



Royal Air Force
Benevolent Fund

ANNUAL REPORT

2021

TRUSTEES' REPORT AND ACCOUNTS FOR
THE YEAR ENDED 31 DECEMBER 2021



PRINCIPALS, TRUSTEES AND SENIOR MANAGEMENT TEAM

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Air Chief Marshal Sir Michael Graydon GCB CBE ADC FRAeS

Air Chief Marshal Sir Stephen Hillier GCB CBE DFC ADC MA

Air Chief Marshal Sir Richard Johns GCB KCVO CBE FRAeS

Air Chief Marshal Sir Roger Palin KCB OBE MA FRAeS FIPD

Lady Hillier

VICE-PRESIDENT

John Isabel

COUNCIL

Chair

Lawrie Haynes DEng BA (Hons) FCILTR FRSA (until 28 January 2022)

Richard Daniel BSc (Hons) FRAeS (from 1 February 2022)

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The Viscount Trenchard of Wolfeton DL

Honorary Treasurer

Alastair Irvine BA (Hons) MCSI

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Air Marshal Andrew Turner CB CBE MA MSc BA FRAeS CCMI RAF (until 11 March 2022)

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David Cheyne MA (Cantab)

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

Wing Commander Sarah Davis MBA MSc FCIPD (from 24 January 2022)

Lady Hillier (from 24 January 2022)

Air Marshal Sir Richard Knighton KCB FREng (from 31 May 2022)

BOARD OF TRUSTEES

Chair

Lawrie Haynes DEng BA (Hons) FCILTR FRSA (until 28 January 2022)

Richard Daniel BSc (Hons) FRAeS (from 1 February 2022)

Honorary Treasurer

Alastair Irvine BA (Hons) MCSI

Trustees

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)

David Cheyne MA (Cantab) (Senior Independent Trustee)

Graeme Craig MA

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

Wing Commander Sarah Davis MBA MSc FCIPD

Richard Ingham (until 25 March 2021)

Sarah Meek MBA (from 1 June 2021 to 25 February 2022)

Wing Commander Marie-Noelle Orzel OBE QVRM MSc PGDE RGN RSCN (Safeguarding Lead Trustee)

Graeme Shankland (until 6 July 2021)

Air Vice-Marshal Elaine West CBE (until 23 April 2022)

EXECUTIVE LEADERSHIP TEAM

Controller

Air Vice-Marshal Chris Elliot CB CBE MA BSc DL

Chief of Staff/Director of Governance

Air Commodore Paul Higgins MA BA (Hons) FCILT FCMI (until 3 September 2021)

Director of Finance (Director of Resources from 1 January 2022)

Victoria Fakehinde BSc (Hons) ACMA CGMA

Director of Fundraising and Communications

Mike Straney (until 30 April 2021)

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

Director of Welfare

Air Commodore Paul Hughesdon MA

Associate Director of Strategy and Impact

Alison Wyman MSc BSc (Hons) CG (Affiliated) (from 1 January 2022)

Royal Air Force Benevolent Fund Principal and Registered Office

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ALWAYS HERE FOR THE RAF FAMILY

2021 was another year of challenges – but of many successes too, with exciting plans unfolding as we emerged from the pandemic.

For many in the RAF Family, 2021 started at a low point. Another lockdown once again left people facing everything from isolation to financial problems, anxiety to bereavement. We were proud to be there for over 44,600 veterans, serving personnel and their families during those challenging times – and the brighter times that followed as the pandemic eased. Not only did we keep delivering our crucial services despite difficult conditions, we grew and improved many of them, reacting quickly and flexibly to meet everyone's needs.

During such a rollercoaster of a year, it was no surprise that our emotional wellbeing services were in high demand. We were delighted to help over 11,600 RAF Family members through services including counselling and free membership of the Headspace mindfulness app – a 42% rise on 2020. Our Telephone Friendship Groups, which help veterans and their partners meet new people and feel less isolated, also saw a remarkable 23% growth.

We focused strongly on supporting the youngest members of the RAF Family this year. In February we launched our Growing Up in the RAF report, the first research to look exclusively at the wellbeing of children and young people in the UK with RAF parents. We'll use the findings to make the services we offer even better. Our Airplay and Ben Clubs again helped more than 2,000 children and young people on RAF stations enjoy fun and exciting activities. We were also pleased

to enhance our support for the RAF Air Cadets in 2021. We supported 88% more children and young people through our specialist counselling service compared to 2020 too.

We continued to be there for RAF Family members experiencing financial difficulties, giving out almost 3,000 grants totalling £3M to help with everything from paying unexpected bills to providing regular support for pensioners. We also continued our important work giving grants to support RAF Family members to live independently and with dignity.

We are very proud of our achievements in such a difficult climate. But they were only possible due to the huge generosity of our supporters. Thanks to you, we managed to raise £16.3M to support the RAF Family in 2021 – £2.2M more than last year. We are so grateful to every one of our donors and fundraisers for helping get the RAF Family through their toughest times.

Now we look to the future with optimism. At the beginning of 2022 we were delighted to launch our new strategy, Shaping The Future. Guiding our work through to 2026, it sets out how we're going to improve access to personalised support for the RAF Family, as well as enhancing their quality of living, wellbeing and independence. We are delighted to welcome our new chair Richard Daniel to lead this work, and thank our outgoing chair Lawrie Haynes for his eight successful years of leadership.

For over 100 years, we have been the RAF's most devoted friend, supporting the whole of the RAF Family – from the oldest veteran to the youngest child. Together, we will continue to be here for the RAF Family in 2022 and beyond.

Air Vice-Marshal Chris Elliot
CB CBE MA BSc DL
Controller
RAF Benevolent Fund

Richard Daniel BSc (Hons)
FRAeS
Chair
RAF Benevolent Fund

AIMS, OBJECTIVES AND VALUES

OUR VISION

Our vision is that everyone in our RAF Family – veterans, serving personnel and their families – gets support in their hour of need.

// In 2018 my wife Kim died of cancer. The Fund has stepped up for me and our children ever since. People often say the Fund is the heart of the RAF Family. I can absolutely say that's true."

Sqn Ldr Steve Debling



OUR PURPOSE

Our purpose is to be here for every member of the RAF Family in need – listening, understanding and providing life-changing practical, emotional and financial support.

WHAT WE DO

People who have served in the RAF are trained to be self-reliant. They don't want to make a fuss and they don't want to be a burden. So all too often, when life gets tough, they suffer in silence.

We don't believe anyone who has served their country should have to struggle through life. We're the RAF Benevolent Fund, and we're here to support veterans, serving personnel and their families when they need it most.

From counselling and financial support to adapting homes or replacing boilers, from the big challenges to the small changes, we can help people live with the dignity and independence they deserve.

OUR VALUES

Empathetic – we listen and seek to understand, standing side-by-side with the RAF Family.

People-focused – we put people at the heart of everything we do.

Responsive – we do what we say we will, and use evidence and insight to adapt to changing needs.

Inclusive – we work hard to ensure everyone feels valued and supported, and make ourselves accessible.

Innovative – we are forward leaning and encourage new ideas and approaches to remain relevant.

PUBLIC BENEFIT

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 or respite breaks, we always take beneficiaries' means into account. No member of the RAF Family should be prevented from accessing our services because they can't afford the full cost.

By giving grants to other charities, we also enable them to maximise their public benefit in support of the RAF Family.

OUR STRUCTURE

We carry out some of our activities through the following subsidiaries:

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

PROGRESS AGAINST OUR STRATEGIC AIMS

Back in 2017, we set out an exciting five-year strategy. It was a great success, helping us be there for significantly more members of the RAF Family in their toughest times.

However, in 2020, the Covid-19 pandemic – alongside other factors – changed the world. The fundraising environment, the charity sector and our ability to deliver our services all underwent significant shifts, and the RAF Family's composition continued to change.

We reacted quickly, retiring our 2017–2022 strategy in November 2020 and resetting our strategic direction so we could better meet the needs of the RAF Family in this new reality.

For 2021, we continued with our short-term strategy to stabilise our operations and adjust to immediate challenges and opportunities. Below are the four aims we set for 2021, and the progress we made against them. We are delighted to say that we achieved the vast majority of our objectives.

We also worked on and launched our new Shaping The Future strategy for 2022–2026, which you can read more about on page 10.

STRATEGIC AIM 1

To effectively support members of the RAF Family in need

We were pleased to support more than 44,600 members of the RAF Family in five key areas in 2021: emotional wellbeing, friendships and connections, family and relationships, independent living and financial assistance. 94% of the people we helped said we made a positive difference to their quality of life. This beat our target of 90%.

The total number of people we supported was down from 63,700 in 2020. This was due to a number of factors. Firstly, in 2020 we stepped up to provide Covid-19-related grants and services for RAF Family members and RAF stations in their time of greatest need. These grants were able to reach a large number of people, but naturally scaled back as the effects of the pandemic lessened in 2021. Furthermore, 2020 saw us help more people because of our successful centenary campaign encouraging RAF Family members to come to us for support. The size of the RAF Family has also continued to decline. The result of all these factors is that the number of people we helped has scaled back to close to its pre-pandemic baseline.

We recruited three new Welfare Navigators in 2021. Their work is focused on making the journey from contacting the Fund to receiving support smoother for anyone who gets in touch. Thanks to our Welfare Navigators, 77% of people who contacted us said they were satisfied with the enquiry process – 7% more than our goal of 70%. Introducing three new Welfare Support Executives to help with more complex cases in September also allowed us to help RAF Family members more effectively, as did upgrading the digital system for managing our cases.

To maximise our impact, in 2021 we focused on building evidence and analysis to help us identify the needs of the RAF Family – and respond to them. We did a full review of how we gather data and insight and made several improvements as a result. We also produced two key pieces of research – one into the wellbeing of children and young people in the RAF Family, and the other with Swansea University into gambling and wellbeing in the RAF. Both gave us interesting insights to help shape our services.

We continued to make RAF Family members aware of our services so they come to us for support. We launched a new website in December, plus several campaigns to promote our welfare services throughout the year. We also introduced a bi-annual newsletter to let RAF Family members know what we can offer and an e-newsletter for serving personnel leaving the RAF. Our branding and information about the Fund continued to feature at RAF stations nationwide too.

You can read about how we supported the RAF Family in more detail from pages 14–19.

STRATEGIC AIM 2

To develop and adopt a more financially sustainable model to support the RAF Family

In 2021 our total income was £25.5M, 33% more than in 2020. This included income from fundraising, investments, charitable activities and asset disposal.

We raised £16.3M from donations and legacies to improve the lives of the RAF Family. This was up 16% on our fundraising total in 2020.

To help us raise more money, we successfully focused on raising awareness of the Fund in the media. The Fund was mentioned more than 2,000 times in newspapers, magazines and in digital and broadcast media in 2021. We also produced podcasts and films to showcase our work.

Another key objective in 2021 was to use evidence, analysis and insight to develop a more affordable programme of services for RAF Family members in need. We agreed this in November 2021 and will put it into practice in 2022.

We also started our drive to reduce deficit budgeting while ensuring that our resources are allocated to impact as many beneficiaries as we can by rationalising support costs across the charity. This led to decisions to outsource some non-core activities and reduce the size of our executive leadership team.

STRATEGIC AIM 3

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

In 2021 we continued to deliver successful communications across all audiences that demonstrate how we live our brand values.

Making sure we have strong governance in place is also central to being a trusted, inclusive organisation. During 2021, our executive leadership team and Trustees considered and proactively managed the strategic risks we faced every quarter. We also continued to implement improvements following our 2020 Board effectiveness review.

STRATEGIC AIM 4

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

In 2021 we started work on embedding data analysis and insight throughout everything we do, so all our decisions are based on evidence. We also improved our HR function and began to implement changes as a result of our diversity audit. We continued work on our new digital strategy, and reviewed our structures, including reducing the number of directors the Fund employs.

Throughout 2021 the country continued to face varying restrictions and guidance related to Covid-19. We worked throughout the year to make sure we adhered to government guidance, and to ensure our systems were robust enough to allow remote working in a secure way.

Another goal this year was to harness opportunities for greater partnership and collaboration with other organisations, where this benefits the people we help. For example, we can now refer enquiries electronically to the Royal Air Forces Association (RAFA) and SSAFA, the Armed Forces Charity, rather than ask the person looking for help to call them and re-tell their story.

We marked the 80th anniversary of the Air Training Corps by collecting stories from those who are serving and who have previously served. We were proud to begin offering an enhanced package of welfare support for the RAF Air Cadets too, including members of the Combined Cadet Force. We now offer cadets support including emotional wellbeing, counselling and bereavement support, as well as financial support if a member is killed, on or off duty. This extends to staff cadets and uniformed volunteers too.

In 2021 we also celebrated the 80th anniversary of the founding of The Guinea Pig Club – a social club formed by a group of young men, mostly RAF aircrew who survived fiery crashes – during the Second World War. We are proud to have supported The Guinea Pig Club since its inception and have helped many of its members over the years. Almost 8,000 people visited our website and almost 2,000 people listened to our podcast to find out more about the Club.

SHAPING THE FUTURE: OUR 2022–2026 STRATEGY

In January 2022, we moved to our Shaping The Future strategy, which will guide us through to 2026.

Our new strategy resets our direction, taking into account the many changes and challenges we have faced since we launched our previous strategy in 2017. It is based on a review of data, research and analysis, and the views of our staff, the people we help and other stakeholders.

CHANGES AND CHALLENGES

The context for our new strategy includes:

- **The changing shape and needs of the RAF Family.** The RAF Family is both ageing and shrinking in number, as many members get older and pass on. As people age, the complexity of their needs often increases. Over the next few years we have an opportunity to continue our focus on supporting older veterans alongside everyone else in the RAF Family. Our research has identified self-care, mobility, relationships/isolation and mental wellbeing as key welfare needs going forward.

- **Covid-19.** The pandemic has had a huge impact on mental wellbeing and social isolation. It's likely these will be two of the most significant areas of need for the RAF Family over the next few years, for people of all ages.
- **Digital.** Over the past decade there has been a trend towards greater digital delivery of services, which Covid-19 has accelerated. This presents opportunities for us to increase our use of data to inform the services we offer, and also to adapt our services so they are digitally accessible.
- **The need to work together with other organisations.** There are five key RAF charities which support the RAF Family, of which we are the largest, and other tri-service charities that play a significant role in supporting the RAF Family. We want to collaborate more with them and other partners within and outside the charity sector to provide the best possible support for the people we help.
- **Financial sustainability.** In recent years we made a deliberate decision to increase our spend and reduce the amount of

money we hold in reserves, to reach and support the older veteran community before they pass on. However, a model that means we consistently spend more funds than we are able to raise is unsustainable. Ensuring our future financial sustainability has become a top priority.

- **The need to improve the RAF Family's journey to getting support.** Our research showed us that more could be done to provide greater practical assistance to help people navigate through their journey to getting support. We began work responding to this in 2021 with our new team of Welfare Navigators taking up their posts.

OUR PURPOSE, VISION AND GOALS

With the above in mind:

Our updated vision is that everyone in our RAF Family – veterans, serving personnel and their families – gets support in their hour of need.

Our updated purpose is to be here for every member of the RAF Family in need – listening, understanding and providing life-changing practical, emotional and financial support.

Our key welfare goals are that RAF Family members in need have:

- Improved access to personalised support
- Improved quality of living
- Increased independence
- Enhanced wellbeing.

FIVE CHANGES FROM 2022–2026

To realise our vision and achieve our purpose and goals, our key aims over the next five years are:

- 1. Providing more hands-on, tailored support to the RAF Family to help them through the journey to support.** We will build on our new Welfare Navigator function to provide support from the initial enquiry and guide the RAF Family through the process, as well as developing supporting technology.
- 2. Strengthening our community engagement** to be present in more communities and engage locally more effectively, including developing a volunteering framework and building a regional caseworking capability.
- 3. Increasing fundraising income** by investing in building our donor database through direct marketing, as well as building long-term, committed relationships with a relatively small portfolio of higher value corporate partnerships and philanthropists.
- 4. Placing a greater focus on insight, impact and innovation** so we can make effective evidence-based decisions at the right time and be proactive about adapting our strategy.
- 5. Developing greater collaboration and partnership working** so we reduce duplication and achieve our aim of being sustainable for the future. Examples of this include working with other organisations to tackle social isolation and scoping the possibility of sharing IT platforms with other service suppliers.

2021: OUR KEY STATISTICS

£17.7M
SPENT REACHING
44,600+
MEMBERS OF THE
RAF FAMILY

£12.5M
SPENT REACHING
21,900+
VETERANS AND THEIR
FAMILIES

£5.2M
SPENT REACHING
22,700+
SERVING PERSONNEL
AND THEIR FAMILIES

WE SUPPORTED
5,500+
PEOPLE BY GIVING
THEM INFORMATION
OR ANSWERING
THEIR ENQUIRY



OUR EMOTIONAL
WELLBEING SERVICES
SUPPORTED
11,600+
PEOPLE



7,300+
PEOPLE WERE
SUPPORTED THROUGH
FINANCIAL GRANTS WE
GAVE TO HELP THEM
THROUGH TOUGH TIMES



WE GAVE
2,500+
PEOPLE ADVICE AND
ADVOCATED FOR THEM
ON ISSUES INCLUDING
BENEFITS AND CARE



94%
SAID WE MADE A
POSITIVE DIFFERENCE
TO THEIR QUALITY
OF LIFE



82%
SAID WE MET
ALL OR MOST OF
THEIR NEEDS

WE HELPED
9,400+
PEOPLE THROUGH
GRANTS WE
GAVE TO OTHER
ORGANISATIONS



WE HELPED
9,700+
PEOPLE THROUGH
GRANTS WE GAVE TO
RAF STATIONS



KEY AIM 1: EMOTIONAL WELLBEING

WE IMPROVE THE RAF FAMILY'S MENTAL WELLBEING

2021 was another turbulent year for many. With the Covid-19 pandemic ongoing, RAF Family members of all ages faced challenges ranging from loneliness, bereavement and ill health through to financial difficulties. Serving personnel also continued to deal with stresses around deployment, family separation and moves between postings.

We were there every step of the way, supporting the RAF Family to navigate through these tough times. In 2021, we expanded many of our emotional wellbeing services, supporting more than 11,600 people to stay well and stay strong – 42% more than in 2020.

HOW WE ACHIEVED THIS

Our Wellbeing Services offer counselling to support people struggling with bereavement, low mood, anxiety and depression. 1,471 sought support from the service in 2021 (up 54% on 2020), and 91% said it had a positive impact on their life. 80% of people helped by one of our delivery partners showed a reliable improvement in their mental wellbeing.

Our specialist counselling service for children and young people aged 5-18 also saw an 88% increase in people supported (from 71 last year to 134 in 2021). 71% of children and young people helped felt the service had positively changed things for them.

For serving personnel and their partners, we offer free membership of Headspace, the meditation and mindfulness app. It provides practical tips and exercises to relieve stress – helping to stop more serious mental health problems developing. Almost 6,000 members of the RAF Family used Headspace in 2021 – a 26% rise on 2020. 94% felt it had a positive impact on their stress levels.

£1M
SPENT ON IMPROVING
THE RAF FAMILY'S
EMOTIONAL WELLBEING

42%
MORE RAF FAMILY
MEMBERS SUPPORTED
WITH THEIR EMOTIONAL
WELLBEING VS 2020

91%
SUPPORTED BY COUNSELLING
THROUGH OUR WELLBEING
SERVICES SAID IT HAD
A POSITIVE IMPACT

94%
FELT HEADSPACE HAD A
POSITIVE IMPACT ON STRESS

71%
SUPPORTED BY OUR SPECIALIST
COUNSELLING SERVICE FOR
CHILDREN AND YOUNG PEOPLE
FELT THE SERVICE HAD
A POSITIVE EFFECT



KEY AIM 2: FRIENDSHIPS AND CONNECTIONS

WE MAKE SURE EVERYONE IN THE RAF FAMILY HAS SOMEONE TO TURN TO

Over 85,000 veterans and their partners were estimated to feel lonely, according to our research. Life in the RAF can be isolating for serving members and their families too, with continual moves and deployments. Covid-19 only served to exacerbate these problems for many.

No member of the RAF Family should ever feel alone. An important area of our work is easing isolation and loneliness. Because it's such a vital part of wellbeing, we support everyone in the RAF Family to form friendships and make connections.

HOW WE ACHIEVED THIS

Our Telephone Friendship Groups give RAF veterans and their partners the chance to meet new people and feel less isolated. The groups – which involve up to six RAF Family members meeting weekly on the phone, facilitated by a trained volunteer – grew from 22 to 32 in 2021. And the number of people taking part grew 23% from 246 to 302. 83% of the people surveyed who took part said it had improved their overall sense of happiness. The groups were a lifeline for many during the winter 2021 lockdown.

Also important during the lockdown was 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 over 6,000 calls to 214 people in the first half of the year, before winding down the service as restrictions eased.

Despite Covid-19 restrictions, our Community Engagement Workers helped 164 members of the RAF Family, introducing them to regular meaningful social activities in 2021. We started the year with four Community Engagement Workers in Cambridgeshire, Norfolk, Suffolk and Lincolnshire. In July, two new Workers joined the team in West Sussex and Hampshire.

£562K
SPENT ON HELPING
THE RAF FAMILY FIND
FRIENDSHIPS AND
CONNECTIONS

23%
INCREASE IN PEOPLE TAKING
PART IN OUR TELEPHONE
FRIENDSHIP GROUPS

83%
SAID OUR TELEPHONE
FRIENDSHIP GROUPS HAD
IMPROVED THEIR HAPPINESS

6,000+
CHECK AND CHAT CALLS
MADE TO 214 ISOLATED
RAF FAMILY MEMBERS

164
PEOPLE SUPPORTED BY OUR
COMMUNITY ENGAGEMENT
WORKERS



KEY AIM 3: FAMILY AND RELATIONSHIPS

WE SUPPORT RAF FAMILIES TO THRIVE

Life in the RAF can be difficult. Frequently moving between postings, deployments overseas and lots of training away from home can heap pressure on relationships. Unfortunately, relationships sometimes break down. RAF veterans can, of course, experience family-related problems too. And life for children of people in the RAF can also be tough.

We offer a range of support to help serving personnel, veterans and their families with the challenges they face, keeping them together and improving their happiness.

HOW WE ACHIEVED THIS

Working with the charity Relate, we offer free relationship counselling and subsidised mediation for members of the RAF Family. In 2021, over 1,000 RAF Family members received relationship support. Of those who completed relationship counselling, 78% of those surveyed said communication with their partner had improved as a result. 71% also reported improvement in managing conflict with their partner.

Thanks to our Airplay and Ben Clubs, more than 2,000 children and young people on RAF stations enjoyed fun and exciting activities in 2021 – 6% more than in 2020. We spent £1.3M on the programmes during the year.

Gambling addiction can blight families' lives. This year, through our relationship with GamCare, we trained welfare staff on RAF stations to improve their understanding of gambling harms to be able to better support those who may be struggling. 95% of attendees said they felt they understood

the signs and symptoms of gambling harms following our workshop.

We also continued our Thrive workshops for partners of serving RAF personnel to improve their wellbeing, resilience, employability and, ultimately, quality of life. 68% of partners who took part showed an improvement in their wellbeing, according to an emotional needs audit we did before and after the course.

When life gets difficult, a break can help a family enormously. We were pleased to restart our wellbeing breaks in 2021, funding 112 people to enjoy UK trips away. 94% of those surveyed said it significantly or somewhat improved the quality of their family or personal relationships.

£1.6M
SPENT ON IMPROVING
LIFE FOR FAMILIES

1,000+
RAF FAMILY MEMBERS RECEIVED
RELATIONSHIP SUPPORT

71%
REPORTED AN IMPROVEMENT IN
MANAGING CONFLICT WITH THEIR PARTNER

94%
OF RAF FAMILY MEMBERS WHO WENT ON A
WELLBEING BREAK SAID IT IMPROVED THEIR
FAMILY OR PERSONAL RELATIONSHIPS

2,000+
CHILDREN AND YOUNG PEOPLE
ENJOYED EXCITING ACTIVITIES AT
OUR AIRPLAY AND BEN CLUBS



KEY AIM 4: INDEPENDENT LIVING

WE HELP RAF FAMILY MEMBERS TO LIVE INDEPENDENTLY AND WITH DIGNITY

Losing independence due to disability, injury or advancing years can be extremely tough. Finding ways to ease this is incredibly important for emotional and mental wellbeing.

We're here to enable people to live full, independent and happy lives in their homes for as long as possible. We can also help with care home fees, so RAF Family members can live in a better standard of home, closer to family and have dignity in retirement.

HOW WE ACHIEVED THIS

In 2021 we gave out £1.8M in 1,865 grants to RAF Family members to pay for mobility, care and disability equipment. 96% surveyed said it contributed to their comfort, and 89% said they used their equipment every day or most days.

We also gave out £815K to repair and adapt housing for RAF Family members. 98% said it contributed to improving their day-to-day life. We spent £220K to help pay for care at home too.

If a care home is needed, we want RAF Family members to be able to stay in a caring, supportive environment, where their dignity is respected. In 2021 we gave £332K in grants to help top up care home fees to make this possible.

We helped 18% fewer people with independent living grants in 2021 compared to 2020, and spent 33% less on grants. We believe this was largely due to ongoing difficulties in getting equipment delivered

quickly, arranging face-to-face assessments and people being averse to entering care homes because of the pandemic.

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 587 people in 2021, with 84% of those surveyed saying it had benefited them or a member of their family.

£4.7M
SPENT ON HELPING THE RAF
FAMILY LIVE INDEPENDENTLY

£1.8M
SPENT ON GRANTS FOR MOBILITY,
CARE AND DISABILITY EQUIPMENT

98%
OF PEOPLE WHO RECEIVED GRANTS
TO PAY FOR PROPERTY REPAIRS OR
ADAPTATIONS SAID IT CONTRIBUTED
TO IMPROVING THEIR DAY-TO-DAY LIFE

587
PEOPLE WERE SUPPORTED
BY OUR ADVOCACY SERVICE

84%
SAID IT HAD BENEFITED THEM
OR A FAMILY MEMBER



KEY AIM 5: FINANCIAL ASSISTANCE

WE'RE THERE FOR THE RAF FAMILY WITH FINANCIAL HELP

From struggling to make pensions stretch far enough to paying for urgent home repairs, money problems can be a source of great stress and worry for some in the RAF Family, especially at the current time.

We're a much-needed financial safety net for veterans, serving members of the RAF, and their families. Our grants and advice on applying for welfare benefits relieve stress, offer peace of mind and allow people to get back on their feet.

HOW WE ACHIEVED THIS

We gave 2,969 individual awards totalling £3M to veterans, serving members of the RAF and their families in 2021. 95% of the people who received a grant said it contributed to improving their overall quality of life. 84% said their need had been fully met or the grant had helped them a lot.

The welfare benefits system can be difficult to get to grips with. Our Benefits Advice Service helps RAF Family members work out what benefits they're entitled to. It can also help with disability benefit appeals. In 2021, we identified £2M in unclaimed benefits. 81% of people who used the service managed to make a successful benefits claim thanks to the advice they received.

In addition, our Legal Advice Helpline, launched last year, helped 163 people in 2021. 74% of those who received support said the advice was of benefit to them.

92% of RAF personnel pay into our Dependants Fund, which provides a tax-free lump sum to their nominated beneficiary in the event of their death. In 2021, we paid out £280K, supporting these families at really challenging times.

£4.7M

SPENT ON SUPPORTING THE RAF FAMILY FINANCIALLY

95%

SAID THEIR GRANT CONTRIBUTED TO IMPROVING THEIR QUALITY OF LIFE

£1M

SPENT TO HELP WITH HOUSE REPAIRS

£203K

SPENT ON FUNERAL COSTS

£508K

SPENT ON REGULAR FINANCIAL HELP FOR PENSIONERS

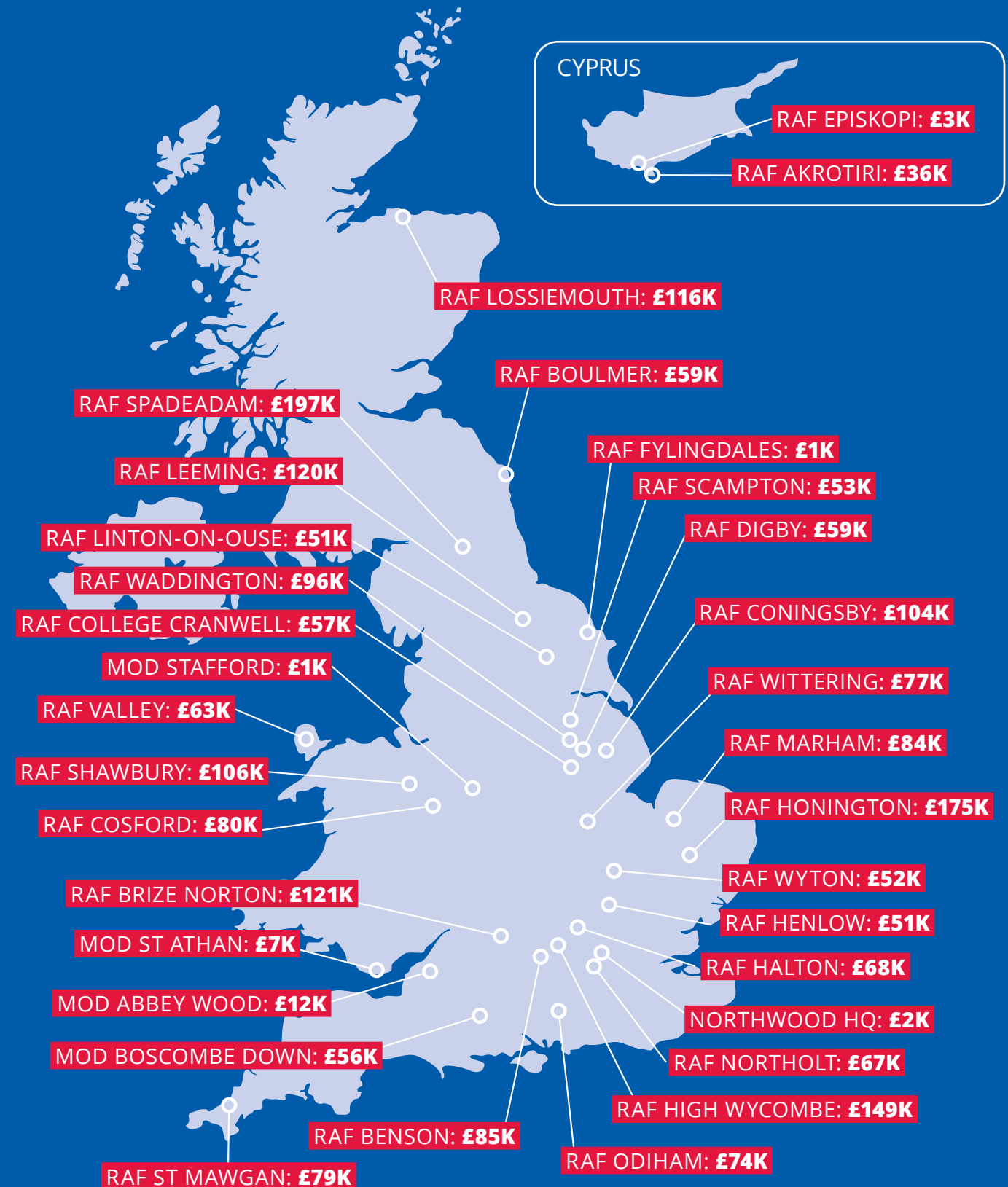
STATION GRANTS

A huge part of our work helping the RAF Family is giving grants to RAF stations to pay for facilities and activities to benefit serving personnel and their families.

IN 2021 WE HELPED...

9,700+

PEOPLE THROUGH £3.2M IN GRANTS WE GAVE TO RAF STATIONS





FUNDRAISING

In 2021 we were able to support 44,600+ members of the RAF Family in need thanks to the generosity and efforts of our wonderful supporters. Their hard work and commitment helped us raise an amazing £16.3M in a difficult climate, 7% more than our target and £2.2M more than in 2020.

THE IMPACT OF COVID-19

As for many charities, we had hoped that Covid-19 would have passed and would not impact any of our plans for 2021. The uncertainty meant we had to delay or cancel some events while we regained our confidence to meet with others. We continued to be adaptable to respond to restrictions as they were applied.

Despite challenges, we had strong performance from our gifts in Wills income at £11.5M, a £3.8M increase on 2020. This was partly due to easing of 2020's probate delays. Our new cycling event, the Dambusters Bike Ride, also raised a very respectable £146K.

PARTNERSHIPS

Covid-19 continued to impact our ability to engage and work with our commercial, strategic and philanthropic partners. However, we had a number of fundraising successes in this area in 2021, raising £900K to continue our vital work.

We created significant new relationships in 2021 with The National Lottery Community Fund Young Start programme, which is helping to provide Airplay at RAF Lossiemouth, and with the Scottish Veterans Fund, which is helping us tackle social isolation and loneliness across Scotland.

In addition, we focused on reinforcing long-standing and valued relationships, including with BAE Systems, Adrian Swire Charitable Trust and Mr Duncan Barber. We are very grateful for the continued support and commitment of all our corporate partners, trusts and major donors at a time when they themselves faced difficult decisions and challenges as a result of the pandemic.

A highlight of the year was the return of in-person events. We were delighted that The Beaujolais Run was able to return to the wine and Champagne regions of France. We are hugely grateful to all participants who went above and beyond to fundraise for us.

The Fund was also thrilled to welcome RAF Family members, supporters and partners to our awards ceremony in October and carol concert in December. These events were only possible thanks to the generosity of our sponsors including Lockheed Martin, MBDA UK and The Mercury Foundation.

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 2021.

INDIVIDUALS

Individuals make a significant contribution to our funds each year (£1.7M in 2021, up from £1.6M in 2020). 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 some 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 2021.

GIFTS IN WILLS

In 2021, we were extremely grateful to receive £11.5M in legacies, up 49% on 2020. 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.

£16.3M
TOTAL RAISED

£11.5M
RECEIVED FROM GIFTS IN WILLS

£1.7M
RECEIVED FROM INDIVIDUALS

£900K
RECEIVED FROM PARTNERS,
TRUSTS AND MAJOR DONORS

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

£600K
RECEIVED FROM FUNDRAISING
EVENTS AND TRADING ACTIVITIES

COMPLIANCE AND SUPPORTER PROMISE

We comply with all relevant laws and regulations including the Charities Act 2011, the Charities (Protection and Social Investment) Act 2016, the UK General Data Protection Regulation (UK GDPR), the Data Protection Act 2018 and the Privacy and Electronic Communications Regulation 2003.

We also comply with the regulatory standards for fundraising, including guidance published by the Charity Commission. We are registered with the Fundraising Regulator and are committed to the Fundraising Promise, compliance with the Fundraising Preference Service and adherence to the Code of Fundraising Practice. In 2021 we were careful to

ensure that we complied with guidance released by the Fundraising Regulator and Chartered Institute of Fundraising on how to respond to the Covid-19 pandemic.

We are 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. We are registered with the Fundraising Regulator and are 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 us with confidence and trust that their hard work will make a difference. In line with the Charities (Protection and Social Investment) 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, in 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 activities. 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 haven't responded suitably. We record all complaints we receive in response to our fundraising. In 2021 we received 11 complaints (2020: 15). 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. We also 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.

THANK YOU TO
OUR DONORS

The Fund would like to thank all of our supporters, who make our work possible. We are extremely grateful to the following trusts, companies and committed individuals who have given significant levels of support over the year:

- 2Excel Aviation (The Blades)
- Ada Hillard Charitable Trust
- Adrian Swire Charitable Trust
- Anson Charitable Trust
- Armed Forces Covenant Fund Trust
- Babcock International Group
- BAE Systems
- Duncan Barber and Jane Burrows
- Barkshire Charitable Trust
- Basil Death Trust
- Bill Brown's 1989 Charitable Trust
- Mr and Mrs Colin Blowers
- BNA Charitable Incorporated Organisation
- CCM Motorcycles
- Charles Littlewood Hill Charitable Trust
- Charles S French Charitable Trust
- Charles Burrell 2016 Charitable Settlement
- Ray Daniels
- Diana Edgson Wright Charitable Trust
- DL Hailes Charitable Trust
- DXC Technology
- Dyers' Company
- Edith Murphy Foundation
- ESS – Defence

- Florabella Trust
- Florence Turner Trust
- Flower, Smith and Jones Trust
- Fort Foundation
- Pascal Fournier
- Gale Family Charitable Trust
- G and P Hartley's Hillards Charitable Trust
- George Bessell DFM Trust
- GM Morrison Charitable Trust
- Grace Trust
- Heroes Drinks
- John Isabel
- Isabel Blackman Charitable Trust
- James Weir Foundation
- John James Bristol Foundation
- Joron Charitable Trust
- Joyce Lomax Bullock Charitable Trust
- JR Asprey Charitable Foundation
- Knight Sportswear
- Linden Charitable Trust
- Lockheed Martin UK
- Loppylugs and Barbara Morrison Charitable Trust
- Lord Belstead Charitable Trust
- Maud Elkington Charitable Trust
- May Hearnshaw Charitable Trust
- MBDA UK
- Donagh McCullagh
- MEB Charitable Trust
- Medlock Charitable Trust
- Midshires Mobility Group
- Miss Caroline J Spence's Fund
- Morton Charitable Trust
- Mrs F B Laurence's Charitable Trust
- Mrs Mary Stephanie Warren-Coleman Charitable Trust
- Out of the Blue Foundation
- Paul Bassham Charitable Trust
- PF Charitable Trust
- Princess Anne's Charities Trust
- Proludic Ltd
- RAFA Formby
- RAF Club
- Red Arrows Trust
- Riada Trust
- Robert Clutterbuck Charitable Trust
- Rose and Henry Deeks Charitable Trust
- Rothley Trust
- Scott-Davidson Charitable Trust
- Scottish Veterans Fund
- Selkirk Charitable Trust
- Sir John Eastwood Foundation
- Sisters of St Joseph of the Apparition
- Spurrell Charitable Trust
- Thales Charitable Trust
- The April Fools' Club
- The Beaujolais Run
- The Gordon-Watkins Family
- The Inter-Livery Target Rifle Shoot
- The Mercury Foundation
- The National Lottery Community Fund, Young Start
- Tony and Audrey Watson Charitable Trust
- Tory Family Charitable Trust
- Una Sarah Maxwell-Mellor Trust
- WB Rhodes-Moorhouse VC Charitable Trust
- WG Edwards Charitable Foundation
- Winifred E Kemp Charitable Trust
- WM Mann Foundation
- Worshipful Company of Grocers
- Worshipful Company of Turners
- Worth Waynflete Foundation

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. We provide mobility and disability equipment and help with care home top-up fees too.

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 normally completes applications from former RAF personnel or their partners, with any grant usually channelled through the caseworking body. Additionally, in 2021, for the first time, we introduced three new Welfare Support Executives to help with more complex applications.

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 make our grants more accessible, we have an online portal to assist with applications for sums up to £750. We can involve caseworkers if an RAF Family member needs more support or we can see that there is a bigger problem that needs addressing and we can help with.

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.

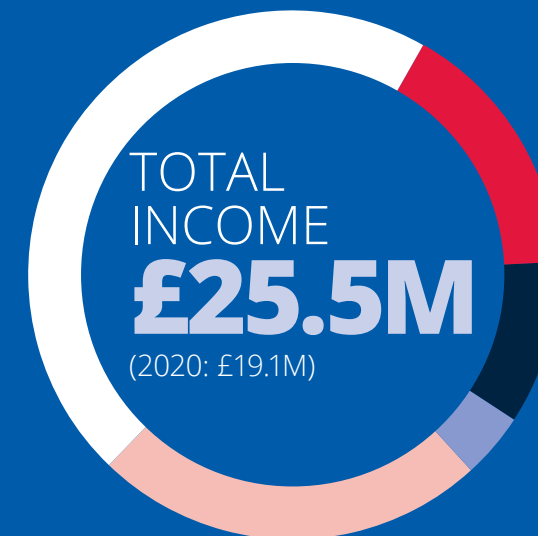
GIVING GRANTS TO OTHER ORGANISATIONS

We commission and partner with quality organisations to deliver targeted assistance to the RAF Family. In 2021, we relet the contract for our Airplay programme to a collaboration of YMCAs across England, Wales and Scotland, a major undertaking.

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 £399K to the RAF Family through these organisations during 2021.

Caseworking organisations, such as RAFA and SSAFA, investigate the majority of our cases. They distributed £8.4M in grants on our behalf in 2021. We are very grateful to them and their dedicated volunteers for supporting our work.

FINANCIAL HIGHLIGHTS



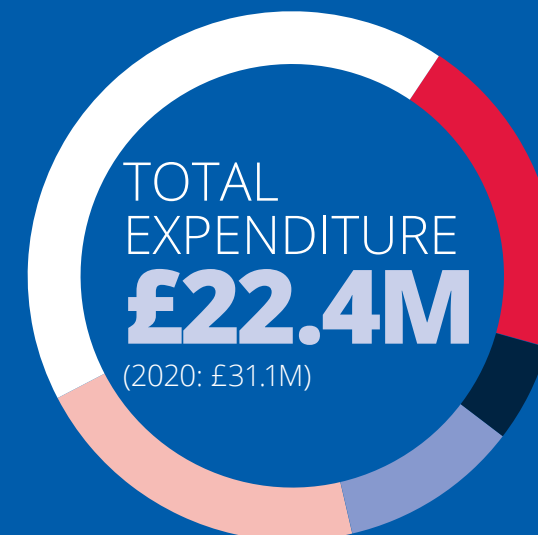
■ **Legacies: £11.5M/45%**
(2020: £7.7M/40%)

■ **Donations and other fundraising: £4.8M/19%**
(2020: £6.4M/34%)

■ **Investment income: £2.5M/10%**
(2020: £2.8M/14%)

■ **Charitable activities: £1M/4%**
(2020: £1.2M/6%)

■ **Other income: £5.7M/22%**
(2020: £1.1M/6%)



■ **Direct support to individuals: £9.5M/42%**
(2020: £15.6M/50%)

■ **Welfare programmes and grants: £4.5M/20%**
(2020: £4.9M/16%)

■ **Respite care: £1.3M/6%**
(2020: £3.9M/13%)

■ **Housing Trust provision: £2.4M/11%**
(2020: £1.6M/5%)

■ **Generating income: £4.7M/21%**
(2020: £5.1M/16%)

FINANCIAL REVIEW

OVERVIEW

2021 was the second year of our ‘Stabilise and Adjust’ strategy. The year kicked off with a lot of uncertainty driven primarily by the Covid-19 pandemic. In response to the external environment, we adjusted how we steward our financial resources, aiming to ensure we have a financially sustainable model so we can continue to make the biggest possible impact on the RAF Family now and in the future. We aimed to continue to support members of the RAF Family in need but to reduce our reliance on financial reserves to fund annual activity, as this is unsustainable in the long term.

A number of factors affected our 2021 financial outcomes, including the continuing impact of Covid-19 and the related fallout, revising our strategy and priorities, shifts in demand for our services, fixed asset disposal and the performance of investment markets.

Our overall spending was lower than planned. We saw a fall from 2020’s peak levels across some of our traditional welfare services such as financial grants, but an increase in areas such as wellbeing services.

Even though expenditure was lower than planned we were able to deliver significant impact in unprecedented circumstances. We offered life-changing support to members of the RAF Family across all age groups, including children, young people and elderly veterans. We also invested in improving the experience of RAF Family members who approach us for help.

Our financial outcomes set us on solid ground for sound financial stewardship, aligning expenditure with our strategic aims and spending income received wisely and in a manner that achieves maximum impact for the RAF Family.

INCOME

Our total income in 2021 was £25.5M, £6.4M (33%) higher than the £19.1M generated in 2020. We sold our Princess Marina House (PMH) site towards the end of the year. Our income included a £5.5M (2020: £0.9M) gain on the disposal of fixed assets, of which £4.2M related to PMH. We also saw a £3.8M increase in legacy income after lockdown-related delays suppressed this income stream in 2020.

£24.6M (2020: £18.3M) representing 96% (2020: 95%) of total income received was unrestricted.

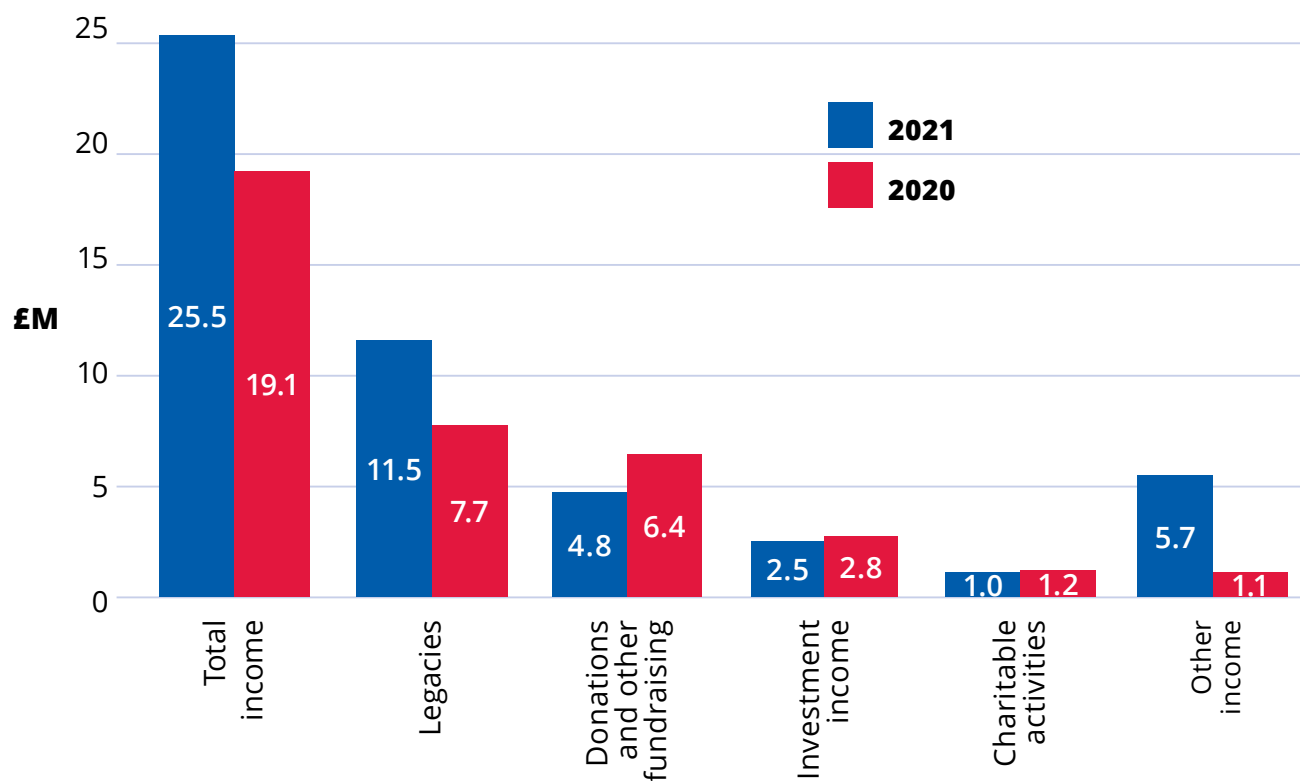
Of the £21.3M raised, excluding the income from the disposal of PMH, 80p in the pound was spent on charitable activities. We have set aside the £4.2M profit from the disposal of PMH to fund the development of future welfare services.

In 2021, £16.3M (2020: £14.1M) was received from donations, legacies and other fundraising activities, making up 64% (2020: 74%) of total income.

Our legacy income in 2021 was £11.5M (2020: £7.7M). This £3.8M (49%) growth was the main cause of our year-on-year increase in income. Increased legacy income was in part due to the easing of 2020’s probate delays. Donation and other fundraising income dropped from £6.4M in 2020 to £4.8M in 2021, a £1.6M (25%) fall. Our 2020 donation income included a one-off gift of £1M from the Headley Court Charity and a £594K grant from the government’s Coronavirus Job Retention (Furlough) Scheme.

Our fundraising performance was mixed as we continued to emerge from pandemic-related disruption to our activities. Some areas performed well against plan while others continued to face challenges.

INCOME £25.5M



Support from the serving RAF through the Service Day’s Pay Giving scheme was stable, again generating £1.6M in the year, as in 2020. Community fundraising, which struggled in 2020 because many events and activities had to be cancelled, performed well with significantly higher income. We developed a small number of initiatives that worked well and which we plan to take forward in 2022, including our Dambusters Ride cycling challenge. Income from trusts and corporates suffered as other organisations adjusted their decisions in response to the external environment.

Our gross investment income was £2.5M (2020: £2.8M), an 11% decrease. The drop was due to a combination of disinvestments and year-on-year market performance, particularly within our medium-term fixed interest portfolio. Income distribution from our long-term portfolios was maintained.

Our income from charitable activities was £1M (2020: £1.2M) with 94% (2020: 81%) coming from rents. We received £23K (2020: £181K) in respite care contributions.

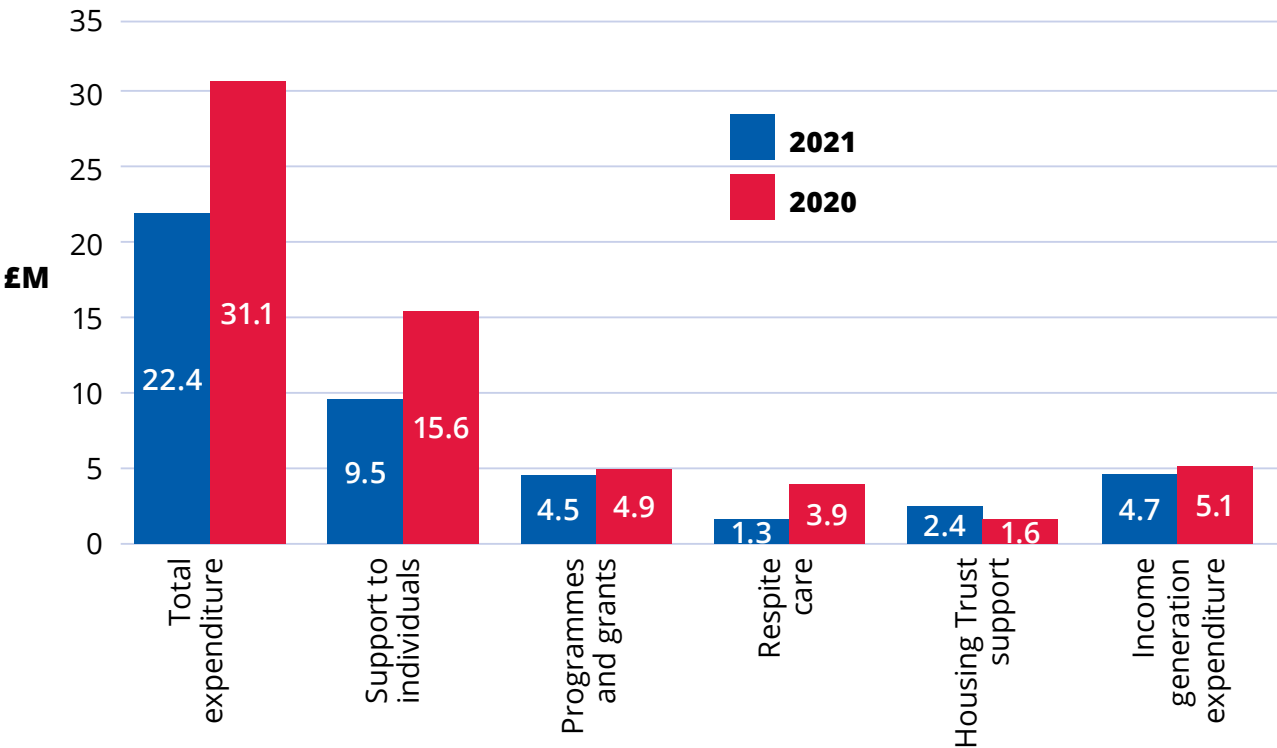
EXPENDITURE

In 2021 our total expenditure was £22.4M (2020: £31.1M), a £8.7M or 28% year-on-year decrease. This was mainly due to a reduction in welfare expenditure, as explained below.

79% (2020: 84%) of total expenditure, representing £17.7M (2020: £26M), was on charitable activities. Our activities include providing financial support to individuals, providing welfare services mainly through provider organisations, awarding grants to RAF stations and organisations who support the RAF Family and offering affordable and adapted housing.

We are seeing a fall in our traditional grant making work, but a rise in our wellbeing services. The effects of the pandemic continued to limit our welfare delivery. Engaging with the RAF Family became more challenging, respite facilities remained closed and sadly older beneficiaries passed away. Nevertheless, our welfare activity was more complex and positive than the related financial outlay might suggest. The two main areas that had reduced expenditure were direct support to individuals and respite care.

EXPENDITURE £22.4M



£9.5M (2020: £15.6M) representing 42% (2020: 50%) of our total expenditure was to provide support to individuals from the veteran and serving communities, a £6.1M or 39% reduction. The number of individual grants was 30% down on 2020 due to reduced demand. Also, the £15.6M spent directly supporting individuals in 2020 included £1.1M spent on our successful multi-channel campaign launched in 2019, to encourage more members of the RAF Family to come to us for support.

We spent £4.5M (2020: £4.9M) on welfare programmes and grants, a £385K or 8% reduction. Included in this was £3M (2020: £3.4M) spent on providing support through contracted services and discretionary grants to other organisations. Again, the most significant of these services in financial terms was through contracts for Airplay, our youth support programme, on which we spent £1.3M (2020: £1.7M). There was an increase in the use of our wellbeing services, costing £1M (2020: £766K).

Grant funding to support the veteran community was £399K (2020: £690K) and grant funding to the serving RAF was £197K (2020: £172K).

Our housing support expenditure was £2.4M (2020: £1.6M) a £740K or 45% increase. There were more requests for assistance in this area due to a Covid-19-related backlog. The general shortage in building material supplies and high demand for building services had an impact on costs but this was managed by focusing on beneficiaries with the highest needs.

£1.3M (2020: £3.9M) was spent on respite and care, a £2.6M or 67% reduction. 2020 expenditure included £2.7M of final PMH costs. In addition, the pandemic adversely affected this area of our work.

We spent £4.7M (2020: £5.1M) on raising funds, of which £3.3M (2020: £3.4M) was direct expenditure on raising income. Allocated support costs came to £1.4M (2020: £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.

In all other areas of spend, we worked hard to reduce our cost base. This included staffing levels, where we removed a director's post. Thus, total support costs allocated, including the costs of IT, administration and management, premises, governance, depreciation of fixed assets, finance, human resources, and system improvements, reduced by 13% to £4.7M (2020: £5.4M).

HOUSING AND LOANS

Through our subsidiary the RAF Benevolent Fund Housing Trust Limited, we purchase and maintain properties that are let out to RAF Family members with particular needs at affordable rents. The rent received equated to just under 50% of the open market rent of these properties. We consider the income forgone to be a charitable expenditure supporting the most needy members of the RAF Family, although it is not reflected in the Group accounts. The Housing Trust owned 203 properties on 31 December 2021. We purchased and adapted six new properties (2020: three) in the year, at a cost of £2.1M (2020: £0.9M) and sold eight properties (2020: six) realising £2.2M (2020: £1.5M) in sales proceeds and £1.3M (2020: £0.9M) in net gain.

We awarded £131K (2020: £109K) in new secured loans to RAF Family members. The interest charged is much below market rates and repayments are determined on the basis of an individual's ability to repay the loan. We received £815K in loan repayments (2020: £776K) in 2021. The total value of loans to beneficiaries at the end of the year was £7.9M (2020: £8.6M). 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

Our approach is to enhance the value of investments as well as earn an appropriate return by adopting a managed, diversified portfolio at acceptable levels of risk. Our main investment objectives are:

- To hold investments in a manner that will help us deliver our objectives in the short, medium and long term

- To earn a total rate of 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.

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 in the short to medium term. Our medium-term objective is to ensure our cash requirements are met without undue exposure to investment risk, while still achieving good returns. Assets held with fund managers were valued at £82.6M (2020: £77.7M). This includes our designated, endowment and restricted funds. Income yield from these investments was £2.4M (2020: £2.6M).

The value of our funds managed by BlackRock – Armed Forces Charities Growth and Income Fund, a Charity Authorised Investment Fund (CAIF), on 31 December 2021 was £22.3M (2020: £20.4M). We aim 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. We have a flexible approach to asset allocation and seek to achieve our 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 13.1% was achieved against a 12.9% benchmark. Dividend yield in the 12 months to 31 December 2021 was 3.2% (2020: 3.5%).

Environmental, social and governance (ESG) information is incorporated into BlackRock's decisions to strengthen qualitative and quantitative insights without compromising financial returns. The fund has 61.9% of the portfolio in equity and corporate bonds of which 93.9% has carbon data. The benchmark is 60% equities, of which 98.2% has carbon data.

The value of our funds managed by CCLA – COIF Charities Investment Fund on 31 December 2021 was £47.2M (2020: £34.3M). This included the £8M proceeds from PMH that were invested in this fund late in the year. 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 17.4% (2020: 9.8%) was achieved against a 16.9% (2020: 3.95%) benchmark. Dividend yield in the 12 months to 31 December 2021 was 2.7% (2020: 2.9%).

CCLA believes that changing legislation, regulation and societal preferences will impact negatively on the most unsustainable business models. To ensure that they are not unduly exposed to these risks, they assess the ESG standards of every company before investing. They avoid companies that have uncompensated, unwanted, unwarranted and unmitigated extra-financial risks, evidenced by:

- Poor management and weak corporate governance
- Unacceptable social and environmental impact
- A failure to demonstrate a willingness to improve through investor engagement.

Our investments managed by Close Brothers Asset Management are invested in a bespoke portfolio of short-dated, high-quality corporate bonds with a 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 original expectations. The value of the portfolio on 31 December 2021 was £13.1M (2020: £23M). The net yield on this portfolio in the year was 0.4% (2020: 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 £546K at the year end (2020: £532K).

Unrealised gains on investments at the year end stood at £6.6M (2020: £2.6M).

RESERVES

Total funds as at 31 December 2021 were £122M (2020: £109.9M) and comprised unrestricted funds of £109.2M (2020: £97.9M). Restricted and endowment funds were £12.8M (2020: £12M).

Unrestricted reserves included operational assets of £36.8M (2020: £40.9M), designated funds of £29.1M (2020: £17.4M) and free reserves of £43.3M (2020: £39.6M).

We have been supporting members of the RAF Family for more than 100 years. The commitment we made in 1919 to be here for the long haul remains as firm today as it was back then. We will continue to stand beside the RAF Family for the next 100 years, through all of life's challenges and hardships, from the moment the brave young men and women sign up to serve their country, to the day they leave Service and re-enter civilian life, then into their twilight years.

To honour these long-term commitments, we continue to take a risk-based approach to determining our free reserves minimum requirement. We must ensure funds are available to deliver welfare services and to secure, as far as possible, future financial viability. This year, we have taken into account our 2022–2026 Shaping The Future strategy, and the management of risks

associated with that strategy, particularly the uncertainty of future income, the timing of cash receipts from gifts in Wills and welfare demand. This risk is further heightened by the current inflationary environment, with inflation being higher than it has been for 30 years. We have also factored in our discretionary commitment to the Dependants Fund.

Free reserves as at 31 December 2021 stood at £43.3M. Trustees have determined that at this time we should hold a minimum of £40M 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.

Designated funds were £29.1M (2020: £17.4M). In 2021, during our 'Stabilise and Adjust' phase, total expenditure from designated funds was £1.8M (2020: £7.1M). The retirement of the previous strategy meant £8.9M of unspent designated funds were released and new designations made to align the spending of reserves with the new strategic plan. The £8M consideration received from the disposal of Princess Marina House in December 2021 has been included in designated funds to be used to augment welfare delivery.

The £29.1M designated funds will be spent on welfare in three main areas. The first is strategy acceleration to bring forward welfare services included in the 2022–2026 strategic plan, so we can help RAF Family members earlier. The second is additional expenditure that will accrue when some of the welfare policy changes introduced in 2021 are revised to reflect current circumstances. Finally, the money will be spent on augmenting our core welfare offer, in response to identified need. Setting aside funds for welfare is now even more critical as inflation and energy prices affect our beneficiaries, increase the cost of our services and erode the value of income.

£8.2M has been set aside to fund our pension deficit recovery contributions up until October 2028 as agreed with the Trustee of the Staff Pension Fund.

£8.1M (2020: £7M) reserves of the Dependants Fund have also been set aside to meet our promise of support to RAF personnel who are subscribers to the Fund. The Dependants Fund's reserves increased by £1.1M (2020: £505K gain) due to the market gains on investments of £958K (2020: £406K) and a £87K operating surplus (2020: £99K).

Restricted funds representing the unspent balance of funds received for specific charitable activities were £5.9M (2020: £5.7M). £3M, the largest single restricted fund, is for the maintenance and upkeep of the Bomber Command Memorial.

Endowment funds include both permanent and expendable funds and were £6.9M (2020: £6.3M). These funds represent income donated to us 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 Charity has adequate resources to continue to operate for the foreseeable future and the Charity therefore continues to adopt the going concern basis in preparing its financial statements.

PENSION DEFICIT

Under FRS 102 the closed defined benefit pension scheme had a deficit of £13.5M (2020: £16.5M). The actuarial valuation of the Scheme as at 31 December 2020 revealed a funding shortfall (Technical Provisions minus value of assets) of £12.3M.

This position was updated on 31 October 2021 so we could put together a recovery plan to reflect more up-to-date information about the Scheme's funding progress. The funding shortfall at this date was £8.6M. To eliminate this, the Staff Pension Fund Trustee and Fund have agreed that the Fund will pay deficit funding contributions of £100,000 per month from 1 January 2021 until 31 October 2028.

GOVERNANCE AND RISK

The Board of Trustees has overall responsibility for managing risks faced by the Fund and its subsidiary entities. That responsibility is, in part, delegated to the various Fund committees. They exercise oversight on the Board's behalf by receiving regular reports, providing recommendations and updating the Board on risks associated with their specific remit. The Board then discusses strategic risks at each Board meeting. The Fund's executive leadership team routinely manages risks, regularly assessing these alongside any associated management procedures.

Our management of risk helps us achieve our objectives to support the RAF Family, make informed decisions, comply with regulations and the law, and protect our people and maintain strong stewardship. We recognise that risks present threats but also opportunities.

All aspects of the Fund's operations carry – to varying degrees – the risk of reputational damage. Every person associated with the Fund (including Trustees, volunteers and members of staff) must be responsible for protecting the Fund's reputation in all that they do.

The significant risks we face are:

- **Failure to maintain long-term financial sustainability** because we may be unable to raise sufficient income, from a diverse range of reliable sources, to fund the welfare needs of the RAF Family, which evidence shows we should meet. Through our new 2022-2026 strategy, we will mitigate this risk by delivering our core offering within balanced budgets and use our reserves to enhance and augment our welfare offering in a way that aligns with our strategic aims. We are

also building more value-adding donor relationships, using data and insight to inform fundraising activities and have plans to invest in growing our supporter database. We have a robust risk-based Reserves Policy which we regularly monitor and review as appropriate.

- **Failure to meet the needs of the RAF Family.** This could be due to a number of reasons:
 - The third parties we rely on to provide excellent and timely services are not able to carry out this work to an acceptable standard.
 - Not being sufficiently close to the RAF Family.
 - Declining brand awareness and visibility among our supporters and beneficiaries.
 - We are not innovative and responsive to the changing needs of the RAF Family.

We are mitigating this risk through key objectives in our 2022-2026 strategy that will increase our engagement on the ground and give us greater control over our service delivery. We are strengthening our Community Engagement Worker programme and embedding our new Welfare Navigators so we have greater involvement with caseworking.

We also have a new engagement strategy to underpin how we work with key stakeholders. We only work with suppliers who share our values. We use data and analysis to understand the shape, size and needs of the RAF Family and the environment we work in. We strive to engage closely with our sister charities to avoid overlap and competition as well as promote collaboration and partnership working where possible. In particular, we maintain strong relationships with our caseworking partners and third-party welfare services providers.

- **Failure in our safeguarding processes** that may result in harm to our supporters or beneficiaries. We mitigate this risk by ensuring that we have robust safeguarding policies that are reviewed regularly and that our staff and Trustees are aware of these policies and receive appropriate training. Key members of staff have the specific responsibility for ensuring that we meet best practice. We also have a Safeguarding Lead Trustee who has the expertise to guide on safeguarding matters.

- **Inadequate capability of the Charity that hinders innovation and the effective delivery of our strategic plan.** We mitigate this by ensuring we recruit Trustees and employees with the right skills, knowledge, experience and values, through rigorous recruitment and selection processes. The recruitment and retention of employees with the right skills and motivation has been impacted by Covid-19 and we have been adaptive and innovative in our response. We take staff resilience and wellbeing seriously. We rigorously monitor our performance against business plan and take action as necessary. We adopt best practice and the Charity Governance Code as frameworks for evaluation, including updating our policies and processes where necessary. We develop the use of technology as appropriate and are currently developing a digital strategy.

- **The Dependants Fund may have insufficient assets to meet the level of expected death grants** in the event of a series of incidents or a single major incident resulting in loss of life. We mitigate this risk by taking out calamity insurance and factoring it into determining our free reserves requirement.

- **Our obligation to our legacy Staff Pension Fund could compel us to divert resources from charitable activities** necessary to meet the needs of the RAF Family. We have mitigated this risk by

appointing a Sole Professional Trustee who understands our purpose and values and is able to balance these with the need to meet obligations to members of the pension scheme. We have endorsed a revised pension investment strategy with the Pensions Trustee that should provide better returns to the pension fund and reduce the scheme's reliance on the charity sooner.

Climate change is a key risk that we expect to emerge in the medium term (three to five years). Our position is that the Fund must always operate in a responsible and sustainable way. This is central to our decision-making. We must understand what our direct and indirect impact is on carbon emissions, whether it be through our fundraising, investment or welfare provision activities, or in internal processes and supply chains.

Our sustainability credentials will become increasingly important to our ability to operate. Over the next couple of years, we will develop plans to move towards net zero emissions. The legal requirement to complete mandatory Energy Performance Certificate (EPC) improvements to our Housing Trust properties and any follow-on carbon reduction activities is a risk that provides a threat to and an opportunity for us. We ensure that we keep abreast of developments and regulatory requirements and that properties purchased meet minimum EPC standards.

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. 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 Fund is also registered as a Royal Charter Company with the Companies House registration numbers ZC000201/RC000773.

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 our 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 our Board.

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

that our Board is sufficiently diverse to adapt to macro changes and understand and respond to the needs of the RAF Family.

We generally recruit Trustees through advertisements in the media and via a range of digital networks. A Nominations Committee considers applications on behalf of our Board of Trustees and our Council. We provide each new Trustee with a briefing pack and agree and implement an individual induction programme. This covers all aspects of the role, their responsibilities, the requirements of the regulators and our work.

As much as possible (due to the pandemic) our Board, either as a whole or through its subcommittees, continued in 2021 to receive ongoing briefings and training from senior management and external advisers in critical areas such as risk management, reserves, fundraising practices, safeguarding and data protection.

Our Board of Trustees is made up 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. Our Board is assisted by committees overseeing welfare, finance, fundraising and communications, grant giving, trustee appointments and remuneration activities. We review the terms of reference for our Board and these committees annually to ensure we are maintaining compliance and relevance.

We also annually review the terms of reference for our Safeguarding Lead Trustee (who advises our Board on all safeguarding matters and ensures that we comply with all legal and good practice requirements in relation to safeguarding) and our Senior Independent Trustee (who

acts as a sounding board for our Chair and as an alternative route for consultation or conflict resolution for either our Trustees or executive should normal channels be unsuitable).

Our Board of Trustees is responsible for setting our strategy and policies to achieve our charitable objects as set out in our Royal Charter. It is also responsible, through its committees, for monitoring the activities of our executive staff. It reviews our position and receives reports from the committees and the executive leadership team, led by our Controller. Our Board also conducts annual performance reviews of our Controller and the Chair of the Board of Trustees and undergoes its own periodic Board appraisal. Our Controller, as our Chief Executive, is responsible for the day-to-day management of our affairs.

Our Board met four times in full session in 2021. It also met for a strategy session and held two extraordinary meetings to finalise the sale of Princess Marina House, our former respite and care centre in West Sussex.

We believe good governance is key to our ongoing success. As part of our cost rationalisation effort, we reduced the size of our executive leadership team by abolishing our Chief of Staff/Director of Governance post. We appointed a new Head of Governance so that our continued compliance with the Charity Governance Code and application of best practice in governance matters is assured.

STAFF REMUNERATION POLICY

We continue to be strongly committed to recruiting, developing and retaining people with the necessary skills and knowledge to deliver our objectives and with the ability to make a positive contribution. We believe making effective decisions in relation to remuneration and reward is crucial to the achievement 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 focus on a 'total reward' approach, recognising that broader aspects of employment offers including non-financial benefits such as flexible working, development opportunities, as well as the values we uphold as an organisation are of increasing value to employees.

REMUNERATION REVIEW

Our Remuneration Committee reviews our Remuneration Policy annually to ensure we are adhering to its principles and that those principles remain appropriate. The committee reviews our pension and broader reward provision and considers an annual pay award. Committee decisions are supported by external expert analytics and benchmarks and all recommendations are submitted to our Board of Trustees for approval.

We aim to match, where appropriate and affordable, competitive salaries based on current market conditions for any given role as detailed by the responsibilities derived from the job evaluation. We changed our approach in 2021 so that all new employees join the Fund on spot rates. The prior pay system is still in operation for employees who joined before this time.

In reviewing salary recommendations for 2022, our Trustees considered a number of factors including the current economic climate and rising inflation, the increase to employee National Insurance contributions from April 2022, and the impact of the coronavirus pandemic on the workforce. A 3% annual pay award was agreed.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

Our 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 our 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, our 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.


Our 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 2021 Annual Report



Richard Daniel BSc (Hons) FRAeS,
Chair, Royal Air Force Benevolent Fund

Signed on 21 June 2022

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 2021 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 2021 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 36, 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

Chartered Accountants

Statutory Auditors

71 Queen Victoria Street, London EC4V 4BE

Date: 28 July 2022

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 2021

		2021				2020			
	Note	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		15,028	685	-	15,713	12,864	857	-	13,721
Charitable activities		1,030	20	-	1,050	1,212	20	-	1,232
Other trading activities		547	19	-	566	360	-	-	360
Investments		2,268	216	-	2,484	2,748	(3)	-	2,745
Other income		5,715	-	-	5,715	1,080	-	-	1,080
Total income	2	24,588	940	-	25,528	18,264	874	-	19,138
Expenditure on raising funds									
		4,683	19	-	4,702	5,096	11	-	5,107
Expenditure on charitable activities									
Direct support to individuals		8,970	513	-	9,483	14,950	606	-	15,556
Welfare programmes and grants		4,199	312	-	4,511	4,254	642	-	4,896
Respite care		1,163	114	-	1,277	3,494	436	-	3,930
Housing Trust support		2,318	68	-	2,386	1,465	181	-	1,646
		16,650	1,007	-	17,657	24,163	1,865	-	26,028
Total expenditure	3	21,333	1,026	-	22,359	29,259	1,876	-	31,135
Net income/(expenditure) before gains on investments		3,255	(86)	-	3,169	(10,995)	(1,002)	-	(11,997)
Transfers between funds		4	(4)	-	-	415	(415)	-	-
Net gains on investments	11	5,790	221	611	6,622	2,250	69	292	2,611
Net income/(expenditure)		9,049	131	611	9,791	(8,330)	(1,348)	292	(9,386)
Other recognised gains and losses:									
Actuarial gains/(losses) on defined benefit pension scheme	15	2,266	-	-	2,266	(3,538)	-	-	(3,538)
Net movement in funds		11,315	131	611	12,057	(11,868)	(1,348)	292	(12,924)
Total funds brought forward		97,859	5,728	6,319	109,906	109,727	7,076	6,027	122,830
Total funds carried forward	23	109,174	5,859	6,930	121,963	97,859	5,728	6,319	109,906

The notes on pages 45 to 77 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 2021

	Note	Group 2021	Group 2020	Charity 2021	Charity 2020
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets	9	187	274	187	274
Tangible assets	10	28,663	32,059	4,878	8,805
Investments	11	83,114	78,255	75,429	71,528
Loans to beneficiaries	12	7,948	8,593	7,948	8,593
		119,912	119,181	88,442	89,200
Current assets					
Stock		3	6	-	-
Debtors and prepayments	13	10,623	7,273	21,763	18,412
Cash at bank and in hand		7,449	3,393	5,633	2,164
		18,075	10,672	27,396	20,576
Current liabilities					
Creditors and accrued charges: amounts falling due within one year	14	(2,559)	(3,416)	(2,101)	(3,044)
Net current assets		15,516	7,256	25,295	17,532
Net assets excluding long-term liabilities and pension liability		135,428	126,437	113,737	106,732
Defined benefit pensions liability	15	(13,465)	(16,531)	(13,465)	(16,531)
Total net assets		121,963	109,906	100,272	90,201
Funds					
Endowment funds		6,930	6,319	6,930	6,319
Restricted funds		5,859	5,728	5,859	5,728
Designated funds		29,062	17,404	21,000	10,387
General funds		93,577	96,986	79,948	84,298
Pension reserve		(13,465)	(16,531)	(13,465)	(16,531)
	23	121,963	109,906	100,272	90,201

Approved by the Board of Trustees on 21 June 2022 and signed on its behalf by



Richard Daniel BSc (Hons) FRAeS
Chair, Board of Trustees

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£'000	£'000
Net cash used in operating activities	(8,829)	(13,987)
Cash flows from investing activities		
Dividends and interest from investments	2,484	2,860
Proceeds from the sale of property	10,097	1,538
Purchase of property and equipment	(2,143)	(1,557)
Net proceeds from sale of investments	1,763	6,631
Net cash provided by investing activities	12,201	9,472
Cash flows from financing activities		
Loans awarded	(131)	(109)
Loan repayments	815	776
Net cash provided by financing activities	684	667
Change in cash and cash equivalents in the year	4,056	(3,848)
Cash and cash equivalents as at 1 January	3,393	7,241
Cash and cash equivalents as at 31 December	7,449	3,393
Reconciliation of net income to net cash flow from operating activities		
Net income/(expenditure) for the year ended 31 December	9,791	(9,386)
Adjustments for:		
Depreciation charges and amortisation	1,031	1,185
Gains on investments	(6,622)	(2,611)
Income attributable from joint venture	-	115
Dividends and interest from investments	(2,484)	(2,860)
Profit on the sale of fixed assets	(5,502)	(867)
Loan interest	(43)	(57)
Loans converted to grants	4	74
Loans written off	-	28
Decrease/(increase) in stock	3	(1)
(Increase)/decrease in debtors	(3,350)	596
(Decrease)/increase in creditors	(857)	532
Pension interest expense	200	265
Pension fund costs	(1,000)	(1,000)
Net cash used in operating activities	(8,829)	(13,987)
Analysis of cash and cash equivalents		
Current accounts	7,449	3,393
Total cash and cash equivalents	7,449	3,393

Analysis of changes in net debt

	At 1 January 2021	Cash flows	At 31 December 2021
	£'000	£'000	£'000
Cash - current accounts	3,393	4,056	7,449

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 PRINCIPAL ACCOUNTING POLICIES

These are the financial statements of the Royal Air Force 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 as amended by the Charities Accounts (Scotland) Amendment (No. 2) Regulations 2014.

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 Charity-only SOFA is not shown separately. A summary of the results of the subsidiary entities is shown in Note 27.

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, taking into account business plans, income and expenditure projections and the Charity's level of reserves. 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 26. 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 RAF Benevolent 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.

Support costs include £235K spent on the administration and management of the legacy staff pension scheme to ensure that the charity as the sponsoring employer continued to meet its legal obligations in the right way.

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 will be 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 2021	Unrestricted	Restricted	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000
Donations and legacies						
Royal Air Force service personnel	1,576	-	1,576	1,559	-	1,559
General donations	2,419	198	2,617	3,316	533	3,849
Government grants (Job Retention Scheme)	34	-	34	594	-	594
Legacy income	10,999	487	11,486	7,395	324	7,719
	15,028	685	15,713	12,864	857	13,721
Charitable activities						
Housing	964	20	984	974	20	994
Respite care	23	-	23	181	-	181
Loan interest	43	-	43	57	-	57
	1,030	20	1,050	1,212	20	1,232
Other trading activities						
Income from fundraising events	400	19	419	268	-	268
Trading income	147	-	147	92	-	92
	547	19	566	360	-	360
Investment income						
Dividends from pooled funds	2,268	216	2,484	2,742	112	2,854
Interest earned	-	-	-	6	-	6
Movement in share of joint venture	-	-	-	-	(115)	(115)
	2,268	216	2,484	2,748	(3)	2,745
RAF100 allocated 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						
Gains on the sale of fixed assets	5,502	-	5,502	867	-	867
Pension interest income	213	-	213	213	-	213
	5,715	-	5,715	1,080	-	1,080
Total income	24,588	940	25,528	18,264	874	19,138

The gains on the sale of fixed assets includes the sale of Princess Marina House for £8M in December 2021 which generated a gain of £4.2M. The remainder of the gain (£1.3M) came from the disposal of eight Housing Trust properties.

3 ANALYSIS OF EXPENDITURE

	Direct costs	External grants	Support costs	Total 2021	Direct costs	External grants	Support costs	Total 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Raising funds								
Donations and legacies	2,378	-	1,405	3,783	2,608	-	1,696	4,304
Regional engagement	495	-	-	495	501	-	-	501
Other trading activities	121	-	-	121	87	-	-	87
Investment management fees	303	-	-	303	215	-	-	215
	3,297	-	1,405	4,702	3,411	-	1,696	5,107
Charitable activities								
Direct support to individuals	8,013	-	1,470	9,483	13,675	-	1,881	15,556
Welfare programmes and grants	751	2,956	804	4,511	751	3,374	771	4,896
Respite care	1,105	-	172	1,277	3,732	-	198	3,930
Housing Trust support	1,487	-	899	2,386	824	-	822	1,646
	11,356	2,956	3,345	17,657	18,982	3,374	3,672	26,028
Total expenditure	14,653	2,956	4,750	22,359	22,393	3,374	5,368	31,135

See Note 22 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 2021
	£'000	£'000	£'000	£'000	£'000	£'000
Information technology and facilities	507	505	297	84	102	1,495
Depreciation and amortisation	136	109	82	40	663	1,030
General management and administration	129	125	74	22	26	376
Finance and payroll	274	319	152	10	47	802
HR	139	161	77	5	23	405
Governance	220	251	122	11	38	642
Total	1,405	1,470	804	172	899	4,750
	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

5 STAFF COSTS

	2021	2020
	£'000	£'000
Wages and salaries	5,155	6,469
Social security costs	576	855
Pension costs	509	650
Termination and redundancy costs	172	743
Total	6,412	8,717

Due to the Covid-19 pandemic in 2020 the Board took the decision to close our respite care centre Princess Marina House (PMH) permanently with a loss of 114 posts. Prior year 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:

	2021	2020
	No.	No.
£60,001 - £70,000	6	11
£70,001 - £80,000	4	4
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	2
£110,001 - £120,000	2	1
£120,001 - £130,000	2	1
Total	16	21

15 employees (2020: 19) 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.

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

	2021	2020
	No.	No.
Charitable activities	56	139
Cost of generating funds	36	38
Governance, administration and support	25	29
Total	117	206

The average number of employees in charitable activities fell as result of the closure of PMH and the resulting staff redundancies made in September 2020.

6 KEY MANAGEMENT PERSONNEL

The key management personnel of the RAF Benevolent Fund are the Trustees and the Executive Leadership Team (ELT). Until September 2021, 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. From September 2021 the roles of the Chief of Staff and the Director of Finance were combined into one role, the Director of Resources. Total employee pay and benefits received by ELT for services to the Charity in 2021 were £601K (2020: £632K).

7 NET EXPENDITURE

	2021	2020
	£'000	£'000
Net expenditure for the year is stated after charging:		
Audit fees	64	66
Audit fees – additional fees re prior year audit	-	16
Investment management fees	303	215
Amortisation of intangible assets	168	177
Depreciation	863	1,008
Operating leases	48	68
Profit on disposal of fixed assets	(5,502)	(867)

8 TRUSTEES' REMUNERATION

The Trustees neither received nor waived any emoluments during the year 2021 (2020: £nil). Out-of-pocket expenses were reimbursed to Trustees as follows:

	2021	2020	2021	2020
	No.	No.	£	£
Travel	5	nil	1,209	nil

9 INTANGIBLE ASSETS

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Software costs				
Cost on 1 January	3,457	3,255	3,457	3,255
Additions during the year	81	202	81	202
Disposals during the year	(1,005)	-	(1,005)	-
Cost at 31 December	2,533	3,457	2,533	3,457
	-	-	-	-
Amortisation at 1 January	(3,183)	(3,006)	(3,183)	(3,006)
Amortisation for the year	(168)	(177)	(168)	(177)
Amortisation on disposals	1,005	-	1,005	-
Accumulated amortisation at 31 December	(2,346)	(3,183)	(2,346)	(3,183)
	-	-	-	-
Net book value 31 December	187	274	187	274

10 TANGIBLE FIXED ASSETS

	Group 2021			Charity 2021		
	Property	Equipment	Total	Property	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost on 1 January	43,565	2,340	45,905	12,703	2,340	15,043
Additions during the year	2,062	-	2,062	5	-	5
Disposals during the year	(6,724)	(1,978)	(8,702)	(5,441)	(1,978)	(7,419)
Cost at 31 December	38,903	362	39,265	7,267	362	7,629
Depreciation at 1 January	(11,528)	(2,318)	(13,846)	(3,920)	(2,318)	(6,238)
Depreciation for the year	(863)	-	(863)	(230)	-	(230)
Depreciation on disposals during the year	2,151	1,956	4,107	1,761	1,956	3,717
Accumulated depreciation at 31 December	(10,240)	(362)	(10,602)	(2,389)	(362)	(2,751)
Net book value 31 December 2021	28,663	-	28,663	4,878	-	4,878

	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

10 TANGIBLE FIXED ASSETS (cont)

			2021		2020	
	Property	Equipment	Total	Property	Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Net book value at 31 December is analysed as follows:						
Gulf Trust Fund (restricted fund)	129	-	129	134	-	134
Princess Marina House	-	-	-	3,680	22	3,702
RAFBF respite homes	403	-	403	407	-	407
Headquarters - London	4,346	-	4,346	4,562	-	4,562
Charity	4,878	-	4,878	8,783	22	8,805
RAFBF Housing Trust Ltd	23,785	-	23,785	23,254	-	23,254
Group	28,663	-	28,663	32,037	22	32,059
The net book value of properties comprises:						
Freehold	28,269			31,498		
Long leasehold	394			539		
	28,663			32,037		

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	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Market value as at 1 January	78,255	82,275	71,528	75,953
Additions	8,547	1,083	8,547	1,083
Withdrawals	(10,310)	(7,714)	(10,256)	(7,714)
Net investment gains	6,622	2,611	5,610	2,206
Market value at 31 December	83,114	78,255	75,429	71,528
Share of joint venture				
Joint venture RAF100 Appeal as at 1 January	-	115	-	-
Movement in share of joint venture	-	(115)	-	-
Joint venture RAF100 Appeal as at 31 December	-	-	-	-
Total fixed asset investments	83,114	78,255	75,429	71,528
Investments are represented by:				
Listed investments	79,797	74,529	72,112	67,802
Cash holdings in investments	2,771	3,194	2,771	3,194
RAF Disabled Holiday Trust Bonds	546	532	546	532
Total	83,114	78,255	75,429	71,528

The Charity is the only Trustee of the RAF Disabled Holiday Trust whose net assets to the value of £546K are included within investments. Also included is the Charity's share capital in the RAFBF Trading Co Limited of £1. The results of this subsidiary entity are shown in Note 27.

The RAF100 Appeal (established in January 2016) has largely been wound up. 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.

12 LOANS TO BENEFICIARIES

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Balance at 1 January	8,593	9,305	8,593	9,305
New loans	131	109	131	109
Interest charged	43	57	43	57
	8,767	9,471	8,767	9,471
Repayments	(815)	(776)	(815)	(776)
Loans converted to grants	(4)	(74)	(4)	(74)
Bad debts written off	-	(28)	-	(28)
Balance at 31 December	7,948	8,593	7,948	8,593

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 £7.9M (2020: £8.5M) 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 are £91K (2020: £96K).

13 DEBTORS

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Legacies	9,901	6,558	9,901	6,558
Inter-company balance	-	-	11,253	11,232
Other debtors	576	535	462	456
Prepayments	146	180	147	166
	10,623	7,273	21,763	18,412

14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade creditors	628	430	612	430
Taxation and social security costs	191	246	184	240
Accruals for grants payable	1,471	2,291	1,159	2,014
Other creditors	269	449	146	360
	2,559	3,416	2,101	3,044

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 £509K (2020: £650K) of which £nil remained payable at the year end (2020: £55K).

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 2020. Under the schedule of contributions agreed as part of the actuarial valuation as at 31 December 2020, the employer paid £1M during 2021 (2020: £1M). The new deficit contribution plan agreed that the employer would make contributions at the rate of £100K per month until 31 October 2028.

	2021	2020
	£'000	£'000
Reconciliation of funded status to balance sheet		
Defined benefit obligation	(39,680)	(41,561)
Fair value of plan assets	26,215	25,030
Net defined benefit liability	(13,465)	(16,531)

The amounts recognised in the SOFA are as follows:

Net interest expense on net defined benefit liability	200	265
Total pension expense recognised in the SOFA	200	265

Reconciliation of defined benefit obligation over the year		
Defined benefit obligation as at 1 January	(41,561)	(37,767)
Interest expenses on defined benefit obligation	(511)	(740)
Remeasurement - effect of experience adjustments gain	317	268
Remeasurement - effect of changes in assumptions loss	762	(4,890)
Benefits paid	1,313	1,568

Defined benefit obligation as at 31 December	(39,680)	(41,561)
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Changes in the fair value of plan assets over the year:

Fair value of plan assets as at 1 January	25,030	24,039
Interest income on plan assets	311	475
Remeasurement - return on plan assets excluding interest income gain	1,187	1,084
Contributions by employer	1,000	1,000
Benefits paid	(1,313)	(1,568)

Fair value of plan assets as at 31 December	26,215	25,030
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Return on plan assets	1,498	1,559
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15 PENSION COMMITMENTS (cont)

	2021	2020
	£'000	£'000
Remeasurements recognised in SOFA		
Remeasurement - effect of experience adjustments gain	317	268
Remeasurement - effect of changes in assumptions gain/(loss)	762	(4,890)
Remeasurement - return on plan assets excluding interest income gain	1,187	1,084
Total remeasurement gain/(loss) recognised in SOFA	2,266	(3,538)

	2021		2020	
	£'000	%	£'000	%
Assets:				
Target Return Fund	25,744	98.2%	24,484	97.8%
Cash/other	471	1.8%	546	2.2%
	26,215	100%	25,030	100%

	2021	2020
Principal actuarial assumptions at the balance sheet date:		
Discount rate	1.8%	1.3%
RPI inflation rate	3.5%	3.0%
CPI inflation rate	2.9%	2.3%
Increases to pensions in deferment (CPI max 5%)	2.9%	2.3%
Increases to pensions in payment (CPI max 5%)	2.8%	2.3%
Commutation (% of pension)	25%	25%
Mortality - base table	S3PA	S2PA
Mortality - allowance for future improvements	CMI	CMI
	2020	2017
	1.0% LTR	1.0% LTR
Life expectancies from age 63:		
Male currently aged 63	86.6	86.7
Female currently aged 63	89.0	88.7
Male currently aged 43	87.6	87.9
Female currently aged 43	90.2	90.0

Amounts for current and previous four periods are as follows:

	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Defined benefit obligation	(39,680)	(41,561)	(37,767)	(34,526)	(37,973)
Fair value of plan assets	26,215	25,030	24,039	22,231	22,958
Deficit	(13,465)	(16,531)	(13,728)	(12,295)	(15,015)

16 RELATED PARTY DISCLOSURE

Donations to the value of £505 (2020: £100) were received from individual Trustees in the year. Details of all inter-company transactions are shown in Note 27 on subsidiary entities. There were no other related party transactions.

17 ULTIMATE CONTROLLING PARTY

The Trustees do not consider there to be an ultimate controlling party.

18 CAPITAL COMMITMENTS

There are no major planned capital commitments for 2022.

19 ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

	Unrestricted funds		Restricted funds		Endowment funds		Total funds	
	2021	2020	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 December are represented by:								
Tangible, intangible fixed assets	28,721	32,199	129	134	-	-	28,850	32,333
Investments	73,248	68,715	2,922	3,207	6,944	6,333	83,114	78,255
Loans to beneficiaries	7,948	8,455	-	138	-	-	7,948	8,593
Current assets	14,807	7,918	2,808	2,249	460	505	18,075	10,672
Current liabilities	(2,085)	(2,897)	-	-	(474)	(519)	(2,559)	(3,416)
Pension liability	(13,465)	(16,531)	-	-	-	-	(13,465)	(16,531)
Total net assets	109,174	97,859	5,859	5,728	6,930	6,319	121,963	109,906

20 OPERATING LEASES

At 31 December 2021 the group had total annual commitments under non-cancellable operating leases, all for office equipment and vehicles, as follows:

	2021	2020
	£	£
Payments due: office equipment and vehicles		
Within one year	61,629	25,364
Within two to five years	47,468	22,434
Total	109,097	47,798

21 CONTINGENT LIABILITY

The last triennial valuation of the Staff Pension Fund (SPF) identified a deficit of £12.275M as at 31 December 2020, on an agreed prudent funding basis. The Charity is required to enter into a Recovery Plan to extinguish the deficit. The plan commits the Charity to making annual payments of £1.2M until the earlier of 31 October 2028 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 Trustee 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 leasehold (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 £4.2M in the balance sheet.

22 WELFARE PROGRAMMES AND GRANTS

	2021	2020
	£	£
GRANT FUNDING TO THE SERVING ROYAL AIR FORCE		
General welfare		
Citizens Advice Station Outreach Clinic		
Mid Lincolnshire CAB (RAF Digby, Coningsby, Cranwell)	-	4,000
	-	4,000
Station grants		
603 RAuxAF Sqn Edinburgh	500	-
RAF Akrotiri	35,500	38,546
RAF Benson	500	1,970
RAF Boulmer	-	386
MOD Boscombe Down	500	-
RAF Brize Norton	26,694	16,113
RAF Coningsby	500	2,870
RAF Corsham (MOD)	-	1,015
RAF Cosford	500	2,500
RAF College Cranwell	6,500	7,425
Defence Animal Training Regiment	4,739	-
RAF Digby	250	2,500
RAF Episkopi	3,416	9,539
RAF Fylingdales	500	13,712
RAF Halton	4,974	3,952
RAF Henlow	500	1,856
RAF High Wycombe (2020 unspent balance for previous awards)	500	(49,368)
RAF Honington	79,541	1,089
RAF Leeming	-	19,950
RAF Lossiemouth	500	7,888
RAF Marham	500	5,510
RAF Naples JFC	-	3,739
RAF Northolt	14,008	394

	2021	2020
	£	£
RAF Odiham	500	1,880
RAF Scampton	500	13,662
RAF Spadeadam	-	610
RAF St Mawgan	-	1,990
RAF Valley	9,994	6,395
RAF Waddington	500	8,791
RAF Wittering	2,000	40,421
MOD Worthy Down	3,000	-
RAF Wyton	-	2,219
RAF(U) Swanwick	-	650
	197,116	168,204
TOTAL GRANT FUNDING TO THE SERVING ROYAL AIR FORCE	197,116	172,204

CONTRACTED SERVICES TO SUPPORT THE SERVING ROYAL AIR FORCE

Airplay programme

RAF stations - youth support programme	1,250,497	935,139
RAF stations - Ben Play parenting and play parks	58,621	770,554
	1,309,118	1,705,693

General support

RAF Families Federation	15,000	15,000
Relate - Building Stronger Families	3,000	21,624
	18,000	36,624

TOTAL CONTRACTED SERVICES TO THE SERVING ROYAL AIR FORCE	1,327,118	1,742,317
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TOTAL GRANTS AND CONTRACTED SERVICES TO SUPPORT THE SERVING ROYAL AIR FORCE	1,524,234	1,914,521
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CONTRACTED SERVICES TO SUPPORT THE SERVING AND VETERANS' COMMUNITIES

Wellbeing partnerships

Headspace (mental wellbeing)	67,511	71,424
Silver Line/Age UK	144,419	94,022
Work Stress Management (listening and counselling)	335,889	343,452
Manage Health (listening and counselling)	272,532	66,540
Relate (young people listening and counselling)	43,130	18,216
Anxiety UK (listening and counselling)	-	32,887
GamCare (gambling support)	2,400	-
Workshop and coaching	22,300	9,600
	888,181	636,141

Relationship support

Relate - relationship counselling/mediation	144,665	130,163
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TOTAL CONTRACTED SERVICES TO SUPPORT THE SERVING AND VETERANS' COMMUNITIES	1,032,846	766,304
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	2021	2020
	£	£
GRANT FUNDING TO THE VETERAN COMMUNITY		
Addaction	-	15,000
Age Concern Spain - ACASA	10,000	17,000
Age UK Portsmouth	-	8,000
Alabare Christian Care Centres	13,000	-
Bridge For Heroes	-	5,000
British Embassy Slovakia	3,120	-
British Nuclear Test Veterans Association	3,000	-
Combat Stress	76,000	167,120
Czech Veterans	-	4,732
Defence Medical Welfare Service	13,000	15,000
Fares4Free	-	7,000
Farm-Able Foundation	4,000	-
Fighting With Pride	17,000	-
Goodwill Solutions - The Learning Academy	-	3,000
ILM Highland	-	7,500
Improving Lives Plymouth	-	5,000
International Bomber Command Memorial	150	-
Medical Emergency Response Team (MERT) Club	6,000	-
Military Wives Choir Foundation	-	10,000
National Gulf Veterans and Families Association	7,500	10,000
Not Forgotten Association	7,500	-
On Course Foundation	3,000	5,000
PAFA	750	-
Polish Veterans	4,680	6,240
Poppy Scotland - ASAP	20,000	20,000
Project Propeller	-	5,000
RAF Widows' Association	-	34,712
Royal Commonwealth Ex-Services League (includes support towards caseworking costs)	20,000	35,473
Save the Skymaster	3,500	-
Scotty's Little Soldiers	-	6,000
Spinal Injuries Association	-	10,000
SSAFA, the Armed Forces Charity (includes support towards caseworking costs)	30,720	65,275
Stoll	12,000	12,000
Team Endeavour Racing	-	4,000
The Gwennili Trust	-	2,000
The Ripple Pond	-	2,500
Veterans Outreach Support	-	10,000
Waterloo Uncovered	1,800	3,000
Widows' Association of Great Britain	-	5,000
Workplace Chaplaincy Scotland	2,500	-
	259,220	500,552

	2021	2020
	£	£
Employment support		
The Poppy Factory	-	15,000
HighGround	-	10,000
Regular Forces Employment Association	62,436	111,037
Walking With The Wounded	7,000	-
The Warrior Programme	8,000	-
	77,436	136,037
Housing support		
Broughton House	18,000	33,000
Royal British Legion Industries	2,000	-
Veterans Aid	15,000	15,000
Queen Elizabeth Hospital Birmingham Hospital Charity - Fisher House	10,000	5,000
	45,000	53,000
Residential and respite care		
Care for Veterans	15,000	-
The Curphey Home	2,000	-
	17,000	-
TOTAL GRANT FUNDING TO THE VETERAN COMMUNITY	398,656	689,589
TOTAL GRANT AND CONTRACTED SERVICES PAYMENTS TO THIRD PARTIES	2,955,736	3,370,414
Total contracted services	2,359,964	2,508,621
Total discretionary grants	595,772	861,793
TOTAL COST OF SUPPORT THROUGH GRANT AND CONTRACTED SERVICES	2,955,736	3,370,414

23 STATEMENT OF FUNDS

	At 1 January 2021	Income	Expenditure	Net gains/ (losses)	Transfers	Group at 31 December 2021	Charity at 31 December 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General reserve	96,986	24,193	(19,329)	4,832	(13,105)	93,577	79,948
Designated funds - see Note 24	17,404	395	(1,804)	958	12,109	29,062	21,000
Pension reserve	(16,531)	-	(200)	2,266	1,000	(13,465)	(13,465)
Total unrestricted funds	97,859	24,588	(21,333)	8,056	4	109,174	87,483
Restricted income funds - see Note 25	5,728	940	(1,026)	221	(4)	5,859	5,859
Endowment funds - see Note 26	6,319	-	-	611	-	6,930	6,930
Total funds	109,906	25,528	(22,359)	8,888	-	121,963	100,272

	At 1 January 2020	Income	Expenditure	Net gains/ (losses)	Transfers	Group at 31 December 2020	Charity at 31 December 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General reserve	99,765	17,873	(22,163)	1,844	(333)	96,986	84,298
Designated funds - see Note 24	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 25	7,076	874	(1,876)	69	(415)	5,728	5,728
Endowment funds - see Note 26	6,027	-	-	292	-	6,319	6,319
Total funds	122,830	19,138	(31,135)	(927)	-	109,906	90,201

Unrestricted funds

The sum of £29.1M (2020: £17.4M) is included in unrestricted funds and relates to the following designated reserves:

£8.1M (2020: £7M)	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
£nil (2020: £1.2M)	Fundraising development and systems upgrade
£nil (2020: £2.7M)	Investment in Airplay programmes on RAF stations
£8.2M (2020: £nil)	Pension deficit recovery contributions based on a revised recovery plan to pay £100K per month up to October 2028
£12.8M (2020: £6.5M)	Enhanced welfare provision to advance our strategic ambitions, enhance our welfare delivery and build on our success

The transfer of £1M (2020: £1M) 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
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
Royal Observer Corps	Support to veterans of the Royal Observer Corps

Endowment funds - over £100K

E H Jubb Fund	For the benefit of aircrew, 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

24 DESIGNATED FUNDS

	At 1 January 2021	Income	Expenditure	Net gains	Transfers At 31 December 2021	
	£'000	£'000	£'000	£'000	£'000	£'000
Fundraising development and systems upgrade	1,209	-	(391)	-	(818)	-
Investment in Airplay programmes	2,692	-	(1,059)	-	(1,633)	-
New and enhanced welfare services	6,486	-	(46)	-	(6,440)	-
Pension deficit recovery contributions	-	-	-	-	8,200	8,200
Enhanced welfare provision	-	-	-	-	12,800	12,800
Total designated funds - Charity	10,387	-	(1,496)	-	12,109	21,000
RAF Dependants Fund	7,017	395	(308)	958	-	8,062
Total designated funds - Group	17,404	395	(1,804)	958	12,109	29,062

	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

25 RESTRICTED FUNDS

	As at 1 January 2021	Income	Expenditure	As at 31 December 2021	As at 1 January 2020	Income	Expenditure	As at 31 December 2020
	£	£	£	£	£	£	£	£
Education								
Group Captain W E Purdin Memorial Fund	100	101	(201)	-	-	100	-	100
RAF Prize Trust	-	8,884	(8,884)	-	-	8,771	(8,771)	-
RAFBF Educational Endowment Fund	-	19,999	-	19,999	-	19,746	(19,746)	-
RAFBF Educational Expendable Fund	2,011	5,518	(7,529)	-	-	5,541	(3,530)	2,011
RAFBF Education	-	23,247	(23,247)	-	-	4,057	(4,057)	-
Douglas Turner Benefaction	4,700	4,760	(9,460)	-	-	4,700	-	4,700
	6,811	62,509	(49,321)	19,999	-	42,915	(36,104)	6,811
Princess Marina House and respite care								
Princess Marina House Amenities Fund	-	-	-	-	64,884	-	(64,884)	-
Princess Marina House Shencot/Seacot House	-	1,030	(1,030)	-	-	10,472	(10,472)	-
The April Fools' Club - serving respite care	-	-	-	-	109,188	-	(109,188)	-
	-	1,030	(1,030)	-	174,072	10,472	(184,544)	-
Housing								
Housing Trust General Restricted Fund	-	108,156	(29,181)	78,975	-	153,100	(153,100)	-
Housing adaptations (Lincoln)	-	5,000	(5,000)	-	-	-	-	-
The Hobson Charity - property adaptations	-	-	-	-	-	10,000	(10,000)	-
	-	113,156	(34,181)	78,975	-	163,100	(163,100)	-
Other								
Bomber Command Memorial	2,652,758	361,867	(58,728)	2,955,897	2,512,584	210,746	(70,572)	2,652,758
Gulf Trust	430,001	20,254	-	450,255	410,111	19,890	-	430,001
	3,082,759	382,121	(58,728)	3,406,152	2,922,695	230,636	(70,572)	3,082,759
Welfare programmes								
Aged Veteran Fund	230	125	(355)	-	-	230	-	230
Aged Veteran Lunch Club	-	-	-	-	4,716	-	(4,716)	-
Airplay	-	31,000	(31,000)	-	-	60,000	(60,000)	-
Armed Forces Covenant Fund	-	9,120	-	9,120	-	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	1,097	-	4,025	2,928	-	-	2,928
RAF stations	-	100	(100)	-	-	18,877	(18,877)	-
Bereavement support	-	-	-	-	2,506	-	(2,506)	-
Mental health services	104	832	(936)	-	-	104	-	104
Youth mental health (Lossiemouth)	-	15,907	-	15,907	-	-	-	-
MBDA Fund	-	-	-	-	-	9,790	(9,790)	-
Restricted to RAF Valley	-	42,678	(9,994)	32,684	9,449	-	(9,449)	-
Restricted to serving RAF	-	-	-	-	-	7,975	(7,975)	-
Restricted to serving RAF (LIBOR)	-	-	-	-	473,932	-	(473,932)	-
	3,262	100,859	(42,385)	61,736	493,531	306,529	(796,798)	3,262

25 RESTRICTED FUNDS (cont)

	As at 1 January 2021	Income	Expenditure	As at 31 December 2021	As at 1 January 2020	Income	Expenditure	As at 31 December 2020
	£	£	£	£	£	£	£	£
Individual welfare								
Advice and Advocacy	-	8,966	(8,966)	-	5,748	10,183	(15,931)	-
Afghan Brain Injury	226,728	495	-	227,223	226,728	-	-	226,728
Afghan: LIBOR	366	-	(366)	-	189,316	-	(188,950)	366
Various legacies - beneficiaries in Lossiemouth	-	10,000	-	10,000	-	-	-	-
Various legacies - beneficiaries in Scotland	-	293,131	(246,285)	46,846	-	57,924	(57,924)	-
RAF Disabled Holiday Trust	554,312	15,323	-	569,635	575,760	10,321	(31,769)	554,312
Fulmer Fund	211,278	-	(145,176)	66,102	240,555	-	(29,277)	211,278
Garden maintenance	-	-	-	-	-	7,500	(7,500)	-
General welfare (individual)	-	6,600	(6,600)	-	-	10,000	(10,000)	-
General welfare (mobility aid)	-	1,500	(1,500)	-	-	7,500	(7,500)	-
General welfare (respite and care)	-	15,000	(3,495)	11,505	-	-	-	-
General welfare - Devon, Cornwall & Somerset	300	3,600	(3,900)	-	-	300	-	300
Lowe Trust	572,209	-	-	572,209	572,209	-	-	572,209
Restricted to Isle of Wight	-	-	-	-	-	5,000	(5,000)	-
Restricted to Bedford (veterans)	-	3,000	(2,790)	210	-	-	-	-
Restricted to Birmingham (veterans)	-	800	(800)	-	-	-	-	-
Restricted to Cheshire (veterans)	-	1,000	(1,000)	-	-	-	-	-
Restricted to Essex (veterans)	-	5,000	(5,000)	-	-	-	-	-
Restricted to Scotland	65,030	9,500	(74,530)	-	-	74,500	(9,470)	65,030
Restricted to Suffolk	-	250	(250)	-	-	-	-	-
Restricted to South East England	-	3,000	-	3,000	-	-	-	-
Restricted to North of England	-	1,500	(1,500)	-	-	10,000	(10,000)	-
Restricted to Lincolnshire (veterans)	-	12,000	(12,000)	-	-	-	-	-
Restricted to Liverpool (veterans)	-	5,000	(2,057)	2,943	-	-	-	-
Restricted to Leicester (veterans)	-	1,500	-	1,500	-	-	-	-
Restricted to Norfolk (veterans)	-	3,000	(3,000)	-	-	-	-	-
Restricted to Yorkshire (veterans)	-	2,000	(2,000)	-	-	-	-	-
Restricted to Nottinghamshire (veterans)	-	3,500	(3,225)	275	-	-	-	-
Improving social isolation	-	19,974	(7,000)	12,974	-	-	-	-
Royal Observer Corps	58,640	75,000	(22,124)	111,516	-	100,000	(41,360)	58,640
Stafford Trust	15,120	-	(15,120)	-	-	15,120	-	15,120
Scotland veterans over 65	-	-	-	-	-	25,000	(25,000)	-
	1,703,983	500,639	(568,684)	1,635,938	1,810,316	333,348	(439,681)	1,703,983
Respite care - LIBOR Funds								
Respite care lunch clubs	-	-	-	-	71,838	-	(71,838)	-
Respite care property	135,433	-	(6,859)	128,574	441,317	-	(305,884)	135,433
Respite breaks and care hotels	280,324	-	(25,911)	254,413	316,550	-	(36,226)	280,324
Contribution to Community Engagement Workers	431,847	-	(219,349)	212,498	591,240	-	(159,393)	431,847
Management support	85,684	-	(25,212)	60,472	142,101	-	(56,417)	85,684
	933,288	-	(277,331)	655,957	1,563,046	-	(629,758)	933,288
RAF100 Appeal - 20% share in joint venture	-	-	-	-	114,758	-	(114,758)	-
Total restricted funds	5,730,103	1,160,314	(1,031,660)	5,858,757	7,078,418	1,087,000	(2,435,315)	5,730,103

26 ENDOWMENT FUNDS

The purpose of funds exceeding £100K is set out under Note 23.

	As at 1 January 2021	Unrealised gain	As at 31 December 2021	As at 1 January 2020	Unrealised gain	As at 31 December 2020
	£	£	£	£	£	£
Permanent endowment funds with unrestricted income						
Pilot Officer J P L Branson Memorial Fund	51,494	4,981	56,475	49,117	2,377	51,494
Pilot Officer James Erskine Cuning Memorial Fund	48,461	4,688	53,149	46,224	2,237	48,461
Flying Officer L S Delaney Trust	14,076	1,362	15,438	13,426	650	14,076
Paddy Finucane Memorial Fund	20,972	2,029	23,001	20,004	968	20,972
Louise Alice Kay Memorial Fund	43,324	4,191	47,515	41,324	2,000	43,324
Mosquito Memorial Fund	12,174	1,178	13,352	11,612	562	12,174
Flying Officer Douglas Frank Newsham Memorial Fund	38,680	3,741	42,421	36,894	1,786	38,680
Viscount Nuffield Endowment	1,119,759	108,315	1,228,074	1,068,063	51,696	1,119,759
Helen Mary Renton Fund	45,707	4,421	50,128	43,597	2,110	45,707
RAF Rugby Union Fund	53,753	5,199	58,952	51,271	2,482	53,753
Peter Henry Slater-Eiggert Memorial Fund	154,240	14,920	169,160	147,119	7,121	154,240
The Revd. James Edmund Strickland Memorial Fund	111,098	10,747	121,845	105,969	5,129	111,098
	1,713,738	165,772	1,879,510	1,634,620	79,118	1,713,738
Expendable endowment funds with unrestricted income						
Flying Officer William Dron Memorial Fund	2,598	251	2,849	2,478	120	2,598
Frederick Eley Fund	5,006	484	5,490	4,775	231	5,006
Wing Commander J Higginson Fund	10,224	989	11,213	9,752	472	10,224
Peter Grattan Holt Memorial Fund	53,282	5,154	58,436	50,822	2,460	53,282
E H Jubb Fund	354,883	34,328	389,211	338,499	16,384	354,883
Middle East Relief Fund	45,323	4,384	49,707	43,231	2,092	45,323
Morley Fund	7,429	719	8,148	7,086	343	7,429
Orlebar Memorial Fund	8,407	813	9,220	8,019	388	8,407
Shattock Memorial Scholarship Fund	12,624	1,221	13,845	12,041	583	12,624
Wooding Memorial Fund	9,006	871	9,877	8,590	416	9,006
	508,782	49,214	557,996	485,293	23,489	508,782
Permanent endowment funds where the use of the income is restricted						
Newton Driver Memorial Fund	2,273,650	219,932	2,493,582	2,168,682	104,968	2,273,650
Group Captain W E Purdin Memorial Fund	2,903	281	3,184	2,769	134	2,903
RAFBF Educational Endowment Fund	575,758	55,694	631,452	549,177	26,581	575,758
Douglas Turner Benefaction	137,050	13,257	150,307	130,723	6,327	137,050
	2,989,361	289,164	3,278,525	2,851,351	138,010	2,989,361
Expendable endowment funds where the use of the income is restricted						
Mrs H M Jerham Memorial Fund	31,586	3,055	34,641	30,128	1,458	31,586
Hector Pilling Memorial Fund	669,254	64,738	733,992	638,356	30,898	669,254
RAF Prize Trust	255,759	24,740	280,499	243,951	11,808	255,759
RAFBF Educational Expendable Fund	151,083	14,614	165,697	144,108	6,975	151,083
	1,107,682	107,147	1,214,829	1,056,543	51,139	1,107,682
Total endowment funds	6,319,563	611,297	6,930,860	6,027,807	291,756	6,319,563

27 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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:												
Donations and legacies	-	-	44	-	-	-	115	8	2	10	161	18
Investments	-	-	213	209	-	-	-	-	-	-	213	209
Other trading activities	143	108	-	-	-	-	-	-	-	-	143	108
Charitable activities	-	-	-	-	-	-	964	974	-	-	964	974
Profit on sale of properties	-	-	-	-	-	-	1,297	876	-	-	1,297	876
Subscriptions	-	-	182	182	31	31	-	-	-	-	213	213
	143	108	439	391	31	31	2,376	1,858	2	10	2,991	2,398
Expenditure on:												
Charitable activities	101	58	280	263	-	-	1,687	1,770	24	2	2,092	2,093
Other trading activities	34	41	-	-	-	-	-	-	-	-	34	41
Management and administration	8	9	28	29	31	31	-	-	-	-	67	69
	143	108	308	292	31	31	1,687	1,770	24	2	2,193	2,203
Net gains/(loss) on investment assets	-	-	958	406	-	-	-	-	14	(25)	972	381
Net result of subsidiary	-	-	1,089	505	-	-	689	88	(8)	(17)	1,770	576

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 £101,300 to the Fund in 2021 which is shown in charitable activities in the above table (2020: £58,468). The inter-company balance owed to the Fund at year end was £132,542 (2020: £66,409). The net assets at year end were £1 (2020: £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 16 deaths in 2021 (2020: 15) and the dependants were paid £17,500 in each case. The inter-company balance owed to the Charity at year end was £3,926 (2020: £3,042). The net assets at year end were £8,106,464 (2020: £7,017,317).

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 7 member deaths in 2021 (2020: 10) and beneficiaries received payments made on behalf of the Trust by the underwriters Aviva. The company donated £nil to the Charity in 2021 (2020: £nil). The inter-company balance owed to the Charity at year end was £5,103 (2020: £3,595). The net assets at year end were £3,339 (2020: £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 £11,366,322 (2020: £11,159,566). The net assets at year end were £13,373,342 (2020: £12,684,037).

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 by the Charity at year end was £19,531 (2020: £2,629). The net assets at year end were £546,124 (2020: £554,312). RAF Benevolent Fund Gift in Kind amounted to £nil (2020: £nil).

SUBSIDIARY ORGANISATIONS

RAF BENEVOLENT FUND HOUSING TRUST LIMITED

Companies House: 01058896
Charity Commission: 264636
OSCR: SC038218

Directors/Trustees:

Air Vice-Marshal Chris Elliot (Chair)
Patrick Aylmer (from 1 July 2021)
Al Bennett (until 27 May 2021)
Wing Commander Sarah Davis
Victoria Fakehinde
Air Commodore Paul Hughesdon
Emrys Rogers

RAFBF TRADING LIMITED

Companies House: 07768120

Directors:

Air Vice-Marshal Chris Elliot (Chair)
Alison Benjamin (from 15 October 2021)
Graeme Craig
James Dooley
Victoria Fakehinde
Graeme Shankland (until 7 July 2021)
Jason Shauness (from 6 July 2021)
Mike Straney (until 23 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 Chris Elliot (Chair)
Group Captain Jacqueline East (until 11 May 2021)
Group Captain Colin Owen (from 11 May 2021 to 13 December 2021)
Frances Brindle (until 21 December 2021)
Richard Cryer (from 15 October 2021)
Victoria Fakehinde
Air Commodore Paul Hughesdon
Sarah Meek (from 15 October 2021 to 25 February 2022)
Graeme Shankland (until 7 July 2021)

RAF DEPENDANTS FUND

Charity Commission: 253492

Trustee:

Royal Air Force Benevolent Fund (Reg Charity: 1081009)

Management Committee members:

Air Vice-Marshal Chris Elliot (Chair)
Group Captain Jacqueline East (until 11 May 2021)
Group Captain Colin Owen (from 11 May 2021 to 13 December 2021)
Frances Brindle (until 21 December 2021)
Richard Cryer (from 15 October 2021)
Victoria Fakehinde
Air Commodore Paul Hughesdon
Sarah Meek (from 15 October 2021 to 25 February 2022)
Graeme Shankland (until 7 July 2021)

Scheme Manager:

Andy Cairns

RAF BENEVOLENT FUND TRUSTEES LIMITED (DORMANT)

Companies House: 00945083

Directors:

Air Vice-Marshal Chris Elliot (Chair)
Patrick Aylmer (from 1 July 2021)
Wing Commander Sarah Davis
Victoria Fakehinde
Air Commodore Paul Hughesdon
Al Bennett (until 27 May 2021)
Emrys Rogers

ROYAL OBSERVER CORPS BENEVOLENT FUND (DORMANT)

Charity Commission: 209640

OSCR: SC037659

Trustee:

Royal Air Force Benevolent Fund (Reg Charity: 1081009)

RAFBF PROPERTY COMPANY LIMITED

Companies House: 10456754

Directors:

Air Vice-Marshal Chris Elliot (Chair)
Richard Ingham (until 25 March 2021)
Air Vice-Marshal Elaine West (until 23 April 2022)
Air Commodore Paul Hughesdon
Victoria Fakehinde



Find out more about our
impact and our work at
rafbf.org.uk/impact

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



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