changes and understand and respond to the needs of the RAF Family. Trustees and non-Trustee committee members are generally recruited through advertisements in the media and via a range of digital networks, and are considered by a Nominations Committee on behalf of the Board of Trustees and the Council. Each new Trustee is provided with a briefing pack and an individual induction programme is agreed and implemented covering all aspects of the role, their responsibilities, the requirements of the regulators and the work of the Fund.

The Board, either as a whole or through its subcommittees, also receives ongoing briefings and training from senior management and external advisers in critical areas such as risk management, reserves, fundraising practices, safeguarding and data protection.

The Board of Trustees consists of no fewer than 10 and no more than 15 Trustees, reflecting a mixture of those who have served in the RAF and those who have a background in industry, law, commerce or other sectors. The Board is assisted by committees overseeing welfare, finance, fundraising and communications, and remuneration activities, and is aided by a number of advisory bodies; the terms of reference for the Board and these committees are reviewed annually to ensure that compliance and relevance are maintained. The terms of reference for the Safeguarding Lead Trustee and the Senior Independent Trustee (who acts as a sounding board for the Chair and as an alternative route for consultation or conflict resolution for either the Trustees or executive should normal channels be unsuitable) are also reviewed annually.

The Board is responsible for our strategic direction and, through its committees, for

monitoring the activities of the executive staff. It reviews the position of the Fund and receives reports from the committees and the Senior Management Team, led by the Controller. The Board also conducts annual performance reviews of the Controller and the Chair of the Board of Trustees, and undergoes its own periodic Board appraisal. The Board met nine times in full session in 2020, including a meeting to discuss Board effectiveness following the completion of a review, a strategy session, and three extraordinary meetings to discuss, among other things, the impact of Covid-19 and the decision to close Princess Marina House.

The Board is responsible for approving the annual business plan and a range of supporting strategies. The Controller and Directors review strategic and policy matters through the Senior Management Team and make recommendations to the Board as appropriate. The Controller, as our Chief Executive, is responsible for the day-to-day management of the Fund's affairs.

We believe that good governance is key to the ongoing success of the organisation. In terms of maintaining high standards of governance, and on the back of the full adoption of the Charity Governance Code and a full external review of its governance practices in 2017, we have further reviewed and strengthened our governance practices in 2020. The Director of Governance acts as the executive focal point for all our governance matters and is strongly engaged with the Charity Commission, peer charities and other key interlocutors to ensure that best practice in sector is incorporated.

STAFF REMUNERATION POLICY

We continue to be strongly committed to recruiting, developing and retaining people with the necessary skills, experience and mindset to deliver our objectives and the ability to make a positive contribution.

Mindful of internal and external pressures, we believe making effective decisions in relation to remuneration and reward is

crucial and central to the continued success of our overall aims.

Our Remuneration Policy centres on the following principles:

- Rewarding employees in a fair, equitable and transparent way
- Aiming to pay competitively against our relevant competitors in the third sector.

We enhance our competitive positioning by promoting a 'total reward' approach, recognising that broader aspects of employment offers (for example, non-financial benefits such as flexible working, modern leave arrangements and development opportunities, as well as the intrinsic moral value of working for a progressive charity) are of increasing value to employees.

REMUNERATION REVIEW

We have a Remuneration Committee, composed of three Trustees, which reviews our Remuneration Policy annually to ensure that the principles outlined above are adhered to and remain appropriate. At the Remuneration Committee meeting, as well as reviewing our pension and broader reward provision, the Committee also considers an annual pay award, the specific purpose of which is to take account of changes in pay movement elsewhere, the prevailing cost pressures bearing on employees and to reward sustained or heightened contribution in role.

To support these decisions, the Remuneration Committee has available data through XPerTHR's annual third sector salary and benefits surveys. All recommendations are then submitted to the Board of Trustees' end of year meeting for approval. In November 2020, having regard to the challenging external circumstances, the actions of comparators in the private and broader sector, and the Fund's own financial position, the Trustees froze staff salaries for the 2021 salary year.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Fund and the group and of the incoming resources and application of resources of the Fund 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 Statement of Recommended Practice (SORP) (FRS 102)
- 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 Fund 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 Fund 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 Fund 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 Fund's auditor is unaware.
- They have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

TRUSTEE DECLARATION

Trustees hereby approve the 2020 Annual Report



Lawrie Haynes, Chair, Royal Air Force Benevolent Fund

Signed on 16 June 2021

PRINCIPAL PROFESSIONAL ADVISERS

Independent auditor

Saffery Champness LLP
71 Queen Victoria Street
London EC4V 4BE

Bankers

Barclays Bank plc
1 Churchill Place
London E14 5HP

Actuary

Broadstone Corporate Benefits Limited
55 Baker Street
London W1U 7EU

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London EC4M 7RD

Investment managers

BlackRock Investment Management (UK) Limited
12 Throgmorton Avenue
London EC2N 2DL

CCLA Investment Management Limited

Senator House
85 Queen Victoria Street
London EC4V 4ET

Close Brothers Asset Management

55 Grosvenor Street
London W1K 3HY

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES

OPINION

We have audited the financial statements of the Royal Air Force Benevolent Fund (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the consolidated statement of financial activities, the consolidated and charity balance sheets, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- Give a true and fair view of the state of the affairs of the group and the parent charity at 31 December 2020 and of the group's incoming resources and application of resources for the year then ended;
 - Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
 - Have been prepared in accordance with the requirements of the Charities Act 2011;
- and
- Have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005 and Regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or the parent charity's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters in respect of which the Charities (Accounts and Reports) Regulations 2008 and the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- The information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- The parent charity has not kept proper and sufficient accounting records; or
- The parent charity's financial statements are not in agreement with the accounting records and returns; or

- We have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the statement of Trustees' responsibilities set out on page 38, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the group and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditors under the Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with regulations made under those Acts.

Our objectives are to obtain reasonable assurance about whether the group and parent charity financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud, are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the group and parent charity's financial statements to material misstatement and how fraud might occur, including through discussions with the Trustees, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the group and parent charity by discussions with informed management and updating our understanding of the sector in which the group and parent charity operates.

Laws and regulations of direct significance in the context of the group and parent charity include the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, the Charities (Accounts and Reports) Regulations 2008, the Charities Accounts (Scotland) Regulations 2006 (as amended) and guidance issued by the Charity Commission for England and Wales and the Office of the Scottish Charity Regulator.

Audit response to risks identified:

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the parent charity's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant

authorities to identify potential material misstatements arising. We discussed the parent charity's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or had knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the parent charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 and Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the parent 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 anyone other than the parent charity and the parent charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP

Saffery Champness LLP

Chartered Accountants

Statutory Auditors

71 Queen Victoria Street, London EC4V 4BE

Date: 16 July 2021

Saffery Champness LLP is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020			2019				
		Unrestricted funds	Restricted funds	Endowed funds	Total	Unrestricted funds	Restricted funds	Endowed funds	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income and endowments from									
Donations and legacies		12,864	857	-	13,721	14,071	836	-	14,907
Charitable activities		1,212	20	-	1,232	1,853	19	-	1,872
Other trading activities		360	-	-	360	443	14	-	457
Investments		2,748	(3)	-	2,745	3,073	(377)	-	2,696
Other income		1,080	-	-	1,080	1,507	-	-	1,507
Total income	2	18,264	874	-	19,138	20,947	492	-	21,439
Expenditure on raising funds		5,096	11	-	5,107	5,540	-	-	5,540
Expenditure on charitable activities									
Direct support to individuals		14,950	606	-	15,556	14,251	495	-	14,746
Welfare programmes and grants		4,254	642	-	4,896	5,865	629	-	6,494
Respite care		3,494	436	-	3,930	4,103	374	-	4,477
Housing Trust support		1,465	181	-	1,646	2,208	28	-	2,236
		24,163	1,865	-	26,028	26,427	1,526	-	27,953
Total expenditure	3	29,259	1,876	-	31,135	31,967	1,526	-	33,493
Net expenditure before gains on investments		(10,995)	(1,002)	-	(11,997)	(11,020)	(1,034)	-	(12,054)
Transfers between funds		415	(415)	-	-	-	-	-	-
Net gains on investments	11	2,250	69	292	2,611	10,987	199	742	11,928
Net (expenditure)/income		(8,330)	(1,348)	292	(9,386)	(33)	(835)	742	(126)
Other recognised gains and losses									
Actuarial losses on defined benefit pension scheme	15	(3,538)	-	-	(3,538)	(1,596)	-	-	(1,596)
Net movement in funds		(11,868)	(1,348)	292	(12,924)	(1,629)	(835)	742	(1,722)
Total funds brought forward		109,727	7,076	6,027	122,830	111,356	7,911	5,285	124,552
Total funds carried forward	22	97,859	5,728	6,319	109,906	109,727	7,076	6,027	122,830

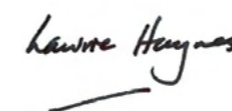
The notes on pages 47 to 79 form part of the financial statements. All amounts relate to continuing operations. All gains and losses recognised in the year are included in the statement of financial activities.

CONSOLIDATED AND CHARITY BALANCE SHEETS

AS AT 31 DECEMBER 2020

	Note	Group 2020	Group 2019	Charity 2020	Charity 2019
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	274	249	274	249
Tangible assets	10	32,059	32,383	8,805	8,796
Investments	11	78,255	82,390	71,528	75,953
Loans to beneficiaries	12	8,593	9,305	8,593	9,305
		119,181	124,327	89,200	94,303
Current assets					
Stock		6	5	-	-
Debtors and prepayments	13	7,273	7,869	18,412	19,980
Cash at bank and in hand		3,393	7,241	2,164	5,814
		10,672	15,115	20,576	25,794
Current liabilities					
Creditors and accrued charges: amounts falling due within one year	14	(3,416)	(2,884)	(3,044)	(2,764)
Net current assets		7,256	12,231	17,532	23,030
Net assets excluding long-term liabilities and pension liability		126,437	136,558	106,732	117,333
Defined benefit pensions liability	15	(16,531)	(13,728)	(16,531)	(13,728)
Total net assets		109,906	122,830	90,201	103,605
Funds					
Endowment funds		6,319	6,027	6,319	6,027
Restricted funds		5,728	7,076	5,728	6,961
Designated funds		17,404	23,690	10,387	17,178
General funds		96,986	99,765	84,298	87,167
Pension reserve		(16,531)	(13,728)	(16,531)	(13,728)
	22	109,906	122,830	90,201	103,605

Approved by the Board of Trustees on 16 June 2021 and signed on its behalf by



Lawrie Haynes, Chair, Board of Trustees

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£'000	£'000
Net cash used in operating activities	(13,987)	(13,315)
Cash flows from investing activities		
Dividends and interest from investments	2,860	2,674
Proceeds from the sale of property	1,538	2,716
Purchase of property and equipment	(1,557)	(2,082)
Net proceeds from (purchase)/sale of investments	6,631	12,346
Net cash provided by investing activities	9,472	15,654
Cash flows from financing activities		
Loans awarded	(109)	(135)
Loan repayments	776	900
Net cash provided by financing activities	667	765
Change in cash and cash equivalents in the year	(3,848)	3,104
Cash and cash equivalents as at 1 January	7,241	4,137
Cash and cash equivalents as at 31 December	3,393	7,241
Reconciliation of net income to net cash flow from operating activities		
Net expenditure for the year ended 31 December	(9,386)	(126)
Adjustments for:		
Depreciation charges and amortisation	1,185	1,257
Gains on investments	(2,611)	(11,928)
Income attributable from joint venture	115	478
Dividends and interest from investments	(2,860)	(2,674)
Profit on the sale of fixed assets	(867)	(1,280)
Loan interest	(57)	(104)
Loans converted to grants	74	17
Loans written off	28	2
Increase in stock	(1)	3
Decrease in debtors	596	622
Increase in creditors	532	581
Pension interest expense	265	337
Pension fund costs	(1,000)	(500)
Net cash used in operating activities	(13,987)	(13,315)
Analysis of cash and cash equivalents		
Current accounts	3,393	7,241
Total cash and cash equivalents	3,393	7,241

Analysis of changes in net debt

	At 1 January 2020	Cash flows	At 31 December 2020
	£'000	£'000	£'000
Cash - current accounts	7,241	(3,848)	3,393

	At 1 January 2019	Cash flows	At 31 December 2019
	£'000	£'000	£'000
Cash - current accounts	4,137	3,104	7,241

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 PRINCIPAL ACCOUNTING POLICIES

These are the financial statements of the RAF Benevolent Fund and its related entities. The Charity was incorporated by Royal Charter in England and Wales on 29 December 1999. The Trustees of the Charity are named on page 2. The registered office is 67 Portland Place, London W1B 1AR.

BASIS OF PREPARATION

The consolidated financial statements have been prepared to give a true and fair view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice (FRS 102) rather than Accounting and Reporting by Charities: Statement of Recommended Practice (revised 2005) which has been withdrawn.

ACCOUNTING CONVENTION

These financial statements have been prepared on a going concern basis under the historical cost convention, with the exception of investments which are included at market

value, and in accordance with applicable accounting standards.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Charity is a public benefit entity for the purposes of FRS 102 and therefore the financial statements have been prepared in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP (FRS 102)), the Charities Act 2011 and the Charities Accounts (Scotland) Regulations 2006.

The statement of financial activities (SOFA) and balance sheet consolidate the financial statements of the Charity and its subsidiary undertakings. The results of the subsidiary entities are consolidated on a line by line basis. A summary of the results of the subsidiary entities is shown in Note 26.

The Group's share of net income of the joint venture (20%) is accounted for using the equity method and is shown in the consolidated SOFA with the share of net assets shown on the balance sheet as an investment.

FUNCTIONAL CURRENCY

The Charity's functional and presentational currency is GBP and is shown as £'000s in the financial statements.

GOING CONCERN

The Trustees have assessed whether the use of the going concern basis is appropriate, particularly after taking the impact of the Covid-19 pandemic into account. They have reassessed the business plans, income and expenditure projections, and taken the Charity's reserves levels into account. Their conclusion is that there is no doubt about the Charity's ability to continue operating as a going concern.

The Trustees have made this assessment for a period of at least one year from the date of approving the financial statements and are assured that the Charity has adequate resources to continue to operate for the foreseeable future.

The Charity therefore continues to adopt the going concern basis in preparing its financial statements.

FUND ACCOUNTING

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

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

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or that have been raised by the Charity for particular purposes. The

costs of raising and administering such funds are charged against specific funds. The aim and use of the larger restricted funds is set out in the notes to the financial statements.

Endowment funds are either permanent or expendable. Permanent funds are normally held indefinitely, while Trustees have the power to convert expendable funds into income. These funds are set out in Note 25. The return on endowment investments is made up of income earned and gains or losses in the market value of the investments.

Income generated from endowment funds is spent on charitable activities. Investment income and gains are allocated to the appropriate fund.

RECOGNITION OF INCOME

Income is recognised in the SOFA when the Charity becomes entitled to it, it is more likely than not that the income will be received, and the monetary value of the income can be estimated with sufficient accuracy. Entitlement to legacy income is assumed when there is sufficient evidence that a gift has been left to the Charity, usually through the notification of a Will. Receipt of legacy income is deemed probable when there has been a grant of probate, and it has been established that there are sufficient assets in the estate to pay the legacy and there are no conditions attached to the legacy that are outside the control of the Charity or uncertainty around receipt of this gift. Income from pecuniary legacies is recognised upon notification or receipt if earlier.

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

RECOGNITION OF EXPENDITURE

Expenditure is recognised in the SOFA on an accrual basis when an obligation that can be measured or reliably estimated exists at the reporting date and it is more than likely that payment will be paid in settlement.

Two main categories of expenditure shown in the SOFA are expenditure on raising funds

and expenditure on charitable activities. Expenditure on raising funds includes all expenditure incurred to raise voluntary income to spend on charitable purposes as well as investment management fees. Expenditure on charitable activities includes all costs incurred by the Charity in carrying out its charitable aims to support the beneficiaries of the Fund.

SUPPORT COSTS

Support costs have been classified as: information technology and facilities, depreciation, general management and administration, finance and payroll, HR and governance. These costs have been allocated to activities on a basis consistent with the use of resources, and indirect costs have been apportioned on a headcount basis or in proportion to direct costs or income.

GRANT COMMITMENTS

Grants awarded are expensed in the SOFA in the year in which they are approved by the Trustees and the offer is conveyed to the recipient. Grants awarded but not paid are recorded as a liability within the balance sheet.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets costing more than £1K (£5K in the RAF Benevolent Fund Housing Trust Limited) 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, or 50 years if shorter
- Leasehold improvements – over 30 years
- Project and office equipment – over five years

- Computer equipment – over three years
- Motor vehicles – over five years.

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

INTANGIBLE FIXED ASSETS AND AMORTISATION

Software is classified as an intangible fixed asset and is capitalised where the cost plus incidental expenses incurred in acquisition is more than £1K.

Amortisation is provided on intangible fixed assets to write off the capitalised value on a straight-line basis over three years. A full year's amortisation is provided in the year of asset acquisition, and none in the year of disposal.

FOREIGN CURRENCIES

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

RELATED PARTY DISCLOSURES

The Charity has made the required disclosures in accordance with the Charities SORP (FRS 102).

Transactions with group undertakings are eliminated on consolidation.

INVESTMENTS

Investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluation and disposals throughout the year. Income receivable on investments is recognised in the SOFA on the accruals basis.

JOINT VENTURE

The RAF100 Appeal (Registered Charity 1167398; Company Registration: 9977273) was formed to bring the four major RAF

charities and the RAF itself together to mark the centenary of the RAF with a programme of events. To assist with providing initial working capital, the Fund and the other RAF charities each provided a £25K short-term interest-free loan to the RAF100 Appeal which has been subsequently repaid. On completion of the joint venture project any surplus reserves have been or will be distributed as agreed among the joint venture partners.

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

STOCK

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

PENSION COSTS

Pensions are accounted for in accordance with FRS 102 Section 28, with a valuation undertaken by an independent actuary for the defined benefit scheme, the Royal Air Force Benevolent Fund Staff Pension Fund, which is closed to future accrual. Net pension finance income or costs are included immediately in other income or employee costs as appropriate.

Actuarial gains and losses are recognised immediately on the face of the SOFA. The scheme deficit is included as a liability in the balance sheet. Details of the pension scheme are included in Note 15 to the accounts.

The amounts charged to the SOFA for defined contribution schemes represent the contributions payable in the period.

FINANCE AND OPERATING LEASES

The Charity does not have any finance leases. Rentals payable under operating leases are charged to the SOFA over the period in which the cost is incurred on a straight-line basis.

LOANS

Loans are awarded to beneficiaries in furtherance of charitable activities. The particular circumstances of each case will determine whether or not the loan is awarded free of interest. When interest is charged the rate is considerably lower than prevailing market rates. Loans are recognised as assets at the value of the award. Accrued interest where applicable, is recognised as income and added to the balance of the loan. Repayments are made as provided in the loan agreement. To facilitate the relief of hardship and distress, the commencement of repayments can be deferred.

FINANCIAL INSTRUMENTS

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the Charity's balance sheet when the Charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments and deferred income all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See Notes 13 and 14 to the accounts.

JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The most significant estimates and assumptions which affect the carrying amount of assets and liabilities in the accounts relate to:

Useful economic lives: The annual depreciation charge for property and equipment is sensitive to change in the estimated useful economic lives and residual value of assets. These are reassessed annually and amended where necessary to reflect current circumstances.

Unsecured loans: A small proportion of loans to beneficiaries are not secured and therefore a general provision for non-repayment is made. The calculation of this provision is based on the historical average rate of default and equates to 10% of the total value of unsecured loans at the balance sheet date.

Pension scheme deficit: The underlying assumptions used by the actuary in valuing the scheme are in accordance with FRS 102 and based on assumptions recommended by the actuary.

2 INCOME AND ENDOWMENTS

	Unrestricted	Restricted	Total 2020	Unrestricted	Restricted	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Donations and legacies						
Royal Air Force Service personnel	1,559	-	1,559	1,544	-	1,544
General donations	3,316	533	3,849	2,678	608	3,286
Government grants (Job Retention Scheme)	594	-	594	-	-	-
Legacy income	7,395	324	7,719	9,849	228	10,077
	12,864	857	13,721	14,071	836	14,907
Charitable activities						
Housing	974	20	994	1,003	19	1,022
Respite care	181	-	181	746	-	746
Loan interest	57	-	57	104	-	104
	1,212	20	1,232	1,853	19	1,872
Other trading activities						
Income from fundraising events	268	-	268	365	14	379
Trading income	92	-	92	78	-	78
	360	-	360	443	14	457
Investment income						
Dividends from pooled funds	2,742	112	2,854	2,544	101	2,645
Interest earned	6	-	6	29	-	29
Movement in share of joint venture	-	(115)	(115)	500	(478)	22
	2,748	(3)	2,745	3,073	(377)	2,696
RAF100 spent the remaining balance of its funds in 2020. The 20% share of the joint venture has been adjusted to reflect this (see Note 11).						
Other income						
Profit on the sale of fixed assets	867	-	867	1,280	-	1,280
Pension interest income	213	-	213	215	-	215
Administration fee	-	-	-	12	-	12
	1,080	-	1,080	-	1,507	-
Total income	18,264	874	19,138	20,947	492	21,439

3 ANALYSIS OF EXPENDITURE

	Direct costs	External grants	Support costs	Total 2020	Direct costs	External grants	Support costs	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Raising funds								
Donations and legacies	2,608	-	1,696	4,304	2,639	-	1,670	4,309
Regional engagement	501	-	-	501	680	-	-	680
Other trading activities	87	-	-	87	180	-	-	180
Investment management fees	215	-	-	215	371	-	-	371
	3,411	-	1,696	5,107	3,870	-	1,670	5,540
Charitable activities								
Direct support to individuals	13,675	-	1,881	15,556	13,182	-	1,564	14,746
Welfare programmes and grants	751	3,374	771	4,896	632	5,023	839	6,494
Respite care	3,732	-	198	3,930	3,919	-	558	4,477
Housing Trust support	824	-	822	1,646	1,687	-	549	2,236
	18,982	3,374	3,672	26,028	19,420	5,023	3,510	27,953
Total expenditure	22,393	3,374	5,368	31,135	23,290	5,023	5,180	33,493

See Note 21 for analysis of welfare programmes and grants relating to external grants.

4 ANALYSIS OF SUPPORT COSTS

	Raising funds	Direct support to individuals	Welfare programmes and grants	Respite care	Housing Trust support	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Information technology and facilities	572	586	295	87	81	1,621
Depreciation and amortisation	204	164	111	50	657	1,186
General management and administration	172	175	80	26	25	478
Finance and payroll	278	359	104	11	21	773
HR	187	242	71	8	14	522
Governance *	283	355	110	16	24	788
Total	1,696	1,881	771	198	822	5,368

* Governance costs include additional one-off costs relating to the review and restructure of the RAF Benevolent Fund Staff Pension Fund.

	Raising funds	Direct support to individuals	Welfare programmes and grants	Respite care	Housing Trust support	Total 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Information technology and facilities	631	481	260	173	116	1,661
Depreciation and amortisation	180	354	246	158	319	1,257
General management and administration	197	148	82	54	37	518
Finance and payroll	272	240	103	71	31	717
HR	139	122	52	36	16	365
Governance	251	219	96	66	30	662
Total	1,670	1,564	839	558	549	5,180

The 2019 figures have been restated to net off £500K previously shown in pension interest income.

5 STAFF COSTS

	2020	2019
	£'000	£'000
Wages and salaries	6,469	6,522
Social security costs	855	655
Pension costs	650	593
Termination and redundancy costs	743	-
	8,717	7,770

Covid-19 restrictions and the risks the pandemic posed to our guests exacerbated the issue of the long-term viability of Princess Marina House (PMH), our respite care centre on the south coast. The Board took the decision to close the site permanently with a loss of 114 posts. Staff costs include termination and redundancy costs for 100 employees who worked at PMH.

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

	2020	2019
	No.	No.
£60,001–£70,000	11	7
£70,001–£80,000	4	2
£80,001–£90,000	1	-
£90,001–£100,000	1	2
£100,001–£110,000	2	1
£110,001–£120,000	1	1
£120,001–£130,000	1	-
£130,001–£140,000	-	1
	21	14

19 employees (2019: 13) whose pay and benefits amounted to more than £60,000 in the year were members of the Group Personal Pension Plan, a money purchase scheme. Three employees were included in the higher bandings due to redundancy and termination payments.

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

	2020	2019
	No.	No.
Charitable activities	139	155
Cost of generating funds	38	36
Governance, administration and support	29	25
	206	216

The average number of employees in charitable activities fell as result of the closure of PMH and the resulting staff redundancies made in September.

6 KEY MANAGEMENT PERSONNEL

The key management personnel of the RAF Benevolent Fund are the Trustees and the Senior Management Team (SMT). In 2020, the latter included the Controller, the Chief of Staff, the Director of Welfare and Policy, the Director of Fundraising and Communications and the Director of Finance. Total employee pay and benefits received by SMT for services to the Charity in 2020 were £632K (2019: £589K).

7 NET EXPENDITURE

	2020	2019
	£'000	£'000
Net expenditure for the year is stated after charging:		
Audit fees	66	53
Audit fees – additional fees re prior year audit	16	-
Internal audit fees	-	22
Investment management fees	215	371
Amortisation of intangible assets	177	46
Depreciation	1,008	1,211
Operating leases	68	98
Profit on disposal of fixed assets	(867)	(1,280)

8 TRUSTEES' REMUNERATION

The Trustees neither received nor waived any emoluments during the year 2020 (2019: £nil). Out-of-pocket expenses were reimbursed to Trustees as follows:

	2020	2019	2020	2019
	No.	No.	£	£
Travel	nil	3	nil	2,231

9 INTANGIBLE ASSETS

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Software costs				
Cost on 1 January	3,255	3,065	3,255	3,065
Additions during the year	202	190	202	190
Cost at 31 December	3,457	3,255	3,457	3,255
Amortisation at 1 January	(3,006)	(2,960)	(3,006)	(2,960)
Amortisation for the year	(177)	(46)	(177)	(46)
Accumulated amortisation at 31 December	(3,183)	(3,006)	(3,183)	(3,006)
Net book value 31 December	274	249	274	249

10 TANGIBLE FIXED ASSETS

	Group 2020			Charity 2020		
	Property	Equipment	Total	Property	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost on 1 January	43,107	2,519	45,626	12,275	2,519	14,794
Additions during the year	1,355	-	1,355	428	-	428
Disposals during the year	(897)	(179)	(1,076)	-	(179)	(179)
Cost at 31 December	43,565	2,340	45,905	12,703	2,340	15,043
Depreciation at 1 January	(10,827)	(2,416)	(13,243)	(3,582)	(2,416)	(5,998)
Depreciation for the year	(955)	(53)	(1,008)	(338)	(53)	(391)
Depreciation on disposals during the year	254	151	405	-	151	151
Accumulated depreciation at 31 December	(11,528)	(2,318)	(13,846)	(3,920)	(2,318)	(6,238)
Net book value 31 December 2020	32,037	22	32,059	8,783	22	8,805

	Group 2019			Charity 2019		
	Property	Equipment	Total	Property	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost on 1 January	43,386	2,536	45,922	13,569	2,536	16,105
Additions during the year	1,887	5	1,892	-	5	5
Disposals during the year	(2,166)	(22)	(2,188)	(1,294)	(22)	(1,316)
Cost at 31 December	43,107	2,519	45,626	12,275	2,519	14,794
Depreciation at 1 January	(10,444)	(2,340)	(12,784)	(3,769)	(2,340)	(6,109)
Depreciation for the year	(1,113)	(98)	(1,211)	(330)	(98)	(428)
Depreciation on disposals during the year	730	22	752	517	22	539
Accumulated depreciation at 31 December	(10,827)	(2,416)	(13,243)	(3,582)	(2,416)	(5,998)
Net book value 31 December 2019	32,280	103	32,383	8,693	103	8,796

10 TANGIBLE FIXED ASSETS (cont)

	2020		2019			
	Property	Equipment	Property	Equipment		
	£'000	£'000	£'000	£'000		
Net book value at 31 December is analysed as follows:						
Gulf Trust Fund (restricted fund)	134	-	134	139	-	139
Princess Marina House	3,680	22	3,702	3,776	103	3,879
RAFBF respite homes	407	-	407	-	-	-
Headquarters – London	4,562	-	4,562	4,778	-	4,778
Charity	8,783	22	8,805	8,693	103	8,796
RAFBF Housing Trust Limited	23,254	-	23,254	23,587	-	23,587
Group	32,037	22	32,059	32,280	103	32,383
The net book value of properties comprises:						
Freehold	31,498			31,725		
Long leasehold	539			555		
	32,037			32,280		

Properties held by the RAF Benevolent Fund Housing Trust Limited support charitable activities. Properties are held so that beneficiaries, including wounded, injured or sick personnel who have been medically discharged from the RAF, can live in suitable, usually heavily adapted accommodation. Properties are stated at historical cost and depreciated as per the policy stated in Note 1.

11 FIXED ASSET INVESTMENTS

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Market value as at 1 January	82,275	82,693	75,953	77,525
Additions	1,083	30,725	1,083	30,500
Withdrawals	(7,714)	(43,071)	(7,714)	(43,071)
Net investment gains	2,611	11,928	2,206	10,999
Market value at 31 December	78,255	82,275	71,528	75,953
Share of joint venture				
Joint venture RAF100 Appeal as at 1 January	115	593	-	-
Movement in share of joint venture	(115)	(478)	-	-
Joint venture RAF100 Appeal as at 31 December	-	115	-	-
Total fixed asset investments	78,255	82,390	71,528	75,953

Investments are represented by:

Listed investments	74,529	76,027	67,802	69,705
Cash holdings in investments	3,194	5,687	3,194	5,687
RAF Disabled Holiday Trust Bonds	532	561	532	561
Total	78,255	82,275	71,528	75,953

The Charity is the only Trustee of the RAF Disabled Holiday Trust whose net assets to the value of £532K are included within investments. Also included is the Charity's share capital in RAFBF Trading Limited of £1. The results of this subsidiary entity are shown in Note 26.

The RAF100 Appeal was established in January 2016. Its principal activity was to agree and coordinate plans and associated fundraising activities for the RAF centenary year. On completion of the joint venture project any surplus reserves will be distributed as agreed among the joint venture partners. The Charity's 20% share of the net assets of the joint venture is shown above as part of the total fixed asset investments. The investment and the net income attributable are calculated on the basis of the funds under the joint venture's control.

As a result of the Covid-19 pandemic in 2020 the markets entered a period of volatility during which investment values fell, with a 20% loss by the second quarter of the year. Subsequently markets started to recover, and by the year end losses had been recouped and there was a market gain of £2.6M.

12 LOANS TO BENEFICIARIES

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Balance at 1 January	9,305	9,985	9,305	9,985
New loans	109	135	109	135
Interest charged	57	104	57	104
	9,471	10,224	9,471	10,224
Repayments	(776)	(900)	(776)	(900)
Loans converted to grants	(74)	(17)	(74)	(17)
Bad debts written off	(28)	(2)	(28)	(2)
Balance at 31 December	8,593	9,305	8,593	9,305

Loans are provided so that beneficiaries can continue to live in their own homes. Loan interest is charged depending on the nature of the case and where applicable, the interest rate is substantially below commercial rates. The outstanding loans include balances totalling £8.5M (2019: £9.2M) which are secured by legal charges on the assets of the beneficiaries. The majority of loans have no fixed repayment date and are normally repayable from the beneficiary's estate. Provision for loan conversion is calculated at 10% of unsecured loans. Total outstanding unsecured loans at the year end is £96K (2019: £96K).

13 DEBTORS

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Legacies	6,558	7,188	6,558	7,102
Inter-company balance	-	-	11,232	12,315
Other debtors	535	597	456	479
Prepayments	180	84	166	84
	7,273	7,869	18,412	19,980

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	430	520	430	520
Taxation and social security costs	246	253	240	249
Accruals for grants payable	2,291	1,862	2,014	1,839
Other creditors	449	249	360	156
	3,416	2,884	3,044	2,764

15 PENSION COMMITMENTS

The RAF Benevolent Fund pension arrangements are as follows:

A Group Personal Pension Scheme made up of a collection of individual pension plans arranged by the Fund is provided by an insurance provider. This service has been provided by Royal London since November 2016. The liability of the employer is limited to the contributions it makes which amounted to £650K (2019: £593K), of which £55K remained payable at the year end (2019: £62K).

The RAF Benevolent Fund Staff Pension Fund is a defined benefit scheme. The scheme was closed to new members on 31 August 2005 and was closed to future accrual on 1 April 2014. The most recent actuarial valuation was carried out as at 31 December 2017. Under the schedule of contributions agreed as part of the actuarial valuation as at 31 December 2017, the employer paid £1M during 2020 which included an additional £500K (2019: £500K). Triennial valuation will be completed in 2021 and a new deficit contribution plan agreed.

	2020	2019
	£'000	£'000
Reconciliation of funded status to balance sheet		
Defined benefit obligation	(41,561)	(37,767)
Fair value of plan assets	25,030	24,039
Net defined benefit liability	(16,531)	(13,728)

The amounts recognised in the SOFA are as follows:

Net interest expense on net defined benefit liability	265	337
Total pension expense recognised in the SOFA	265	337

Reconciliation of defined benefit obligation over the year

Defined benefit obligation as at 1 January 2020	(37,767)	(34,526)
Interest expenses on defined benefit obligation	(740)	(948)
Remeasurement – effect of experience adjustments gain	268	40
Remeasurement – effect of changes in assumptions loss	(4,890)	(3,668)
Benefits paid	1,568	1,335

Defined benefit obligation as at 31 December 2020 (41,561) (37,767)

Changes in the fair value of plan assets over the year:

Fair value of plan assets as at 1 January 2020	24,039	22,231
Interest income on plan assets	475	611
Remeasurement – return on plan assets excluding interest income gain	1,084	2,032
Contributions by employer	1,000	500
Benefits paid	(1,568)	(1,335)

Fair value of plan assets as at 31 December 2020 25,030 24,039

Return on plan assets 1,559 2,643

15 PENSION COMMITMENTS (cont)

	2020	2019
	£'000	£'000
Remeasurements recognised in SOFA		
Remeasurement – effect of experience adjustments gain	268	40
Remeasurement – effect of changes in assumptions loss	(4,890)	(3,668)
Remeasurement – return on plan assets excluding interest income gain	1,084	2,032
Total remeasurement loss recognised in SOFA	(3,538)	(1,596)

	2020		2019	
	£'000	%	£'000	%
Assets:				
Target Return Fund	24,484	97.8%	23,623	98.3%
Bonds	-	0.0%	193	0.8%
Cash/other	546	2.2%	223	0.9%
	25,030	100%	24,039	100%

	2020	2019
Principal actuarial assumptions at the balance sheet date		
Discount rate	1.3%	2.0%
RPI inflation rate	3.0%	3.2%
CPI inflation rate	2.3%	2.2%
Increases to pensions in deferment (CPI max 5%)	2.3%	2.2%
Increases to pensions in payment (CPI max 5%)	2.3%	2.3%
Commutation (% of pension)	25%	25%
Mortality – base table	S2PA	S2PA
Mortality – allowance for future improvements	CMI	CMI
	2017	2017
	1.0% LTR	1.0% LTR
Life expectancies from age 63:		
Male currently aged 63	86.7	86.6
Female currently aged 63	88.7	88.6
Male currently aged 43	87.9	87.8
Female currently aged 43	90.0	89.9

Amounts for current and previous four periods are as follows:

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(41,561)	(37,767)	(34,526)	(37,973)	(37,650)
Fair value of plan assets	25,030	24,039	22,231	22,958	23,204
Deficit	(16,531)	(13,728)	(12,295)	(15,015)	(14,446)

16 RELATED PARTY DISCLOSURE

Donations to the value of £100 (2019: £249) were received from individual Trustees in the year. Details of all inter-company transactions are shown in Note 26 on subsidiary entities. There were no other related party transactions.

17 CAPITAL COMMITMENTS

Planned capital commitments in 2021 are for the continuing introduction of a new accounting system which has a budget remaining of £70K. A total of £280K has already been capitalised for this project with £90K capitalised in the current period. In addition there are further capital commitments in 2021 of £82K for the website redevelopment and design with £112K already capitalised in 2020.

18 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds		Endowment funds		Total funds	
	2020	2019	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 December are represented by:								
Tangible, intangible fixed assets	32,199	32,493	134	139	-	-	32,333	32,632
Investments	68,715	73,146	3,207	3,203	6,333	6,041	78,255	82,390
Loans to beneficiaries	8,455	9,167	138	138	-	-	8,593	9,305
Current assets	7,918	11,005	2,249	3,596	505	514	10,672	15,115
Current liabilities	(2,897)	(2,356)	-	-	(519)	(528)	(3,416)	(2,884)
Pension liability	(16,531)	(13,728)	-	-	-	-	(16,531)	(13,728)
Total net assets	97,859	109,727	5,728	7,076	6,319	6,027	109,906	122,830

19 OPERATING LEASES

At 31 December 2020 the group had total annual commitments under non-cancellable operating leases, all for office equipment and vehicles as follows:

	2020	2019
	£	£
Payments due: office equipment and vehicles		
Within one year	25,364	58,479
Within two to five years	22,434	51,161
Total	47,798	109,640

20 CONTINGENT LIABILITY

The last triennial valuation of the Staff Pension Fund (SPF) identified a deficit of £3.65M as at 31 December 2017, on an agreed prudent funding basis. The Fund is required to enter into a Recovery Plan to extinguish the deficit. The plan commits the Fund to making annual payments of £500K until the earlier of 31 December 2024 or such date as when the deficit is extinguished.

The Trustees of the RAF Benevolent Fund have granted a legal mortgage over the Charity's head office at 67 Portland Place and 45 Devonshire Close, London, in favour of the Trustees of the SPF.

This charge is to secure future payments from the Charity to the SPF to extinguish the deficit. The obligation secured by the mortgage is in accordance with applicable statutory requirements. The Trustees have also complied with the requirements of Section 124 of the Charities Act 2011 to obtain and consider proper advice.

A formal valuation of the property which is held on a long lease (virtual freehold) interest, was carried out in August 2019 and the market value was placed at £11M. This property is shown at a net book value of £4.6M in the balance sheet.

21 WELFARE PROGRAMMES AND GRANTS

	2020	2019
	£	£
GRANT FUNDING TO THE SERVING RAF		
General welfare		
Citizens Advice Station Outreach Clinic		
Mid Lincolnshire CAB (RAF Digby, Coningsby, Cranwell)	4,000	-
Rutland CAB (RAF Wittering)	-	3,500
	4,000	3,500
Station grants		
RAF Akrotiri	38,546	-
RAF Benson	1,970	158,000
RAF Boulmer	386	143,889
RAF Brize Norton	16,113	50,000
RAF Coningsby	2,870	121,476
RAF Corsham (MOD)	1,015	-
RAF Cosford	2,500	305,645
RAF College Cranwell	7,425	-
RAF Digby	2,500	1,648
JSSU Cyprus	-	6,375
RAF Episkopi	9,539	71,093
RAF Fylingdales	13,712	400
RAF Halton	3,952	-
RAF Henlow	1,856	-
RAF High Wycombe (unspent balance for previous awards)	(49,368)	145,988
RAF Honington	1,089	74,874
RAF Leeming	19,950	57,035
RAF Linton-on-Ouse	-	4,795
RAF Lossiemouth	7,888	20,108

RAF Marham	5,510	4,600
RAF Naples JFC	3,739	-
RAF Northolt	394	-
RAF Northwood	-	11,460
RAF Odiham	1,880	113,426
RAF Scampton	13,662	93,550
RAF Shawbury	-	453,638
MOD Southwick Park	-	13,203
RAF Spadeadam	610	-
RAF St Mawgan	1,990	7,800
RAF Valley	6,395	128,184
RAF Waddington	8,791	110,350
RAF Wittering	40,421	10,360
RAF Wyton	2,219	2,785
RAF Small Arms Association	-	9,475
RAF(U) Swanwick	650	-
RAF Families' Day funding programmes at nil RAF stations (2019: 37 stations)	-	44,260

168,204 2,164,417

TOTAL GRANT FUNDING TO THE SERVING ROYAL AIR FORCE 172,204 2,167,917

CONTRACTED SERVICES TO SUPPORT THE SERVING ROYAL AIR FORCE	2020	2019
	£	£
Airplay programme		
RAF stations – youth support programme	935,139	1,268,137
RAF stations – Ben Play parenting and play parks	770,554	139,068
	1,705,693	1,407,205
General support		
Reading Force	-	21,052
RAF Families Federation	15,000	-
Relate – Building Stronger Families	21,624	3,000
	36,624	24,052

TOTAL CONTRACTED SERVICES TO THE SERVING ROYAL AIR FORCE 1,742,317 1,431,257

TOTAL GRANTS AND CONTRACTED SERVICES TO SUPPORT THE SERVING ROYAL AIR FORCE 1,914,521 3,599,174

CONTRACTED SERVICES TO SUPPORT THE SERVING AND VETERANS' COMMUNITIES	2020	2019
	£	£
Wellbeing partnerships		
Headspace/Anxiety UK (mental wellbeing)	71,424	17,534
Community Network/Silver Line	94,022	42,495
GamCare/Work Stress Management	-	22,950
Work Stress Management (listening and counselling)	343,452	198,725

Manage Health (listening and counselling)	66,540	-
Relate (young people listening and counselling)	18,216	-
Anxiety UK (listening and counselling)	32,887	93,906
Workshop and coaching	9,600	8,484
Digital tools	-	36,564
	636,141	420,658
Relationship support		
Relate – relationship counselling/mediation	130,163	152,460
TOTAL CONTRACTED SERVICES TO SUPPORT THE SERVING AND VETERANS' COMMUNITIES	766,304	573,118

GRANT FUNDING TO THE VETERANS' COMMUNITIES	2020	2019
	£	£
317 Sqn MT Association	-	750
Addaction	15,000	-
Age Concern Spain – ACASA	17,000	18,000
Age UK Portsmouth	8,000	-
Alzheimer's Society	-	22,500
Bridge For Heroes	5,000	4,000
Bright Rebel Coaching	-	140
Brighterway	-	2,000
Combat Stress	167,120	250,000
Czech Veterans	4,732	-
Defence Medical Welfare Service	15,000	-
Fares4Free	7,000	-
Goodwill Solutions – The Learning Academy	3,000	-
Hartlepool Community Sport Foundation	-	1,000
Horseback UK	-	7,500
ILM Highland	7,500	-
Improving Lives Plymouth	5,000	-
Military Wives Choir Foundation	10,000	-
Mow and Grow	-	4,000
Mutual Support	-	7,500
National Gulf Veterans and Families Association	10,000	11,500
On Course Foundation	5,000	5,000
Polish Veterans	6,240	-
Poppy Scotland – ASAP	20,000	20,000
Project Propeller	5,000	-
RAF Widows' Association	34,712	34,000
Royal Air Forces Association (support towards caseworking costs)	-	35,000
Royal Canadian Legion	-	1,315
Royal Commonwealth Ex-Services League (includes support towards caseworking costs)	35,473	31,624
Scotty's Little Soldiers	6,000	3,300
Spinal Injuries Association	10,000	-
SSAFA, the Armed Forces Charity (includes support towards caseworking costs)	65,275	70,000
Step Together Volunteering	-	10,000
Stoll	12,000	12,000

Taxi Charity for Military Veterans	-	5,000
Team Endeavour Racing	4,000	-
The Gwennili Trust	2,000	2,000
The Matthew Project	-	5,000
The Not Forgotten Association	-	15,000
The Ripple Pond	2,500	1,376
Turn to Starboard	-	12,500
Veterans Outreach Support	10,000	12,500
Victoria Cross and George Cross Association	-	750
Waterloo Uncovered	3,000	5,000
Widows' Association of Great Britain	5,000	-
	500,552	610,255

Employment support

Future for Heroes	-	4,500
The Poppy Factory	15,000	19,000
HighGround	10,000	-
Regular Forces Employment Association	111,037	58,000
SaluteMyJob	-	14,000
Skills Force	-	4,500
Walking With The Wounded	-	12,500
The Warrior Programme	-	15,000
CatZero Limited	-	3,500
	136,037	131,000

Housing support

Broughton House	33,000	18,000
Scottish Veterans Residences	-	10,000
Single Homelessness Action In Durham	-	2,500
Veterans Aid	15,000	15,000
Queen Elizabeth Hospital Birmingham Hospital Charity – Fisher House	5,000	10,000
Alabaré Christian Care Centres	-	15,000
	53,000	70,500

Residential and respite care		
Care for Veterans (previously Queen Alexandra Hospital Home)	-	20,000
The Curphey Home	-	3,000
Music in Hospitals and Care	-	4,000
Revitalise	-	11,500
	-	38,500

TOTAL GRANT FUNDING TO THE VETERANS' COMMUNITY	689,589	850,255
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TOTAL GRANT AND CONTRACTED SERVICES PAYMENTS TO THIRD PARTIES	3,370,414	5,022,547
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Total contracted services	2,508,621	2,004,375
Total discretionary grants	861,793	3,018,172

TOTAL COST OF SUPPORT THROUGH GRANT AND CONTRACTED SERVICES	3,370,414	5,022,547
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22 STATEMENT OF FUNDS

	At 1 January 2020	Income £'000	Expenditure £'000	Net gains/ (losses) £'000	Transfers £'000	Group at 31 December 2020 £'000	Charity at 31 December 2020 £'000
General reserve	99,765	17,873	(22,163)	1,844	(333)	96,986	84,298
Designated funds – see Note 23	23,690	391	(6,831)	406	(252)	17,404	10,387
Pension reserve	(13,728)	-	(265)	(3,538)	1,000	(16,531)	(16,531)
Total unrestricted funds	109,727	18,264	(29,259)	(1,288)	415	97,859	78,154
Restricted income funds – see Note 24	7,076	874	(1,876)	69	(415)	5,728	5,728
Endowment funds – see Note 25	6,027	-	-	292	-	6,319	6,319
Total funds	122,830	19,138	(31,135)	(927)	-	109,906	90,201

	At 1 January 2019	Income £'000	Expenditure £'000	Net gains/ (losses) £'000	Transfers £'000	Group at 31 December 2019 £'000	Charity at 31 December 2019 £'000
General reserve	92,997	20,559	(23,539)	10,058	(310)	99,765	87,167
Designated funds – see Note 23	30,654	388	(8,091)	929	(190)	23,690	17,178
Pension reserve	(12,295)	-	(337)	(1,596)	500	(13,728)	(13,728)
Total unrestricted funds	111,356	20,947	(31,967)	9,391	-	109,727	90,617
Restricted income funds – see Note 24	7,911	492	(1,526)	199	-	7,076	6,961
Endowment funds – see Note 25	5,285	-	-	742	-	6,027	6,027
Total funds	124,552	21,439	(33,493)	10,332	-	122,830	103,605

Unrestricted funds

The sum of £17.4M (2019: £23.7M) is included in unrestricted funds and relates to the following designated reserves:

£7M (2019: £6.5M)	Reserves held by the RAF Dependants Fund to relieve immediate financial distress in the event of the death of a subscriber by giving a tax-free grant, payable at the discretion of the Fund
£1.2M (2019: £2M)	Fundraising development and systems upgrade
£2.7M (2019: £3.6M)	Investment in Airplay programmes on RAF stations
£nil (2019: £6.4M)	Reaching out campaign to elderly veterans and costs of additional services
£6.5M (2019: £5.2M)	Funds for developing and providing enhanced welfare services

The transfer of £1M (2019: £500K) from general reserves to the pension reserve represents the Fund's contribution paid into the defined benefit pension scheme in the year.

Restricted income funds – Over £100K

Bomber Command Memorial	Maintenance of the Bomber Command Memorial in Green Park, Piccadilly
Fulmer Fund	These funds are held for serving RAF in need of maternity services, post-natal services or the provision of childcare facilities on RAF bases
Gulf Trust	These funds are held in a ring-fenced fund for the benefit of RAF Gulf War veterans
Lowe Trust	Supports Battle of Britain veterans and their descendants
Respite Care – LIBOR	LIBOR funding received to increase and develop our respite care provision
RAF Disabled Holiday Trust	Providing holidays to severely disabled serving and ex-RAF personnel and their immediate dependants
Afghan Brain Injury	Support to veterans of Afghanistan who have sustained a brain injury

Endowment funds – Over £100K

E H Jubb Fund	For the benefit of air crew, their widows and dependants
Newton Driver Memorial Fund	For the maintenance and upkeep of property used as a home for members of the RAF and their dependants who are convalescent or disabled. If the income cannot be used for this purpose it can be applied for general purposes of the Fund
Viscount Nuffield Endowment	Income used for general purposes
Hector Pilling Memorial Fund	To provide financial assistance for foundationers at the Duke of Kent School
RAF Prize Trust	To help with the education of dependants of deceased members of the RAF killed on duty or attributable to Service
Douglas Turner Benefaction	To be used for the assistance or benefit, including education, of former or future pilots and navigators and their dependants
RAFBF Educational Endowment Fund	To promote the education of the children of members of the Royal Air Force
RAFBF Educational Expendable Fund	To promote the education of the children of members of the Royal Air Force
Peter Henry Slater-Eiggert Memorial Fund	For the benefit of ex-members and dependants of 83 Squadron
The Revd. James Edmund Strickland Memorial Fund	For the use of general purposes of the Royal Air Force Benevolent Fund

23 DESIGNATED FUNDS

	At 1 January 2020	Income	Expenditure	Net gains	Transfers	At 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Fundraising development and systems upgrade	1,970	-	(509)	-	(252)	1,209
Investment in Airplay programmes	3,567	-	(875)	-	-	2,692
New and enhanced welfare services	5,197	-	(4,080)	-	5,369	6,486
Reaching out campaign and associated additional costs	6,444	-	(1,075)	-	(5,369)	-
Total designated funds – Charity	17,178	-	(6,539)	-	(252)	10,387
RAF Dependants Fund	6,512	391	(292)	406	-	7,017
Total designated funds – Group	23,690	391	(6,831)	406	(252)	17,404

	At 1 January 2019	Income	Expenditure	Net gains	Transfers	At 31 December 2019
	£'000	£'000	£'000	£'000	£'000	£'000
Fundraising development and systems upgrade	2,700	-	(540)	-	(190)	1,970
Investment in Airplay programmes	4,800	-	(1,233)	-	-	3,567
New and enhanced welfare services	8,700	-	(3,503)	-	-	5,197
Reaching out campaign and associated additional costs	8,900	-	(2,456)	-	-	6,444
Total designated funds – Charity	25,100	-	(7,732)	-	(190)	17,178
RAF Dependants Fund	5,554	388	(359)	929	-	6,512
Total designated funds – Group	30,654	388	(8,091)	929	(190)	23,690

24 RESTRICTED FUNDS

	As at 1 January 2020	Income Expenditure		As at 31 December 2020	As at 1 January 2019	Income Expenditure		As at 31 December 2019
	£	£	£	£	£	£	£	£
Education								
Group Captain W E Purdin Memorial Fund	-	100	-	100	-	98	(98)	-
RAF Prize Trust	-	8,771	(8,771)	-	-	8,603	(8,603)	-
RAFBF Educational Endowment Fund	-	19,746	(19,746)	-	-	19,366	(19,366)	-
RAFBF Educational Expendable Fund	-	5,541	(3,530)	2,011	-	5,442	(5,442)	-
RAFBF Education	-	4,057	(4,057)	-	-	4,253	(4,253)	-
Douglas Turner Benefaction	-	4,700	-	4,700	-	4,610	(4,610)	-
	-	42,915	(36,104)	6,811	-	42,372	(42,372)	-
Princess Marina House and respite care								
Princess Marina House Amenities Fund	64,884	-	(64,884)	-	98,267	14,143	(47,526)	64,884
Princess Marina House Shencot/Seacot House	-	10,472	(10,472)	-	1,725	1,829	(3,554)	-
Princess Marina House other	-	-	-	-	-	1,000	(1,000)	-
The April Fools' Club – serving respite care	109,188	-	(109,188)	-	109,188	-	-	109,188
	174,072	10,472	(184,544)	-	209,180	16,972	(52,080)	174,072
Housing								
Housing Trust General Restricted Fund	-	153,100	(153,100)	-	-	28,229	(28,229)	-
The Hobson Charity – property adaptations	-	10,000	(10,000)	-	-	-	-	-
	-	163,100	(163,100)	-	-	28,229	(28,229)	-
Other								
Bomber Command Memorial	2,512,584	210,746	(70,572)	2,652,758	1,766,404	819,160	(72,980)	2,512,584
Gulf Trust	410,111	19,890	-	430,001	404,021	18,590	(12,500)	410,111
	2,922,695	230,636	(70,572)	3,082,759	2,170,425	837,750	(85,480)	2,922,695
Welfare programmes								
Aged Veteran Fund	-	230	-	230	-	-	-	-
Aged Veteran Lunch Club	4,716	-	(4,716)	-	(64)	5,064	(284)	4,716
Aged Veteran Respite at Home	-	-	-	-	2,834	180	(3,014)	-
Airplay	-	60,000	(60,000)	-	-	35,000	(35,000)	-
Armed Forces Covenant Fund	-	158,500	(158,500)	-	-	-	-	-
Capital Project Childcare Facility	-	27,000	(27,000)	-	-	-	-	-
Caseworking Transformation Project	-	24,053	(24,053)	-	-	-	-	-
Mrs H M Jerham Memorial Fund	2,928	-	-	2,928	2,928	-	-	2,928
RAF stations	-	18,877	(18,877)	-	-	6,000	(6,000)	-
Bereavement support	2,506	-	(2,506)	-	2,506	-	-	2,506
Mental health services	-	104	-	104	-	-	-	-
MBDA Fund	-	9,790	(9,790)	-	-	-	-	-
Restricted to RAF Valley play parks refurbishment	9,449	-	(9,449)	-	9,449	-	-	9,449
Restricted to serving RAF	-	7,975	(7,975)	-	-	-	-	-
Restricted to serving RAF (LIBOR)	473,932	-	(473,932)	-	977,500	-	(503,568)	473,932
	493,531	306,529	(796,798)	3,262	995,153	46,244	(547,866)	493,531

24 RESTRICTED FUNDS (cont)

	As at 1 January 2020	Income Expenditure		As at 31 December 2020	As at 1 January 2019	Income Expenditure		As at 31 December 2019
	£	£	£	£	£	£	£	£
Individual welfare								
Advice and Advocacy	5,748	10,183	(15,931)	-	-	10,206	(4,458)	5,748
Afghan Brain Injury	226,728	-	-	226,728	226,728	-	-	226,728
Afghan: LIBOR	189,316	-	(188,950)	366	304,229	-	(114,913)	189,316
Various legacies – beneficiaries in Lossiemouth	-	-	-	-	25,000	-	(25,000)	-
Various legacies – beneficiaries in Scotland	-	57,924	(57,924)	-	-	151,066	(151,066)	-
RAF Disabled Holiday Trust	575,760	10,321	(31,769)	554,312	568,705	7,055	-	575,760
Fulmer Fund	240,555	-	(29,277)	211,278	240,555	-	-	240,555
Garden maintenance	-	7,500	(7,500)	-	-	-	-	-
General welfare (individual)	-	10,000	(10,000)	-	52,295	30,212	(82,507)	-
General welfare (mobility aid)	-	7,500	(7,500)	-	-	-	-	-
General welfare – Devon, Cornwall and Somerset	-	300	-	300	500	-	(500)	-
Lowe Trust	572,209	-	-	572,209	572,209	-	-	572,209
Restricted to air crew	-	-	-	-	75,000	-	(75,000)	-
Restricted to Isle of Wight	-	5,000	(5,000)	-	-	-	-	-
Restricted to Scotland	-	74,500	(9,470)	65,030	-	-	-	-
Restricted to Suffolk	-	-	-	-	60	-	(60)	-
Restricted to Tyne and Wear	-	10,000	(10,000)	-	-	-	-	-
Restricted to Yorkshire	-	-	-	-	1,000	-	(1,000)	-
Royal Observer Corps	-	100,000	(41,360)	58,640	-	-	-	-
Stafford Trust	-	15,120	-	15,120	-	-	-	-
Home adaptations in Cheshire	-	-	-	-	1,000	-	(1,000)	-
Scotland veterans over 65	-	25,000	(25,000)	-	-	-	-	-
	1,810,316	333,348	(439,681)	1,703,983	2,067,281	198,539	(455,504)	1,810,316
Respite care – LIBOR Funds (reclassification agreed)								
Respite care lunch clubs	71,838	-	(71,838)	-	200,000	-	(200,000)	-
Respite care property	441,317	-	(305,884)	135,433	700,000	-	(10,981)	689,019
Additional respite north of England	-	-	-	-	417,625	-	(33,284)	384,341
Respite breaks and care hotels	316,550	-	(36,226)	280,324	247,001	-	-	247,001
Day respite breaks	-	-	-	-	250,000	-	(7,315)	242,685
Contribution to community engagement workers	591,240	-	(159,393)	431,847	-	-	-	-
Management support	142,101	-	(56,417)	85,684	63,000	-	(63,000)	-
	1,563,046	-	(629,758)	933,288	1,877,626	-	(314,580)	1,563,046
RAF100 Appeal – 20% share in joint venture	114,758	-	(114,758)	-	592,313	(477,555)	-	114,758
Total restricted funds	7,078,418	1,087,000	(2,435,315)	5,730,103	7,911,978	692,551	(1,526,111)	7,078,418

25 ENDOWMENT FUNDS

The purpose of funds exceeding £100K is set out under Note 22.

	As at 1 January 2020	Unrealised gain	As at 31 December 2020	As at 1 January 2019	Unrealised gain	As at 31 December 2019
	£	£	£	£	£	£
Permanent endowment funds with unrestricted income						
Pilot Officer J P L Branson Memorial Fund	49,117	2,377	51,494	43,067	6,050	49,117
Pilot Officer James Erskine Cunning Memorial Fund	46,224	2,237	48,461	40,531	5,693	46,224
Flying Officer L S Delaney Trust	13,426	650	14,076	11,772	1,654	13,426
Paddy Finucane Memorial Fund	20,004	968	20,972	17,540	2,464	20,004
Louise Alice Kay Memorial Fund	41,324	2,000	43,324	36,234	5,090	41,324
Mosquito Memorial Fund	11,612	562	12,174	10,182	1,430	11,612
Flying Officer Douglas Frank Newsham Memorial Fund	36,894	1,786	38,680	32,350	4,544	36,894
Viscount Nuffield Endowment	1,068,063	51,696	1,119,759	936,510	131,553	1,068,063
Helen Mary Renton Fund	43,597	2,110	45,707	38,227	5,370	43,597
RAF Rugby Union Fund	51,271	2,482	53,753	44,956	6,315	51,271
Peter Henry Slater-Eiggert Memorial Fund	147,119	7,121	154,240	128,998	18,121	147,119
The Revd. James Edmund Strickland Memorial Fund	105,969	5,129	111,098	92,917	13,052	105,969
	1,634,620	79,118	1,713,738	1,433,284	201,336	1,634,620
Expendable endowment funds with unrestricted income						
Flying Officer William Dron Memorial Fund	2,478	120	2,598	2,173	305	2,478
Frederick Eley Fund	4,775	231	5,006	4,187	588	4,775
Wing Commander J Higginson Fund	9,752	472	10,224	8,551	1,201	9,752
Peter Grattan Holt Memorial Fund	50,822	2,460	53,282	44,563	6,259	50,822
E H Jubb Fund	338,499	16,384	354,883	296,806	41,693	338,499
Middle East Relief Fund	43,231	2,092	45,323	37,906	5,325	43,231
Morley Fund	7,086	343	7,429	6,213	873	7,086
Orlebar Memorial Fund	8,019	388	8,407	7,031	988	8,019
Shattock Memorial Scholarship Fund	12,041	583	12,624	10,558	1,483	12,041
Wooding Memorial Fund	8,590	416	9,006	7,532	1,058	8,590
	485,293	23,489	508,782	425,520	59,773	485,293
Permanent endowment funds where the use of the income is restricted						
Newton Driver Memorial Fund	2,168,682	104,968	2,273,650	1,901,566	267,116	2,168,682
Group Captain W E Purdin Memorial Fund	2,769	134	2,903	2,428	341	2,769
RAFBF Educational Endowment Fund	549,177	26,581	575,758	481,535	67,642	549,177
Douglas Turner Benefaction	130,723	6,327	137,050	114,622	16,101	130,723
	2,851,351	138,010	2,989,361	2,500,151	351,200	2,851,351
Expendable endowment funds where the use of the income is restricted						
Mrs H M Jereham Memorial Fund	30,128	1,458	31,586	26,417	3,711	30,128
Hector Pilling Memorial Fund	638,356	30,898	669,254	559,730	78,626	638,356
RAF Prize Trust	243,951	11,808	255,759	213,904	30,047	243,951
RAFBF Educational Expendable Fund	144,108	6,975	151,083	126,358	17,750	144,108
	1,056,543	51,139	1,107,682	926,409	130,134	1,056,543
Total endowment funds	6,027,807	291,756	6,319,563	5,285,364	742,443	6,027,807

26 SUBSIDIARY ENTITIES

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

	RAFBF Trading Ltd		RAF Dependants Fund		RAF Dependants Income Trust Ltd		RAFBF Housing Trust Ltd		RAF Disabled Holiday Trust		Subsidiary entities	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:												
Donations	-	-	-	-	-	-	8	286	10	9	18	295
Investments	-	-	209	204	-	-	-	-	-	-	209	204
Other trading activities	108	78	-	-	-	-	-	-	-	-	108	78
Charitable activities	-	-	-	-	-	-	974	988	-	-	974	988
Profit on sale of properties	-	-	-	-	-	-	876	1,511	-	-	876	1,511
Subscriptions	-	-	182	184	31	31	-	-	-	-	213	215
	108	78	391	388	31	31	1,858	2,785	10	9	2,398	3,291
Expenditure on:												
Charitable activities	58	35	263	333	-	-	1,770	1,680	2	3	2,093	2,051
Other trading activities	41	35	-	-	-	-	-	-	-	-	41	35
Management and administration	9	8	29	26	31	31	-	-	-	-	69	65
	108	78	292	359	31	31	1,770	1,680	2	3	2,203	2,151
Net gains/(loss) on investment assets	-	-	406	929	-	-	-	-	(25)	(3)	381	926
Net result of subsidiary	-	-	505	958	-	-	88	1,105	(17)	3	576	2,066

RAFBF Trading Limited

Company number 07768120

A company set up for the RAF Benevolent Fund to conduct trading in support of its charitable objectives. The company donated £58,468 to the Fund in 2020 (2019: £37,553). The inter-company balance owed to the Fund at year end was £66,409 (2019: £131,560). The net assets at year end were £1 (2019: £1).

RAF Dependants Fund

Charity number 253492

A charity with the RAF Benevolent Fund as custodian Trustee. Set up to promote the efficiency of the RAF through relieving dependants of deceased serving personnel from financial distress. There were 15 deaths in 2020 (2019: 19) and the dependants were paid £17,500 in each case. The inter-company balance owed to the Charity at year end was £3,042 (2019: £50,817). The net assets at year end were £7,017,317 (2019: £6,511,757).

RAF Dependants Income Trust Limited

Company number 01285364

A company set up for RAF Dependants Fund subscribers to make further financial provision for their dependants in the event of their death in service. There were 10 member deaths in 2020 (2019: 11) and beneficiaries received payments made on behalf of the Trust by the underwriters Aviva. The company donated £nil to the Charity in 2020 (2019: £nil). The inter-company balance owed to the Charity at year end was £3,595 (2019: £29,550). The net assets at year end were £3,339 (2019: £3,339).

RAF Benevolent Fund Housing Trust Limited

Company number 1058896
Charity number 264636
Scottish registered number SCO38218

A wholly-owned subsidiary of the RAF Benevolent Fund. Its sole activity is to hold and operate properties of beneficiaries of the RAF Benevolent Fund. The inter-company balance owed to the Fund at year end was £11,159,566 (2019: £12,105,033). The net assets at year end were £13,160,876 (2019: £12,596,281).

RAF Disabled Holiday Trust

Charity number 286019

A wholly-owned subsidiary of the RAF Benevolent Fund. Its sole activity is to provide holidays to disabled serving and former members of the RAF and their dependants. The Trust purchases holiday bonds which entitles it to book holidays in the UK and Europe for its beneficiaries. The inter-company balance owed to the RAF Benevolent Fund at year end was £2,629 (2019: £2,696 owed by the Fund). The net assets at year end were £554,312 (2019: £571,405). RAF Benevolent Fund Gift in Kind amounted to £nil (2019: £nil).

SUBSIDIARY ORGANISATIONS

RAF BENEVOLENT FUND HOUSING TRUST LIMITED

Companies House: 01058896
Charity Commission: 264636
OSCR: SC038218
Directors/Trustees:
Air Vice-Marshal David Murray (Chair)
(until 20 April 2020)
Air Vice-Marshal Chris Elliot (Chair)
(from 20 April 2020)
Al Bennett (until 27 May 2021)
Wing Commander Sarah Davis
(from 1 June 2020)
Air Vice-Marshal Simon Dougherty
(until 11 May 2020)
Victoria Fakehinde
Air Commodore Paul Hughesdon
Emrys Rogers (from 3 August 2020)

RAFBF TRADING LIMITED

Companies House: 07768120
Directors:
Air Vice-Marshal David Murray (Chair)
(until 20 April 2020)
Air Vice-Marshal Chris Elliot (Chair)
(from 20 April 2020)
Graeme Craig
James Dooley
Victoria Fakehinde
Graeme Shankland
John Trampleasure (until 4 May 2020)
Mike Straney (from 4 May 2020 until 30
April 2021)

RAF DISABLED HOLIDAY TRUST

Charity Commission: 286019
Trustee:
Royal Air Force Benevolent Fund
(Reg Charity: 1081009)

RAF DEPENDANTS INCOME TRUST LIMITED

Companies House: 01285364
Directors:
Air Vice-Marshal David Murray (Chair)
(until 20 April 2020)
Air Vice-Marshal Chris Elliot (Chair)
(from 20 April 2020)
Group Captain Jacqueline East
(until 11 May 2021)
Group Captain Colin Owen
(from 11 May 2021)
Frances Brindle
Graeme Shankland
Victoria Fakehinde
Air Commodore Paul Hughesdon

RAF DEPENDANTS FUND

Charity Commission: 253492
Trustee:
Royal Air Force Benevolent Fund
(Reg Charity: 1081009)
Management Committee members:
Air Vice-Marshal David Murray (Chair)
(until 20 April 2020)
Air Vice-Marshal Chris Elliot (Chair)
(from 20 April 2020)
Group Captain Jacqueline East
(until 11 May 2021)
Group Captain Colin Owen
(from 11 May 2021)
Frances Brindle
Graeme Shankland
Victoria Fakehinde
Air Commodore Paul Hughesdon
Scheme Manager:
Andy Cairns

RAF BENEVOLENT FUND TRUSTEES LIMITED

Companies House: 00945083
Directors:
Air Vice-Marshal David Murray (Chair)
(until 20 April 2020)
Air Vice-Marshal Chris Elliot (Chair)
(from 20 April 2020)
Air Vice-Marshal Simon Dougherty
(until 11 May 2020)
Wing Commander Sarah Davis
(from 1 June 2020)
Victoria Fakehinde
Air Commodore Paul Hughesdon
Al Bennett (until 27 May 2021)
Emrys Rogers (from 3 August 2020)
Dormant entity

ROYAL OBSERVER CORPS BENEVOLENT FUND

Charity Commission: 209640
OSCR: SCO37659
Trustee:
Royal Air Force Benevolent Fund
(Reg Charity: 1081009)
Dormant entity

RAFBF PROPERTY COMPANY LIMITED

Companies House: 10456754
Directors:
Air Vice-Marshal David Murray (Chair)
(until 20 April 2020)
Air Vice-Marshal Chris Elliot (Chair)
(from 20 April 2020)
Richard Ingham (until 25 March 2021)
Air Vice-Marshal Elaine West
Air Commodore Paul Hughesdon
Victoria Fakehinde
Dormant entity

THANKING OUR DONORS

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Charles Burrell 2016 Charitable Settlement
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Forces Mutual
Headley Court Charity
Mr John Isabel
JH Bartlett Charity
Ms Melissa John
Knight Sportswear
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MBDA Missile Systems
Midshires Mobility Group
Mrs Penny Moore
Mr Donagh McCullagh
Mr Paul Nicholas FRAeS
Dr Michael Oliver OBE DL
RAFA Amsterdam Branch
The April Fools' Club
The Armed Forces Covenant Fund Trust
The Beaujolais Run
The Hobson Charity
The MacRobert Trust
The Robert W. Johnson IV Charitable Trust
The Royal Edinburgh Military Tattoo
The Scottish Wellbeing Fund
The Stafford Trust
Wimbledon Foundation

GET IN TOUCH

Please contact us today if you know someone who is in need of help or to request help for yourself.

0300 102 1919
mail@rafbf.org.uk
rafbf.org/help

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

