

THE RAF BENEVOLENT FUND HOUSING TRUST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2023

**The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2023**

Directors and Trustees

Air Vice-Marshal Chris Elliot CB CBE MA BSc DL (Chair)
Wing Commander Sarah Davis MBA MSc FCIPD
Mrs Victoria Akinboro BSc (Hons) ACMA CGMA
Air Commodore Simon Harper OBE MA FCIPD
Mr Emrys Rogers
Mr Patrick Aylmer FCA

Secretary

Mrs Victoria Akinboro BSc (Hons) ACMA CGMA

Independent Auditors

Saffery LLP
71 Queen Victoria Street
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Bankers

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Solicitors

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The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements

31 December 2023

Directors' Report

The Directors, who are also the Trustees of the charitable company, present their report and financial statements for the year ended 31 December 2023.

Principal activity

The RAF Benevolent Fund Housing Trust Limited (RAFBF Housing Trust Ltd) is a charitable company limited by guarantee and is a wholly owned subsidiary of The Royal Air Force Benevolent Fund (RAFBF). Its sole activity is to hold and operate properties for beneficiaries of the RAFBF.

The Company is financed and controlled by the RAFBF and assists in the attainment of its objectives by the purchase of properties for occupation by beneficiaries. These properties are let as rentals, where the rents charged take into account the means of beneficiaries and are set based on a recognised benchmark, the Joseph Rowntree Foundation Living Rent. The Company takes responsibility for insurance, external repairs and redecorations, and the preservation of the main structures and installations. Further details of the activities and policies of the RAFBF and its subsidiaries are included in its Annual Report, a copy of which may be obtained by writing to the registered office at the address shown on page 1 or by accessing it at the Fund's website www.rafbf.org.

Public benefit

As stated in the principal activity section, the RAFBF Housing Trust Limited's sole activity is to hold and operate properties for beneficiaries of the RAFBF. It exists to provide security and support to particularly vulnerable beneficiaries through the provision of bespoke housing solutions.

When reviewing the Company's aims and objectives, and in planning future activities and policies, the Directors have given careful consideration to the Charity Commission's general and supplementary guidance on public benefit and fee charging. The Company uses the published Joseph Rowntree Foundation's Minimum Income Standard figures to assist with assessing financial need. This provides a highly respected sector standard that represents the minimum income required to provide a socially inclusive standard of living in the UK. In addition to this, the Company allows additional expenditure for mortgage, rent, council tax, childcare and formal carer costs. Disability benefits are disregarded as income. Where a contribution is invited towards the costs of occupying a residential property, the beneficiary's means based on the above standard are always considered. No eligible member of the RAF Family is prevented from benefiting from the support of the RAFBF and this means that the rental income charged is considerably below the market rate.

2023 Review

During 2023, ten properties were purchased, three others adapted and five sold. Nine of the properties purchased enabled the relocation of existing occupants to more suitable accommodation and one supported a serviceman and his family to relocate from Service Families Accommodation as a result of him being medically discharged due to disability resulting from his service. The purchase of a further three properties were awaiting completion at the end of the year following the beneficiaries identifying suitable properties that would meet their needs. 2023 rental income was £1M (2022: £1M), with the considered application of welfare principles such as ability to pay, Joseph Rowntree Foundation Living Rent calculation and Local Housing Allowance rates being taken into account when calculating affordable rent.

Future plans of the Company

The Company intends to continue to manage a portfolio of properties in support of the beneficiaries of the RAF Benevolent Fund for the foreseeable future.

The net assets of the Company as at 31 December 2023 were £14.7M (2022: £14.7M). £10.9M (2022: £9.4M) was owed to the parent undertaking. Given that the Company manages properties solely in order to support the beneficiaries of the RAFBF, the Trustees of the parent undertaking are committed to providing continued institutional support to the Company in the form of an interest free facility for the foreseeable future. This means that whilst the debt is a short-term liability, the RAFBF will not be requesting repayment within the next twelve months. On this basis the Directors have reviewed the RAFBF Housing Trust Ltd and consider that adequate resources continue to be available to fund the activities for the foreseeable future. The Directors are of the view that the Company is a going concern.

Organisational structure and governance

The Directors of the Company shall at all times be not less than three and not more than twelve and shall include the Controller of the RAFBF ex-officio, who shall be the Chair of the Board and shall also include such members of the Major Grants Committee of the Fund as shall from time to time be nominated by the RAFBF. With the exception of the Controller, the Directors shall retain office only until the next AGM but will then be eligible for re-election. The business of the Company is managed by the Directors but may be delegated to any Director and/or employee of the RAFBF. The Company has no employees but pays a charge for the use of RAFBF staff to carry out operational activity.

The Directors may appoint any member of the Company as a director either to fill a casual vacancy or by way of addition to the Directors. Any member so appointed shall retain office only until the next AGM but will then be eligible for re-election.

Major risks and uncertainties

Trustees of the RAFBF have overall responsibility for managing risks faced by the Charity and its subsidiary entities. Therefore, the identification of major risks associated with the Housing Trust operation is carried out as part of the risk management process of the RAFBF.

The major risks, as identified by the Trustees, have been reviewed and appropriate mitigation measures put in place to manage downside risks and take advantage of opportunities presented. The major risks identified as having the potential to affect the reputation and subsequent successful performance of the RAFBF and hence the RAFBF Housing Trust Ltd along with mitigating actions are:

- **Income and Financial Sustainability:** This can be caused by the inability to generate sufficient income to cover increasing inflation driven costs on a consistent basis. Other underlying risks are the volatility on the property market that may lead to properties being vacant for extended periods of time and a potential change in Government that brings more stringent Energy Performance Certificate (EPC) measures. This risk is being mitigated by an ongoing review of the Housing Trust operating model, including its purpose, decision making, cost drivers and rent setting benchmark. Agreed actions will be implemented on a phased basis, premised on the underlying principle that the Trust exists to provide support to particularly vulnerable members of the RAF Family. EPC work is now part of the Company's regular maintenance programme and

will be included in annual budgets. The RAFBF continues to provide institutional support to the Housing Trust.

- **Meeting the needs of the RAF Family:** This can be caused by the failure of third parties to deliver timely and quality services on behalf of the Housing Trust or the RAFBF, who are then not able to carry out this work to an acceptable standard; and not being innovative and responsive to the changing needs of the RAF Family.

This risk is mitigated through the monitoring done by an Operations Board, regular reviews of surveyor performance and engaging with partner organisations to foster wider sector insight.

- **Safeguarding and the duty of care:** This can be caused by an activity that gives rise to a safeguarding incident in which a beneficiary or member of staff is adversely affected by the actions of the Company or the parent Charity.

This risk is being mitigated by ensuring that we have robust safeguarding policies, procedures, and training plans. There is a Safeguarding Committee that maintains oversight and a designated Safeguarding lead Trustee on the Board of the RAFBF and assurance from independent audits.

- **Governance and compliance with regulatory requirements:** This can be caused by stricter regulation on housing providers and /or insufficient awareness of regulation changes across all nations. This is mitigated by using the services of duly qualified surveyors and maintaining membership of the Cobseo Housing Cluster and Scottish Landlord Associations. Continuous monitoring of legislation around climate change measures and including energy efficiency in routine maintenance programme.

Reserves policy

As a wholly owned subsidiary of the RAFBF the reserves of the Company are considered alongside the Reserves policy of the parent charity.

Free reserves are the resources the Company has available to spend on revenue expenditure in line with its purposes once it has met its commitments and covered its other planned expenditure. The RAFBF Housing Trust Ltd has free reserves of £0.8M as at 31 December 2023 (2022: £1.6M). This amount is represented by net current assets excluding the amount owed to the parent charity.

On the basis of the continued support from the parent charity, the Directors have decided that the minimum level of reserves held should be sufficient to cover about six months operating costs to fund the on-going programme of maintaining the Company's property portfolio. The minimum requirement on 31 December 2023 was £0.5M (2022: £0.7M).

The Reserves policy is reviewed each year by the parent charity as part of the annual planning process. Performance against the reserves policy is monitored during the year as part of regular financial management and is reflected as a key performance indicator at Board level. Full details of the parent charity financial position can be obtained from the Annual Report and Accounts which are available on request from 67 Portland Place, London, W1B 1AR or from www.rafbf.org.

The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements

31 December 2023

Going concern

The Directors have given consideration to the Company reporting a net current liability position as a result of the large balance owed to the parent undertaking. However, the Company is assured that the Royal Air Force Benevolent Fund has no intention of calling upon this debt and has received written confirmation to this effect. The Directors have also given consideration to the external economic environment, the financial strength of the parent undertaking and income and expenditure forecasts, and concluded that the Company will be able to continue to operate for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Financial review

The Statement of Financial Activities (SOFA) for the year is set out on page 11 of the financial statements and shows a surplus of £62K (2022: £1.3M).

Income

Income is made up of rent received, the profit on the disposal of properties, bank interest and legacy income. There was a £1.4M/ 58% decrease in income from £3.3M in 2022 to £1.9M in 2023, due mainly to the £1.4M decrease in the profit on disposal of properties because the number of properties sold was lower, five in 2023 compared to twelve in 2022.

Expenditure

Charitable expenditure decreased from £2M in 2022 to £1.8M in 2023. This was primarily due to a decrease in the costs incurred in relation to repairs and renewals decreasing from £840K in 2022 to £692K in 2023.

Tangible fixed assets

As at 31 December 2023, the Trust owned 198 properties (2022: 193). During the year, 10 properties were purchased (2022: 2) and 5 were sold (2022: 12), resulting in a net increase of 5 properties.

Total cost of new properties was £3.38M (2022: £2.1M) plus £0.1M (2022: £0.3M) on adaptations. Sales proceeds of properties amounted to £1.3M (2022: £3.8M) and profits on these sales were £0.8M (2022: £2.1M).

The net book value of properties held was £24.7M at 31 December 2023, (2022: £22.4M). Reported values are based on historical cost, but the Directors recognise that the total market value will in all probability be materially higher.

Directors

The Directors during the year, and up to the date of approval of the financial statements, are as shown on page 1.

Governing Document The objects for which the Company is established are set out in the Memorandum of Association dated 2 June 1972. The Articles of Association of the Company were approved by a written resolution by the Directors on 24 June 2003.

Statement of Directors' responsibilities

The Directors (who are also Trustees of the RAFBF Housing Trust Ltd for the purposes of charity law) are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and of the outgoing resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures which are disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Directors 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.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the board on 28 May 2024



Victoria Akinboro
Secretary

Date: 2 July 2024

**The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2023**

Independent auditor's report to the members and the directors of The RAF Benevolent Fund Housing Trust Limited

Opinion

We have audited the financial statements of The RAF Benevolent Fund Housing Trust Limited for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, 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 charitable company's state of affairs as at 31 December 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and regulation 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 charitable company 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 directors' 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 charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The directors 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.

Other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors (who are also trustees of the charitable company for the purposes of charity law) 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements

31 December 2023

In preparing the financial statements, the directors are responsible for assessing the charitable company'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 directors either intend to liquidate the charitable company or to cease operations, or have no realistic alternative to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and under 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 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 charitable company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, 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 charitable company by discussions with directors and updating our understanding of the sector in which the charitable company operates.

Laws and regulations of direct significance in the context of the charitable company include The Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, 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 charitable company'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 charitable company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.


The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2023

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 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 charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and to the charitable company's directors as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's members and directors 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 charitable company, the charitable company's members and directors as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Wills (Senior Statutory Auditor)
for and on behalf of Saffery LLP

71 Queen Victoria Street
London
ECV4 4BE

Chartered Accountants

Statutory Auditors

Date: 19 July 2024

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

The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2023

STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2023

(incorporating income and expenditure account)

		2023	2022
		£	£
Income from:	Note		
Legacies		34,868	117,779
Charitable activities		1,076,657	998,221
Other activities		799,262	2,159,048
Total income	2	1,910,787	3,275,048
Expenditure on charitable activity	3	(1,849,138)	(1,985,823)
Net income		61,649	1,289,225
Net movement in funds		61,649	1,289,225
Total funds brought forward		14,662,567	13,373,342
Total funds carried forward		14,724,216	14,662,567

All funds are unrestricted.

There are no recognised gains or losses in either period other than as disclosed above.

All incoming and outgoing resources arise from continuing activities.

**The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2023**

BALANCE SHEET

as at 31 December 2023

	Note	2023 £	2022 £
Fixed assets			
Tangible assets	6	<u>24,742,138</u>	<u>22,442,112</u>
Current assets			
Debtors	7	123,980	89,485
Cash at bank and in hand		<u>917,365</u>	<u>1,957,148</u>
		<u>1,041,345</u>	<u>2,046,633</u>
Creditors: amounts falling due within one year	8	<u>(11,059,267)</u>	<u>(9,826,178)</u>
Net current liabilities		<u>(10,017,922)</u>	<u>(7,779,545)</u>
Net assets		<u>14,724,216</u>	<u>14,662,567</u>
Unrestricted general funds		<u>14,724,216</u>	<u>14,662,567</u>

The notes on pages 15 to 20 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

Approved and authorised for issue by the Board on 28 May 2024 and signed on its behalf by:



Victoria Akinboro
Director

Date:



Company registration number: 01058896

The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2023

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	2023	2022
	£	£
Cash flows from operating activities		
Net cash inflow/(outflow) from operating activities	1,178,306	(2,186,468)
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	1,299,732	3,756,029
Payments to acquire tangible fixed assets	(3,517,822)	(883,872)
Net cash provided by investing activities	<u>(2,218,090)</u>	<u>2,872,157</u>
Change in cash and cash equivalents	(1,039,783)	685,688
Cash and cash equivalents at beginning of year	1,957,148	1,271,460
Cash and cash equivalents at end of year	<u>917,365</u>	<u>1,957,148</u>
Reconciliation of net income to net cash flow from operating activities		
Net income for the year ended 31 December	61,649	1,289,226
Adjustments for		
Depreciation charges	667,336	611,499
Profit on disposal of fixed assets	(749,272)	(2,139,941)
Decrease/(increase) in debtors	(34,495)	(73,701)
Increase/(decrease) in creditors	1,233,088	(1,873,551)
	<u>1,178,306</u>	<u>(2,186,468)</u>
Analysis of cash and cash equivalents		
Current account	<u>917,365</u>	<u>1,957,148</u>
Analysis of changes in net debt		
Current account:		
As at 1 January	1,957,148	1,271,460
Movement in year	<u>(1,039,783)</u>	<u>685,688</u>
As at 31 December	<u>917,365</u>	<u>1,957,148</u>

Notes to the Financial Statements

For the year ended 31 December 2023

1. Accounting Policies

Accounting convention

These financial statements are prepared on a going concern basis, under the historical cost convention.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company is a public benefit entity for the purposes of FRS 102 and therefore the Charity also prepared its financial statements 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 (The FRS 102 Charities SORP), the Companies Act 2006, the Charities Act 2011 and Charities Accounts (Scotland) Regulations 2006 as amended by The Charities Accounts (Scotland) Amendment (No. 2) Regulations 2014.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

Going concern

The Directors have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions, including the impact of the economic volatility and high interest rates that might cast significant doubt on the ability of the Company to continue as a going concern. The Directors have made this assessment for a period of at least one year from the date of approval of the financial statements.

The most significant assets included on the Company's balance sheet are fixed assets, the purchase of which is facilitated by a loan from the parent charity, Royal Air Force Benevolent Fund (RAFBF). Amounts due to the RAFBF are unsecured, interest free, have no fixed date of repayment and are repayable on demand. The Directors have given consideration to the Company having reported a net current liability position as at 31 December 2023 as a result of the large balance owed to RAFBF. However, the Trustees of the RAFBF are committed to providing continued institutional support to the Company for the foreseeable future and have provided written confirmation to the Directors of the Company to this effect.

The group is in a healthy position at 31 December 2023 with net current assets of £13.3M including cash balances of £6.9M. The Directors therefore have a reasonable expectation that the Company has access to adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis in preparing financial statements.

Rental income

Rental income is accounted for on the basis of amounts received in the accounting period. In the opinion of the Directors, this policy is appropriate in view of the uncertainty over whether the rental income, which is not a contractual commitment, can be collected.

The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements

31 December 2023

Other income

Other income consists of the net realised gain on the sale of five properties (12 sold in 2022).

Fixed assets and depreciation

Fixed assets that cost more than £5,000 are capitalised and included at cost, including any incidental expense at acquisition.

Depreciation is provided on freehold and long leasehold properties at rates calculated to write off the cost less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Freehold buildings	-	over 50 years
Leasehold buildings	-	over the periods of the leases or 50 years, if shorter

Freehold land is not depreciated.

A full year of depreciation is charged in the year of acquisition and none in the year of disposal. The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Expenditure

All resources expended relate to the one charitable activity undertaken by the Company. Property repair and renewal expenses are written off to the Statement of Financial Activities as they are incurred. The Company has no employees but pays a charge for the use of RAFBF staff to carry out the operational activity.

Recognition of liabilities

Expenditure approved for payment but not paid is recorded as a liability in the balance sheet. Current liabilities consist of amounts expected to be settled within 12 months from the balance sheet date.

Current liabilities include payments due to the parent undertaking which is technically payable on demand although the Trustees of the RAFBF have offered assurances of their continued support to the Company in the form of interest free finance for the foreseeable future.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

Taxation

All the Company's income is applied for charitable purposes and therefore the Company is exempt from Corporation Tax.

The Company is not registered for VAT and so all expenditure is shown gross.

**The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2023**

Financial instruments

Basic financial instruments are measured at amortised cost.

Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements. In the view of the Directors in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements except depreciation, nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

2. Income

	2023	2022
	£	£
Legacies	34,868	117,779
Rental income	1,076,657	998,221
Bank interest	49,990	19,107
Profit from the disposal of properties	749,272	2,139,941
	1,910,787	3,275,048

3. Resources expended on charitable activities

	2023	2022
	£	£
General rates	9,038	11,692
Insurance	46,180	39,032
Repairs and renewals	692,022	840,152
Occupational therapist fees	7,579	11,500
Legal fees	8,242	2,708
Property management fees	232,101	269,340
Lease amortisation	12,619	12,619
Property depreciation	654,717	598,880
Audit fees	9,240	8,520
Staff costs	172,580	172,023
Others	4,820	19,357
	1,849,138	1,985,823

The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2023

Staff costs include:	2023	2022
	£	£
Wages and salaries	134,863	134,374
Pension costs	23,231	22,824
Social security	14,486	14,825
	172,580	172,023

Staff costs relate to five people employed by the RAFBF and represents amounts recharged based on their time spent on the Company's operational activity.

4. Directors' remuneration

None of the Directors has received any remuneration or reimbursement of expenses from the Company. The Directors are deemed key management personnel.

5. Related party transactions

The Company maintains an inter-company balance with the RAF Benevolent Fund, its parent undertaking and the balance owed to the RAF Benevolent Fund as at 31 December 2023 was £10.9M (2022: £9.4M). The movement during the year consisted of payments by the RAF Benevolent Fund for various property maintenance costs and staff costs recharged.

Most of the directors are senior executive staff at the RAF Benevolent Fund. There are no other related party transactions that require disclosure.

6. Tangible fixed assets

	Freehold properties £	Long leasehold properties £	Total £
Cost at 1 January 2023	29,944,007	630,938	30,574,945
Additions during the year	3,517,822	-	3,517,822
Disposals during the year	(726,005)	-	(726,005)
Cost at 31 December 2023	32,735,824	630,938	33,366,762
Depreciation at 1 January 2023	7,894,950	237,883	8,132,833
Depreciation for the year	654,717	12,619	667,336
Depreciation on disposals during the year	(175,545)	-	(175,545)
Accumulated depreciation at 31 December 2023	8,374,122	250,502	8,624,624
Net book value:			
At 31 December 2023	24,361,702	380,436	24,742,138
At 31 December 2022	22,049,058	393,054	22,442,112

The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2023

The Directors recognise that properties are recorded at historical cost less any charges for depreciation and therefore the market value could be materially different.

7. Debtors

	2023	2022
	£	£
Accrued income - legacy	36,814	47,297
Prepayment	35,740	40,829
HMRC	34,516	-
Other	3,348	1,359
	123,980	89,485

8. Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	105,204	328,534
The Royal Air Force Benevolent Fund – Gulf Trust	93,124	74,360
Interest free finance provided by the RAF Benevolent Fund	10,860,939	9,423,284
	11,059,267	9,826,178

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. However, the Trustees of the Royal Air Force Benevolent Fund are committed to providing continued institutional support to the Company for the foreseeable future.

9. Parent undertaking

In the Directors' opinion, the ultimate parent undertaking is The Royal Air Force Benevolent Fund, incorporated by Royal Charter, and registered in England and Wales (charity number 1081009) and Scotland (charity number: SC038218). Copies of its group financial statements, which include the results of the Company, are available from 67 Portland Place, London, W1B 1AR.

10. Guarantee

In the event of the Company being wound up, each director is liable to pay £1.

