



THE RAF BENEVOLENT FUND HOUSING TRUST LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2025

**The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements
31 December 2025**

Directors and Trustees

Air Vice-Marshal Chris Elliot CB CBE MA BSc (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
Mr Alan Porter (appointed 25 March 2025)

Secretary

Mrs Victoria Akinboro BSc (Hons) ACMA CGMA

Independent Auditors

Crowe U.K LLP
55 Ludgate Hill
London
EC4M 7JW

Bankers

Barclays Bank Plc,
1 Churchill Place
London
E14 5HP

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Gillespie MacAndrew
5 Atholl Crescent
Edinburgh
EH3 8EJ

Registered office

67 Portland Place
London
W1B 1AR

The RAF Benevolent Fund Housing Trust Limited Report and Financial Statements

31 December 2025

Annual Report

The Directors, who are also the Trustees of the charitable company, present their report and financial statements for the year ended 31 December 2025.

Governing Document The objects for which the charitable 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.

Principal activity

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

The Company is financed and controlled by the Royal Air Force Benevolent Fund and assists in the attainment of the Fund's objectives by purchasing properties for occupation by its beneficiaries. These properties are let for rentals, and rents charged are based on a recognised benchmark, the Joseph Rowntree Foundation Living Rent and take into account the means of beneficiaries. The Company takes responsibility for insurance, external repairs and redecorations, and the preservation of the main structures and installations. In 2025 352 beneficiaries were supported. Further details of the activities and policies of the Royal Air Force Benevolent Fund and its subsidiaries are included in its Annual Report, a copy of which may be obtained by accessing it at the Fund's website www.rafbf.org, or by writing to the registered office at the address shown on page 1.

Public benefit

As stated in the principal activity section, the Royal Air Force Benevolent Fund Housing Trust Limited's sole activity is to hold and operate properties for beneficiaries of the Royal Air Force Benevolent Fund. 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 Royal Air Force Benevolent Fund and this means that the rent charged is considerably below the market rate.

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Fundraising Activities

The charitable company had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

2025 Review

During 2025, one property was purchased (2024: four), eleven adapted (2024: one) and thirteen sold (2024: eight). The property purchased enabled the relocation of the existing occupants to more suitable accommodation. Purchases of two further properties were awaiting completion at the end of the year following the beneficiaries identifying suitable properties that would meet their needs. 2025 rental income was £1.2M (2024: £1.1M), with the considered application of welfare principles such as ability to pay and Local Housing Allowance rates being taken into account when calculating affordable rent. Repairs and maintenance of properties was £963K (2024: £866K). The interest free finance provided by the RAF Benevolent Fund reduced from £9.8M to £7.1M.

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.

Organisational structure and governance

Unless otherwise determined, the number of Directors shall not be less than three nor more than twelve. The Directors shall at all times include the Controller of the Fund 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 Fund. The Directors may also appoint any member of the company as a Director, either to fill a casual vacancy or by way of addition to the number of Directors, provided the maximum is not exceeded. At every AGM, one-third of the Directors (except the Controller of the Fund), shall retire from office and shall 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 Fund. The Company has no employees but pays a charge for the use of Fund staff to carry out operational activity.

Major risks and uncertainties

Trustees of the Royal Air Force Benevolent Fund have overall responsibility for managing risks faced by the Charity and its subsidiary entities. The identification of major risks associated with the Housing Trust operation is carried out as part of the risk management process of the Royal Air Force Benevolent Fund.

Risks have been reviewed and appropriate mitigation measures put in place to manage downside risks and take advantage of opportunities presented. The strategic risks identified as having the potential to affect the reputation and subsequent successful performance of the Royal Air Force Benevolent Fund and hence the Royal Air Force Benevolent Fund 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 the expenditure required to meet beneficiary needs on a consistent basis. Underlying risk pertaining directly to the Housing Trust are the conditions of the property

market leading to properties being vacant for extended periods of time and economic climate leading to rent not being paid by a good number of beneficiaries. These risks are being managed by considering market assessments provided by external RICS registered surveyors and taking proactive steps to sell properties when they become vacant and active oversight and monitoring by an Operations Board. Rental income risk is managed by active regular monitoring, annual rent reviews to identify changes in beneficiary circumstances and enable assistance as required, such as support from the Royal Air Force Benevolent Fund Benefits Advisors to maximise beneficiary income potential

- **The Royal Air Force Benevolent Fund** 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 Royal Air Force Benevolent Fund, 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. The main underlying risk of direct relevance to the Housing Trust is property management consultants (surveyors) not providing accurate information on maintenance requirements. 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 or inactions of the charitable company or the main fund.
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 Royal Air Force Benevolent Fund and assurance from independent audits. Policies are renewed annually with the Royal Air Force Benevolent Fund Safeguarding Lead Trustee
- **Governance and compliance with regulatory requirements:** This can be caused by stricter regulation on private landlords and other 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 Royal Air Force Benevolent Fund 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 Royal Air Force Benevolent Fund Housing Trust Ltd has free reserves of £0.2M as at 31 December 2025 (2024: £0.4M). This amount is represented by net current assets excluding the amount owed to the parent charity disclosed in note 9. There is a reduction in the indebtedness to the main charity with the amount owed decreasing to £7.1M from £9.9M in 2024.

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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 2025 was £0.5M (2024: £0.5M). The Directors have no concern regarding the free reserves held as at 31 December 2025 given the positive cash flow forecast for 2026 which monitors the level of free reserves and will allow the indebtedness to the parent charity to be reduced even further.

The group Reserves policy is reviewed each year by the parent charity as part of the annual planning process. Performance against the 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.

Going concern

The Directors have given consideration to the Company reporting a net current liability position as a result of the amount owed to the parent charity driven by capital expenditure to acquire properties. 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 having also given consideration to the financial strength of the parent charity, and income and expenditure forecasts, has 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.

The net assets of the Company as at 31 December 2025 were £16.4M (2024: £15M) of that £7.1M (2024: £9.9M) was owed to The Royal Air Force Benevolent Fund, the parent undertaking. Given that the Company manages properties solely in order to support the beneficiaries of the Royal Air Force Benevolent Fund, 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 Royal Air Force Benevolent Fund will not be requesting repayment within the next twelve months. On this basis the Directors have reviewed the Royal Air Force Benevolent Fund 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.

Financial review

The Statement of Financial Activities (SOFA) for the year is set out on page 12 of the financial statements and shows a surplus of £1.4M (2024: £287K).

Income

Total income was £3.3M and included rental income of £1.2M (2024: £1.1M), the profit on the disposal of properties of £2.0M (2024: £980K) and bank interest of £35K (2024: £48K). Also included in 2025 income is an insurance payment for damage to a Housing Trust property (2025: £48K, 2024: £NIL).

Thirteen properties were sold in 2025 compared to eight in 2024.

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Expenditure

Total expenditure is £1.9M, same as in 2024. Depreciation decreased from £438K in 2024 to £338K in 2025 as a result of a decision made to not depreciate the land element from 2024. This was offset by an increase in expenditure on repairs and maintenance which rose to £963K in 2025 from £866K in 2024, a 10% year on year increase.

Tangible fixed assets

As at 31 December 2025, the Trust owned 182 properties (2024: 194). During the year, one property was purchased (2024: four) and thirteen were sold (2024: eight), resulting in a net decrease of twelve properties.

Total cost of new properties was £450K (2024: £1.3M) which included £193K spent on property adaptations (2024: £183K).

Proceeds from the sale of properties amounted to £3.3M (2024: £2.3M) and profits on these sales were £2.0M (2024: £1.0M).

The net book value of properties held at 31 December 2025 was £23.3M, (2024: £24.5M). 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.

Statement of Directors' responsibilities

The Directors (who are also Trustees of the Royal Air Force Benevolent Fund 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

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31 December 2025**

financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006, Charities Act 2011 and the Charities (Accounts and Reports) Regulations 2008. 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 4 June 2026



Chris Elliot
Director

Date: 4 June 2026

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Independent Auditor's Report to 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 31st December 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cashflows 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 charitable company's affairs as at 31 December 2025 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 and the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

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 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 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 charity'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.

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Other information

The directors are responsible for the other information contained within the annual report. 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 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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the annual report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In 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 included within the annual report.

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

- adequate accounting records have not been kept 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
- if the small companies regime has been used the trustees 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 annual report.

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Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6 the directors (who are also the 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 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 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 trustees either intend to liquidate the charitable company 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 auditor under the Companies Act 2006, and section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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 extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified and assessed the risks of material misstatement of the Financial Statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Financial Statements. The laws and regulations we considered in this context were the Companies Act 2006, Charities Act 2011 and the Charities and Trustee Investment (Scotland) Act 2005 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charity and the group for fraud. The laws and regulations we considered in this

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context for the UK operations were; General Data Protection Regulation (GDPR), Health and safety legislation and Taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any.

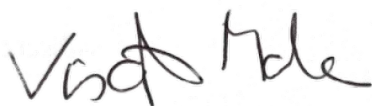
We identified the greatest risk of material impact on the Financial Statements from irregularities, including fraud, to be the override of controls by management which includes estimates and judgement. Our audit procedures to respond to these risks included enquiries of management, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with Companies House, Charity Commission, OSCR and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the Financial Statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located 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 charity's trustees as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and 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 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Vincent Marke

Senior Statutory Auditor

For and on behalf of **Crowe U.K. LLP**

Statutory Auditor

London

Date: 17 July 2026

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STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 December 2025

		2025	2024
		£	£
Income from:	Note		
Legacies		-	2,164
Charitable activities		1,215,207	1,136,669
Other activities		2,060,128	1,027,578
Total income	2	<u>3,275,335</u>	<u>2,166,411</u>
Expenditure on charitable activity	3	<u>(1,859,010)</u>	<u>(1,878,907)</u>
Net income		<u>1,416,325</u>	<u>287,504</u>
Net movement in funds		1,416,325	287,504
Total funds brought forward		<u>15,011,720</u>	<u>14,724,216</u>
Total funds carried forward		<u>16,428,045</u>	<u>15,011,720</u>
(incorporating income and expenditure account)			

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.

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BALANCE SHEET

as at 31 December 2025

	Note	2025 £	2024 £
Fixed assets			
Tangible assets	6	<u>23,257,979</u>	<u>24,482,040</u>
Current assets			
Debtors	7	79,601	65,651
Cash at bank and in hand		<u>632,559</u>	<u>722,377</u>
		<u>712,160</u>	<u>788,028</u>
Creditors: amounts falling due within one year	8	<u>(7,542,094)</u>	<u>(10,258,348)</u>
Net current liabilities		<u>(6,829,934)</u>	<u>(9,470,320)</u>
Net assets		<u>16,428,045</u>	<u>15,011,720</u>
Unrestricted general funds		<u>16,428,045</u>	<u>15,011,720</u>

The notes on pages 15 to 19 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 4 June 2026 and signed on its behalf by



Victoria Akinboro
Secretary

Date: 4 June 2026

Company registration number: 01058896

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STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025	2024
	£	£
Cash flows from operating activities		
Net cash inflow/(outflow) from operating activities	(2,944,683)	987,348
Cash flows from investing activities		
Proceeds from sale of tangible fixed assets	3,305,669	2,614,805
Payments to acquire tangible fixed assets	(450,804)	(1,312,826)
Net cash provided by investing activities	<u>2,854,864</u>	<u>1,301,979</u>
Change in cash and cash equivalents	(89,819)	(194,989)
Cash and cash equivalents at beginning of year	<u>722,377</u>	<u>917,366</u>
Cash and cash equivalents at end of year	<u>632,558</u>	<u>722,377</u>
Reconciliation of net income to net cash flow from operating activities		
Net income for the year ended 31 December	1,416,325	287,504
Adjustments for		
Depreciation charges	346,275	447,659
Profit on disposal of fixed assets	(1,977,079)	(979,918)
Decrease/(increase) in debtors	(13,950)	58,329
Increase/(decrease) in creditors	(2,716,254)	(800,919)
	<u>(2,944,683)</u>	<u>(987,345)</u>
Analysis of cash and cash equivalents		
Current account	<u>632,558</u>	<u>722,377</u>
Analysis of changes in net debt		
Current account:		
As at 1 January	722,377	917,366
Movement in year	(89,819)	(194,989)
As at 31 December	<u>632,558</u>	<u>722,377</u>

Notes to the Financial Statements

For the year ended 31 December 2025

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. Amounts due to the Royal Air Force Benevolent Fund 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 2025 as a result of the large balance owed to Royal Air Force Benevolent Fund. However, the Trustees of the Royal Air Force Benevolent Fund 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 2025 with net current assets of £21.28M including cash balances of £15.7M. 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.

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Other income

Other income consists of the net realised gain on the sale of thirteen properties (four sold in 2024).

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 (excluding land) 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

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 Royal Air Force Benevolent Fund 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 Royal Air Force Benevolent Fund 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.

Financial instruments

Basic financial instruments are measured at amortised cost.

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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

	2025	2024
	£	£
Legacy income	-	2,164
Rental income	1,215,207	1,136,669
Bank interest	34,822	47,660
Profit from the disposal of properties	1,977,079	979,918
Other Income	48,227	-
	3,275,335	2,166,411

3. Resources expended on charitable activities

	2025	2024
	£	£
General rates	33,423	13,471
Insurance	29,790	38,772
Repairs and maintenance	963,045	866,412
Occupational therapist fees	7,866	12,157
Legal fees	5,810	29,304
Property management fees	259,142	263,318
Lease amortisation	8,307	9,427
Property depreciation	337,968	438,232
Audit fees	12,260	8,380
Staff costs	199,131	197,329
Others	2,268	2,105
	1,859,010	1,878,907

Staff costs include:	2025	2024
	£	£
Wages and salaries	153,749	151,598
Pension costs	26,850	29,314
Social security	18,532	16,417
	199,131	197,329

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

4. Directors' remuneration

None of the Directors which are also considered trustees has received any remuneration or reimbursement of expenses from the Company with the exception of Mr Emrys Rogers who is one of the five people of which a portion of their salary is recharged to the Company. The Directors are deemed key management personnel. Three of the directors are members of the Executive Leadership Team of The Royal Air Force Benevolent Fund.

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 2025 was £7.1M (2024: £9.9M). The movement during the year of £2.8M consisted of £3M of repayments to the RAF Benevolent Fund, this was possible because of the number of property sales during 2025. Less £200K for various property maintenance costs and staff costs recharged during 2025. There are no other related party transactions that require disclosure.

6. Tangible fixed assets

	Freehold properties	Long leasehold properties	Total
	£	£	£
Cost at 1 January 2025	32,636,641	471,323	33,107,964
Additions during the year	450,804	-	450,804
Disposals during the year	(1,803,588)	(55,976)	(1,859,564)
Cost at 31 December 2025	31,283,857	415,347	31,699,204
Depreciation at 1 January 2025	8,426,649	199,275	8,625,924
Depreciation for the year	337,967	8,307	346,274
Depreciation on disposals during the year	(489,552)	(41,422)	(530,974)
Accumulated depreciation at 31 December 2025	8,275,064	166,160	8,441,224
Net book value:			
At 31 December 2025	23,008,793	249,187	23,257,980
At 31 December 2024	24,209,992	272,048	24,482,040

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7. Debtors

	2025	2024
	£	£
Prepayment	15,960	20,126
Taxation	39,935	41,247
Other	23,706	4,278
	79,601	65,651

8. Creditors: amounts falling due within one year

	2025	2024
	£	£
Trade creditors	13,109	12,723
Other creditors	272,959	268,255
The Royal Air Force Benevolent Fund – Gulf Trust	120,588	107,120
Interest free finance provided by the RAF Benevolent Fund	7,135,439	9,870,250
	7,542,095	10,258,348

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:SC038109). 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.