

ANNUAL REPORT & ACCOUNTS

Year ending 30 September

2015



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For many people, the image that springs to mind when they hear 'The Royal British Legion' is the iconic poppy, distributed during the Legion's annual Poppy Appeal in late October and early November, or the Festival of Remembrance that fills the Royal Albert Hall in November every year. Our position as the nation's custodian of Remembrance is important – but our work doesn't stop there. Our focus is as much on the here and now, working to improve the lives of veterans, serving members of the Armed Forces and their families in every way imaginable, from our Handy Vans that can make quick repairs in veterans' homes to our Pop In centres that offer face-to-face support to our beneficiaries... and everything in between. In fact, our promise sums it up nicely: "To the memory of the fallen and the future of the living".

OUR VISION

The nation fully embraces and upholds the welfare and interests of the Armed Forces community, and the memory of their service.

OUR MISSION

To be the No.1 provider of welfare, comradeship, representation and Remembrance for the Armed Forces community.

FOREWORD



JOHN CRISFORD
National Chairman



CHRIS SIMPKINS
Director General

For The Royal British Legion, 2015 was a year of momentous anniversaries, but it was not only a year for looking back. The Legion was at centre stage as the nation gathered to pay tribute to its Second World War generation on the 70th anniversaries of VE Day and VJ Day. Meanwhile, behind the scenes we were putting the finishing touches to a renewal programme to ensure that the charity remains fit for purpose long into the future.

We increased our presence on the UK's high streets, provided record levels of advice and information through our contact centre and online, found new channels to offer support to other charities, worked more closely with government, received widespread recognition of our pioneering work in dementia care, and much more.

There has never been a better year for the Legion to live up to the promise we make: Live On – To the memory of the fallen and the future of the living.

To support our Remembrance objectives, we hosted commemorations for conflicts distant and recent, some of them in a spirit of joyful celebration, others striking a more sombre note. We hosted a royal luncheon for 350 Second World War veterans on the 70th anniversary of VE

Day, followed by a televised 1940s-themed concert. Months later, our royal reception for veterans and their families to commemorate VJ Day was a more solemn, but no less significant, occasion. A younger generation of veterans was also acknowledged for its service in Afghanistan at a royal reception hosted by the Legion on Horse Guards Parade.

Our welfare work was enhanced by boosting our profile and accessibility with the completion of a new national network of Pop In centres on high streets up and down the UK. We now manage 16 of these handy, highly visible high-street operations, in Aylesbury, Belfast, Birmingham, Brighton, Bristol, Cardiff, Colchester, Derby, Leeds, Liverpool, London, Manchester, Newcastle, Plymouth, Southampton and Swindon.

The centres are fast becoming an excellent force for good in their communities. They are a focal point for our beneficiaries, with veterans visiting to seek help and advice, use our IT facilities, or just to socialise and have a chat. Service-related charities such as Combat Stress are using them to deliver support to Armed Forces personnel and veterans. The premises allow us to assist our beneficiaries in face-to-face clinics dealing with benefits and money matters, war pensions and compensation, or advice on independent living. They are also a hub for our charity's membership, where County Chairmen can hold management meetings, members can give their time as information volunteers, or Legion branches can receive professional support and advice.

Our commitment to campaigning has contributed to substantially increased funding towards community mental health

services for our most vulnerable veterans. We also secured £3 million for mobility funds and £10 million in hearing funds for veterans, both of which will lead directly to improved support.

We furthered our collaborative work by expanding our external grants programme across the country, inviting smaller charities and community projects to apply for Legion funding for causes within our remit. We subsequently funded a record number of these and substantially increased the number of beneficiaries we can assist.

The Poppy Appeal took as its visual theme the centenary of the First World War, the conflict that led to the charity's founding and to our lasting symbol of Remembrance and hope, the red poppy. The centenary was in our thoughts throughout the appeal, which demonstrated once again the overwhelming generosity of the general public. People of all ages and religions, and from all walks of life, were as determined as ever to support us in the commemorative events we organised, and to ensure that we can continue to help our beneficiary community. The Royal British Legion depends on voluntary donations to sustain its vital work, and we are very grateful to the nation for its continued support.

JOHN CRISFORD
National Chairman

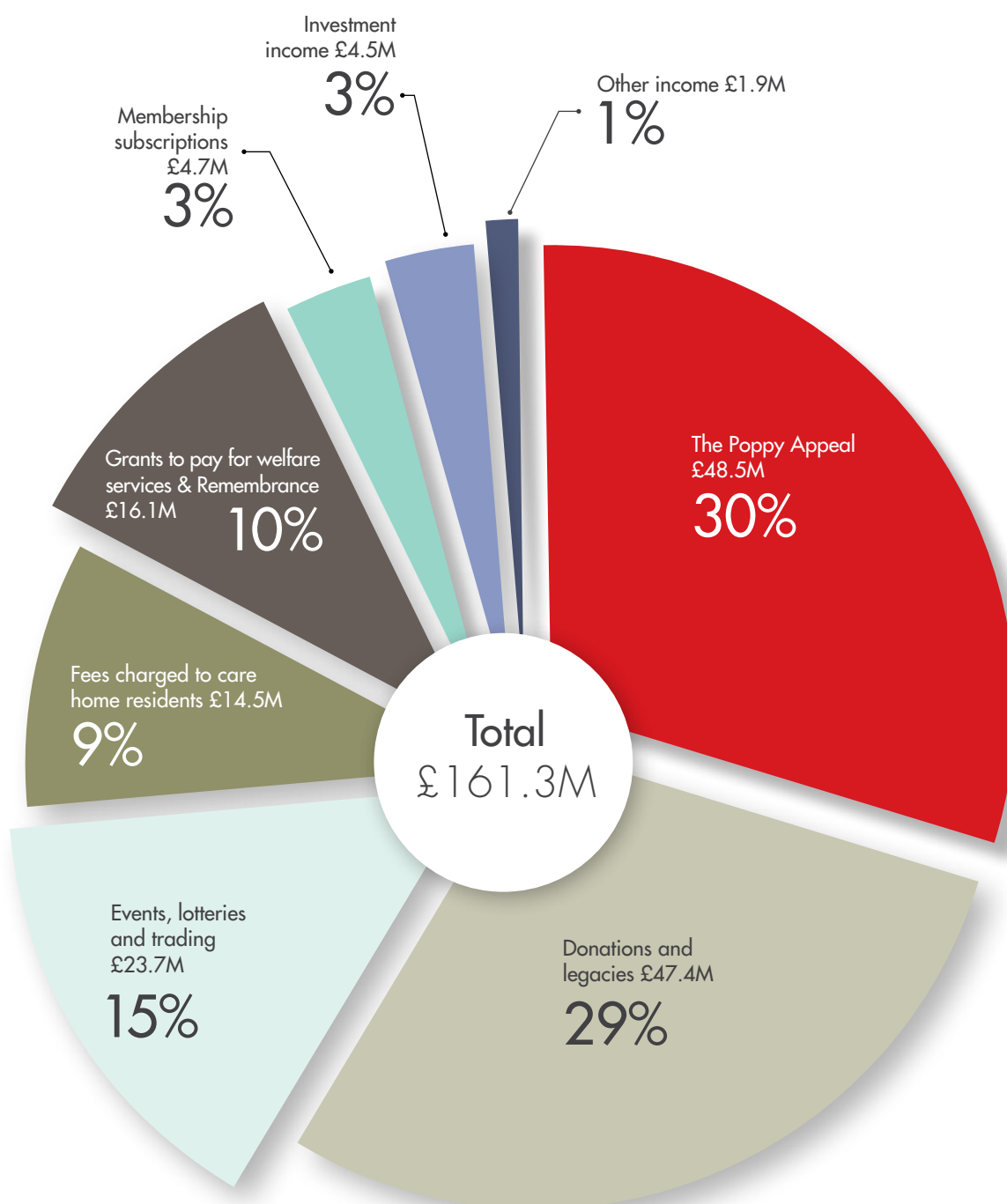
CHRIS SIMPKINS
Director General



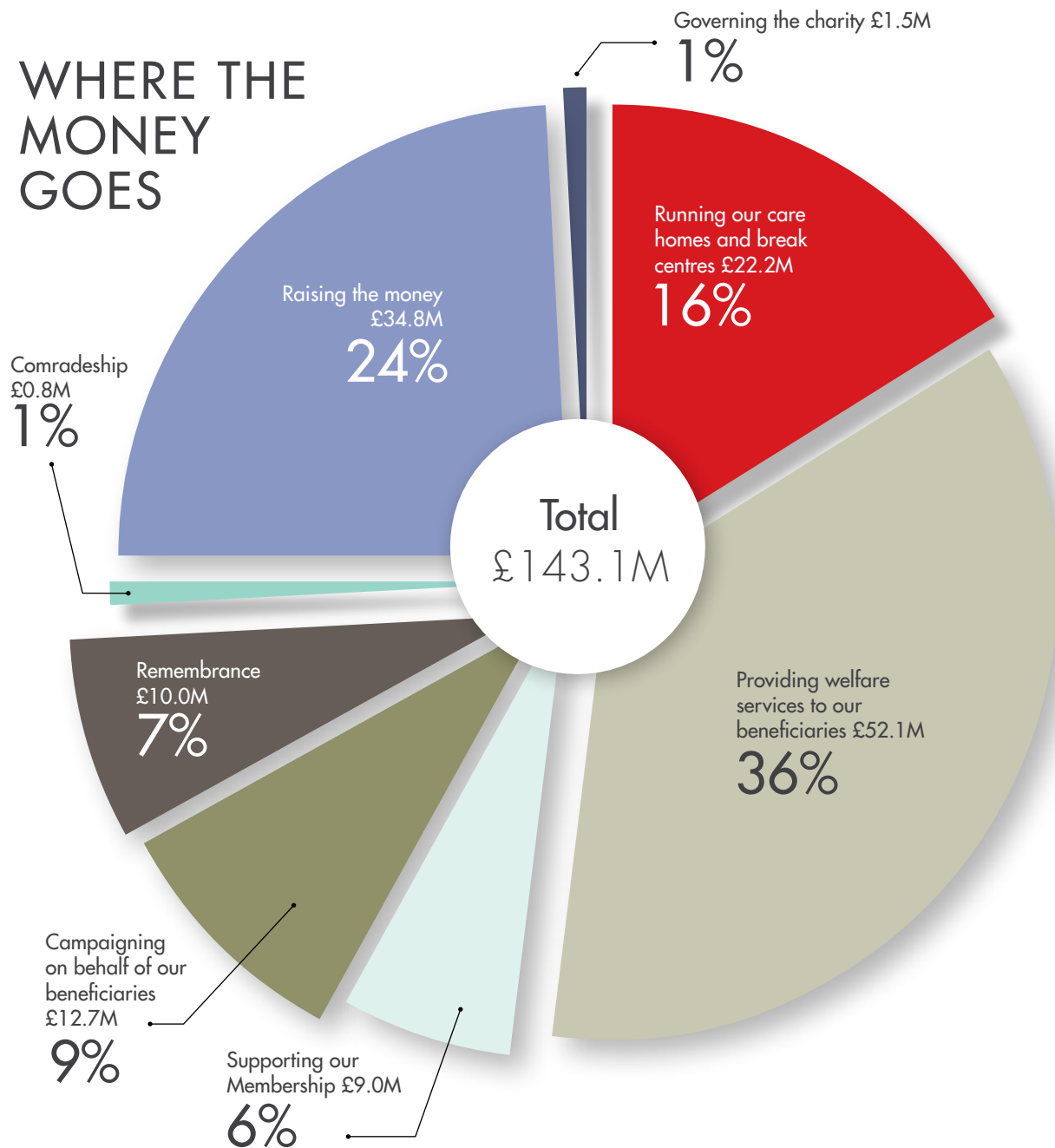
FUN RAISING: The Royal British Legion's work is sustained by an army of fundraising volunteers such as Claire, competing on our behalf last year in the Virgin Money London Marathon

FINANCIAL OVERVIEW

WHERE THE MONEY COMES FROM



WHERE THE MONEY GOES



WHAT WE OWN (£M)

Buildings used by the charity	82.5
Buildings occupied by third parties	69.0
Working capital used to run the organisation	82.4
Investments held to ensure we honour our commitments	106.6
Other assets and liabilities	(19.8)
TOTAL	320.7

TRUSTEES' REPORT

SUPPORTING OUR BENEFICIARIES

The Royal British Legion emerged in 1921 as part of a growing recognition that the veterans of the First World War had returned with needs that were not being met by government services. Unemployment, disability, housing problems and mental trauma had created major welfare issues, which newly created and established Service charities stepped in to address – these charities eventually joining forces to become the British Legion.

It's a role we continue to fill to this day. We are committed to ensuring that every member of the ex-Service community is able to live happily and independently, with a sustainable future. Our Royal Charter defines the Legion's beneficiaries as all of those currently serving in Her Majesty's Armed Forces, including Reservists, all those who have served, and all their dependents. This is

a vast beneficiary community: we estimate its number to be in the region of 6.2 million people, which gives rise to a complex and challenging set of needs.

The Legion's role can range greatly – from stepping in to bring about changes that will benefit thousands of veterans, down to providing small but important household improvements that make it possible for a single veteran to live independently. We believe the beneficiary is at the heart of everything we do and are committed to spending every penny we raise as efficiently and effectively as possible to help as many people as we can. The following pages illustrate just a few examples of this commitment...





THIS PAGE: Our Pop In centres have quickly become a valued resource in communities the length and breadth of the UK

FACING PAGE: Set up by the Legion and the MoD, the Battle Back Centre helps wounded, injured and sick Service personnel on the road to recovery

MAKING IT EASIER TO GET IN TOUCH

We've completed the planned roll-out of our Pop In centres – all 16 are now open and the charity has never been so visible across the UK. Our Freephone contact centre on 0808 802 8080 is now open from 8am to 8pm, seven days a week; add to that our live webchat and the searchable knowledge base on our website, and we're more easily reached than ever by people who need advice. Our Pop In centres have made it possible to work even more closely with partner charities such as Combat Stress, RFEA – The Forces Employment Charity, and Veterans UK. This collaboration means that we extract maximum value from the centres and allows us to help even more people.



REMPLOY

JUST THE JOB: David Parker secured a position as a Customer Service Assistant in M&S Silverburn, Glasgow's Food Hall after taking part in the Legion's CivvyStreet programme



HELPING VETERANS BACK INTO WORK

We've been working closely with the construction industry to bring mentors and ex-Service personnel together

Finding a new role after leaving the Services can be challenging, so we're ready to help with the transition to civilian life. We've been developing a new one-to-one mentoring scheme that will help veterans get a grasp of employment opportunities in a range of civilian industries. We've been working closely with the construction industry, for example, to bring mentors and ex-Service personnel together; and with Marks & Spencer, a long-term partner and supporter of the charity, to find work placements for veterans within the company. The success rate is encouraging: of the 76 veterans who participated in the retailer's work experience programme 'Marks & Starts', 36 are now directly employed by Marks & Spencer. We also improved our CivvyStreet programme – which helps Service personnel make the switch the civilian life – by extending the scheme to include spouses.



PIONEERING, AWARD- WINNING DEMENTIA CARE

Providing assistance for veterans living with dementia is already a source of great pride for us, with four cutting-edge dementia care units already up and running in our Legion Care Homes. Construction has begun on our fifth unit at Maurice House in Broadstairs, Kent, which we plan to make fully operational in 2016. We've also made steady progress in the expansion of our Admiral Nurse services, which provide at-home support to people with dementia and their carers, branching out into Hampshire and Somerset. There's good news, too, for more lonely and isolated older and disabled veterans and their families, as we continue to develop services to help the charity reach out to them.



TOP: Dementia worker Julia Cole sitting in Danbury Lodge's sensory garden with one of the dementia wing's residents

LEFT: Advisor Ben Upton sharing a joke with Mrs Gordon, one of the many beneficiaries of the West Midlands' Admiral Nurse service

GIVING SMALLER CHARITIES A HELPING HAND

One of the ways we reach more people is by giving money to other organisations across the UK. Around two thirds of the funding applications we received last year were for local or regional projects that wanted our help to get worthwhile schemes off the ground. The support we gave to this wide range of organisations enabled them to help 17,500 people, from veterans living with dementia through the Memory Café in Plymouth to homeless ex-Service personnel through the Single Homeless Action Initiative in Durham.



MEMORY LANE: The Legion-supported Memory Café in Plymouth is run by the Alzheimer's Society for veterans with dementia and their carers

**The support we gave to a wide
range of organisations enabled
them to help 17,500 people**



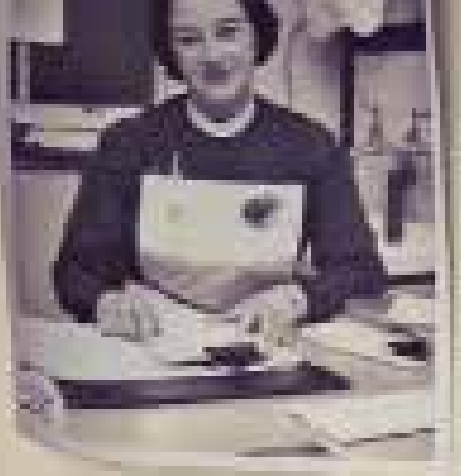
CONSTANTLY REVIEWING AND IMPROVING OUR SPECIALIST SERVICES

**We've expanded
our independent
living advice
service with a
focus on helping
veterans and their
families remain in
their own homes**

We reviewed all of our specialist services to make sure they are the best that they can be; we've now adapted them to ensure that more help reaches more people with assistance that is appropriate for their needs. We've expanded our independent living advice service with a focus on helping veterans and their families remain in their own homes. We've reorganised the hugely popular Handy Van service, which helps elderly veterans with small household repairs and minor adaptations, making it a part of our Independent Living process. And we reviewed the way we help veterans who are settled overseas, and put in place a new management structure that brings this work up to date and makes it as efficient as the support services offered here in the UK, wherever we can.

HELPING HAND: A fitter with the Handy Van service, Jamie Newcombe (left), with the Mayor of Wrexham

BLOOMING MARVELLOUS:
Effie Flower, former matron and
current resident of one of the Legion's
four specialist dementia care units,
Poppy Lodge, which was put into
the spotlight by the highly praised
Channel 4 documentary *Dementiaville*





POPPY LODGE

A PIONEERING APPROACH
TO DEMENTIA CARE

One of The Royal British Legion's specialist dementia care units was featured in a three-part Channel 4 documentary series, *Dementiaville*. Poppy Lodge at Galanos House, the Legion Care Home in Warwickshire, takes a progressive approach to the care of those who are living with dementia, and our teams work with the residents to embrace what they believe to be true rather than correcting (and confusing) them. Effie Flower (pictured), a former Matron who still takes charge around Poppy Lodge, was one of the stars of the hour-long episode. The programme sparked an emotional response from viewers, and *Metro* reported that Twitter was soon trending with audience tears and praise. "The example set by the Poppy Lodge should be seen as a shining light," reported *The Daily Telegraph*.

"Poppy Lodge is a lively, happy place full of noise and activity," said Jo-Anne Wilson, Matron at Galanos House. "There is always something for the residents to get involved in, from baking and gardening to helping look after our two goats! I hope the programme shows people a different, positive side to dementia care."



TRUSTEES' REPORT

A POWERFUL VOICE CAMPAIGNING FOR THOSE WHO NEED IT

We have always been a powerful voice for our beneficiaries, working to persuade governments to adopt new policies to make life better for members of the Armed Forces, veterans and their families. As a result of our strength as a national charity with a local footprint, we're able to present a case to those in power on behalf of people who don't 'have a voice'. By getting politicians on our side, we can make long-lasting changes that not only benefit the people who need help most, but also society as a whole.





IMPROVED NHS CARE FOR VETERANS

In our 2015 Manifesto we campaigned on mental health issues, asking that waiting times be brought down to 18 weeks (in line with other waiting times in the NHS) and that services be provided by practitioners with an understanding of veterans' needs. In the March 2015 Budget Statement, the Chancellor announced that an extra £8.4 million would be set aside over the next five years to allow the NHS in England to make big improvements to community mental health services, specifically for the most vulnerable veterans. The Veterans NHS Wales service has also been awarded an additional £100,000 of funding every year, following successful campaigning by The Royal British Legion.

THIS PAGE: the Legion's 2015 Manifesto contributed to the Chancellor setting aside an extra £8.4 million over the next five years to allow the NHS in England to make improvements to community mental health services

FACING PAGE: Armed Forces Minister Penny Mordaunt speaks at our reception at the Conservative Party Conference

MOVING ON: One of our beneficiaries, Corie Mapp, who was injured in Afghanistan in 2010 while serving in the Household Cavalry



FUNDING FOR INJURED VETERANS

The Legion secured £3 million, generated from fines levied on banks for manipulating the LIBOR rates, for a new Veterans Mobility Fund to support veterans who have Service-related serious physical injury, but who aren't covered by existing Ministry of Defence provision for clinically prescribed specialist wheelchair or limb-bracing equipment. The fund will also support those veterans whose warranty on MoD-issued equipment has expired.

The Legion secured £3 million for a new Veterans Mobility Fund to support veterans who have Service-related serious physical injury



FUNDING FOR VETERANS WITH HEARING LOSS

The Legion's *Lost Voices* report highlighted the problem of Service-related hearing loss, backed by our own research, and called on the government to do more to support military personnel and veterans whose hearing has been damaged by their Service. As a result, £10 million has been awarded from LIBOR fines to

establish a new Veterans Hearing Fund, which will enable veterans with Service-related hearing loss to get support that wouldn't otherwise be available through the NHS. In particular, this fund will help people to get higher-grade 'in the ear' hearing aids, along with therapies such as lip-reading courses.

MAKING ITSELF HEARD:
The Legion's *Lost Voices* report resulted in the establishment of a new Veterans Hearing Fund

TRUSTEES' REPORT

FUNDRAISING ALL YEAR ROUND

Our fundraising work lasts a lot longer than the busy three-week period in the autumn leading up to Remembrance Sunday. In addition to our Poppy Appeal, thousands of people up and down the country raise money for the charity throughout the year. Whether it's taking on a marathon, hosting a bake sale at the village hall or completing a challenge event, our supporters are raising funds for our important work the whole year round.



THERE IS NOTHING LIKE A DAME: Celebrity Legion supporter Dame Barbara Windsor DBE alongside members of the RAF at the launch of the London Poppy Day in Covent Garden



ON YOUR MARKS:
Simon is just one of the hundreds of people who take part and raise vital funds for the charity each year at the Virgin Money London Marathon

BEYOND THE POPPY APPEAL

Our annual Poppy Appeal, held in October and November, is our most celebrated way of raising money – but it's far from being our only one. Among many big successes throughout the year, a standout event is our flagship Pedal to Paris, a four-day ride from London to the French capital, which in 2015 raised an incredible £421,000. Every year we also have a dedicated team of runners taking part in the Virgin Money London Marathon – including one notable entrant who in 2015 completed the course in a fully

armoured 30kg bomb-disposal suit. Iain Church (aided by his support crew of Nigel Marsh and Damian McKeown) raised nearly £9,000 for the Legion and set a Guinness World Record for 'Fastest marathon in a bomb disposal suit' of six hours, 28 minutes and six seconds. We also had runners raising funds for the Legion in the Royal Parks Half Marathon and the Great North Run; the annual Poppy Walk, which takes place in London every June; and hundreds of keen cyclists taking part in the Prudential Ride London-Surrey 100.

THE STORY BEHIND THE POPPY

OUR CAMPAIGN TOOK ITS CUE
FROM THE FIRST WORLD WAR

For the 2015 Poppy Appeal, we wanted to re-establish the connection between the Appeal itself and where the money raised each year is actually spent, and to commemorate the ongoing centenary of the First World War – after which The Royal British Legion was founded.

The idea for the campaign was to find genuine photos of First World War soldiers and ask current and ex-Serving members of the Armed Forces community to re-enact them. Tom Reeves (below), whose family have run a photographic studio based near Brighton since 1858, confirmed that his great-grandfather had taken photos that fit the bill, and not only did he retain the originals – he even had the same camera on which they were taken.

Mark Stonelake (pictured far right) was one of the veterans, Service men and women who re-enacted a portrait for the campaign. Mark served with 29 Commando Regiment Royal Artillery but had to have his left leg amputated in Afghanistan in 2008 after the vehicle he was driving was hit by a roadside explosive device. He is one of the many members of the Armed Forces community that the money from the Poppy Appeal goes to help.







CITY POPPY DAYS WERE A HUGE HIT

For several years, we've held a London Poppy Day during the annual Poppy Appeal, which sees the capital's transport network transformed for a day into a beehive of Legion fundraising. Thousands of uniformed personnel from the Royal Navy, Army and Royal Air Force join city volunteers to collect at railway stations from 7am, backed by military bands and announcements from celebrities who have included Stephen Fry, Jo Brand, Joanna Lumley, Barbara Windsor and Danny Dyer. We've now extended the City Poppy Day formula to Birmingham, Bristol and

Manchester, with huge success. Birmingham Poppy Day, for example, saw nearly 300 volunteers out and about with collection tins and putting on events to raise money for the charity. Munawwar Uddin Ahmad and Imtiaz Ahmed, representing the Ahmadiyya Muslim Association in Derby, came out to show their support for the Armed Forces by collecting for the Poppy Appeal. "This is the first time we've got involved with and raised money for the Poppy Appeal," they told us. "We started at 11am and will be here all day."

ARMY OF VOLUNTEERS: Serving members of the Armed Forces join the ranks of Poppy Day collectors

BUILDING CORPORATE PARTNERSHIPS

One of the many great examples of the wonderful partnerships we've forged with businesses across the country is the help we've had from the pub company Enterprise Inns. Inspired by an idea from one of their pubs in Hereford, the company now gives us national support by publicising the Poppy Appeal, asking their managers to arrange events, and selling Poppy Ale to boost donations to the charity. A similar project with Hillside Brewery, a micro-brewery in the Forest of Dean, led to the launch of ANZAC Ale, with five per cent of its sales being donated to the Legion.



Enterprise Inns sell Poppy Ale to boost donations to the charity



ABOVE: The Legion's Head of Corporate Partnerships celebrates the launch of Poppy Ale

LEFT: A pint of Hillside Brewery's ANZAC Ale

TRUSTEES' REPORT

REMEMBRANCE FOR ALL

Remembrance Sunday at the Cenotaph on Whitehall, a solemn and moving occasion for the nation, includes 10,000 veterans in the Legion march-past. Remembering those who have made the ultimate sacrifice for their country is a duty that will always remain at the heart of who we are as a charity. As Remembrance is uniquely a charitable remit of the Legion, we are also constantly seeking ways to commemorate Remembrance beyond Whitehall and November.



GETTY



ABOVE: Members of the Armed Forces and veterans parade past the Cenotaph on the 70th Anniversary of VJ Day

LEFT: HRH The Duke of Cambridge at our reception on Horse Guards Parade after the Afghanistan service of commemoration

FACING PAGE: An artist's impression of plans for the National Memorial Arboretum's new Remembrance Centre

IMPROVING THE NATIONAL MEMORIAL ARBORETUM

The Legion is making substantial improvements to the National Memorial Arboretum (NMA), our free-of-charge, year-round national home of Remembrance in Staffordshire. More than 300 memorials placed on its grounds commemorate conflicts from the First World War to Afghanistan, while its impressive Armed Forces Memorial records the names of all those lost on active service since 1945. And with the site open 364 days

a year, the arboretum, with its enormous grounds, provides the opportunity for year-round Remembrance. The NMA has welcomed 2.5 million visitors since it opened in 2001, and to accommodate growing demand we have improved visitor facilities and made enhancements to the Armed Forces Memorial, and started construction on a new £15.7 million Remembrance Centre, which is scheduled for completion in autumn 2016.





GETTY



INSPIRING MORE PEOPLE TO REMEMBER

The NMA was also the venue for a Royal British Legion-hosted Service of Remembrance on 10 March 2015 to mark the centenary of the Battle of Neuve Chapelle, in which several thousand British and Allied casualties were sustained. Around 4,500 of those came from the Indian Corps – the most significant loss of Indian armed forces during the First World War – and the service provided an opportunity for their British descendants, and Sikhs serving in the British Army today, to pay their respects. We celebrated the 70th anniversary of VE Day with a luncheon reception for Second World War veterans in St James's Park and a 1940s-themed televised concert hosted by the BBC's Chris Evans. In addition to these unique events, our annual Festival of Remembrance broadcast in November drew record audiences of more than six million appreciative viewers. And our ever-popular schools pack of Remembrance learning resources reached an estimated 2.5 million young people.

TOP: The VE Day 70: A Party to Remember concert on Horse Guards Parade, part of a three-day celebration of VE Day

ABOVE: Singers Pixie Lott, Laura Wright and Rebecca Ferguson pictured backstage during the VE Day 70: A Party to Remember event

FACING PAGE: A Punjabi folk band at the Service of Remembrance to mark the centenary of the Battle of Neuve Chapelle at the NMA



GETTY



KEEPERS OF COMMEMORATION

THE NATION CONSIDERS THE LEGION TO BE THE
CUSTODIAN OF REMEMBRANCE

In 2015 The Royal British Legion helped to lead the nation in Remembrance of conflicts both distant in time and recent. In March, a service of commemoration at St Paul's Cathedral marked the end of combat operations in Afghanistan, after which HRH The Duke of Cambridge joined us in saluting veterans of the conflict at a reception on Horse Guards Parade. Later, in August, TRH The Prince of Wales and The Duchess of Cornwall joined us as we marked the 70th anniversary of Victory over Japan Day and the official end to the Second World War with a reception for veterans and their families in Whitehall.



MAIN PICTURE: A formation of RAF helicopters that served in Afghanistan performs a fly-past over St Paul's Cathedral, to honour the veterans of the conflict

ABOVE: HRH The Duchess of Cornwall chats with guests at the Legion's VJ Day reception in Whitehall

TRUSTEES' REPORT

AN ACTIVE ENERGETIC MEMBERSHIP

We wouldn't be able to do the work we do without our members. Legion membership is drawn from Service men and women, veterans and civilians who share our values – whatever their background, their energy and dedication is the beating heart of the Legion. They are what give our national charity a local footprint, whether holding commemorative events in the community, easing the loneliness of elderly veterans living in isolated circumstances or raising funds for the annual Poppy Appeal. Their presence in the community is always recognised and invariably welcomed as a force for good.

MEMBERSHIP IN ACTION:
Christmas lunch for veterans and
their families in the Friendship
Group created by Ann Kadiri from
the Legion's Rushden Branch





BETTER SUPPORT FOR LEGION BRANCHES

We have taken the effort out of the time-consuming manual processes of branch administration with new digital software to manage branch accounts, membership lists, handbooks and other materials. The new software has required some adjustment, but the improvements can't be overlooked – accounts that used to take hours to complete are now done in minutes, membership lists are updated regularly, and records are reliably stored and shared.

PEOPLE WHO COUNT: Mary Davies, left, and Janice Taylor, Branch Treasurers from Ashton-Under-Lyne and Nelson, Lancashire, and keen advocates of the Legion's new online accounting system



LOOKING FORWARD

IN THE NEXT 12 MONTHS WE WILL:

WELFARE

- Implement the Specialist Services review, which involves improving the specialist advice and support for beneficiaries facing financial challenges, including money, benefits and debt advice; help with war pensions and compensation; and advice and home repairs to assist with independent living.
- Develop a new five-year strategy that will build the support available to the Legion's beneficiary community, ensuring that the right services are available for those in need.
- Continue to increase the use of the 16 Pop-In centres, the telephone contact centre and the online knowledge base to provide information, advice and support.
- Develop more collaborative working partnerships with charities and agencies, providing a wider range of support and services for our beneficiaries.
- Encourage the development of new and localised services for beneficiaries by supporting local charities and organisations with external grants.
- Develop a long-term Care Services Strategy, ensuring that the Legion is providing the right support for its ageing beneficiaries in light of the introduction of the Care Act 2014 and a changing legislative and funding landscape.

- Be part of the UK delegation to the Invictus Games 2016, which is being delivered in partnership with the Ministry of Defence and Help for Heroes. We will lead work to support the team's friends and families in the UK and US as friends and family play a critical and often unsung role in recovery, and their support and involvement is key.

REMEMBRANCE

- Maintain and enhance our role as national custodian of Remembrance for all members of the Service community. We will work closely with government and charity partners to ensure that the centenary commemorations of the Battle of Jutland and the Battle of the Somme are commemorated both nationally and locally in 2016.
- Inspire community engagement around our Remembrance activity, in particular providing communities with the tools, content and downloadable resources to help them mark the 100-year anniversaries of the Battle of Jutland and the Battle of the Somme.

CAMPAIGNING

- Continue to campaign for fair compensation for veterans diagnosed with mesothelioma (successfully completed in March 2016).



- Continue to campaign for all injured veterans to be able to keep their compensation when accessing social care.
- Launch a major new campaign to ensure that questions on the Armed Forces community feature in the 2021 Census.
- Continue to engage MPs and local councillors in our policy and campaigns.

FUNDRAISING

- Continue to develop our year-round programme of fundraising activity, celebrating our Patron's birthday with The Royal British Lunch in June.
- Engage new and younger audiences by partnering with British Military Fitness to deliver The Royal British Legion Major Series – seven challenging, muddy but fun obstacle courses run across the country.
- Create a special range of fundraising products to commemorate the battles of Jutland and the Somme, including a brass poppy badge made from shells reclaimed from the battlefields of the Somme.



TOP: A member of the Jump4Heroes team comes in to land in a poppy field

LEFT: A parade at the Field of Remembrance in Lydiard Park, near Royal Wootton Bassett

ABOVE: A young fundraiser displays her medal after the Virgin Money London Marathon

BOARD OF TRUSTEES



**VICE-ADMIRAL
PETER WILKINSON CB CVO
National President**

Peter was appointed as the National President in October 2012. He joined the Royal Navy in 1975 and, after a career in the submarine service and a final appointment as Deputy Chief of the Defence Staff (Personnel), retired in 2010 with the rank of Vice-Admiral. Peter is Chairman of the maritime charity Seafarers UK, Vice-Chairman of the Forces Pension Society, Vice-President of Combat Stress and Patron of 'Soldier On' and the Loch Class Frigates Association.



**JOHN CRISFORD
National Chairman**

John was elected as the National Chairman in May 2013. He joined the Army in 1957 and served in the Bands of The Royal Horse Guards (The Blues) and the REME Staff Band; he also served as a member of the Royal Army Pay Corps. John left the Army in 1981 with the rank of Staff Sergeant. Following employment in local government, with LG Software and with a nationwide flooring company, John retired from full-time employment in 2005. He joined the Legion in 1981, became a member of the Board of Trustees in 2008 and was elected as the National Vice-Chairman in 2011.



**TERRY WHITTLES
National Vice-Chairman**

Terry was elected as the National Vice-Chairman in 2014. He joined the Army in 1966 and served as a Linguist in the Intelligence Corps. Terry retired from the Regular Army in 1981 with the rank of Warrant Officer; he then served in the Territorial Army for twelve years before retiring with the rank of Major. Following positions in the Civil Service, the Defence Evaluation and Research Agency, ICL (now Fujitsu), a retail outlet and a period of self employment, Terry retired from full-time employment. He was elected to the Board of Trustees in 2006.



ADRIAN BURN FCA

Appointed as a Trustee in 2009, Adrian chairs the Audit Committee. A Chartered Accountant, he brings a wealth of financial experience to the Board.



JASON COWARD

Appointed as a Trustee in May 2014, and with extensive experience in brand marketing and communications, Jason has particular interest in the marketing of the Legion and its brand development. He has worked with both commercial and third-sector organisations, and now runs his own marketing consultancy.



DENISE EDGAR

Denise was elected as a Trustee in 2011, and re-elected in 2014. She has been actively involved with the Legion for the past 25 years and brings a great deal of membership experience to the Board. Denise is currently the Vice-Chairman of the Membership Council.



**LIEUTENANT COLONEL
JOE FALZON OSJ BEM**

Joe was elected as a Trustee in 2014. He joined the Army in 1963 and retired in 2001 with the rank of Lieutenant Colonel. He served as the Legion's Head of Governance & Administration until 2010, when he took early retirement. Joe brings a wealth of administrative experience to the Board.



MARILYN HUMPHRY

Elected as Chairman of the Women's Section in 2014, Marilyn, by virtue of her Office, is a member of the Board of Trustees in accordance with the Rules contained in the Royal Charter.



**MAJOR GENERAL
DAVID JOLLIFFE CB FRCP**

David was appointed as a Trustee in 2012. He was commissioned into the Royal Army Medical Corps in 1967 and retired in 2003 with the rank of Major General. The Legion's work on behalf of the ex-Service and serving community is close to David's heart, and he is able to add his personal contribution to that work.



**LIEUTENANT COLONEL
COLIN KEMP**

Colin was elected as a Trustee in 2014. He joined the Army in 1965 and retired in 2001 with the rank of Lieutenant Colonel. Colin is an advocate of strong membership and strives to promote membership values and to foster ceremonial roles and duties to good effect.



ANTHONY MACAULAY

Anthony was appointed as a Trustee in 2011, and reappointed in 2014. A lawyer by profession, he has wide-ranging company and commercial experience, especially in corporate finance work including takeovers and flotations. Anthony brings a wealth of legal experience to the Board, and is working with the Legal Counsel in the development of our in-house legal function.

OVERLEAF »

Biographies for
six further trustees,
and a roster of
Legion executives

BOARD OF TRUSTEES



PHILIP MOORE

Philip was appointed as a Trustee in 2014. He is currently the Group Finance Director of Liverpool Victoria Friendly Society, a mutual insurance and investment group that employs more than 5,700 people and serves over five million customers with a range of financial products. Philip brings a wealth of financial experience to the Board and chairs the Finance Committee.



BILL PARKIN

Bill was re-elected as a Trustee in 2013 and is now in his final term of Office. He served in the Royal Navy from 1964 to 1985 and had a number of roles in the IT industry before retiring in 2011. Bill believes that the Legion must continue to evolve in the foreseeable future to meet the challenges that face us.



CATHERINE QUINN

Catherine was appointed as a Trustee in 2013. She has an Executive MBA from Said Business School, and degrees from US and UK universities. Catherine is currently Said Business School's Chief Operating Officer and Associate Dean of administration/operations. She has served on several boards and brings a welcome breadth of experience to our own Board of Trustees.



COLONEL NEIL SALISBURY OBE DL

Neil was elected as a Trustee in 2014. He joined the Army in 1974 and retired in 2010 with the rank of Colonel. As a former soldier with 37 years' experience, Neil has a deep understanding of the needs of the Armed Forces community. Such experience and skills make him an ideal member of the Board of Trustees and he currently chairs the Conference Committee.



MARTYN TIGHE

Martyn was re-elected as a Trustee in 2014 and is now in his final term of Office. He joined the Army in 1974 and retired in 1996 with the rank of Warrant Officer. Martyn then joined the Staffordshire Police as a member of the Support Staff and retired in 2014. He believes that, by being a member of the Board of Trustees, he can help to shape the future of our organisation and maintain the very strong links with the membership at both national and local levels.



**LIEUTENANT COLONEL
DAVID WHIMPENNY**

David was elected as a Trustee in 2013. He was commissioned from the Royal Military Academy Sandhurst in 1985 and remains a serving soldier with the rank of Lieutenant Colonel. David is passionate in his support of The Royal British Legion and its relevance in today's society, and is the chair of the Membership Council and the NMA Trustees Committee.

CO-OPTED MEMBERS

The Trustees would like to recognise the support given by the following co-opted members, who bring their special expertise to the boards and committees on which they sit:

Paul Orchard-Lisle FRICS
David Bennett Rees FIA
John Tedder (to Dec 15)
Air Vice-Marshal Anthony Stables
Dr Jon Wittmann (from Dec 15)

National President

Vice-Admiral Peter Wilkinson
CB CVO

National Vice-Presidents

Peter Howells CBE OStJ TD DL
His Grace the Duke of Wellington
KG LVO OBE MC DL FKC
His Grace the Duke of Westminster
KG CB OBE TD DL
Geoffrey Medcalf MBE
Geoff Barwell OBE JP

National Chaplain

The Right Reverend
Nigel McCulloch KCVO

KEY COMMITTEES OF THE BOARD OF TRUSTEES AND CURRENT MEMBERSHIP

Audit Committee

Adrian Burn (Chairman)
Martyn Tighe
Major General David Jolliffe
CB FRCP

Finance Committee

Philip Moore (Chairman)
Anthony Macaulay
Bill Parkin

Governance Committee

John Crisford (Chairman)
Terry Whittles (Vice-Chairman)
Catherine Quinn
Martyn Tighe

Property Committee

Anthony Macaulay (Chairman)

Lieutenant Colonel Joe Falzon
OSJ BEM

Jason Coward

Conference Committee

Neil Salisbury (Chairman)
Tony Goodwin
Sue Kelly
Hugh Ashton-Moore
Bill Burn
John Morrison

BPT Trustee Committee

Air Vice-Marshal Anthony Stables
(Chairman)
Denise Edgar
Terry Whittles
Jenny Rowe (from Oct 15)
Stephen Cooper

Membership Council

David Whimpenny (Chairman)
Denise Edgar (Vice-Chairman)
Alan Cathery
John Clark
David Swann
Alan Higbee
Philip Wilson
Syed Mahmood
Roger Garratt
John Morrison
Rod Bedford
Stuart Allen
Bill Burn
Philip Davies
Paul Harris
Mike Barry
Garry Mills
Eddy Dixon
Dilys Hooper

EXECUTIVE BOARD

Director General

Dr Chris Simpkins
DMA HonDUniv FloD DL

Director of Finance

John Graham FCA DChA

Commercial Director

Stephen Cooper DIP ARCH RIBA
MRICS ACIRib FRSA

Director Fundraising

Charles Byrne

Director Operations

Anthony Baines (from Feb 16)
Sue Freeth (to Dec 15)

Director Marketing and Communications

Gary Ryan

Director Human Resources and Organisational Development

Jane Hounsborne (from Jan 16)
Sharron Lewis-James (to Dec 15)

CONSULTANTS AND ADVISORS

Bankers

Lloyds TSB Commercial
Public & Community Sector
3rd Floor
25 Gresham Street
London EC2V 7HN

Independent Auditors

Deloitte LLP
2 New Street Square
London EC4A 3BZ

Investment Managers

Cazenove Capital
Management Limited
12 Moorgate
London EC2R 6DA

Legal Advisers

Withers
16 Old Bailey
London EC4M 7EG

WOMEN'S SECTION

President

HRH The Princess Royal

Chairman

Marilyn Humphry

Vice-Chairman

Pat Chrimes

Chairman of Finance

Sandra Fishlock

Central

Committee Members

Karen Brown
Margaret Cook
Hazel Crosby
Margaret Earley (to Jan 15)
Sandra Fishlock
Margaret Harris (to April 15)
Elizabeth Harrison
Fiona Havergal
Ann Morris RGN (to Apr 15)
Joan Murray MBE
Sandra Saban
Janet Salter
Kay Scase
Marie Skells
Sheila Thompson
Julia Walker
Doreen Warlow
Eileen Williams

National Life

Vice-Presidents

Dame Mary Bridges DBE
Maureen Cole OBE
Doris Ingham OBE
Elsie Nash OBE
Patricia Valler OBE
Wendy Bromwich JP

National Vice-Presidents

Viscountess Brookeborough
(Patron)
The Rt Hon the Countess Bathurst
Baroness Grey-Thompson DBE
Her Grace The Duchess of Grafton GCVO (to November 15)
Auriol, Marchioness of Linlithgow
Elizabeth, the Dowager Countess of Scarbrough LVO
Betty Underhill OBE
The Lady Grey of Codnor
Sara Jones CBE DL JP OStJ
Barbara Frankland
Valerie Kerr-Wilson (Patron)
Janie Martin DL
Joanne Andrew-Steer MBE
Acting National Secretary
Tony Wright

FINANCIAL REVIEW

Despite a challenging background of the increased scrutiny of charity fundraising practices, 2015 was another successful year for the Legion's voluntary donations. The public's support of our cause was demonstrated with £95.9 million in voluntary income (2014: £82.3 million), which after deducting costs of generating voluntary income was £76.7 million (2014: £66.9 million).

Part of this success was due to continued interest in the centenary of Britain's involvement in the First World War, and renewed interest in our Second World War generation of veterans on the 70th anniversary of victories in Europe and Japan. We were supported in commemorating these events by grants from the LIBOR fund and others, totalling £16.1 million (2014: £6.2 million). While the Poppy Appeal once again posted record returns of £48.5 million (2014: £41.6 million), the charity used this anniversary-rich period to diversify its fundraising the whole year round. This helped incoming resources to reach £161.3 million (2014: £133.5 million) (see page 6).

These much-needed funds also allowed us to expand and diversify our welfare offering. Our telephone helpline, high-street locations and online advice and information made it easier than ever for our beneficiaries to reach us directly, while growth in external grants of £12.2 million allowed us to help even more people indirectly.

The main grants went to The Royal British Legion Centre for Blast Injury Studies at Imperial College London (£4.6 million), the Defence and National Rehabilitation Centre (£5 million) and Combat Stress (£1.5 million). Expenditure on ceremonial activities grew by £4.4 million, reflecting our support of the commemoration of the 70th anniversaries of VE Day and VJ Day, supported by the LIBOR fund. We have also established a forward programme of marking key anniversaries throughout the First World War centenary. These activities are funded by restricted grants from HM Treasury, and this is reflected in the growth of restricted income and expenditure. Resources expended totalled £143.1 million (2014: £115.2 million) (see page 7).

Overall, the Legion generated net incoming resources (gross income less expenditure) before transfers and other recognised gains and losses of £18.3 million, of which £6.9 million was unrestricted. The Legion ended the year with a strong balance sheet and high levels of liquidity. Group cash totalled £101.7 million at 30 September 2015, helped by restricted

funds received for commemorative events and also funds raised for the new visitor centre at the Legion's National Memorial Arboretum. After other recognised gains and losses, total funds increased to £320.7 million, comprising £137.8 million unrestricted and £182.9 million restricted funds.

BRANCH PROPERTY TRUSTS

At 30 September 2015, the Legion held £69 million (Note 25) in the restricted investment property reserve, representing the market value of properties held under Branch Property Trusts. In addition, £62.6 million was held in restricted Branch Property Trust funds comprising proceeds and interest thereon, from the sale of properties held in corporate trusteeship. During the year the restriction on £7.2 million net was removed from Branch Property Trust funds that had served their purpose. There is a clear strategy for freeing up the remaining funds over the next three or four years.

RESERVES

The Legion holds reserves to ensure that services to beneficiaries can continue during a period of unforeseen reduced income. Our reserves policy is set with reference to the financial risks facing the charity. The Legion is heavily dependent on volunteer support and donations from the public to enable it to carry out its work. Our biggest risk is that our income suddenly drops because of unforeseen factors beyond our control. In these circumstances, reserves would need to fund operating expenditure while the organisation was put back onto a stable footing. The Trustees have agreed that, given the key financial risks facing the charity, the Legion should seek to hold reserves to cover approximately six months' unrestricted expenditure.

The Legion sets its reserves policy with reference to the liquid and available unrestricted funds. Unrestricted funds, excluding the functional fixed assets and programme-related reserves (both of which are backed by illiquid assets), totalled £60.6 million (Note 24), representing six months' unrestricted expenditure.

INVESTMENT PROPERTIES

The Legion is the trustee of some 376 properties valued at £69 million (2014: 393 properties, value £71.2 million). These properties are let to independent commercial operations, primarily affiliated social clubs. Included within the 376 properties are 30 local trust properties. These are properties held by named individuals (usually branch committee members) for the benefit of a specific Legion branch.

Properties held under trust are treated as investment assets and are included in the accounts at their market value. For accounting purposes, market value takes into consideration the value of leases in place with third-party tenants. In most cases, these leases are with social clubs operating under licence with the Legion. Due to restrictive covenants in place, the rent paid by the Legion's club tenants tends to be lower than that which would be achievable on the open market. This can result in a significantly lower market value for accounting purposes than the open market value of the same properties with vacant possession.

The Legion's methodology with regard to the valuation of investment properties has changed this year. Previously all properties were valued every five years, and in the intervening years the values were updated using a composite index. The property portfolio is very diverse and the full valuation, completed last year, showed that the use of a composite index in the intervening years was not satisfactory. We have moved to revaluing one-fifth of the properties each year and carrying out a review of the remainder to identify any event that would materially affect the valuation. During the year, the Legion disposed of 17 investment properties, realising £4 million.

FINANCIAL INVESTMENTS

During the year, the Legion transferred £10 million of cash into the Cazenove Fund, and at the year end the total value of the Group's investments was £106.6 million. The portfolio is managed through three investment managers. The charity's main

investment portfolio of £84.1 million (2014: £78.2 million) represents 79 per cent of the value of funds under management at 30 September 2015, and is managed by Cazenove Capital Management Limited. The Poppyscotland portfolio of £9.9 million (2014: £10.1 million) is managed by Sarasin & Partners. Branch and county investments of £12.6 million (2014: £8.8 million) are held in a mix of listed investments and unit trusts in the Charities Official Investment Fund (COIF) with CCLA.

The mandates agreed with the Legion's two investment managers specify the level of risk that can be undertaken by defining asset classes and ranges, benchmarks and acceptable volatility. The investment managers have total discretion within these parameters. The Legion's ethical investment policy fits under the umbrella of the environmental, social and governance policies set and applied by each investment manager.

The mandates agreed with both Cazenove and Sarasin have the following dual objectives:

- to minimise the risk of the assets falling by more than 10 per cent; and
- to maintain the real value of assets and target an investment return in excess of annual increases in the Retail Price Index plus two per cent.

During the year, the performance target for both investment managers was brought into line. To achieve this, Cazenove has increased its share of equities, while Sarasin has moved more into bonds. Overall, the share of equities in the portfolio has increased from 28.6 per cent to 32 per cent. While the managers can operate within a defined range, the benchmark asset allocation for each manager is as follows:

	Cazenove	Sarasin
Equities	40%	40%
Bonds and cash	40%	52%
Alternatives	20%	8%

The different asset allocations reflect the portfolios considered by each manager as suitable to achieve the performance target.

GRANT MAKING

Grants are made to individuals in immediate need, after an assessment of the beneficiary's financial situation. These grants, in the form of cash, goods or services, are small in value but large in volume. In 2015, we spent £9.5 million on individual grants (2014: £11.1 million). The cost of these grants has stabilised following the introduction of the new model of personalised advice and support for beneficiaries.

The grant made to the Officers' Association (OA) is a contractual commitment. Other external grants are made to organisations where a third party has skills or facilities that are unavailable within the Legion's own resources. This year, we have made a grant of £5 million towards providing complex trauma gymnasium facilities at the new Defence National Recovery Centre (DNRC) based near Loughborough. In 2015, excluding the DNRC and OA, grants were awarded to 69 organisations totalling £8.4 million (2014: 39 organisations and £1.4 million).

ORGANISATIONAL STRUCTURE, GOVERNANCE AND MANAGEMENT

The Legion has a head office in London where the Director General and the supporting Executive Board of six executive directors are based. There is a network of offices in England, Northern Ireland, Scotland and Wales, which provide facilities for beneficiaries, local members, volunteers and staff. Care home services and Poppy Breaks are delivered through the Legion's premises around the country. The Handy Van service is organised from a call centre in Huntingdon, and the Legion's contact centre is based in Cardiff. The National Memorial Arboretum, the home of the Armed Forces Memorial, is situated in Alrewas, Staffordshire. Headquarters for Poppyscotland are located in Edinburgh. The charity's branches are located throughout England, Wales, Northern Ireland and overseas.

The Legion's governing document is its Royal Charter of Incorporation and Schedules, which was first granted in 1925. The Board of Trustees has the responsibility for its implementation and review, but charter amendments require a special resolution at the Annual Conference before they can be subsequently ratified by a special resolution of the Board of Trustees and allowed by HM The Queen in council.

Directors' roles are evaluated using the Hay job evaluation system, and this supports a process of pay benchmarking. There is an independent Governance Committee comprised of trustees, which oversees and reviews directors' remuneration at least annually. In addition, an independent review was carried out within the past 18 months to ensure that remuneration is in line with market rates.

BOARD OF TRUSTEES

The Board of Trustees is responsible for the overall governance, policy and work of the Legion. All substantive decisions are made by the Board of Trustees within the bounds of the Royal Charter and the Legion's vision, mission and charitable objectives. The board provides overall policy direction, while administration of the charity is delegated to the Director General and through him to the Board of Executive Directors.

The Board of Trustees meets six times per year and comprises 16 trustees:

- the Chairman and Vice-Chairman, elected by all branches;
- seven trustees elected by all branches;
- six trustees appointed by the Board of Trustees. Invitation is by open advertisement and selection takes place through the Governance Committee; and
- the Chairman of the Women's Section, elected by the members of the Women's Section at the Women's Section National Conference.

Trustees are elected or appointed for an initial three-year period and are eligible for a further two terms of three years. The Chairman and Vice Chairman may only serve one term of three years. Newly elected trustees are given induction training on their duties and responsibilities as members of the Board of Trustees. Training needs are reviewed on an annual basis and specific training is given to trustees as required. Trustees receive no remuneration but are reimbursed for the cost of attending meetings and other official functions. Trustees are invited to lead and officiate on pilgrimages and the costs involved in that duty are included in the declared figure for trustee expenses (Note 12).

PUBLIC BENEFIT

The trustees have given due regard to the public benefit guidance published by the Charity Commission. They believe that the extensive welfare support provided to our beneficiaries, along with the other charitable activities undertaken, satisfies the public benefit requirements of the Charities Act 2011.

STATEMENT OF TRUSTEES' RESPONSIBILITIES RELATING TO THE ANNUAL REPORT AND ACCOUNTS

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice). The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity, of the incoming resources, and of the application of resources of the charity for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities Statements of Recommended Practice (SORP);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on a going-concern basis, unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The trustees are responsible for the maintenance and integrity of the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

COMMITTEES OF THE BOARD

The Board of Trustees has seven committees that report to it, all of which have written terms of reference.

Two of the committees facilitate membership matters:

- the Membership Council has responsibility for the direction and implementation of all membership issues; and

- the Conference Committee oversees the organisation of the Annual Conference.

Two committees form an integral part of the governance of the charity:

- the Governance Committee makes recommendations on trustee appointments and overseas staffing arrangements, and monitors governance best practice;
- the Audit and Risk Committee reviews the significant judgements made in the accounts before board approval. It provides for regular communication between the trustees and the external and internal auditors, monitors risk management procedures, and approves the internal audit programme; and

Three committees oversee the resources of the charity:

- the Finance Committee reviews, recommends and monitors compliance with the reserves and investment policies. It reviews the annual budget, oversees and monitors the investment portfolio, and addresses any other financial matters referred to it by the Board of Trustees;
- the Property Committee recommends strategy and monitors performance in relation to functional property developments, oversees significant acquisitions or disposals, and ensures that these properties are appropriately maintained; and
- the Branch Property Trusts Trustee Committee recommends strategy and monitors compliance in relation to the management of properties, income and assets held by the Branch Property Trusts and approves property disposals.

CORPORATE STRUCTURE

The Legion has an extensive corporate structure comprising:

- the charity;
- ten wholly owned subsidiaries, nine of which are included in the consolidated accounts and one of which is dormant; and
- the Irish ex-Service Trust, for which it acts on behalf of Her Majesty's Government as the distributory agent.

Further details of the activities and performance of subsidiaries are given in Note 11 to the accounts.

In addition, there are four active companies which for historic reasons share our poppy logo:

- Royal British Legion Industries Limited (RBLI), which provides employment, training and support for people, including those with disabilities, plus care and support for ex-Service men, women, and families;

- Royal British Legion Poppy Factory Limited in Richmond (Poppy Factory), which creates paid, meaningful employment opportunities for wounded, injured and sick ex-Service men and women;
- The Royal British Legion Attendants Company Trust, which promotes the rehabilitation and resettlement of men and women of Her Majesty's Armed Forces who are in need of assistance in civilian life; and
- Royal British Legion Scotland, which helps Scottish ex-Service men and women of all ages adapt to civilian life.

These four companies are separate charitable trusts with no common shareholding and no other form of control by The Royal British Legion. The results of these companies are therefore not included in the consolidated accounts of the Legion.

ROLE OF THE MEMBERSHIP AND VOLUNTEERS

The Legion is a membership organisation overseen by a Board of Trustees through the Membership Council. Around 250,000 members are organised through approximately 2,300 Branches operating across England, Wales, Northern Ireland and the Isle of Man, with a further 98 branches overseas.

Branches:

- administer welfare in their area;
- undertake their own fundraising with central support for the Poppy Appeal;
- recruit and maintain members; and
- act as representatives in their local community.

Branches report to 53 county and district committees, and the committees of branches, counties and districts consist entirely of volunteers. The Legion provides operational support to the membership structure and oversees the delivery of welfare services through the provision of paid staff located in each county and district.

There is a separate Women's Section within the Legion, which at 30 September 2015 had 743 branches and 29,500 members. It provides care and support for the ex-Service community by means of various welfare schemes such as financial help to ex-Service women, wives, widows and widowers of ex-Service personnel, and their children. Responding to the decline in number of Women's Section members, in December 2015 the Board of Trustees agreed that the Women's Section should be fully integrated within the Legion as a district and that the welfare

activities it undertakes be incorporated into the wider welfare activities of the Legion.

Many members of the Legion belong to one of the 482 clubs (2014: 492) that use the Legion's name under licence but which are independent entities; therefore, their financial results are not included in these accounts. There are 261 clubs (2014: 268) that occupy premises owned (or leased from third parties) by the Legion and leased to the club.

The Legion is also grateful for the valuable support of hundreds of thousands of volunteers who support us throughout the year. More than 900 volunteers support the charity as caseworkers, information volunteers in the Pop In centres and visitor volunteers, and help at our care homes. Around 4,000 undertake the Poppy Appeal Organiser role, supporting the tens of thousands of volunteers who collect during the Poppy Appeal. During 2015, the Legion launched its first comprehensive Volunteer Survey, aiming to learn more about our volunteers and how they feel about the Legion. Of those who responded, more than half told us they take on more than one volunteer role for the Legion, with nine out of 10 feeling proud to volunteer for us and 72 per cent saying that they would recommend volunteering for the Legion to friends and family. The results of this survey will help inform our volunteer strategy and shape the future development of volunteering across the Legion.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Trustees has responsibility for the oversight of risk management within the Legion. It has approved a framework through which major risks are identified, assessed, effectively addressed and monitored.

The framework defines the strategic and operational risk management processes that The Royal British Legion will follow to ensure that the identification and mitigation of risk is carried out appropriately throughout the business. This will be done by appropriate policies, a network of Risk Champions (responsible for identifying risk within each directorate), and a senior Risk Management Forum chaired by an executive director.

The Legion's directorate-level risk registers are being combined in order to create a Legion-wide register, including the National Memorial Arboretum and Poppyscotland. The strategic risk register is reviewed at quarterly meetings of the Audit and Risk Committee, presented to the Board of Trustees twice a year and

reviewed by the Executive Board on a quarterly basis, to ensure that it is kept up to date and active.

Risk assurance is provided to the trustees and members of the Executive Board through line management and internal audit. The three major areas of risk identified by the Legion are detailed below, with selected controls from our risk register.

At their last review in December 2015, the Trustees were satisfied that there are suitable procedures in place to mitigate these risks. The annual internal audit plan is drawn up by reference to the risk register, and audits focus on the mitigating controls that

address the key risks. The Audit Committee receives copies of all internal audit reports in which opinions are expressed on the effectiveness of the mitigating controls that have been reviewed.

The Trustees' Report (pages 8 to 45),
for and on behalf of the trustees



John Crisford, Chairman
28 April 2016

Risk	Mitigation
Fundraising Compliance with new regulations and changes in the Charity Commission's stance on fundraising	Contract management with third-party suppliers of fundraising support; approval of appointment of compliance officer to the fundraising directorate; regular contact with the Charity Commission to ensure that plans are compliant with their needs.
Infrastructure and resource management IT (including Data Security, Cyber Risk, Project Risk), People (Competence and Churn), and Property (Branch Property Trusts)	IT/Data New data protection officer within the legal team of the Legion; cyber controls checked regularly; intermittent penetration testing; all IT projects run under PMO rules, including risk registers, contingency planning workshops, User Acceptance planning and test site controls. Detailed disaster recovery and business continuity plans in place. People KPI monitoring churn on a quarterly basis; official performance management appraisals carried out annually. BPT Regular programme management; quarterly KPI monitoring; quarterly trustee monitoring.
Financial reporting Inadequate budgetary control and financial reporting	Budgeting linked to operational plan; monthly monitoring by Executive Board; KPIs monitored quarterly by Executive Board and Board of Trustees.

FINANCIALS

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL BRITISH LEGION

We have audited the financial statements of The Royal British Legion for the year ended 30 September 2015 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement, the trustees are responsible for the preparation of the financial statements which give a true and fair view. We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charity's affairs as at 30 September 2015 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; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity 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.



Deloitte LLP

Chartered Accountants and Statutory Auditor
London, United Kingdom
28 April 2016

Deloitte LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006 and consequently to act as the auditor of a registered charity.

FINANCIALS

Consolidated Statement of Financial Activities for the year ended 30 September 2015

	Note	Unrestricted funds £'000	Restricted funds £'000	Total 2015 £'000	Total 2014 £'000
Incoming resources					
Incoming resources from generated funds					
Voluntary income	2	85,155	10,723	95,878	82,311
Activities for generating funds	2a	20,986	2,711	23,697	19,537
Investment income	2b	963	3,521	4,484	4,716
Total incoming resources from generated funds		107,104	16,955	124,059	106,564
Incoming resources from charitable activities					
Grants for welfare services and Remembrance	3a	32	16,081	16,113	6,221
Other incoming resources from charitable activities	3b	19,200	596	19,796	19,401
Total incoming resources from charitable activities		19,232	16,677	35,909	25,622
Other incoming resources	4	1,252	97	1,349	1,286
Total incoming resources		127,588	33,729	161,317	133,472
Resources expended					
Cost of generating voluntary income	5	17,914	1,260	19,174	15,471
Activities to generate funds	5	12,530	2,857	15,387	12,964
Investment management costs	5	215	18	233	339
Total cost of generating funds		30,659	4,135	34,794	28,774
Total charitable activities	6	88,592	18,069	106,661	85,074
Governance costs	8	1,467	131	1,598	1,309
Total resources expended		120,718	22,335	143,053	115,157
Net incoming resources before transfers		6,870	11,394	18,264	18,315
Transfers between funds	26	6,522	(6,522)	-	-
Net incoming resources before other recognised gains and losses		13,392	4,872	18,264	18,315
Other recognised gains (losses)					
(Losses)/gains on investment portfolio	15a	(1,432)	628	(804)	2,896
Net gain/(loss) on revaluation of investment properties	15b	-	1,811	1,811	(12,269)
Actuarial (losses)/gains on defined benefit pension scheme	13a	(2,500)	28	(2,472)	(5,932)
Net movement in funds		9,460	7,339	16,799	3,010
Fund balances brought forward at 1 October		128,340	175,534	303,874	300,864
Fund balances carried forward at 30 September		137,800	182,873	320,673	303,874

The notes on pages 51 to 69 form part of the financial statements. All amounts relate to continuing operations.

There is no material difference between the net incoming resources before other gains and losses for the financial year stated above and their historical cost equivalent. All gains and losses recognised in the year are included in the Statement of Financial Activities.

Consolidated and Charity Balance Sheets as at 30 September 2015

	Note	2015 Group £'000	2014 Group £'000	2015 Charity £'000	2014 Charity £'000
Fixed assets					
Tangible assets	14a	82,492	80,075	77,470	76,400
Investments	15a	106,601	97,137	96,771	86,705
Investment properties	15b	68,979	71,158	68,979	71,158
Programme-related investments	16	10,343	11,201	10,366	11,224
Total fixed assets		268,415	259,571	253,586	245,487
Current assets					
Stocks		1,939	1,312	-	-
Debtors	17	5,498	8,556	13,901	13,862
Cash at hand and in bank	18	101,712	75,092	85,546	64,118
Total current assets		109,149	84,960	99,447	77,980
Current liabilities					
Creditors: Amounts falling due within one year	19	(26,749)	(18,582)	(27,266)	(16,905)
Net current assets		82,400	66,378	72,181	61,075
Total assets less current liabilities		350,815	325,949	325,767	306,562
Creditors: Amounts falling due after more than one year	19	(20,175)	(14,167)	(20,175)	(14,167)
Provisions for liabilities	21	(619)	(291)	(619)	(291)
Net assets excluding pension liability		330,021	311,491	304,973	292,104
Defined benefit pension liability	13b	(9,348)	(7,617)	(7,619)	(5,829)
Net assets		320,673	303,874	297,354	286,275
Funds					
Unrestricted funds	24	145,419	134,169	145,456	134,206
Pension reserve	13b	(7,619)	(5,829)	(7,619)	(5,829)
Total unrestricted funds	24	137,800	128,340	137,837	128,377
Restricted funds	25	184,602	177,322	159,517	157,898
Pension reserve	13b	(1,729)	(1,788)	-	-
Total restricted funds	25	182,873	175,534	159,517	157,898
Total funds		320,673	303,874	297,354	286,275

The notes on pages 51 to 69 form part of the financial statements.

Approved by the Board of Trustees on 28 April 2016 and signed on its behalf.



John Crisford, National Chairman

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Consolidated Cash Flow Statement for the year ended 30 September 2015

	2015		2014	
	£'000	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities				
Net incoming resources before other recognised gains and losses	18,264		18,315	
Investment income	(4,484)		(4,716)	
Depreciation of tangible fixed assets	2,950		2,618	
Adjustment for pension funding	(741)		(964)	
Gain on sale of tangible fixed assets	(72)		(153)	
Increase in stock	(627)		(143)	
Decrease/(increase) in programme-related investments	858		(826)	
Decrease/(increase) in debtors	3,058		(3,858)	
Increase in creditors	14,176		405	
Increase/(decrease) in provisions	328		(571)	
		33,710		10,107
Returns on investment and servicing of finance				
Investment income received	3,670		3,638	
Transfer (to)/from investments	(10,000)		10,303	
Interest received	438		609	
Income from branch investments and deposits	376		469	
		(5,516)		15,019
Capital expenditure and investing activities				
Purchase of tangible fixed assets	(5,909)		(6,578)	
Sale of tangible fixed assets	613		153	
Purchase of fixed asset investments	(268)		(1,036)	
Sale of fixed asset investments	3,990		6,119	
		(1,574)		(1,342)
Net cash inflow (a)		26,620		23,784
(a) Increase in cash and short-term deposits				
Cash and short-term deposits at 1 October		75,092		51,308
Increase in cash and short-term deposits		26,620		23,784
Cash and short-term deposits at 30 September		101,712		75,092

Notes to the Accounts for the year ended 30 September 2015

1. PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared on a going-concern basis under the historical cost convention as modified by the revaluation of listed investments and certain properties. They have been prepared in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities as revised in 2005 ("SORP 2005"), applicable United Kingdom accounting standards and the Charities Act 2011. The financial statements are prepared on an accruals basis except that the results from branches have been extracted from returns submitted on a receipts and payments basis. The branch financial year runs from 1 July to 30 June. The branch results included in these accounts are for the year to 30 June 2015 with prior year comparatives (2014) for the year to 30 June 2014. At 30 September 2014, all properties were revalued and from 1 October 2014 the Legion has adopted a quinquennial valuation methodology whereby 20 per cent of all properties are valued each year, such that all properties will be revalued over a five-year period. All other accounting policies remain unchanged.

Group financial statements

These financial statements comprise the central General and Benevolent funds vested in the Board of Trustees in accordance with The Royal British Legion's ("The Legion") Royal Charter. As agreed with the Charity Commission and in accordance with SORP 2005, they include the results, assets and liabilities of the Legion's counties, districts, branches and Women's Section. The Legion's policy is to consolidate results of all branches, counties and districts based upon receipt of individual returns. Where returns are not received, assets are included at the previously reported value adjusted for known transactions. The subsidiaries and organisations listed in note 11 have been consolidated on a line-by-line basis.

Four organisations that carry the Legion's name but which are not controlled by the Legion have not been included in these financial statements, namely, Royal British Legion Industries, The Royal British Legion Poppy Factory Limited, The Royal British Legion Attendants Company Trust and Royal British Legion Scotland. The accounts do not include results of affiliated social clubs, which are not controlled by the charity, but are separately registered organisations licensed to use the Legion's name.

The Legion has taken advantage of the provisions of paragraph 397 of SORP 2005 not to provide

a separate Statement of Financial Activities for the charity. The results of the charity for the year were: total incoming resources £139,342k (2014: £142,075k), total expenditure £127,144k (2014: £103,132k), with an overall surplus after other recognised gains and losses of £11,076k (2014: loss of £339k).

Fund accounting

Unrestricted funds are expendable at the discretion of the trustees in furtherance of the objects of the charity.

Restricted funds represent grants, donations, legacies and property that are given by the donor for specific purposes and which must be used for that purpose. All restricted funds are held within the Benevolent fund unless otherwise stated. Restricted funds include permanent endowment funds which are not material and are not therefore shown separately on the face of the balance sheet. The National Memorial Arboretum and its subsidiary, NMA (Enterprises) Limited, and the Earl Haig Fund Scotland and its subsidiary the Lady Haig Poppy Factory (Poppyscotland Group) funds are held within restricted funds since their objects are narrower than those of The Royal British Legion group.

Incoming resources

Income is recognised in the period in which the Legion is entitled to receipt of that income and when the amount can be measured with reasonable accuracy. In accordance with this policy:

Legacies are included as follows: Pecuniary legacies are recognised when the legacy has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the legacy will be received. Residual legacies are recognised on receipt of Estate Accounts. Legacies subject to a life interest held by another party are not recognised.

Grants are included when the conditions for recognition have been complied with.

Donations are accounted for in the period of receipt. Poppy Appeal donations are accounted for when banked.

Fundraising lottery income is recognised when the lottery draw has taken place. Income received in advance for future lottery draws is deferred until the lottery draw takes place.

Fees from residential care homes are recognised on an accruals basis.

Affiliation fees are recognised on an accruals basis.

Investment income from the centrally held investment portfolio is accounted for on an accruals basis and includes dividends declared but not yet received. Investment income includes rental income earned by branches.

Income received through branches from fundraising and other activities is recognised for branches on the basis of branch returns for the year to 30 June 2015.

Pro bono services are recognised at the market value of these services.

The economic value of time given by volunteers is not included in these financial statements.

Resources expended

Expenditure is accounted for on an accruals basis. Irrecoverable VAT is included with the expense items to which it relates. Resources expended comprise:

Cost of generating funds includes expenditure on poppies and other fundraising items, staff and related expenditure of the Poppy Appeal, costs of the central fundraising department, commercial (trading) activities and investment management fees. The cost of any pro bono services are included at the market value of these services.

Charitable activities include expenditure directly related to the delivery of the services (including staff costs) provided by the charity to eligible beneficiaries and comprise the cost of residential care, welfare break centres, community welfare services and Remembrance and comradeship. It also includes the cost of supporting and maintaining the Legion's extensive membership and the costs of campaigning on behalf of beneficiaries. The cost of evaluating, supporting and managing charitable programmes is also included and further analysed in the notes to the accounts.

Certain costs of campaigns are allocated between *Cost of generating funds* and *Charitable activities* on the basis of the percentages of space within the literature relating to either fundraising or raising awareness.

Governance costs represent the costs of governance arrangements that relate to the general running of the charity as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work.

Support costs include the central functions such as general management, financial administration, information technology, human resources and the provision of office facilities at Head Office.

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1. Principal accounting policies (continued)

Grants payable are recognised in the Statement of Financial Activities when awarded and the recipient has a valid expectation of receipt, thus creating a constructive or legal obligation.

Future commitments to fund Personnel Recovery Centres are included in Creditors in the balance sheet at their net present value, using a discount rate equivalent to the yield on Treasury Gilt over the same period, currently 3.75 per cent.

Allocation of costs

Where possible, the Legion's operating costs, which include staff costs, are allocated directly to the various categories of charitable expenditure, cost of generating funds, or governance costs. Where costs are not directly attributable to any category, they have been apportioned on an appropriate basis to reflect, in each case, an estimate of the efforts and resources devoted to each category of activity – see note 10. Activities that are predominantly outsourced bear no allocation of support costs.

Poppy Appeal

Poppy Appeal expenditure is accounted for in the financial year in which it occurred. The cost of poppies is charged to the cost of generating funds and the cost of Remembrance wreaths is charged to Remembrance and ceremonial activities.

Stocks, poppies and wreaths

The majority of stock relates to Poppy Shop products. The remainder relates to poppies and wreaths produced at the Lady Haig Poppy Factory which are manufactured for external re-sale. Stocks are valued at the lower of cost and net realisable value and include direct costs of labour and materials plus allocation of general overheads. Poppies and wreaths produced for distribution during the Poppy Appeal are expensed immediately.

Staff pension schemes

Pensions are accounted for in accordance with FRS17 Retirement Benefits, with a valuation undertaken by an independent actuary for the defined benefit scheme. The Royal British Legion Staff Pension Fund, a defined benefit scheme, is closed to future accrual. The current service costs of the Earl Haig Defined Benefit Scheme are charged to employee costs over the anticipated period of employment. Net pension finance income or costs are included immediately in other incoming resources or employee costs as appropriate. Actuarial gains and losses are recognised immediately on the face of the Statement of Financial Activities. The Legion's share of the scheme deficits is included as a liability in the balance sheet. Details of the pension schemes are

included in note 13 to the accounts. The amounts charged to the Statement of Financial Activities for defined contribution schemes represent the contributions payable in the period.

Investments and bank deposits

Fixed asset investments are stated at market value. Gains and losses arising from either the change in market value or on sale are included in the Statement of Financial Activities. Income from listed investments is accrued when due for payment. Interest on deposits is accrued on a daily basis.

Properties not used for charitable purposes are classified as investment properties and are included in investments at market value. These properties are held either in corporate or local trusteeship. Local trusteeship properties are those held by named individuals (usually branch committee members) for the benefit of a Legion branch and their value is included in the accounts when the Trust deed names the Legion as the ultimate beneficiary. Investment properties are revalued on a rolling five-year basis with 20 per cent of properties revalued each year by a qualified surveyor. The remaining 80 per cent of properties are reviewed for material changes. Investments in subsidiaries are included at cost.

Programme-related investments are held at the amount invested less any impairment. These are reviewed on an annual basis and any impairment is immediately recognised in the Statement of Financial Activities.

Tangible fixed assets

Purchases of individual items of tangible fixed assets costing over £50,000, or purchases related to projects deemed as capital and costing over £50,000 (such as the Area Offices Project) are capitalised.

Functional properties (freehold and leasehold) used by the charity are included at cost, where known, or valuation at date of acquisition. Branch properties acquired or gifted before 1 October 1995 where the original cost cannot be established are included at a nominal value of £1 each. Depreciation on functional properties is provided on the cost of buildings on a straight-line basis over 50 years or the term of the lease if less. Leasehold improvements are depreciated over the term of the lease. The Head Office building, Haig House, is depreciated over its expected useful life of 33 years.

Plant, machinery and equipment where capitalised are included at cost. Depreciation is provided over five years from the month of first use.

Tangible fixed assets that are under construction are classified as *Assets under construction* and

are transferred into the appropriate category on completion, when depreciation then commences.

The useful economic lives and residual lives of fixed assets are reviewed at the end of the accounting period to consider whether there has been an impairment. Impairments are charged to the Statement of Financial Activities.

Heritage assets

The Armed Forces Memorial (AFM) is included as a heritage asset in the accounts of the National Memorial Arboretum Company at its acquisition value of £1. The trustees consider that the cost of ascertaining a definite value through a surveyor's valuation significantly outweighs the benefit gained from such a valuation.

Leases

Rentals payable under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Taxation

The activities of the Legion and its charitable subsidiaries are exempt from corporation tax under Chapter 3 of Part 11 to the Corporation Tax Act 2010 to the extent that they are applied to the organisation's charitable objects. The trading subsidiaries do not generally pay UK corporation tax because their policy is to pay taxable profits as Gift Aid to the Legion.

Foreign exchange

The Legion has no significant exposure to foreign exchange. Foreign branches and districts make returns once a year and the results are included in these accounts converted to sterling at the exchange rate at 30 June 2015.

	Unrestricted 2015 £'000	Restricted 2015 £'000	Total 2015 £'000	Total 2014 £'000
2 Analysis of incoming resources from generated funds				
Voluntary income				
Donations	22,373	6,968	29,341	24,683
Legacies	17,120	906	18,026	16,038
The Poppy Appeal	45,662	2,849	48,511	41,590
Total	85,155	10,723	95,878	82,311

The total of the Poppy Appeal launched in October 2014 in England, Wales and Northern Ireland was £45,662k (2014: £38,902k). This includes cash collected of £42,338k (2014: £36,803k), legacies of £723k (2014: £775k) and other donations of £2,601k (2014: £1,324k). The Poppy Appeal in Scotland raised £2,849k (2014: £2,688k).

In 1922 the Officers' Association transferred the Poppy Appeal to the Legion in return for a payment of 7.5 per cent of the net amount received from street collections. The amount due to the Officers' Association for the Poppy Appeal was £2,074k payable as a grant (2014: £1,757k).

At 30 September 2015 the Legion had been advised of its interest in residuary and pecuniary legacies with estimated values of £875k (2014: £560k) and they were included in the accounts. Not included in the accounts are interests in 14 life interest legacies (2014: 15) with a value of £408k (2014: £787k) where the conditions for acceptance have not been met. The Legion has also been notified of residuary legacies estimated at a potential value of £5,188k. These residuary legacies are not recognised in these accounts as confirmation of entitlement has not been received and the value cannot be confirmed at the balance sheet date.

Included in Donations above is pro bono legal support of £126k (2014: nil) from Mayer Brown and Freshfields.

	Unrestricted 2015 £'000	Restricted 2015 £'000	Total 2015 £'000	Total 2014 £'000
2a Activities for generating funds				
Fundraising events income	2,516	145	2,661	2,734
Fundraising lotteries	10,719	152	10,871	10,010
Income from commercial activities	7,751	2,414	10,165	6,793
Total	20,986	2,711	23,697	19,537

	Unrestricted 2015 £'000	Restricted 2015 £'000	Total 2015 £'000	Total 2014 £'000
2b Investment income				
Dividends and interest on listed investments	380	1,205	1,585	1,732
Investment income on funds held by branches	96	280	376	469
Rentals from investment properties	314	1,771	2,085	1,906
Bank deposit interest	173	265	438	609
Total	963	3,521	4,484	4,716

Rentals from investment properties with a market value of £68,979k (note 15b) at 30 September 2015 are in most cases received by branches in relation to the rental of properties by Legion clubs. The clubs are independent entities which use the Legion's name under license and promote the work of the Legion in return for discounted rentals, which in many cases are lower than could be obtained in a commercial environment.

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	Unrestricted 2015 £'000	Restricted 2015 £'000	Total 2015 £'000	Total 2014 £'000
3 Incoming resources from charitable activities				
3a Grants for welfare services and Remembrance				
Ex-Service charities and other organisations (almonisation)	-	3,108	3,108	2,593
Veterans' Medical Fund	-	2,600	2,600	-
Contributions for commemorative events and grants towards capital projects	32	10,373	10,405	3,628
Total grants for welfare services and Remembrance	32	16,081	16,113	6,221

Almonisation income is the contribution from other charities towards Immediate Needs Grants paid by the Legion when the recipient of assistance is also the beneficiary of these other charities.

	Unrestricted 2015 £'000	Restricted 2015 £'000	Total 2015 £'000	Total 2014 £'000
3b Other incoming resources from charitable activities				
Fees from residential care homes	14,374	160	14,534	13,826
Membership fees	4,711	12	4,723	4,842
Income from charitable services	115	424	539	733
Total other incoming resources from charitable activities	19,200	596	19,796	19,401

	Total 2015 £'000	Total 2014 £'000
4 Other incoming resources		
Licence fees and royalties	181	182
Advertising in the Legion magazine	551	591
Gains on sale of functional property	72	153
Finance income on pension schemes	454	319
Other income	91	41
Total other incoming resources	1,349	1,286

	Direct costs £'000	Support costs £'000	Total 2015 £'000	Total 2014 £'000
5 Cost of generating funds				
Donations costs	6,785	484	7,269	4,269
Legacies costs	676	-	676	601
Poppy Appeal costs	10,221	1,008	11,229	10,601
Cost of generating voluntary income	17,682	1,492	19,174	15,471
Fundraising events costs	2,758	116	2,874	2,347
Fundraising lotteries costs	6,462	106	6,568	5,806
Commercial activities (trading)	5,945	-	5,945	4,811
Total cost of activities to generate funds	15,165	222	15,387	12,964
Investment management	233	-	233	339
Total cost of generating funds	33,080	1,714	34,794	28,774

Certain costs of campaigns have a parallel purpose of increasing public awareness and fundraising and as a result these costs have been allocated between the Cost of generating funds in note 5 and Charitable activities in note 6 on the basis of the percentages of space within the literature relating to either fundraising or raising awareness. The total expenditure of this nature is £13,412k (2014: £11,141k) of which £7,549k (2014: £6,269k) remains within Cost of generating funds representing the fundraising element of the literature and £5,863k (2014: £4,872k) has been reallocated into Charitable activities representing the raising awareness element.

	Note	Direct costs £'000	Support costs £'000	Total 2015 £'000	Total 2014 £'000
6 Analysis of charitable activities					
Residential care homes		15,278	2,100	17,378	17,080
Welfare break centres		4,359	463	4,822	4,494
Total care services		19,637	2,563	22,200	21,574
Personnel Recovery Centres		3,993	-	3,993	2,000
Welfare grants to individuals		9,504	-	9,504	11,061
Grants to other organisations	7	15,429	-	15,429	3,201
Information, advice and support		13,864	3,718	17,582	17,566
Welfare cost in branches, counties and districts		5,540	-	5,540	5,831
Total community welfare services		44,337	3,718	48,055	37,659
Central membership support		2,382	704	3,086	2,772
Recruitment, development, training		188	353	541	462
Support to branches with clubs		262	130	392	379
The Legion magazine		880	22	902	959
Membership costs in branches, counties and districts		3,624	435	4,059	3,346
Total membership services		7,336	1,644	8,980	7,918
Comradeship		814	10	824	869
Direct cost of communication and campaigning		6,340	520	6,860	5,350
Allocated cost of communication and campaigning		5,863	-	5,863	4,872
Total communication and campaigning		12,203	520	12,723	10,222
Festival of Remembrance		497	8	505	763
Ceremonial and commemorative events		6,094	200	6,294	1,909
Remembrance tours		10	-	10	47
National Memorial Arboretum operating costs		2,499	578	3,077	2,113
Total Remembrance and ceremonial		9,100	786	9,886	4,832
Total charitable activities		97,420	9,241	106,661	85,074

As stated in note 5, Charitable activities contain an allocation of £5,863k (2014: £4,872k) relating to costs associated with the space within the campaign literature relating to raising awareness.

The Legion has been active in commemorating major anniversaries during the year, including VE Day and VJ Day. Of the £6,294k reported above for ceremonial and commemorative events, £4,287k has been funded by contributions from the LIBOR fund.

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	Note	Total 2015 £'000	Total 2014 £'000
7 Grants awarded to other organisations			
Grants issued by the Charity:			
The Officers' Association	2	2,074	1,757
The Royal British Legion Centre for Blast Studies at Imperial College London		4,574	173
The Defence and National Rehabilitation Centre		5,000	-
Combat Stress		1,520	-
Royal Commonwealth Ex-Service League (RCEL)		240	100
Royal British Legion Industries		120	-
Grants to 53 other charities and voluntary organisations (2014: 23) under £100k		1,213	571
Grants made by Poppyscotland:			
Armed Services Advice Project		445	382
Scottish Association for Mental Health		116	-
Grants to 10 other charities and voluntary organisations (2014: 13) under £100k		127	218
Total grants to other organisations		15,429	3,201

Grants awarded may relate to commitments for multiple future years. For more information on grant commitments see note 19.

	Total 2015 £'000	Total 2014 £'000
8 Governance costs		
Support to Trustees and volunteers	256	314
Statutory reporting and strategy	719	363
Internal and external audit and tax services	623	632
Total	1,598	1,309

	Total 2015 £'000	Total 2014 £'000
9 Net incoming resources for the year is stated after charging		
Fees payable to the charity's auditor for the audit of the charity's annual accounts	110	110
Fees payable to the charity's auditor for the audit of the subsidiaries' annual accounts	70	70
Fees payable to the charity's auditor for other services:		
Other services	4	2
Other taxation and consultancy services	21	21
Branch, county and district audit and examination fees	53	61
Depreciation and impairment charges	2,950	2,585
Operating lease rentals:		
Vehicles and equipment	684	576
Land and buildings	2,471	1,680

The 2014 audit fee included additional fees in connection with the 2014 audit.

	Head Office Central £'000	Facilities Management £'000	Human Resources £'000	Finance and IT £'000	Womens Section and other entities £'000	Total 2015 £'000	Total 2014 £'000
10 Support costs							
Cost of generating funds	209	93	221	1,108	83	1,714	1,489
Care services	-	373	886	1,304	-	2,563	2,443
Community welfare services	1,044	166	395	1,979	134	3,718	3,525
Membership services	485	63	149	748	39	1,484	1,374
Comradeship	57	7	18	88	-	170	150
Communication and campaigning	176	21	54	269	-	520	339
Remembrance and ceremonial	25	3	8	39	711	786	787
Charitable activities	1,787	633	1,510	4,427	884	9,241	8,618
Governance costs	17	3	5	25	33	83	112
Total	2,013	729	1,736	5,560	1,000	11,038	10,219

Support costs are allocated on the basis of FTE staff.

11 Activities of consolidated subsidiaries and organisations

The Legion has ten wholly owned subsidiaries, nine of which are consolidated into these accounts as described below, and one of which is dormant.

The results of the subsidiary entities are shown in the table below. All subsidiaries are registered in the UK and have 30 September year ends.

	Remembrance Travel £'000	The National Memorial Arboretum Company £'000	The National Memorial Arboretum Enterprises £'000	Royal British Legion Trading £'000	Royal British Legion Developments £'000	Royal British Legion Poppy Lottery £'000	Poppy- scotland Group £'000
Turnover/incoming resources	46	9,117	2,118	7,710	1,056	7,190	4,632
Expenditure	(46)	(3,449)	(2,118)	(7,710)	(1,056)	(7,190)	(4,736)
Net incoming/(outgoing) resources	-	5,668	-	-	-	-	(104)
Assets	88	14,942	1,138	4,875	830	5,611	11,919
Liabilities	(78)	(1,168)	(1,138)	(4,875)	(830)	(5,611)	(2,339)
Net assets	10	13,774	-	-	-	-	9,580

The principal activities of the subsidiaries are as follows:

Remembrance Travel Limited – a travel company delivering pilgrimages and associated travel activity. Its expenditure includes profits paid to the Legion of £8k (2014: £39k).

The National Memorial Arboretum Company Limited – a charitable company operating an arboretum with memorial plots dedicated to those who suffered or lost their lives in the service of their country.

The National Memorial Arboretum Enterprises Limited – a trading company providing services to visitors to The National Memorial Arboretum Company Limited.

Royal British Legion Trading Limited – a trading company which markets a range of goods and services to members and supporters of the Legion, and generates income from third parties through the use of corporate partnerships. Its expenditure includes profits paid to the Legion of £4,112k (2014: £2,173k).

Royal British Legion Developments Limited – a trading company which develops or improves properties, principally those owned by the Legion. Its expenditure includes profits paid to the Legion of £16k (2014: £33k).

Royal British Legion Poppy Lottery Limited – a charitable company which undertakes the marketing and provision of a weekly lottery to members and supporters of the Legion. Its expenditure includes grants paid to the Legion of £3,817k (2014: £4,179k). Other lottery activities are carried out by the parent charity and, going forward, Royal British Legion Prizes Limited.

PoppyScotland (The Earl Haig Fund Scotland) – a charitable company that supports those in need who have served in the Armed Forces and their dependants in Scotland. The charitable company has one subsidiary, The Lady Haig Poppy Factory Limited, whose principal activity is the employment of disabled ex-service personnel to manufacture poppies and wreaths and to provide framing and printing services. The results above are those of the consolidated PoppyScotland Group.

Royal British Legion Prizes Limited – the name of the company was changed from Travel and Learn Limited on 25 July 2015. During the next financial year, it is intended that the company will undertake the marketing and provision of a weekly lottery to members and supporters of the Legion. Other lottery activities are carried out by the parent charity and Royal British Legion Poppy Lottery Limited. The company did not trade during the year.

Poppy Travel Limited – a dormant subsidiary.

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12 Information regarding employees and trustees

	Total 2015 No.	Total 2014 No.
Average number of employees (full time equivalent) during the year		
Generating funds	134	128
Charitable activities:		
Care services	560	528
Community welfare services	249	260
Membership services	101	103
Comradeship	4	4
Communication and campaigning	34	25
Remembrance and ceremonial	5	6
Total charitable activities	953	926
Support and governance	86	81
Charity's total full-time equivalent staff	1,173	1,135
Subsidiaries average number of employees (full time equivalent) during the year:		
Poppyscotland Group	75	76
National Memorial Arboretum Group	50	39
Royal British Legion Trading	6	4
Total group full-time equivalent staff	1,304	1,254
At 30 September 2015 the Legion had 1,507 (2014: 1,524) full and part-time staff on the payroll. The Royal British Legion incurred costs of £3,399k (2014: £2,749k) on agency staff including their recruitment fees which are not included in the staff costs below.		
Staff costs comprise:	Total 2015 £'000	Total 2014 £'000
Wages and salaries	32,621	30,312
National Insurance contributions	2,749	2,656
Pension costs	2,441	2,425
Total	37,811	35,393
The number of staff paid over £60,000 during the year (salary plus taxable benefits excluding pension contributions) was:	Total 2015 No.	Total 2014 No.
£60,001 - £70,000	5	8
£70,001 - £80,000	11	5
£80,001 - £90,000	1	2
£90,001 - £100,000	1	2
£100,001 - £110,000	2	2
£110,001 - £120,000	5	2
£120,001 - £130,000	-	-
£130,001 - £140,000	-	-
£140,001 - £150,000	-	1
£150,001 - £160,000	1	-

The total defined contribution pension contribution made by The Royal British Legion in respect of the staff members paid over £60k during the year was £194k (25 members of staff), (2014: £172k, 19 members of staff).

The Legion operates a transparent Pay Policy which is communicated to all staff. Salary levels are regularly benchmarked against other comparable organisations across the private, public and third sectors. The compensation of Legion directors is subject to annual review by a Governance Committee comprising four trustees including the Chairman and Vice-Chairman.

No trustee or person related or connected by business to them has received any remuneration from the Legion nor have they entered into any transaction, contract or other arrangement with the Legion during the year. During the year the total expenses reimbursed to 11 (2014: 10) members of the Board of Trustees amounted to £41k (2014: £46k). This principally represents reimbursed travelling expenses in attending meetings and official engagements, and includes the costs of trustees officiating at Remembrance tours. In addition general trustee expenses incurred by the Legion amounted to £28k (2014: £31k). The Legion purchased insurance at a cost of £7k (2014: £5k) to protect the charity from loss arising from neglect or default of its trustees, and to indemnify the trustees against the consequences of neglect or default on their part.

13 Staff pension funds

The Royal British Legion group pension arrangements comprise those of the Legion and subsidiaries. Pension schemes are as follows:

1. Group Flexible Retirement Plan (GFRP)
2. The Royal British Legion Staff Pension Fund (DB Fund)
3. Stanplan F (Earl Haig Fund, 'EH Fund')

GFRP: This is the scheme available to all Legion employees (including the National Memorial Arboretum but excluding Poppyscotland) and is provided by Standard Life. The GFRP scheme was introduced on 1 April 2010 and is a defined contribution scheme. The liability of the employer is limited to the contributions it makes which amounted to £2,238k (2014: £2,335k), of which £190k (2014: £201k) remained payable at the year end.

DB Fund: This is a multi-employer defined benefit scheme. The other employers participating in the scheme are Royal British Legion Industries and the Royal British Legion Poppy Factory. The DB Fund was closed to new members on 31 October 2002 and on 1 April 2010 was closed to accrual from the remaining members.

The most recent formal actuarial valuation was carried out as at 1 April 2014. The results of this valuation have been updated to 30 September 2015 by a qualified actuary. In accordance with the current Schedule of Contributions, the Legion is not required to pay any deficit contributions into the Fund from 1 April 2014.

Contributions are made in relation to administrative costs.

EH Fund: This is a defined benefit pension scheme available only to employees of Poppyscotland. The last actuarial valuation of the EH Fund was carried out as at 31 March 2013. A Schedule of Contributions was signed as a result of the 2013 triennial valuation and as a result the employer has agreed to pay annual contributions of £27k per year increasing by three per cent annually with the expectation that the funding shortfall will be eliminated within five years. The Poppyscotland pension scheme is included in restricted funds.

The Legion accounts for defined benefit schemes in accordance with FRS17 Retirement Benefits and identifies each entity's share of the pension scheme assets and liabilities. A summary of the movement in pension assets and liabilities for the group's defined benefit pension funds is shown below:

	EH Fund 2015 £'000	DB Fund 2015 £'000	Total 2015 £'000	EH Fund 2014 £'000	DB Fund 2014 £'000	Total 2014 £'000
13a Amounts recognised in the Statement of Financial Activities						
Analysis of amounts charged to net incoming resources						
Current service cost	(92)	-	(92)	(101)	-	(101)
Interest on liabilities	(238)	(2,710)	(2,948)	(246)	(2,720)	(2,966)
Expected return on fund assets	209	3,164	3,373	228	3,039	3,267
Total (decrease)/increase in net incoming resources before other recognised gains and losses	(121)	454	333	(119)	319	200
Actuarial gains/(losses)	28	(2,500)	(2,472)	(325)	(5,607)	(5,932)
Total gains/(losses) recognised	28	(2,500)	(2,472)	(325)	(5,607)	(5,932)
Total (decrease)/increase in net funds	(93)	(2,046)	(2,139)	(444)	(5,288)	(5,732)

	EH Fund 2015 £'000	DB Fund 2015 £'000	Total 2015 £'000	EH Fund 2014 £'000	DB Fund 2014 £'000	Total 2014 £'000
13b Reconciliation to the Balance Sheet						
Description						
Market value of assets	4,287	62,555	66,842	4,198	63,198	67,396
Present value of liabilities	(6,016)	(70,174)	(76,190)	(5,986)	(69,027)	(75,013)
Pension liability recognised in the Balance Sheet	(1,729)	(7,619)	(9,348)	(1,788)	(5,829)	(7,617)

	EH Fund 2015 £'000	DB Fund 2015 £'000	Total 2015 £'000	EH Fund 2014 £'000	DB Fund 2014 £'000	Total 2014 £'000
13c Analysis of changes in the value of the fund liabilities over the year						
Value of liabilities at start of year	5,986	69,027	75,013	5,581	61,649	67,230
Service cost	92	-	92	101	-	101
Interest cost	238	2,710	2,948	246	2,720	2,966
Member contributions	14	-	14	16	-	16
Benefits paid	(185)	(2,589)	(2,774)	(361)	(2,426)	(2,787)
Actuarial (gains)/losses	(129)	1,026	897	403	7,084	7,487
Value of liabilities at end of year	6,016	70,174	76,190	5,986	69,027	75,013

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	EH Fund 2015 £'000	DB Fund 2015 £'000	Total 2015 £'000	EH Fund 2014 £'000	DB Fund 2014 £'000	Total 2014 £'000
13d Analysis of changes in the value of the fund assets over the year						
Market value of assets at start of year	4,198	63,198	67,396	4,119	60,463	64,582
Expected return on fund assets	209	3,164	3,373	228	3,039	3,267
Actuarial (losses)/gains	(101)	(1,474)	(1,575)	78	1,477	1,555
Employer contributions	152	256	408	118	645	763
Member contributions	14	-	14	16	-	16
Benefits paid	(185)	(2,589)	(2,774)	(361)	(2,426)	(2,787)
Market value of assets at end of year	4,287	62,555	66,842	4,198	63,198	67,396

13e History of assets, liabilities, experience gains and losses					
DB Fund	DB Fund 2015 £'000	DB Fund 2014 £'000	DB Fund 2013 £'000	DB Fund 2012 £'000	DB Fund 2011 £'000
Market value of fund assets	62,555	63,198	60,463	58,096	54,750
Value of fund liabilities	(70,174)	(69,027)	(61,649)	(64,088)	(54,375)
(Deficit)/surplus in the fund	(7,619)	(5,829)	(1,186)	(5,992)	375
(Losses)/gains arising on fund liabilities:					
Due to experience	-	(2,318)	-	(2)	253
Due to changes of basis*	(1,026)	(4,766)	2,341	(10,060)	3,500
Experience gains:					
Arising on fund assets	(1,474)	1,477	1,345	2,431	381

EH Fund	EH Fund 2015 £'000	EH Fund 2014 £'000	EH Fund 2013 £'000	EH Fund 2012 £'000	EH Fund 2011 £'000
Market value of fund assets	4,287	4,198	4,119	3,944	3,551
Value of fund liabilities	(6,016)	(5,986)	(5,581)	(5,334)	(4,178)
Deficit in the fund	(1,729)	(1,788)	(1,462)	(1,390)	(627)
(Losses)/gains arising on fund liabilities:					
Due to experience	(1)	2	(427)	43	(49)
Due to changes of basis*	130	(405)	371	(963)	180
Experience gains/(losses):					
Arising on fund assets	(101)	78	60	252	(401)

* Changes of basis relate to changes in the actuarial assumptions used as detailed below (note 13g).

The cumulative amount of actuarial gains and losses recognised (since 2002) on the DB Fund is a cumulative loss of £17,253k (2014: £14,753k) and (since 2011) on the EH Fund is a cumulative loss of £1,231k (2014: £1,259k).

The Legion's assets have been taken as the proportion of the total fund assets that the Legion's liability valuation bears to the total fund's liability valuation.

The assets are invested in a diversified portfolio.

Contributions of £256k (2015: £256k) are expected to be paid into the DB fund during 2016 and contributions of £145k are expected to be paid into the EH Fund during 2016 (2015: £152k contributions paid).

	DB Fund		DB Fund	
	2015 Market Value £'000	% of Total fund assets	2014 Market Value £'000	% of Total fund assets
13f Asset class				
Equities	14,053	23%	15,976	25%
Bonds	20,240	32%	19,571	31%
Gilts	12,038	19%	10,278	16%
Cash	1,073	2%	308	1%
Other assets	15,151	24%	17,065	27%
Total	62,555		63,198	
The actual return on assets over the year was	1,690		4,516	
	EH Fund		EH Fund	
	2015 Market Value £'000	% of Total fund assets	2014 Market Value £'000	% of Total fund assets
Asset class				
Equities	2,936	69%	3,464	82%
Cash	95	2%	73	2%
Other assets	1,256	29%	661	16%
Total	4,287		4,198	
The actual return on assets over the period was	108		306	

	2015 % p.a.	2014 % p.a.
13g Actuarial assumptions		
Financial assumptions (both funds)		
Discount rate	3.80	4.00
Retail price inflation	3.00	3.20
Consumer price inflation	2.00	2.20
Salary increases	3.00	3.20
Rate of increases of pensions in payment		
Capped at 5% or RPI if less	2.90	3.10
Capped at 5% or CPI if less	3.10	3.10
Capped at 3% or CPI if less	1.80	2.00
Capped at 2.5% or CPI if less	1.70	1.80
Rate of increase for deferred pensioners	2.00	2.20
Expected return on assets	% p.a.	% p.a.
DB Fund	4.70	5.10
EH Fund	3.30	5.00

For the DB Fund, the overall assumption for the expected return on assets of 4.70 per cent as at 30 September 2015 has been derived by calculating the weighted average of the expected rate of return for each asset class. A further deduction of 0.50 per cent to the expected return was made to allow for administrative expenses. For the EH Fund, the overall assumption for the expected return on assets of 3.30 per cent as at 30 September 2015 has been derived by calculating the weighted average of the expected rate of return for each asset class. A further deduction of 0.52 per cent to the expected return was made to allow for administrative expenses. The following mortality assumptions have been used for both funds:

	2015		2014	
	Males	Females	Males	Females
Life expectancies at age 60				
Current pensioner now aged 60	29.0 years	31.7 years	28.9 years	31.6 years
Future pensioner now aged 40	30.9 years	33.7 years	30.9 years	33.6 years

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	Freehold homes £'000	Other freehold £'000	Leasehold property and leasehold improvements £'000	Plant machinery and equipment £'000	Assets under construction £'000	Total Group £'000
14 Tangible fixed assets						
14a Group tangible fixed assets including functional property						
At cost or valuation						
At 1 October 2014	57,704	28,222	9,723	3,752	1,392	100,793
Additions	107	-	2,044	291	3,467	5,909
Transfers	-	-	801	89	(890)	-
Disposals	-	(485)	(235)	-	-	(720)
At 30 September 2015	57,811	27,737	12,333	4,132	3,969	105,982
Accumulated depreciation						
At 1 October 2014	(11,327)	(3,617)	(3,653)	(2,121)	-	(20,718)
Charge for the year	(1,043)	(571)	(733)	(443)	-	(2,790)
Disposals	-	98	80	-	-	178
Impairment	-	-	-	(160)	-	(160)
At 30 September 2015	(12,370)	(4,090)	(4,306)	(2,724)	-	(23,490)
Net book value at 30 September 2015	45,441	23,647	8,027	1,408	3,969	82,492
Net book value at 30 September 2014	46,377	24,605	6,070	1,631	1,392	80,075

Freehold homes include the freehold assets of both the residential care homes and the welfare break centres. Freehold and leasehold properties are stated at cost or valuation at the date of acquisition so far as historical records permit. Where an accurate cost is not available the trustees have valued each functional property at a nominal cost of £1.

	Freehold homes £'000	Other freehold £'000	Leasehold property and leasehold improvements £'000	Plant machinery and equipment £'000	Assets under construction £'000	Total Charity £'000
14b Charity tangible fixed assets including functional property						
At cost or valuation:						
At 1 October 2014	57,704	27,266	4,199	3,302	895	93,366
Additions	107	-	1,892	291	2,065	4,355
Transfers	-	-	801	89	(890)	-
Disposals	-	(485)	(233)	-	-	(718)
At 30 September 2015	57,811	26,781	6,659	3,682	2,070	97,003
Accumulated depreciation						
At 1 October 2014	(11,327)	(3,356)	(243)	(2,040)	-	(16,966)
Charge for the year	(1,043)	(545)	(572)	(425)	-	(2,585)
Disposals	-	98	80	-	-	178
Impairment	-	-	-	(160)	-	(160)
At 30 September 2015	(12,370)	(3,803)	(735)	(2,625)	-	(19,533)
Net book value at 30 September 2015	45,441	22,978	5,924	1,057	2,070	77,470
Net book value at 30 September 2014	46,377	23,910	3,956	1,262	895	76,400

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
15 Investments				
Investments (note 15a)	106,601	97,137	96,771	86,705
Investment properties (note 15b)	68,979	71,158	68,979	71,158
Total investments	175,580	168,295	165,750	157,863

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
15a Investments				
Market value at 1 October 2014	97,137	103,757	86,706	93,754
Net additions	268	787	997	773
Investment gain/(loss) on revaluation	(804)	2,896	(932)	2,481
Transfer from/(to) cash	10,000	(10,303)	10,000	(10,303)
Market value at 30 September 2015	106,601	97,137	96,771	86,705

The asset distribution of the investment portfolio at 30 September 2015 is presented below.	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Equities:				
UK	23,085	20,490	19,471	13,861
Overseas	11,052	7,319	11,052	7,319
Total equities	34,137	27,809	30,523	21,180
Bonds:				
UK	27,202	32,050	22,634	30,265
Overseas	5,839	4,510	5,839	4,510
Total bonds	33,041	36,560	28,473	34,775
Cash	8,173	10,532	8,173	10,532
Hedge funds	9,257	2,122	9,257	2,122
Portfolio funds:				
Absolute Return Trust for Charities (Portfolio Funds)	7,485	5,674	7,485	5,674
COIF Charity Investment Fund	5,838	5,724	5,838	5,724
Charinco Common Fund	57	59	57	59
Total portfolio funds	13,380	11,457	13,380	11,457
Overseas – common investment funds and gilt-edged stock	6,747	6,433	6,796	6,483
Others	1,866	2,224	169	156
Total	106,601	97,137	96,771	86,705

£84,080k of the investments are managed by Cazenove Capital Management Limited. The strategy is to maintain the real value of assets and target an investment return of RPI plus two per cent. No one investment was held that represented more than five per cent of the total portfolio. Where possible, listed investments were valued at the accepted market closing price. Where this is unavailable, a quoted or manufactured mid price is used.

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	Charity and Group 2015 £'000	Charity and Group 2014 £'000
15b Investment properties		
Market value at 1 October 2014	71,158	88,837
Transfers from freehold properties	-	460
Disposals at market value	(3,990)	(5,870)
Net gain/(loss) on revaluation of investment properties	1,811	(12,269)
Market value at 30 September 2015	68,979	71,158

Investment properties primarily comprise 376 properties which are owned by the Legion but are let to independent commercial operations, primarily affiliated social clubs. As at 30 September 2014, a full and detailed revaluation of these properties was completed by Bruton Knowles, a firm of qualified surveyors, on the basis of open market value for existing use, which resulted in a revaluation loss of £(14,182)k. From 1 October 2014, the Legion's valuation methodology is to revalue its investment properties on a five-year rolling basis, with 20 per cent being revalued each year. For the year ending 30 September 2015, 77 properties were revalued and a revaluation gain of £900k recognised in the accounts. This revaluation was also completed by Bruton Knowles on the basis of open market value for existing use. The remaining 80 per cent of investment properties are reviewed for any material changes on an annual basis.

During the financial year the Legion disposed of investment properties with a realisable value of £3,990k (2014: £5,870k). The realised and unrealised gains on investment properties was £1,811k (2014: loss of £12,269k).

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
16 Programme-related investments				
16a Loans to external organisations				
Royal British Legion Industries (RBLI)	3,000	3,000	3,000	3,000
Sir Oswald Stoll Foundation	1,002	1,281	1,002	1,281
Other schemes unrestricted				
Loans for property repairs (PRL)	5,766	6,078	5,766	6,078
Small Business Loans	-	1	-	1
Programme-related investments unrestricted	9,768	10,360	9,768	10,360
Other schemes restricted				
Be The Boss scheme (BTB)	575	841	575	841
Group loans	-	-	23	23
Total programme-related investments	10,343	11,201	10,366	11,224

	RBLI Loan £'000	Sir Oswald Stoll Foundation £'000	PRL Loans £'000	BTB Loans £'000	Small Business Loans £'000	Total Group £'000	Group loans £'000	Total Charity £'000
16b Programme-related investments movement during the year								
Opening balance at 1 October 2014	3,000	1,281	6,078	841	1	11,201	23	11,224
Interest	-	50	-	28	-	78	-	78
Repayments and security deposits	-	(329)	(312)	(149)	(1)	(791)	-	(791)
Write-offs	-	-	-	(145)	-	(145)	-	(145)
Closing balance at 30 September 2015	3,000	1,002	5,766	575	-	10,343	23	10,366

The Legion has provided a number of loans in furtherance of its charitable objectives as follows:

Royal British Legion Industries Loan – a secured loan repayable by 31 December 2015 issued for the sheltered accommodation project for ex-Service personnel. An interest rate of 0.5 per cent below the base rate is applied to the principal. The loan was repaid in full on 17 December 2015.

Sir Oswald Stoll Foundation – a secured loan repayable over 10 years issued towards the development costs of a veterans' housing centre. An interest rate of 4 per cent is applied to the principal issued on the anniversary of the loan agreement (17 September 2013). The second instalment of the loan was paid on 26 November 2015

Property Repairs Loans – interest-free secured loans to beneficiaries living in their own home to provide housing improvements. The majority are lifetime loans as they are repayable on the sale of property. The minimum amount for a loan is £2k and the maximum allowed is £25k. The Legion ceased this activity in 2013.

Be the Boss Loans – a scheme (now closed) originally supported by the Ministry of Defence that provides financial support through loans and grants to recent UK Service leavers who are interested in setting up or expanding their own business. The loans are repayable within four years and an annual rate of interest of 9.4 per cent is charged.

Small Business Loans – this scheme (now closed) was run by the Legion to encourage employment of ex-Service personnel. These are unsecured interest-free loans.

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
17 Debtors				
Trade debtors	1,062	1,377	1,021	826
Amounts due from consolidated entities	-	-	9,204	6,795
Other debtors	2,409	2,710	1,862	2,096
Prepayments and accrued income	2,027	4,469	1,814	4,145
Total	5,498	8,556	13,901	13,862

	Cash held centrally 2015 £'000	Cash held by branches 2015 £'000	Total Group 2015 £'000	Total Group 2014 £'000	Total Charity 2015 £'000	Total Charity 2014 £'000
18 Cash at hand and in bank and short-term deposits						
Short-term deposits	46,750	8,168	54,918	31,918	51,098	30,327
Cash at hand and in bank	38,337	8,457	46,794	43,174	34,448	33,791
Total	85,087	16,625	101,712	75,092	85,546	64,118

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
19 Creditors				
Creditors falling due within one year				
Trade creditors	1,535	4,993	1,413	3,390
Amounts due to consolidated entities	-	-	4,175	2,448
Grant commitments	7,887	4,553	7,820	4,315
Accruals	14,401	6,697	12,219	5,596
Deferred income	1,085	1,131	138	46
Other creditors	1,841	1,208	1,501	1,110
Total creditors falling due within one year	26,749	18,582	27,266	16,905

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	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
Creditors falling due after more than one year				
External grant commitments:	17,687	7,607	17,687	7,607
Due within two to five years	2,488	6,560	2,488	6,560
Due over five years	20,175	14,167	20,175	14,167

	Group 2015 £'000	Charity 2015 £'000
20 Deferred income and grant commitments		
Deferred income		
Opening balance as at 1 October 2014	1,131	46
Release of deferred income	(1,092)	(7)
Monies received in advance for lottery entries	763	-
Grants received that relate to future periods	161	-
Monies received in advance relating to activity taking place in future periods	122	99
Closing balance at 30 September 2015	1,085	138
	Group 2015 £'000	Charity 2015 £'000
Grant commitments		
Personnel Recovery Centres		
Opening balance at 1 October 2014	16,562	16,562
Unwinding of discount	621	621
Payments during the year	(463)	(463)
Decrease in accrual	(258)	(258)
Closing balance at 30 September 2015	16,462	16,462
Other grant commitments	11,600	11,533
Total grant commitments at 30 September 2015	28,062	27,995

	Group 2015 £'000	Group 2014 £'000	Charity 2015 £'000	Charity 2014 £'000
21 Provisions for liabilities				
Dilapidations provision				
Opening balance at 1 October	291	862	291	862
Amounts utilised in year	(101)	(571)	(101)	(571)
Provisions raised in year	429	-	429	-
Closing balance at 30 September	619	291	619	291

	2015 Land and buildings £'000	2015 Vehicles and equipment £'000	2014 Land and buildings £'000	2014 Vehicles and equipment £'000
22 Operating lease commitments				
At the year end, the Legion was committed to payments during the next year in respect of operating leases which expire:				
within one year	152	47	118	1
within two to five years	132	989	320	1,269
over five years	1,090	-	938	-
Total	1,374	1,036	1,376	1,270

23 The Royal British Legion Women's Section

The Legion's accounts (charity) include the financial results for The Royal British Legion Women's Section. The Women's Section, which is constituted under the Royal Charter, is a membership organisation for women with 743 (2014: 773) branches and 29,513 (2014: 32,326) members.

The Women's Section contributed £1,098k (2014: £1,017k) towards the Legion's incoming resources. It provides care and support for the ex-Service community by means of various welfare work schemes such as financial help to ex-Service women, wives, widows and widowers of ex-service personnel and their children. Their total charitable expenditure amounted to £1,119k (2014: £1,193k). The section currently holds net assets of £5,054k (2014: £5,225k).

Whilst the funds of the Women's Section are unrestricted in nature, they are administered separately from other Legion funds. Women's Section funds are held in designated reserves to reflect this separation. In May 2016, a proposal is to be put to Annual Conference, which, if approved, effective 1 October 2016, will result in the Women's Section becoming an integrated part of the Legion (a district), with its reserves no longer held as designated.

24 Unrestricted funds

	Note	Balance 01 Oct 2014 £'000	Incoming resources £'000	Resources expended £'000	Gains/ (losses) £'000	Transfers £'000	Balance 30 Sept 2015 £'000
Central benevolent fund		15,626	99,743	(92,671)	(1,524)	(2,510)	18,664
General fund		3,343	4,866	(4,647)	-	-	3,562
Other unrestricted funds		30,364	3,677	(4,803)	92	9,032	38,362
		49,333	108,286	(102,121)	(1,432)	6,522	60,588
Functional fixed asset reserve		74,511	2,797	(2,208)	-	-	75,100
Programme-related investment reserve	16b	10,362	49	(643)	-	-	9,768
Charity unrestricted funds excluding pension reserves		134,206	111,132	(104,972)	(1,432)	6,522	145,456
Subsidiaries' funds		(37)	16,002	(16,002)	-	-	(37)
Group unrestricted funds excluding pension reserves		134,169	127,134	(120,974)	(1,432)	6,522	145,419
Pension reserve		(5,829)	454	256	(2,500)	-	(7,619)
Total group unrestricted funds		128,340	127,588	(120,718)	(3,932)	6,522	137,800

The central benevolent fund incorporates the core activities of the Legion, such as operating residential care homes and welfare break centres, giving grants, providing resettlement training, advising on pension claims service and acting as the custodian of Remembrance. The proceeds from the annual Poppy Appeal collection are allocated to this fund.

During the year, the trustees agreed that some funds previously designated would continue to be accounted for separately but would lose their designation.

The Legion's funds include:

The General Fund, used to support the administration of the membership of the Legion.

The Functional Fixed Asset Reserve, mainly representing the value of the Legion's functional portfolio (such as residential care homes and welfare break homes), used by the charity in the delivery of its charitable objectives.

The Programme-Related Investment Reserve, representing the value of the programme-related investments used by the charity in the delivery of its charitable objectives. The unrestricted reserve excludes Be The Boss Loans, which are restricted and shown in note 25.

The Pension Reserve is a specific allocation of unrestricted funds in relation to the Royal British Legion Staff Pension Fund.

FINANCIALS

	Balance 1 Oct 2014 £'000	Incoming resources £'000	Resources expended £'000	Gains/ (losses) £'000	Transfers £'000	Balance 30 Sept 2015 £'000
25 Restricted funds						
Investment property reserve	71,158	-	-	(2,179)	-	68,979
Income and sales proceeds from property held in corporate trusteeship	65,546	2,747	(2,569)	4,068	(7,160)	62,632
Grants for specific purposes	3,939	9,593	(4,845)	-	-	8,687
Programme-related investment reserve	841	28	(144)	-	(149)	576
Donor-restricted legacies and donations	9,284	5,530	(4,040)	20	-	10,794
Branch and county funds	3,140	348	(126)	393	-	3,755
Charity Commission schemes	1,366	46	-	10	-	1,422
Homes' residents' amenity funds	1,034	869	(816)	-	-	1,087
The Arthur Atock Memorial Trust	651	-	-	-	-	651
British Korean Veterans (1981) Relief Fund	146	5	(9)	(1)	-	141
Permanent endowment	793	-	-	-	-	793
Total charity restricted funds	157,898	19,166	(12,549)	2,311	(7,309)	159,517
Poppyscotland Group	11,320	4,601	(4,736)	128	-	11,313
Poppyscotland pension provision	(1,788)	31	-	28	-	(1,729)
National Memorial Arboretum Group	8,104	9,931	(5,050)	-	787	13,772
Total group restricted funds	175,534	33,729	(22,335)	2,467	(6,522)	182,873

Restricted funds represent grants, donations, legacies and property that are given by the donor for specific purposes and which must be used for that purpose. All restricted funds are held within the Benevolent Fund. Restricted funds include permanent endowment funds which are not material and are not therefore shown separately on the face of the balance sheet.

The investment property reserve represents the estimated market value of £68,979k representing a portfolio of 376 properties owned by the Legion and, in most cases, occupied by social clubs licensed by the Legion to use its name. Many of these properties are held under trust deeds which provide that, if they are sold, the proceeds must be applied in accordance with the terms of the original trust deeds. In most cases, the beneficiaries of such deeds will also be the beneficiaries of the Royal British Legion, but in some cases the relevant deed may limit support in the first instance to ex-service persons in a defined geographical area.

As a result, these properties are held as restricted funds pending agreement with the Charity Commission on how the restrictions contained within the trust deeds can be widened to best serve the Legion's beneficiaries. Similar conditions apply to any income as well as sale proceeds relating to these properties, the value of which is currently estimated at £62,632k.

26 Transfers between restricted and unrestricted funds

During the year the Legion made net transfers of £6,522k (2014: £6,314k) from restricted to unrestricted reserves.

The Legion carried out further work in respect of the income and sale proceeds held from properties in corporate trusteeship. In its role as corporate trustee, the Legion made use of provisos on 39 trusts resulting in the release of £7,645k from restricted into unrestricted funds (included in Other unrestricted funds in note 24 above). The Legion has opted to designate these funds for welfare activity. In note 25, an amount of £7,160k is shown as being transferred from restricted funds. This comprises the £7,645k release, offset by £438k sales proceeds from two properties in corporate trusteeship and £48k branch expenditure transferred from unrestricted to restricted funds.

£787k (2014: £3,324k) was transferred from unrestricted to restricted funds which represents funding provided from the charity to the National Memorial Arboretum.

£149k relating to Be The Boss Loans funded by the Ministry of Defence representing repayments received has been transferred from restricted to unrestricted funds.

	Unrestricted 2015 £'000	Restricted 2015 £'000	Total 2015 £'000	Total 2014 £'000
27 Analysis of group net assets between funds				
Fund balances are represented by	£'000	£'000	£'000	£'000
Tangible assets	77,470	5,022	82,492	80,075
Investments	28,474	157,450	185,924	179,496
Other current assets	86,512	22,637	109,149	84,960
Current and non-current liabilities	(47,037)	(507)	(47,544)	(33,040)
Defined benefit pension liability	(7,619)	(1,729)	(9,348)	(7,617)
Total funds	137,800	182,873	320,673	303,874

28a Contingent liability

The Legion has been advised of a potential VAT liability due to a supplier estimated at around £2.5m. At the date of signing of these accounts, the extent of any liability is unclear and therefore no provision has been made at the year end.

28b Contingent assets

There are 69 branches where the ownership of properties is unclear and as there is uncertainty as to the beneficial ownership of the property, no value has been attributed to these properties in the accounts. These properties, in the main donated to the Legion and occupied by Legion branches, operate under local trust deeds. Depending on the drafting of these deeds, the Legion may or may not have an interest in the freehold of the property. The Legion considers it impractical to value these properties as access is difficult to obtain.

29 Commitments

Capital expenditure on properties used as residential care homes of £2,105k (2014: £3,355k) was committed at 30 September 2015 in relation to the development of a new dementia unit at Maurice House.

30 Related party transactions

Advantage has been taken of exemptions under FRS8 Related Party Disclosures not to disclose balances with or transactions between the Legion and its wholly owned subsidiaries.

The Royal British Legion is a member organisation of the Royal Commonwealth Ex-Services League (RCEL). Two of the Legion's staff and Trustees are on the RCEL Standing Committee on Welfare Programmes as detailed below. RCEL shares office space and certain services with the Legion which had an estimated value of £56k (2014: £28k). RCEL does not make payment to the Legion for these services. In addition, in September 2012, the Legion approved a grant of £600k to RCEL to be paid over a period of five years. The third instalment of £120k was paid in August 2015.

As explained in note 2, in 1922 the Officers' Association transferred the Poppy Appeal to the Legion in return for a payment of 7.5 per cent of the net amount received from street collections. The amount paid to the Officers' Association for the Poppy Appeal was £2,074k (2014: £1,757k).

Organisation	Related Party	Position at the Legion	Position at Related Party Organisation
Royal Commonwealth Ex-Services League	Major General David Jolliffe	Trustee	Hon. Medical Adviser
	Susan Freeth	Director of Operations	Member of Standing Committee on Welfare Programmes

None of the Trustees or other related parties has undertaken any material transactions with the Legion during the year other than as disclosed above.

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The Royal British Legion, Haig House, 199 Borough High Street, London SE1 1AA
T 020 3207 2100 **E** info@britishlegion.org.uk **W** www.britishlegion.org.uk
Registered Charity Number: 219279