

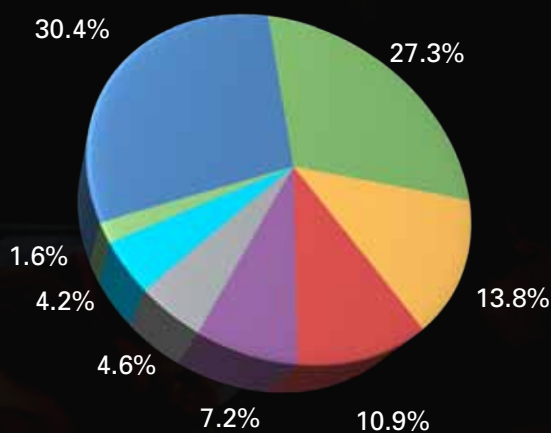


# **Annual Report and Accounts**

# Where the money goes

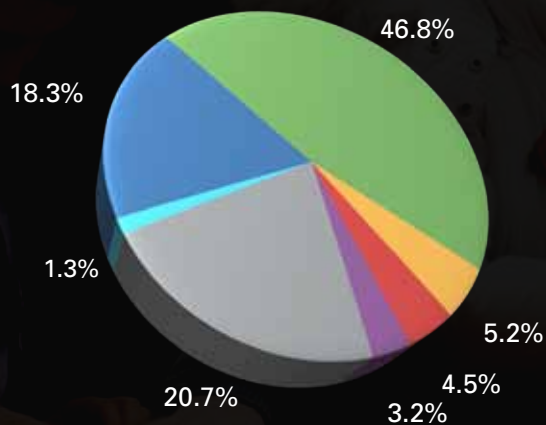
## HOW THE INCOME WAS RAISED

● The Poppy Appeal	£35.0m
● Donations and Legacies	£31.5m
● Events, Lotteries and Trading	£15.9m
● Fees charged to care home residents	£12.5m
● Grants to pay for Welfare Services	£8.3m
● Membership Subscriptions	£5.3m
● Investment Income	£4.8m
● Other Income	£1.9m
<b>TOTAL</b>	<b>£115.2m</b>



## HOW THE MONEY WAS SPENT

● Running our Care Homes and Break Centres	£20.0m
● Providing Welfare Services to our beneficiaries	£51.3m
● Supporting our Membership	£5.7m
● Campaigning on behalf of our beneficiaries	£4.9m
● Remembering those that have fallen	£3.5m
● Raising the money	£27.7m
● Governing the charity	£1.4m
<b>TOTAL</b>	<b>£114.5m</b>



## WHAT WE OWN

• Buildings used by the Charity	£72.9m	• Working capital used to run business	£39.0m
• Buildings occupied by third parties (clubs etc.)	£94.4m	• Investments held to ensure we honour our commitments	£81.9m
<b>Total buildings</b>	<b>£167.3m</b>	• Other assets and liabilities	£3.9m
		<b>TOTAL</b>	<b>£292.1m</b>

# Welcome to the Legion's Annual Report and Accounts for 2010

More than 9 million people can call on us for help and we have never been more active in our dual role of caring and campaigning for our Armed Forces and their families.

## The need

- Our mission is to reach out to the 500,000 in the greatest need – the financially vulnerable, those who are socially or emotionally isolated, and those in poor health or living with a long-term illness.
- We are there for them at life's critical events – injury, bereavement, at times of financial hardship and when they need care in old age. Nearly a quarter of those we help now are below the age of 44 and another 25% are between the age of 44 and 68.
- Today's economic conditions are already severely affecting the youngest and most vulnerable in our beneficiary group.

---

## How we help

Shoulder to shoulder with all who Serve – we spend nearly £1.4 million a week delivering health and welfare support to Service people young and old, and their families.

As guardian of the Military Covenant we campaign for improvements to legislation, public policies and statutory services and our nationwide network of volunteers and staff works locally to help those in need. Our beneficiaries come from every walk of life:

- From a young Service widow needing emotional support and advice after a bereavement to an older veteran needing minor repairs to his home in order to remain independent.
- From a young Service man disabled by conflict needing financial assistance to an elderly veteran with dementia being cared for by his partner.
- From a child of a serving family needing an adventure break to a young entrepreneur needing advice and assistance to be his own boss.

We are the national Custodian of Remembrance – we inform people of all ages about the importance of remembering those from the British Armed Forces who have made the ultimate sacrifice, and those who fought and are fighting still for the freedoms we enjoy today.



Supporting the  
Poppy Appeal in  
Northern Ireland

# 2010 at a glance

We now spend nearly £1.4 million a week on our health and welfare work for Service people young and old and their dependants.

- We helped our beneficiary community with 160,000 interventions.
- Our Benefits & Money Advice Service helped to write off £18.3 million in debt for beneficiaries struggling to cope financially and to claim £9.1 million in additional income for those not receiving their full benefit entitlement.
- In its first six months of operation, *Be the Boss* helped 400 recent Service leavers to set up their own small businesses.
- We launched our inquest advice service and are supporting a growing number of bereaved families with complex cases through the painful process of the Coroner's inquest.
- Our 3,500 volunteer caseworkers carried out over 25,000 home visits.
- We helped change the Armed Forces Compensation Scheme under the review led by Admiral The Lord Boyce – with total estimated increases in compensation in excess of £40 million for those injured or ill as a result of their Service.
- Our Family and Adventure Breaks Service provided breaks for 1,400 Armed Forces families and children who could not afford an annual holiday, or who have been through a recent separation due to deployment overseas.
- We helped First Choice, the holiday company, take bereaved families who had lost a loved one serving in Afghanistan on a free holiday abroad.
- We provided 3,680 beneficiaries living with long-term ill health or disability with the funds for mobility aids, equipment and vehicles and low-level housing adaptations, such as stair lifts.
- We provided immediate assistance to 11,230 beneficiaries in a temporary crisis with: food, groceries, clothing, furniture, household appliances and repairs to property to the value of £6.1 million.
- Our handy van service, which helps vulnerable and disabled beneficiaries to live independently, assisted 2,130 households and completed over 11,700 household low-level maintenance jobs.

---

## Contents

3	<b>Summary</b>
5	<b>Foreword</b>
7	<b>Welfare</b>
15	<b>Working together to achieve more</b>
25	<b>The Trustees' Report</b>
35	<b>Auditors' Report</b>
36	<b>Financials</b>



Soldiers collecting for the Poppy Appeal on London Poppy Day

THE ROYAL BRITISH LEGION

THE ROYAL BRITISH LEGION

# Shoulder to shoulder with all who Serve

In nine extraordinary decades the Legion has grown to become both a revered national institution and the leading charity representing and supporting the Armed Forces community.

During 2010 the need for our help was as great as ever. We provided more than 160,000 responses to calls for help and spent nearly £1.4 million a week delivering health and welfare support to Service people young and old and their families. Our campaigning won compensation worth in excess of £40 million for our most seriously injured heroes and those ill as a result of their Service. It's not surprising that some 92% of MPs said they thought the Legion was the most effective campaigning charity.

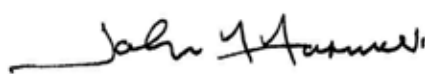
We know that there is more we can do. We have the people, the skills and the financial resources to meet the many challenges that lie ahead. We want to maximise our offering, broaden our support, revitalise our membership and modernise our image.

We have committed to a new vision which puts welfare at the heart of everything we do. Our new mission is to be recognised, and acknowledged, as: 'The No.1 provider of welfare, comradeship, representation and Remembrance for the Armed Forces community'. Being number one is about working ever more closely with other Service charities – such as the RAFBF, SSAFA, BLESMA and St. Dunstan's as well as smaller, local community charitable organisations. We want to use our profile and resources to commission activities we are unable to, or not well positioned to, provide.

With welfare at our heart, our aim is to provide the most appropriate, targeted and high-impact services we can to the Armed Forces community – those who are currently serving, veterans and their families – to ensure that they get the transition and through-life support and recognition they need.

The first steps toward delivering our vision take place in 2011. Trustees will be asked to approve a new welfare strategy based upon: extensive research of the needs of our beneficiaries; the experience and impact of the services we currently deliver; and considerations of new service methods. We are also making changes to our governance to ensure that we have the right decision-making structures and the best balance of skills and experience in place.

We will retain a national focus but increase our local presence, delivering bespoke services to our beneficiaries where they live. As we enter our 90th year, we have a wonderful opportunity to have an even bigger impact than before, raising awareness and support for our work and fulfilling our motto of standing: '**Shoulder to shoulder with all who Serve**'.



**John Farmer, Chairman**



**Chris Simpkins, Director General**



Father and daughter launch the Poppy Appeal in London

# Representation and campaigning

We asked the party leaders to pledge their support for our manifesto and set an example – they all did.

As the guardian of the Military Covenant, the Legion took full advantage of the General Election in 2010 to launch its own manifesto to raise awareness of the breadth of need in the Armed Forces family, especially amongst young Service personnel, bereaved Armed Forces families and veterans.

We also launched a parliamentary pledge campaign to build tangible support among Potential Parliamentary Candidates (PPCs), MPs and the parliamentary parties for political measures to improve the welfare of the Armed Forces family. We held receptions and photocalls, advertised and conducted face-to-face lobbying. We asked the party leaders to pledge and set an example – they all did. Our online campaign on Facebook and Twitter invited constituents to mail their local MP. In just two days we achieved 2.2 million 'impressions', 6,898 'likes' and 278 comments and had ensured that every MP was emailed. As a result, 1,022 PPCs pledged, and a staggering 453 MPs had pledged in the new Parliament. *Time to do your bit* was the most recognised and most supported campaign in Parliament, with 78% of MPs saying they support it and 92% rating the Legion as the most effective campaigning charity.

Since the election we have led a campaign to remove the Chief Coroner from the list of bodies to be abolished in the Public Bodies Bill. We mobilised our parliamentary supporters through traditional briefings, face-to-face meetings, a briefing event and press engagement, all under the banner of the *Time to do your bit* campaign. The Government suffered its biggest defeat in the Lords (since the election), when an amendment to the Bill to retain the Chief Coroner was passed with a majority of 112.

The Strategic Defence and Security Review contained some challenges for Armed Forces families, including a reduction in size for the Services and a review of terms and conditions. We will be working hard in the year ahead to minimise the impacts of these sweeping changes.

During 2010, we undertook extensive research into the health and welfare needs of the Armed Forces community. The results of our research, which has investigated: the issues facing vulnerable sub-groups within our community; the future demographics, size and needs of the Armed Forces community; the challenges we are likely to face due to major reforms to state support; and how local authorities can improve the support given to the Armed Forces families, will be published in the spring of 2011.

# BARBER SHOP

GUISE

Tel:

Sponge  
Shave

Hair  
Restyling

GUISE

433005

Hot Towel  
Shave

Hair  
Coloring

Appointme  
Available

HAIRCUT  
from £5

OAP's  
Tues-Thur  
£3.50

OP

Mon  
Tue  
Wed  
Thur  
Fri  
Sat

GUISE

BARBER



James Harrison's  
barber's shop  
'Guise' in Darwen,  
Lancashire

## Helping those in financial need

Without the help of the Legion my barber's shop couldn't have happened. Their support, both financial and practical, has been invaluable.

Former Leading Hand James Harrison, 36, has received £5,000 from The Royal British Legion's *Be the Boss* scheme to set up his own barber's shop in his hometown of Darwen in Lancashire. James, who served in the Royal Navy's Submarine service for 15 years and was deployed to Iraq in 2003, has already opened his traditional barber's shop, which provides gentlemen's haircuts and cut throat shaves. The Legion scheme is funded by the Department for Business, Innovation and Skills and helps recent Service leavers set up their own business. It is also providing a mentor to help James through his first year in business.

James is one of 400 people to receive help from *Be the Boss*. The Legion also provides grants for beneficiaries who want to improve their skills but who aren't able to access state funding. Last year we provided a total of £350,000 to fund vocational training, helping 120 unemployed veterans to improve their vocational skills and to gain employment. We also grew the number of active registered users on our Civvy Street resettlement website to 6,300 in 2010.

During 2010 we continued to deliver services to help those injured or ill from their Service to claim under the War Pension Scheme or the Armed Forces Compensation Scheme. We assisted 3,350 veterans and Service personnel with a first claim or to challenge a decision at Tribunal.

Our Benefits & Money Advice Service, in partnership with the Citizens Advice Bureaux and the Royal Air Force Benevolent Fund, assisted 8,200 beneficiaries with unmanageable debt. We were able to write off £18.3 million of debt for beneficiaries struggling to cope financially and we claimed back £9.1 million in additional income for those not receiving their full benefit entitlement. This service won the Institute of Money Advisers Best Partnership award in 2010.

We provided 3,240 households with financial assistance to deal with shortfalls in their income and to help manage a short-term financial crisis. The total amount provided in grants for beneficiaries with serious debt or bankruptcy issues was £2.8 million.



Emma-Jayne Webster and her daughter pay tribute to L Cpl Richard Brandon

# Helping the socially and emotionally isolated

“I have been given a lot of advice by the Legion and it has helped me access the support I am entitled to. I tell lots of people to go to the Legion for help because of my positive experience.”

Emma-Jayne Webster lost her fiancé, L Cpl Richard James Brandon of the Corps of the Royal Electrical and Mechanical Engineers, in September 2009 when he was tragically killed in a bomb blast in Afghanistan. Emma had spoken with him just six hours earlier.

In the months following Richard's death, the Legion has been providing emotional support and financial advice to Emma and her young family. "My mind was all over the place after losing Richard and the Legion helped me to cover all the bases," says Emma, "I have been given a lot of advice by the Legion and it has helped me access the support I am entitled to. I tell lots of people to go to the Legion for help because of my positive experience."

Early in 2010 we spoke out about the need for further support for families of those who have died while serving in the Armed Forces. In July, we launched our Independent Inquest Advice Service to help bereaved Armed Forces families through the inquest process. The service provides free, independent and expert advice and assistance, from professionally qualified lawyers, during what can be a painful and frustrating process. The service is part-funded by the MoD.

With the support of local branches, we partnered with 12 community organisations, including Age Concern, Time Banks and the Goodwin Trust, to deliver Health and Wellbeing programmes (social, health and low-level fitness activities aimed at reducing social isolation) to 4,250 beneficiaries.

We teamed up with the Royal College of General Practitioners and Combat Stress to produce a leaflet entitled *Meeting the healthcare needs of veterans – a guide for general practitioners*, which went to all Royal College of General Practitioners members in England and Wales.

We provided 5,050 short breaks for older veterans and their partners in our four Poppy Break Centres, providing rest, comradeship and relaxation for those who had suffered a recent bereavement or a life-changing event. Our Family and Adventure Breaks Service provided breaks for 1,400 Armed Forces families and children who could not afford an annual holiday, or who had been through a recent separation due to deployment overseas.



A friendly face –  
Poppy Calls' Paul  
Cowan with  
Pat Stewart

# Helping those in poor health or living with a long-term disability

Mrs Stewart is one of 2,130 householders who were assisted by Poppy Calls.

Mrs Stewart, whose late husband fought in Arnhem during the Second World War, was referred to Poppy Calls after it was discovered that a number of necessary odd jobs were required in her home. As well as fixing a dripping tap, mending a chest of drawers and a broken blind, the handyman was able to avert a crisis after Mrs Stewart's pipes froze during Christmas 2010. He was able to ensure that she had electricity and gas once again.

Poppy Calls is our handy van service which helps vulnerable and disabled beneficiaries to live independently in their own homes through low-level repairs, maintenance and fitting care alarms. In all, our staff completed over 11,700 jobs for beneficiaries.

The Legion continued to deliver services aimed at helping those injured or suffering ill health from their Service to claim a War Pension Scheme or Armed Forces Compensation Scheme payment; assisting 3,350 veterans and Service personnel with a first claim or to challenge a decision at Tribunal.

In partnership with Combat Stress, we were awarded grant funding of £600,000 for three years from the Department of Health to improve access to healthcare for our beneficiaries.

We provided funds totalling £5.2 million to 3,680 beneficiaries living with long-term ill health or disability to acquire mobility aids, equipment and vehicles or to enable them to have low-level housing adaptations, such as stair lifts.

Last year, we joined the Adaptations Consortium, a group of voluntary sector organisations seeking improvements to the operation of the Disabled Facilities Grants (DFGs) scheme in England and Wales. During the fiercest spending review in recent history, the consortium was successful in protecting Government funding for DFGs, and even secured an inflationary increase.

We provided immediate assistance to beneficiaries in a temporary crisis with: food, groceries, clothing, furniture, household appliances and repairs to property to the value of £6.1 million – in all, we assisted a total of 11,230 households.

We continue to provide 24-hour care in our Poppy Homes, providing dementia and residential care for older vulnerable veterans and partners. There are currently 440 residents receiving care in our six homes. Our Poppy Homes also provided 930 respite stays and 1,750 day-care sessions for vulnerable beneficiaries.

# Working together to achieve more

As a nationwide membership organisation, our activities are bolstered by the efforts and energy of more than 3,500 caseworkers, 5,000 Poppy Appeal Organisers; 300,000 poppy collectors; more than 3 million supporters; and the assistance of many large corporations and organisations. We are extraordinarily grateful to them for everything they do both for us and our beneficiaries.

Wearing poppy branded kit, Olympian James Cracknell took on the challenge to raise awareness of the Legion's work as he saw off competition from over 1,000 other runners to become the highest-ever placed Briton in the history of the Marathon des Sables.

In 2010 James was placed 12th in the Marathon des Sables – the ultimate test of human endurance which pushes even the toughest athletes to the limit. Last year's event across the Sahara Desert in Morocco was a six-stage, 250 kilometre race over sand dunes, mountains and salt flats in temperatures reaching up to 50 degrees Celsius.

The scientific data collected from his body during the event will be used to assist the Armed Forces in understanding how to cope in the most testing circumstances in the harsh desert conditions.

James' high-profile support is one example of the thousands of awareness and fundraising activities that people from all walks of life do to help us in our essential work. Last year, medal-winning gymnast Suzanne Dando took eight other high-achieving women to France in order to undertake the Freedom Trail – the route through the Pyrenees taken by escaping Allied airmen and prisoners of war during the Second World War, raising sponsorship of over £35,000 for the Poppy Appeal.

During 2010, thousands of other individual fundraisers took part in a huge range of activities including walking, running, swimming, climbing and abseiling to raise £200,000 for the Poppy Appeal. More than 285 participants, including our own National President and ex-England Football Manager, Graham Taylor, took part in our most successful Pedal to Paris bike ride – generating over £520,000 in the process. In addition to our normal highly exciting and profitable involvement with the London Marathon, we became involved in the London Triathlon for the first time. Places were grabbed as soon as they were available, and the event raised nearly £20,000.

A wide range of theatrical productions also gave us their support, including the West End productions of 'War Horse' which raised £20,000, and 'Birdsong', which raised £13,000.



Marathon man  
James Cracknell in  
Legion-branded gear



# Here's to our soldiers.

With every Hovis Seed Sensations loaf sold, you'll be helping raise  
£100,000 for The Royal British Legion's Poppy Appeal.



AS GOOD TODAY AS IT'S ALWAYS BEEN

# Working together to achieve more

The 'Here's to our Soldiers' campaign was one of a number of successful associations, which helped us to raise £4.8 million in total in 2010.

In 2010, Hovis worked with our Corporate and Trust team to support the Poppy Appeal – with the 'Here's to our Soldiers' campaign. Bread and rolls carried eye-catching poppy imagery and a promotional message. The campaign surpassed all its targets, raised over £130,000 and won two prestigious awards: one from the Institute of Fundraising for Best Business-Charity Partnership; the other in cause-related marketing in the Business Charity Awards.

The Poppy Bond, developed in partnership with Coventry Building Society, raised a staggering £1.2 million. Marks & Spencer customers spent their pennies wisely in November and raised £250,000 for the Poppy Appeal. The funds were raised at the store's Christmas Penny Bazaar, where stocking-filler items such as socks, mugs and puzzles were sold at the bargain price of 1p. Other commercial partnerships included: Anzac Biscuits, Tagus Creek Wine and Thwaites Brewery.

Our project-led approach to charitable trusts and foundations secured significant donations for our major welfare initiatives, including a donation of £90,000 towards the new dementia wing at Galanos House. We were adopted as Charity of the Year by BAE Systems in 2010 and the corporate and regional fundraising teams are working collaboratively to reach a target of £200,000 over a two-year period with them. Other recent successes include winning Charity of the Year with both McCarthy and Stone and with Windsor Products.

Our wide-ranging direct marketing activities generated income of £15.6 million in 2010, an increase of 16% on the previous year. We ran a number of very successful campaigns during Remembrancetide 2009, including the planting of over 73,000 Little Remembrance Crosses in Westminster and 20,000 poppies at the Menin Gate in Belgium. We commemorated the 65th Anniversary of VE day in June 2010 with a direct mail campaign and a special service at the Cenotaph. We also commemorated the 70th Anniversary of the Battle of Britain with a service at the National Memorial to the Few at Capel-le-Ferne near Folkestone.

Raffles and lotteries provided a valuable income stream for the Legion, with a total of £8.7 million generated. Our legacy income totalled £9.4 million in 2010. We now have nearly 8,000 supporters on our database who have pledged to leave the Legion a gift in their wills.





Members of the Riders Branch combine their love of motorcycling and the Legion

# Working together to achieve more

The Riders Branch was formed in 2004 and is the Legion's fastest growing branch with nearly 4,000 members at the end of 2010.

Around 80 motorbike enthusiasts descended on the National Army Museum in April 2010 to present a cheque for over £100,000 to the Poppy Appeal. The £100,720 donation raised by the Legion's Riders Branch was received by the Army's most well-known soldier, Lance Corporal Katrina Hodge, AKA Miss England.

A national branch, it has members from all three strands of the Armed Forces and a good number who have not served, but who support the Legion and its aims. The Riders are highly visible throughout the year doing much the same as other local Legion branches: enjoying themselves; promoting the Legion at every opportunity; recruiting new members and supporting the Poppy Appeal. But of course, they do it in their own unique way with a central focus of activities aimed at the motorcycling community which seems to have a large percentage of veterans.

Our members in Yorkshire are growing a new scheme, helping 80 local beneficiaries living in food poverty. Our branches have linked with local charities and FareShares to provide food parcels to some of our most vulnerable beneficiaries.

We are one of the largest membership organisations in the country. Our members give us an imposing voice in campaigning and a major presence in the community for work and appeals. We face a challenge to maintain and increase our numbers. In 2010 we recruited over 29,000 new members. But more than 39,000 didn't renew their membership and 5,000 sadly died. This left us with 368,000 members – a net reduction of 15,000 on the previous year.

The Riders have played a large part in addressing this by helping to pilot an online membership initiative. Today, anyone with a UK bank account can now become a member via the web and join one of our county or national branches.

Around the country, offices have been playing a vital role in ensuring that the new online joiners are made to feel welcome and are kept up-to-date by regular mail shots. So some 100 new members are joining online each month. We aim to increase the numbers to 1,000 per month in 2011 by advertising and increasing the links to other websites. We are also developing new means to revitalise our message and our offering to bolster engagement with those currently serving and their families.



**WELFARE CASEWORKER**

Name: **Daniel Kington**

Branch/County:

Card No: **22/09/2004**

Issue Date: **22/09/2004**

The holder is a representative of the Ford Branch Union  
Agricultural County No 22222

Selfless support from Danny Kington carrying out his caseworking

## Working together to achieve more

The most rewarding thing about being a volunteer caseworker is being able to make a positive difference to a person's life and meeting such a wide variety of people. It can be a humbling experience and a real privilege.

Our volunteers are the face of the Legion in the community. This vital cadre of supporters includes some 3,500 caseworkers, who tirelessly deliver support to our beneficiaries throughout the year. In 2010 they carried out over 25,000 home visits, providing access to our welfare services and also providing a friendly ear. This selfless support enables us to deliver our services to those in need, and our organisation could not function without them.

Danny Kington has been a caseworker for over nine years, dedicating up to 15 hours to the Legion a week. He has a welfare and Service background, and casework enables him to put these skills to good use. His work for the Legion varies enormously, ranging from house and hospital visits to filling out paperwork with clients, usually to ensure that they're accessing the correct benefits and pensions entitlements.

He's proud to have been directly involved in turning around the life of a mum of two in her twenties, who had previously served in the Royal Navy. She was staying in a hostel, and within 48 hours the Legion had re-housed the young family, as well as furnishing the property and putting up six months of rent. His oldest client was the First World War veteran Albert 'Smiler' Marshall, the last surviving Horse Cavalryman, who lived to the age of 106.

Danny says: "One of the most prevalent issues facing a lot of the younger veterans and ex-Service families today is the issue of personal debt. Housing and resettlement is also key to a decent life following the Forces. The Legion really does change lives."



Margaret Barker,  
organiser of the  
tribute to Rifleman  
James Brown  
on behalf of the  
Petts Wood and  
Orpington branches

## How we remembered

“It’s our responsibility to show that we care about modern Forces personnel,” says Petts Wood Branch President, John Rosenbaum. “We’re not just here purely to remember WWI and WWII, we’re here to remember every soldier.”

Rifleman James Brown, 18, had only been in Afghanistan for two weeks when he was killed while guarding a bustling market square in central Sangin. When members in Petts Wood, the small Kent town in which Rifleman Brown grew up, discovered his coffin would pass by their branch on its way to the cemetery, they decided to pay tribute to their local hero. Thanks to the branch’s involvement with the funeral, when the cortege passed through the town, on a grey and drizzly day in January, it was quietly observed by more than 1,000 people.

On the national stage, our annual Festival of Remembrance at the Royal Albert Hall attracted more than 7 million viewers on BBC1. Graced by Her Majesty the Queen and HRH the Duke of Edinburgh, the moving event featured performances from The Soldiers, Jamie Cullum and Hayley Westenra. On Remembrance Sunday, Her Majesty led the nation in the annual ceremony at the Cenotaph in London. Around the world, people marked the moment in gatherings large and small, from Truro in Cornwall to Camp Bastion in Afghanistan, where news of two more Service deaths added poignancy to the ceremonies.

On Armistice Day, ceremonies around the country and abroad marked the Two Minute Silence at the 11th hour on the 11th day of the 11th month. At the National Memorial Arboretum, an outdoor service of Remembrance was held on the Armed Forces Memorial. HRH The Earl of Wessex led the congregation, which included senior representatives of Her Majesty’s Armed Forces and Government. We planted a ‘Flanders’ Field’ of 40,000 cardboard poppies beside the Menin Gate in Ypres.

In London and Swansea, thousands gathered at our Armistice Day ‘Silence in the Square’ events, which were linked by live TV. Hosted by Ben Shephard, the Trafalgar Square event included musical acts Athlete, Mark Knopfler, Cerys Matthews and Only Men Aloud; and readings from Stephen Fry and our junior campaigner, George Taylor. In Castle Square, the event was hosted by Welsh musician Mal Pope, and featured a reading by Bonnie Tyler and performances by classical group Blake.

Over the last 15 years, we have created and grown the strongest and most far-reaching Remembrance education offering in our sector. The three elements of the programme – our Legion School’s Pack, Poppy Travel for Schools and Young People, and the education team at the National Memorial Arboretum provide all-year-round opportunities to allow teachers to help young people of all ages to learn about, appreciate and experience Remembrance. In 2010 we distributed 68,500 Learning Packs and 20,000 CD Rom/DVD sets to schools and other educational groups. We estimate that over 2.5 million young people in the UK benefited from them, including those with special educational needs.



# The Trustees' Report

The Trustees present their report and accounts for The Royal British Legion (the Legion or the Charity) and its subsidiaries (the Group) for the year ended 30 September 2010. The information on pages 1-25 forms part of this report being a summary of the achievements for the year.

The Royal British Legion is registered with the Charity Commission under registration number 219279. The Registered office is Haig House, 199 Borough High Street, London SE1 1AA.

## STRUCTURE, GOVERNANCE AND MANAGEMENT

The Legion was founded as a charity in 1921. Its governing instrument is the Royal Charter, first granted in 1925 and subject to annual review. The implementation of the Charter is the responsibility of the Board of Trustees. Amendments to the Charter must be approved by two-thirds of the Board of Trustees and two-thirds of the accredited branch delegates at the Annual Conference. Any agreed amendments are submitted to the Privy Council for approval by the Monarch in Council. The last substantive review of the Charter was in 2003 and the document applying at the time of preparing these accounts is The 2003 Royal Charter version 6 (as amended) dated 31 October 2010.

The Legion has a head office in London where the Director General and the supporting Board of six Executive Directors are based. There is a network of offices in England, Wales and Ireland which provide facilities for local members, volunteers and staff of the Legion. Care home services and Poppy Breaks are delivered through their own premises distributed around the country. The Poppy Calls service is organised from a call centre in St Neots.

### 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.

There are 21 trustees appointed as follows:

- 12 are elected by the membership through a postal vote of the branches in each of the 12 electoral regions;
- The Chairman and Vice-Chairman are elected every three years by a postal vote of all branches;
- The Chairman of the Women's Section is elected by the members of the Women's Section at National Conference; and
- Six trustees are appointed by the Board of Trustees. Invitation is by open advertisement and selection takes place through the Governance and Nominations Committee.

Trustees are elected or appointed for an initial three-year period and are eligible for a further two terms of three years. The posts of Chairman and Vice-Chairman rotates every three years and post holders are not eligible for further terms. Newly elected trustees are given induction training on their duties as members of the Board of Trustees and on their responsibilities as trustees. In addition, specific training is given to individual trustees as required when they are elected or appointed to any position or committee where specialist knowledge is required. Training needs are reviewed on an annual basis.

As required by law, the Board of Trustees governs the organisation within the bounds of the Royal Charter and in line with its vision, aims and charitable objectives. The Board provides overall policy direction; management 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 has reporting arrangements in place to ensure that the charity is managed effectively. The names of trustees who served in the year and senior management employed are shown on pages 65 and 66. Trustees receive no remuneration but are reimbursed for the costs of attending meetings and other official functions. Some trustees are invited to lead and officiate on the pilgrimages organised by RBL (Poppy Travel) Ltd and the costs involved in that duty are included in the declared figure for trustee expenses (note 12).

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

Two of the Committees facilitate the communication with members:

**The Membership Council** – takes responsibility for the direction and implementation of all membership issues and advises the trustees on these aspects. In particular it is responsible for managing the income and expenditure budget for the General Fund and ensuring that the General Fund remains in credit.

**The Conference Committee** – oversees the organisation of the Annual Conference including receiving and reviewing motions for Conference from branches.

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

**The Governance and Nominations Committee** – makes recommendations on Board of Trustees' appointees and monitors governance best practice. A sub committee (The Establishment Committee) is charged with decisions on remuneration and establishment matters. It reviews policy each year and determines the staff remuneration budget and the remuneration of the Director General and senior executive directors.

**The Audit Committee** – reviews the significant judgements made in the accounts prior to Board of Trustees approval. It provides for regular communication between the trustees and the external and internal auditors. It monitors the risk management procedures, approves the internal audit programme and reviews reports on the audit activity.

Four Committees oversee the resources of the charity:

**The Finance Committee** – reviews and recommends the reserves policy and related investment policies to the trustees, and monitors compliance with the policies. It reviews the annual budget and any other financial matters referred to it by the Board of Trustees. It oversees and monitors the Investment/Development Property portfolio to the best advantage of the aims and objectives of the charity.

**The Homes Property Committee** – monitors the performance of functional property developments, oversees significant acquisitions or disposals of functional properties and ensures that these properties are appropriately maintained.

**The Training Advisory Group** – defines and monitors training programmes for members and volunteers.

**The External Grants Committee** – reviews applications

for external grants; approves those below £250k and recommends action to the Board of Trustees for those over £250k.

### Organisational structure

The Legion is a membership organisation that is overseen by a Board of Trustees through the Membership Council. Around 350,000 members are organised through a branch structure of which there are nearly 2,500 branches operating across England, Wales, Northern Ireland, the Isle of Man and the Channel Isles, with a further 96 branches overseas. Branches:

- Administer the welfare in their area;
- Undertake their own fundraising with central support for the Poppy Appeal; and
- Recruit and maintain members.

Branches report into 38 County and District Committees whose boundaries are based on historic geographical counties. Some Counties have combined to form a District which continues to operate as a large County. The Committees of Branches, Counties and Districts consist entirely of volunteers and support the branches administratively. The Chairman of each County is eligible to stand for the Membership Council and every three years 10 such Chairmen are elected. Transition to an electoral process of electing regional representatives by branches is being proposed and if agreed the first such elections will take place in 2012.

Many members belong to one of the 612 clubs which use the Legion's name under licence but which are independent entities. The clubs, being separate commercial entities, are not part of the charity but some 339 occupy property owned by the Legion and leased to the club under a commercial lease. Members of clubs are required to be members of the branch and some of the branches use the facilities of the clubs for meetings and storing Legion equipment. In all other ways, including governance, the clubs are outside of the charity and therefore their financial results are not included in these accounts.

There is a separate Women's Section within the Legion which is constituted under the Royal Charter and has over 950 branches and 47,000 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.

The Legion supports the Membership structure and oversees the delivery of welfare services by the provision of paid staff located in each County and District. Staff supporting the welfare activities in the Counties and Districts report into the Director of Welfare through five Regional Managers and those supporting Membership to the Deputy Director General through the Head of Membership. The Women's Section is supported directly from Head Office.

### Corporate structure

The Legion has an extensive corporate structure comprising:

- The charity;
- Four wholly owned subsidiaries which are included in the consolidated accounts; and
- Acting as the custodian trustee for one charity and the distributory agent for another.

The four wholly owned subsidiaries are:

- **RBL Trading Ltd**, receiving income from promotional and sponsorship deals and the sale of affinity and merchandise products to the public;
- **RBL Development Ltd** undertaking development of capital assets (such as the dementia wing at Galanos House, a Poppy Care Home in Southam, Warwickshire) on behalf of The Royal British Legion;
- **RBL (Poppy Travel) Ltd**, which commenced trading on 1 September 2010 and is a fully ATOL and ABTA bonded travel company through which the Legion conducts its Pilgrimage and Educational Tours business; and
- **The National Memorial Arboretum Company Ltd** (NMA) (registered charity 2927443) with its wholly owned subsidiary **NMA Enterprises Ltd**, operating the National Memorial Arboretum near Lichfield in Staffordshire.

The Legion is the custodian trustee for the Samsung Royal British Legion Korean Veterans Association Scholarship Fund (charity number 1051545) with net assets of £447k, and the distributory agent for the funds of the Irish Ex-Service Trust on behalf of the Foreign and Commonwealth Office with net assets of £3,536k (asset values being quoted at 30 September 2010).

During the year the assets of The 1940 Dunkirk Veterans Memorial Benevolent Trust Fund (charity number 1081787) were amalgamated (with the agreement of the Charity Commission) into The Royal British Legion and are accounted for in these accounts as a Restricted Fund of The Royal British Legion.

In addition there are three active companies which for historic reasons share our logo.

- **The Royal British Legion Industries Ltd** (RBLI), which provides employment, training and support for people, including those with disabilities, plus care and support for ex-Servicemen, women and families;
- **The Royal British Legion Factory Ltd** in Richmond (the Poppy Factory), which assists disabled Servicemen by providing employment through the making of poppies and wreaths for the Royal British Legion; and
- **The Royal British Legion Attendants Company Trust**, which promotes the rehabilitation and resettlement in civilian life or otherwise assists men and women who have previously served in the Armed Forces of the Crown.

These three companies are separate charitable trusts with no common shareholding and the results of these companies are not included in the consolidated accounts of the Legion.

### Risk management and internal control

The Trustees have approved a risk policy and established a system of management and review to ensure that the level of inherent risk within the Legion is acceptable and that the controls put in place are working.

The Board of Trustees delegates the implementation of

the risk management system within the organisation to the Director General. Annually the Trustees review the risks faced by the charity and if necessary revise the risk register to make it more relevant. Risks in the register are rated by a combination of likelihood and impact to give a gross risk which is offset by mitigating actions to arrive at a net risk. Risks are ranked by the net risk score. The register is kept under review by the Executive Board and actions initiated to enhance the mitigating actions. The risk register and the actions agreed are reported to the Board of Trustees through the Audit Committee every six months and to the full Board of Trustees annually.

The annual Internal Audit plan is drawn up by reference to the risk register. Audits are planned more frequently in areas of high risk and when undertaken, focus on the actions taken to mitigate risks. Adherence to the structure of internal control is one such area where the audit checks the controls in place to mitigate risks. Internal Audit also offers an assurance role on major projects.

Internal control is established through Standard Operating Procedures (SOPs), which are published on the Legion's internal website. There is a rolling programme of reviewing the suitability of the SOPs. Monthly accounting processes are designed to ensure that accounting and finances are sound and Internal Audit reviews the underlying internal control processes.

---

## OBJECTIVES AND ACTIVITIES

A beneficiary of The Royal British Legion is defined in the Royal Charter and may be summarised as any man or woman who is serving or has served and received a minimum of seven days' pay, in Her Majesty's Armed Forces or the forces of an allied nation. Our prime object is to relieve need and to further the education of beneficiaries and their spouses, children and dependants.

During the year the trustees have reviewed and revised the strategic manner in which we achieve our objects.

## Strategic objectives

We will shape our structures and services to have the most impact on a changing beneficiary community and in doing so we will support our mission to be the organisation which both is, and is seen to be:

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

The strategy is built on the **four pillars** of welfare, comradeship, representation and Remembrance, with welfare at the heart of everything that the Legion does.

We will ensure that all those who are serving or have served in the UK Armed Forces, and their families, receive the support and recognition they deserve. To achieve our mission, we want the public, and especially our beneficiaries, to know more about us and the help we can provide.

Our **purpose** is to be widely known as the organisation that stands:

### Shoulder to shoulder with all who Serve

We want people to stand with us:

- Providing support first, not sympathy – helping people to help themselves.
- As proud advocates of everyone who serves.
- United with all our supporters in a common cause.

We will support our vision with an ambitious five-year **strategy** that will lay the foundations for a future growth by:

- **Maximising our offering**
  - Boosting the impact of those services that are most relevant to our beneficiaries;
  - Developing new services to meet changing needs; and
  - Extending our advocacy both within the Armed Forces and Parliament.

- **Broadening our support**
  - Cultivating new groups and communities of people to help us in our work.
- **Revitalising our membership**
  - Rekindling comradeship and a common sense of purpose and belonging.

### Our mission to serve

In our work in delivering public benefit we seek to ensure that the nation honours its life-long duty of care to those who make a unique covenant to serve our country and to remember those who have fallen in its service. We currently estimate that nearly 9 million people are eligible to access our welfare services. We also seek to campaign on behalf of our beneficiaries to improve their longer-term quality of life.

The core activities we undertake to support this duty of care are to:

1. Seek to increase the household income of people living in poverty;
2. Help people to live independently;
3. Help more people of working age to develop their vocational skills and find sustainable employment;
4. Increase the range and quality of care services for the most vulnerable older people;
5. Improve the quality of life for isolated or excluded people and families; and
6. Campaign on behalf of those who are, or who could be, beneficiaries of the Legion's services, for improvements to legislation, public policy and statutory services.

As the national custodian of Remembrance, we discharge our responsibility, all year round, through countrywide education programmes to inform and engage young people about the importance of remembering fallen members of the British Armed Forces and each November through the Festival of Remembrance and observance of the national Two Minute Silence. In setting our service objectives and planning the activities for the year the Trustees confirm they have had due regard to the guidance on public

benefit published by the Charity Commission and so fulfilled our obligation under section 4 of the Charities Act 2006.

### Grant making

The Legion supplements the delivery of direct support services to beneficiaries by the provision of grants.

Individual grant giving supported by our volunteers is designed to ensure that where adequate benefits are not available following a standard assessment of the beneficiary's financial situation, the beneficiary receives a grant, either financial or by the provision of goods or services, to ensure immediate needs are met. These grants are typically small in value but large in number. In 2010 we supported 22,791 beneficiaries (2009: 26,818 beneficiaries) through individual grants at a cost of £19.6 million (2009: £22.7 million).

External grant giving is applied where the third party has skills or facilities unavailable within the Legion's resources. Grants to these third party organisations are made against applications for support, after scrutiny by the Trustees of the applicant's objects, current financial position and the business plan put forward in support of the application in line with the policy agreed by the Trustees. An annual budget is agreed with the Trustees for the amount of external grants. In 2010 grants were awarded to 28 organisations totalling £5.6 million (2009: 26 organisations totalling £5.9 million). The major grant made in 2010 was of £2.6 million to St Dunstan's to support the building of their new centre in Llandudno which will provide 10 high dependency care beds for the support of blind Service men.

### Members and Volunteers

The Legion is grateful for the valuable volunteer support of over 3,500 caseworkers, around 5,000 Poppy Appeal Organisers and of the countless members and volunteers who support us and assist in the annual Poppy Appeal collection and the day to day operations of the Legion at district, county and branch level.

## ACHIEVEMENTS AND PERFORMANCE

The achievements of the past year have been set out in the Annual Report on pages 1 to 24. Key highlights are that in 2010 we:

1. Completed 160,000 calls for help through our welfare services;
2. Secured £9.1 million in income gained and helped write off £18.3 million in debt for beneficiaries struggling to cope financially;
3. Provided 5,050 free, short breaks for older veterans and 1,400 households benefited from our week-long Family and Adventure Breaks;
4. Helped change the Armed Forces Compensation Scheme under the review led by Admiral The Lord Boyce; and
5. Achieved total incoming resources of £115 million – including a record £35 million for the Poppy Appeal.

Our results for the year ended 30 September 2010 are given in the Statement of Financial Activities on page 37. This statement and the supporting notes numbered 1 to 28 have been presented to provide a clear link between the presentation of our income and expenditure figures and the objectives and activities set out in this report. The assets, liabilities and funds are set out in the balance sheet on page 38.

**Total incoming resources** of £115.2 million increased by £8 million or 7.4%. The increase over the same figure in 2009 comes from an increase of £6.3 million in voluntary income, £1.2 million in lotteries and other fundraising activities, £1.8 million in charitable activities such as Care Homes offset by a fall of £1.0 million in investment income and property disposals.

**Total resources expended** at £114.5 million increased by £2.3 million or 2.1% over the previous year. The growth was less than in previous years reflecting our focus on the effectiveness of providing Immediate Needs Grants, a review which led to the reduction in the number of grants made and reduced expenditure of £3.4 million. That review is continuing and it is likely in future years that expenditure in this area will continue to decline. However, we are making investments in other services such as the Money Advice Service delivered through the Citizens Advice Bureaux and an Inquest Service to the relatives of

soldiers killed in conflict. Overall total welfare spend on services rose by 1.1% to £71.3 million from £70.5 million in 2009.

These accounts show a loss on operating Care Homes of £4.1 million (2009: £5.0 million). At the end of January 2011 we sold Crosfield House in Powys, Wales which in the year to 30 September 2010 accounted for in excess of £1 million of the reported loss. As a further step to mitigate loss, each of our Care Homes has capacity in excess of our beneficiaries who wish to take up the places. We offer this surplus capacity to Local Authority applicants, who pay fees below our fully absorbed cost but at a value which makes a marginal contribution to operating profit and hence reduces the overall loss.

We continue to ensure that our money is spent wisely and during the year we have strengthened our ability to procure goods and services. We have appointed a print management company to assist in the systematic review of how we buy our printed materials and we have carried out two contract reviews on the provider of the Poppy Travel service and the supplier of mobility aids. This activity has generated annualised savings in excess of £1 million and work will continue to seek new areas for efficiency. These efficiencies are reflected in the welfare spend and indicate that whilst the growth in total spend is slowing we are able to help more people.

### Value of unrestricted funds

Following several successful years of fundraising and particularly influenced by the revaluation of the Legion's property portfolio, the value of unrestricted funds at 30 September 2010 totalled £273.9 million. As shown in note 21 this balance includes the Pension Deficit of £3.9 million and the General Fund of £3.2 million along with four main funds:

- The Central Benevolent Fund of £71 million which is the excess of income received over expenditure and which is included within our reserves;
- The investment property reserve of £94.4 million being the current value of the Legion's investment property portfolio the majority of which is occupied by clubs bearing the Legion's name;
- The Branch and County funds of £36.3 million, the income from which is used to fund our Branch and County network; and

- One designated reserve, the functional fixed assets reserve of £72.9 million which represents the book value of property and other assets used to deliver the charitable objectives of the Legion and which is not available for general use.

Aware of the increased value in the balance sheet, the Trustees agreed in January 2011 to a property strategy which will seek to realise redundant investment properties and reinvest the proceeds in furthering our charitable objectives.

The General Fund this year has benefited from a prior year adjustment by HMRC regarding the amount of gift aid that can be reclaimed. An audit of the gift aid documentation in 2009 by HMRC highlighted a number of discrepancies and as a result the amount of gift aid claimed by the Legion was reduced. With the introduction of a new scanning operation and support from our members we have been able to recreate valid paperwork and as a result been able to submit a successful retrospective claim of £523k (note 3) which has been credited to the General Fund.

#### Performance of subsidiaries

Included in these accounts is the result for RBL Trading Ltd. During the year the trading company generated a profit of £1.5 million demonstrating a turn around from previous year's losses. That turn around has been achieved by the closure of the nine New Legion Clubs announced in last year's annual report. At the time of signing these accounts, of the nine closed clubs, four have been sold, one let, three are under offer and one is being marketed. Proceeds from the sale of the properties has been recognised in the books of the charity.

The NMA continues to be a strong visitor attraction with the number of visitors this year holding up at around 280,000 and putting the NMA into one of the top attractions in the UK. Whilst entrance to the site is free, income is earned through the shop, the canteen and the car park. As a result the NMA was in line with budget and generated a small surplus after receipt of the grant from the Ministry of Defence.

In September the dormant subsidiary Remembrance Travel Ltd was renamed RBL (Poppy Travel) Ltd and commenced trading to deliver the pilgrimages and associated travel services previously carried out as part of the charity. The subsidiary achieved full ABTA and ATOL bonding and the Legion was required by

both authorities to invest £50k as equity into the subsidiary to meet their minimum capitalisation requirements. At the date of signing these accounts, RBL (Poppy Travel) Ltd had signed an agreement with an independent travel operator, Leger Travel to promote pilgrimages on its behalf in 2011.

Various loans to the above entities have been included as programme-related activities (note 16b).

#### Investment performance

The recovery in the value of the investment portfolio seen in 2009 continued into 2010. Overall the portfolio grew by 8.5% against a total benchmark of 10.4%. UK equities showed an increase of 11.7% over the year (benchmark 12.5%), overseas equities 12.2% (benchmark 9.5%), bonds 10.6% (benchmark 8.0%) and hedge funds 0.8% (benchmark 0.5%). The underperformance arises from the composition of the portfolio where at 30 September 2010, 54.4% of the investments were in UK equities. The investment strategy remains to retain a balanced portfolio with one investment house. To assist us moving forward after the year end, we have appointed Aon Hewitt to complete a review of the relevance of our investment strategy given the overall need to ensure it remains relevant.

## FINANCIAL REVIEW

### Accounting for property

Last year we made changes to our accounting policy for property. After a review of usage, some 570 properties in total were re-categorised as investment properties which, in line with SORP 2005, are required to be included in the accounts at market value rather than cost. At the time of publishing the annual report for 2009, only some 100 properties had been included in the accounts at market value leading to a qualification by the auditors. During this year the valuation of the remaining properties was completed. The result of the valuation shows in the 2010 accounts a net increase of £60.6 million (see note 24). The Trustees are satisfied that the basis presented in these accounts now satisfies SORP 2005 and the UK Generally Accepted Accounting Practice. As a result the qualification issued on the 2009 accounts has been lifted. Valuations will now be conducted using surveyors employed by the Legion, once every five years.

Within our property portfolio are some 142 properties where the ownership remains to be determined. 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. A full review of these deeds is in hand and until any interest has been proved the asset is held in the books of the Legion at zero value. The potential existence of a future asset is noted as a contingent asset in note 26.

### Accounting for pensions

Included in the balance sheet is a provision of £3.9 million (2009: £3.0 million) being the Legion's share of the deficit on the defined benefit pension scheme estimated using the assumptions prescribed under FRS 17. The last triennial valuation of the scheme at 31 March 2008 showed a deficit of £5.3 million of which the Legion's share is estimated at £4.0 million. The next triennial valuation is due at 31 March 2011.

The three employers in the scheme (the Legion, RBLI and the Poppy Factory) are addressing the funding of the scheme deficit in two ways:

- The scheme closed to future accrual in April 2010 and from that date all members have contributed into a Group Flexible Retirement Plan (GFRP); and

- A recovery plan has been agreed with the Trustees which will see the payment of a total of £77k per month (Legion share £55k) into the scheme over the next seven years. In addition the employers have pledged assets to the value of £10 million as surety that the deficit will be recovered.

The Trustees are confident that with these changes the charity is strong enough financially to fund the Legion's share of the deficit from future cash flows.

### Reserves policy

The reserves policy of The Royal British Legion is to hold sufficient free reserves to be able to meet with confidence for at least the next nine months the commitments made for services, grants to third parties and capital improvements. The reserves have been quantified by assessing the risks to which the Legion is exposed and calculated to cover specific incidences of high fiscal loss but where there is a low likelihood of occurrence. Risks of this nature cannot be easily managed through the operational risk management process. In calculating the value of reserves required, the Trustees have identified three areas; short term, long term and project specific. Short-term reserves (estimated at £10 million) are those needed immediately following any incident. Longer-term reserves are those required for between three and nine months following any incident. Reserves for specific future projects will be identified when required by the Trustees to allow the designated project to complete on time. The Trustees have agreed that reserves of around nine months' expenditure are appropriate to cover the identified risks. In the accounts to 30 September 2010 (there being no need for any project specific reserve) the value of the unrestricted investments of £79.7 million equates to 9.4 months of unrestricted total resources expended.

### Investment policy

The Trustees hold investments to meet the needs of the Reserves stated above. During the year the Trustees reconsidered the need to hold up to £10 million in liquid assets and concluded that the liquidity of the Legion was sufficient to provide such resources in the face of a sudden and immediate downturn. As a result the short-term fund was re-combined with the longer term and all investments are now being run as one fund.

This fund is invested through investment managers where a total return policy has been adopted.

The mandate agreed with the investment managers specifies the level of risk that can be taken by defining, inter alia, asset classes and ranges, benchmark and acceptable volatility. The investment managers have total discretion within these parameters. No ethical investment restriction is put on the investment managers' remit, as the Trustees are content that the corporate socially responsible investment policy of the current investment manager meets their needs. The investment managers are tasked with achieving long term growth at least to keep pace with inflation with measurement being made annually at each fiscal year end judged on a three year rolling average. As noted above, during the year the Trustees commissioned a review of this policy the outcome of which will be reported in 2011.

#### Future plans

In the forthcoming year we will continue to meet the needs of our beneficiaries whilst adopting the new strategy outlined above. In all this we are well supported financially as again in November 2010 the Poppy Appeal maintained its popularity with the nation and produced a record contribution. The major initiatives for 2010/11 will include:

- Continuing the partnership with the Ministry of Defence and Help for Heroes in the delivery of four Personnel Recovery Centres and one Battleback Centre for people seriously injured whilst in service;
- Publishing an impact report highlighting our past achievements in welfare services and using the results to reshape our services going forward;
- Expanding further our Benefits, Money Advice and Disability operations;
- Initiating the independent inquest advice service;
- Establishing a Remembrance learning team uniting our Education and Remembrance teams and building on the National Memorial Arboretum as a site for year round Remembrance;
- Completing a 30-bed dementia unit at Galanos House in Warwickshire and the refurbishment of the Poppy Break Centre at Portrush in Northern Ireland; and
- Delivering the appeal for the 90th anniversary of the Legion.

## TRUSTEE RESPONSIBILITIES

### Statement of Trustees' responsibilities

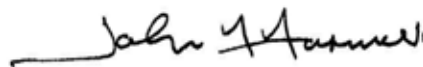
The Trustees are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 1993 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.



**John Farmer, Chairman**

31 March 2011

## INDEPENDENT AUDITORS' 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 2010 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of trustees and auditors

The Trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the charity's Trustees as a body in accordance with Regulation 30 of The Charities (Accounts and Reports) Regulations 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Report is not consistent with those financial statements, if the charity has not kept sufficient accounting records, if the charity's financial statements are not in agreement with these accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information

comprises only the Trustees' Report, and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to other information.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### In our opinion:

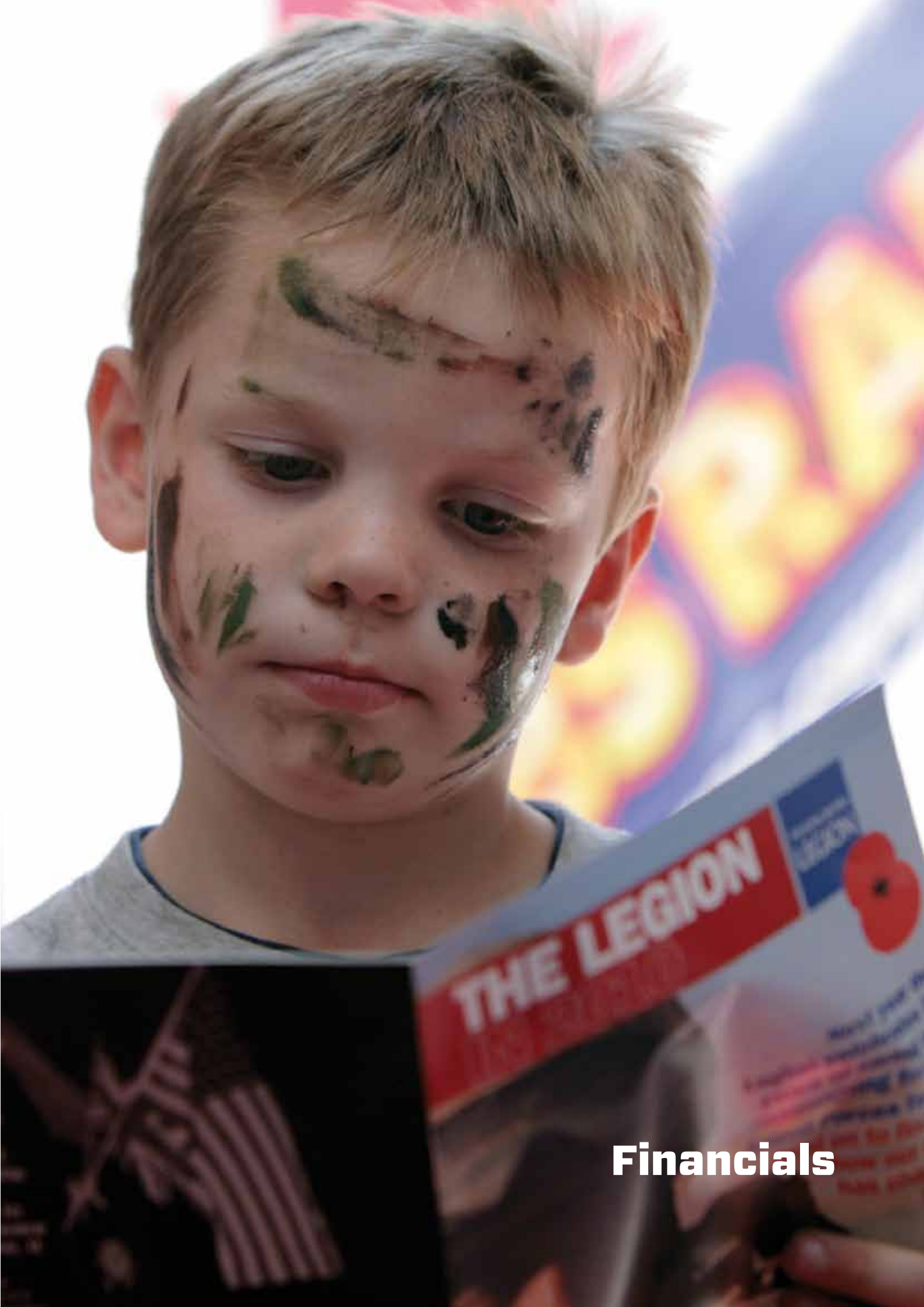
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the charity's affairs as at 30 September 2010 and of the group's incoming resources and application of resources, including its cash flows, for the year then ended; and
- the financial statements have been prepared in accordance with the Charities Act 1993.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors

The maintenance and integrity of the Royal British Legion website is the responsibility of the Trustees; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**Financials**

## Consolidated Statement of Financial Activities

for the year ended 30 September 2010

	Note	Unrestricted funds £'000	Restricted funds £'000	Total £'000	Restated Total 2009 £'000
<b>Incoming resources:</b>					
Incoming resources from funds generation					
Voluntary income	2	63,948	2,502	66,450	60,166
Activities for generating funds	2a	14,517	1,373	15,890	14,688
Total incoming resources before investment income	-	78,465	3,875	82,340	74,854
Investment income	2b	4,743	99	4,842	5,384
Total incoming resources from funds generation	-	83,208	3,974	87,182	80,238
Incoming resources from charitable activities	3	17,594	9,392	26,986	25,223
Other incoming resources	4	1,062	5	1,067	1,820
Total incoming resources before sale of former Head Office	-	101,864	13,371	115,235	107,281
Profit on sale of former Head Office	4	-	-	-	17,796
<b>Total incoming resources</b>	-	<b>101,864</b>	<b>13,371</b>	<b>115,235</b>	<b>125,077</b>
<b>Resources expended:</b>					
Cost of generating voluntary income	5	16,118	328	16,446	13,930
Activities to generate funds	5	9,731	1,143	10,874	11,289
Investment management fees	5	412	-	412	348
<b>Total cost of generating funds</b>	-	<b>26,261</b>	<b>1,471</b>	<b>27,732</b>	<b>25,567</b>
Charitable activities	6	77,117	8,192	85,309	85,337
Governance Costs	8	1,321	124	1,445	1,246
<b>Total resources expended</b>	-	<b>104,699</b>	<b>9,787</b>	<b>114,486</b>	<b>112,150</b>
Net (outgoing)/incoming resources before transfers	-	(2,835)	3,584	749	12,927
Transfer between funds	23	100	(100)	-	-
<b>Net (outgoing)/incoming resources</b>	-	<b>(2,735)</b>	<b>3,484</b>	<b>749</b>	<b>12,927</b>
<b>Other recognised gains and losses:</b>					
Gain on investments	15a	4,384	100	4,484	2,730
Unrealised gains/(losses) on investment properties	15b	4,200	-	4,200	(15,055)
Realised losses on investment properties	-	(40)	-	(40)	-
Actuarial losses on defined benefit pension scheme	13	(3,011)	-	(3,011)	(4,894)
<b>Net movement in funds</b>	-	<b>2,798</b>	<b>3,584</b>	<b>6,382</b>	<b>(4,292)</b>
Fund balances brought forward at 1 October					
as previously stated	-	210,564	14,566	225,130	218,068
prior period adjustment	24	60,554	-	60,554	71,908
Fund balances brought forward	-	271,118	14,566	285,684	289,976
<b>Fund balances carried forward</b>	-	<b>273,916</b>	<b>18,150</b>	<b>292,066</b>	<b>285,684</b>

The notes on pages 40 to 64 form part of the financial statements. All amounts relate to continuing operations. Prior year amounts have been restated as detailed in note 24.

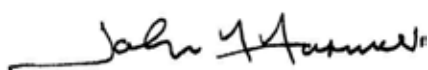
## Consolidated and Charity Balance Sheets

as at 30 September 2010

	Note	2010 Group £'000	Restated 2009 Group £'000	2010 Charity £'000	Restated 2009 Charity £'000
<b>Fixed assets:</b>					
Tangible assets	14	77,727	78,388	72,876	73,336
Investments	15	176,244	169,670	176,294	169,670
Programme related investments	16	7,620	6,452	8,643	11,067
<b>Total fixed assets</b>	-	<b>261,591</b>	<b>254,510</b>	<b>257,813</b>	<b>254,073</b>
<b>Current assets:</b>					
Debtors and prepayments	17	13,394	7,377	16,159	7,149
Cash at bank and in hand	18	41,997	40,748	40,451	39,819
<b>Total current assets</b>	-	<b>55,391</b>	<b>48,125</b>	<b>56,610</b>	<b>46,968</b>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	19	(16,399)	(12,414)	(15,774)	(11,573)
<b>Net current assets</b>	-	<b>38,992</b>	<b>35,711</b>	<b>40,836</b>	<b>35,395</b>
Creditors: Amounts falling due after one year	19	(4,640)	(1,562)	(4,640)	(1,562)
Defined benefit pension liability	13	(3,877)	(2,975)	(3,877)	(2,975)
<b>Net assets</b>	-	<b>292,066</b>	<b>285,684</b>	<b>290,132</b>	<b>284,931</b>
<b>Funds:</b>					
Benevolent fund - unrestricted	-	274,620	270,585	277,263	274,230
General fund	-	3,173	3,508	3,173	3,508
Pension reserve	-	(3,877)	(2,975)	(3,877)	(2,975)
<b>Total unrestricted funds</b>	21	<b>273,916</b>	<b>271,118</b>	<b>276,559</b>	<b>274,763</b>
Benevolent fund - Restricted funds	22	18,150	14,566	13,573	10,168
<b>Total funds</b>	-	<b>292,066</b>	<b>285,684</b>	<b>290,132</b>	<b>284,931</b>

The notes on pages 40 to 64 form part of the financial statements. Prior year amounts have been restated as detailed in note 24.

Approved by the Board of Trustees on 31 March 2011 and signed on its behalf by:



J F Farmer, National Chairman



J Crisford, National Vice-Chairman

## Consolidated Cash Flow Statements

for the year ended 30 September 2010

	2010		2009	
	£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities:</b>				
Net incoming resources	749		12,927	
Investment income	(4,842)		(5,384)	
Depreciation - fixed assets	2,314		4,139	
Non-cash FRS17 movement	(2,110)		(743)	
Gain on sale of tangible fixed assets	(172)		(18,316)	
Loss on sale of investment property	(40)		-	
(Increase) in programme investments	(1,168)		(955)	
(Increase)/decrease in debtors	(6,017)		70	
Increase/(decrease) in creditors	7,063		(2,547)	
		(4,223)		(10,809)
<b>Returns on investment and servicing of finance:</b>				
Investment income received	4,064		3,923	
Interest received	493		788	
Income from branch investments and deposits	285		673	
		4,842		5,384
<b>Capital expenditure and investing activities</b>				
Purchase of tangible fixed assets	(3,118)		(8,712)	
Sale of tangible fixed assets	1,366		20,965	
Purchase of fixed asset investments	(1,385)		(1,297)	
Sale of fixed asset investments	3,767		144	
		630		11,100
<b>Net cash inflow (a)</b>		<b>1,249</b>		<b>5,675</b>
<b>(a) Increase in cash and short term deposits</b>				
Cash and short term deposits at 1 October	40,748		35,073	
Increase in cash and short term deposits	1,249		5,675	
<b>Cash and short term deposits at 30 September</b>		<b>41,997</b>		<b>40,748</b>

# Notes to the Accounts

## for the year ended 30 September 2010

### 1. PRINCIPAL ACCOUNTING POLICIES

#### Accounting convention

The financial statements are prepared 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 (the SORP), applicable accounting standards in the United Kingdom and the Charities Act 1993 as amended by the Charities Act 2006. They have been prepared on the accruals basis of accounting except that the results from branches have been extracted from returns submitted on a receipts and payments basis. The principal accounting policies are set out below and have been applied consistently with the prior year except where noted.

#### Group financial statements

These financial statements comprise the central General and Benevolent Funds vested in the Board of Trustees in accordance with the Legion's Royal Charter. As agreed with the Charity Commission and in accordance with the SORP, they also include the results, assets and liabilities of the Legion's counties, branches and Women's Section. The subsidiaries and organisations listed in Note 10 have been consolidated on a line by line basis. Our policy is to consolidate results of all branches and counties based upon receipt of individual branch returns. Where returns are not received, an estimate of income and expenditure is made based upon the returns received from other branches. Assets are included at the previously reported value adjusted for known transactions. Any unconfirmed and estimated assets are included in other debtors (see note 17).

Organisations which use our name but 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 Ltd and The Royal British Legion Attendants Company Trust. Also the accounts do not include results of affiliated social clubs which are not part of the charity, but are separately registered

organisations. They operate under licence and use the Legion's name.

The Legion has taken advantage of the provisions of paragraph 397 of the SORP and no separate statement of financial activities for the Legion alone is presented. A summary of the result for the Legion is shown in Note 10.

#### Fund accounting

Unrestricted funds include designated funds which are expendable at the discretion of the Trustees in furtherance of the objects of the charity.

Designated funds are those required to support assets used to deliver the objects of the charity.

Restricted funds represent grants, donations and legacies which 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.

#### Incoming resources

Income is recognised in the period when 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 when the Legion is advised that a payment will be made and the amount involved can be quantified with reasonable certainty.
- Grants are included when the conditions for recognition have been complied with.
- Gifts in kind and intangible income are included at the cost to the donor if known, or the value to the Legion at the date of receipt.
- Donations are accounted for in the period of receipt.

Time given by volunteers is not included in these financial statements.

## Notes to the Accounts

### for the year ended 30 September 2010

#### Investment income

Investment income from the centrally held investment portfolio is accounted for on an accruals basis and includes dividends declared but not paid. Investment income earned by branches, including rental income on branch held properties, is accounted for by consolidation of the branch returns which are prepared on a receipts and payments basis.

#### 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 representing expenditure on poppies and other fundraising tokens, staff and related expenditure of the Poppy Appeal, the costs of the central fundraising department and investment management fees.
- Charitable activities includes all expenditure (including staff costs) directly related to the delivery of the services provided by the charity to eligible beneficiaries and comprises the cost of residential care, training and resettlement, remembrance and other charitable services. It further includes the cost of supporting and maintaining our extensive membership and the costs of campaigning on behalf of the Legion's beneficiaries. The cost of evaluating, supporting and managing the charitable programmes is also included and further analysed in the notes to the accounts.
- Governance costs represent the costs of governance arrangements which 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 the head office.

Grants payable are recognised in the Statement of Financial Activities (SOFA) when awarded and the recipient has a valid expectation of receipt, thus creating a constructive or legal obligation under FRS12 and in accordance with SORP 2005.

#### 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 cost. 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 (e.g. floor space and head count).

#### Poppy Appeal

All income and expenditure of the Poppy Appeal is accounted for in the financial year in which it is received and occurred.

#### Poppies and wreaths

In support of one of the Legion's prime charitable objectives, poppies and wreaths are produced by The Royal British Legion and RBL Poppy Factory which also provides sheltered employment for disabled ex-Service people. The cost of producing poppies for use as fundraising emblems is charged to the cost of generating funds and the cost of producing remembrance wreaths is charged to remembrance and ceremonial activities. The costs of poppies and wreaths are expensed in the year.

#### Staff pension schemes

Pensions are accounted for in accordance with FRS 17. The current service cost of the defined benefit scheme is 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 SOFA. A provision for the scheme deficit is shown on the face of the balance sheet. The amounts charged to the SOFA for defined contribution schemes represent the contributions payable in the period. Details of the Pension Schemes are included in Note 13 to the accounts.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 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 SOFA. Income from listed investments is accrued when due for payment. Interest on deposits is accrued on a day to day basis. Properties not used for charitable purposes are classified as investment properties and are included in investments at market value. Investment properties will be revalued every five years and in the intervening period values will be adjusted using a composite index reflecting house price, residential development land and commercial property indices to reflect the broad nature of the Legion's investment property portfolio.

Programme-related investments are held at the amount invested less any impairment. These are reviewed on a yearly basis and any impairment is recognised in the SOFA immediately.

#### Tangible fixed assets

Purchases of individual items of property, plant, machinery and equipment costing over £50,000 are capitalised.

Functional properties used by the charity are included at cost, where known, or valuation at dates 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. The Head Office 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.

#### Leases

Rentals payable under operating leases are charged to the SOFA on the 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 section 505 of the Income and Corporation Taxes Act 1988 to the extent that they are applied to the organisation's charitable objectives. 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 year end exchange rate.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 2. ANALYSIS OF INCOMING RESOURCES FROM GENERATED FUNDS

	2010 £'000	2009 £'000
<b>Voluntary income</b>		
Donations	22,019	18,978
Legacies	9,444	10,306
The Poppy Appeal	34,987	30,882
<b>Total</b>	<b>66,450</b>	<b>60,166</b>

The declared National 2009 Poppy Appeal total of £34,987k (2008: £30,882k) includes income from legacies £761k (2009: £995k) and other donations £925k (2009: £1,006k).

In 1922 the Officers Association handed the Poppy Appeal to the Legion in return for a payment of 7.5% of the net amount collected from the street collections. The amount payable is £1,909k including £1,562k paid as grant (note 7b).

At 30 September 2010 the Legion had been advised with certainty of its interest in residuary and pecuniary legacies with estimated values of £1,632k (2009: £1,494k) and they were included in the accounts. Not included in the accounts are interests in 21 legacies (2009: 20) with a value of £877k (2009: £887k) where the conditions for acceptance have not been met.

#### 2a. ACTIVITIES FOR GENERATING FUNDS

This note gives a breakdown of activities undertaken specifically to generate incoming resources for the charity. Income from commercial activities is from the trading company, wholly owned by the charity.

Fundraising events income	2,686	2,338
Fundraising lotteries	8,723	6,951
Income from commercial activities	4,481	5,399
<b>Total</b>	<b>15,890</b>	<b>14,688</b>

#### 2b. INVESTMENT INCOME

Investment income is the return from the investment portfolio which includes dividends and rental income as well as interest earned on bank balances held locally and by branches.

Dividends on listed investments	1,320	1,669
Investment income on funds held by branches	285	673
Rentals from investment properties	2,744	2,254
Bank deposit interest	493	788
<b>Total</b>	<b>4,842</b>	<b>5,384</b>

Rentals from investment properties are in most cases received by local branches of the Legion and are accounted for on a cash received basis. At the time of consolidating these accounts no branch accounts had been made available in respect of 426 branches and in these cases an estimate of rental income has been made.

Rentals from investment properties which were disclosed previously in "Other incoming resources" (note 4) have been reclassified as "Investment Income" and included in the note above.

# Notes to the Accounts

## for the year ended 30 September 2010

### 3. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

Incoming resources directly from charitable activities include income received for services provided by the charity to beneficiaries and grant income from external sources for welfare activities and membership, details of which are shown below.

	2010 £'000	2009 £'000
<b>Incoming resources from charitable activities</b>		
Fees from residential care homes	12,449	11,543
Grants for welfare services (a)	8,327	8,146
Affiliation fees (including Women's Section and Branches)	5,252	5,340
Gift aid adjustment	523	(523)
Income from charitable services (b)	435	717
<b>Total</b>	<b>26,986</b>	<b>25,223</b>

A gift aid adjustment is disclosed separately as it led to an increase of income from Affiliation fees. It is a one-off event reflecting the introduction of a new scanning system of gift aid forms that allowed additional recovery of £523k of Gift Aid from previous years.

#### (a) Grants receivable for welfare services consist of the following:

Ministry of Defence (including Be The Boss)*	2,110	90
Ex-service charities and other organisations (almonisation)**	6,217	8,056
<b>Total</b>	<b>8,327</b>	<b>8,146</b>

\* Be The Boss is a government funded scheme to assist ex-Service people set up in business (see note 16a).

\*\* Almonisation income is the contribution from other service charities when the recipient of assistance from the Legion is the beneficiary of more than one charity/organisation.

#### Ex-service charities and other organisations (almonisation)

Contributions from ex-service organisations towards Immediate Needs Grants	5,533	7,610
Contributions from Royal Air Force towards money advice services	454	400
Contributions from other organisations	230	46
<b>Total</b>	<b>6,217</b>	<b>8,056</b>

#### (b) Income from charitable services consists of income from the following sources:

Festival of Remembrance	84	178
Poppy Travel	8	140
National Memorial Arboretum	343	399
<b>Total</b>	<b>435</b>	<b>717</b>

Membership services and Advertising in the Legion Magazine income have been included in the "Other incoming resources" (note 4).

## Notes to the Accounts

### for the year ended 30 September 2010

#### 4. OTHER INCOMING RESOURCES

Other incoming resources include income from the sale and rental of charitable assets that are not taken account of in the categories above.

	2010 £'000	2009 £'000
<b>Other incoming resources</b>		
Membership fees and royalties	264	209
Advertising in the Legion Magazine	464	559
Gains on sale of assets	172	520
FRS17 Pension Income	64	260
Other income	103	272
<b>Total other incoming resources</b>	<b>1,067</b>	<b>1,820</b>

In previous years rental income from investment properties was included within "Other incoming resources". This year it has been moved to "Investment income" as it is the appropriate classification. The sale of the freehold building at 48 Pall Mall was completed in February 2009. The profit on sale in 2009 was £17,796k.

#### 5. COST OF GENERATING FUNDS

The analysis below explains the cost of generating incoming resources.

	Direct costs £'000	Support costs £'000	Total 2010 £'000	Total 2009 £'000
Generating voluntary income	15,395	1,051	16,446	13,930
Fundraising events costs	1,206	95	1,301	1,501
Fundraising lotteries costs	5,382	422	5,804	3,579
Investment management fees	412	-	412	348
Commercial activities (Trading)	3,769	-	3,769	6,209
<b>Total cost of generating funds</b>	<b>26,164</b>	<b>1,568</b>	<b>27,732</b>	<b>25,567</b>

## Notes to the Accounts

### for the year ended 30 September 2010

#### 6. ANALYSIS OF CHARITABLE ACTIVITIES

This is a breakdown of costs on various charitable activities to meet our charitable objectives and support cost allocated to each activity.

	Note	Direct costs £'000	Support costs £'000	Total 2010 £'000	Total 2009 £'000
<b>Charitable activities</b>					
Residential care homes		15,197	1,367	16,564	16,541
Welfare break centres		3,223	220	3,443	4,083
<b>Total care services</b>		<b>18,420</b>	<b>1,587</b>	<b>20,007</b>	<b>20,624</b>
Welfare grants to individuals	7a	19,598	-	19,598	22,705
Grants to other organisations	7b	5,631	-	5,631	5,914
Cost of Welfare casework		9,436	2,895	12,331	9,299
Benefit & Debt services		2,840	76	2,916	2,452
Home support services (inc Poppy Vans)		1,173	136	1,309	1,056
Health & Wellbeing services		980	20	1,000	1,093
Pension claims service		798	275	1,073	1,278
Resettlement services		204	25	229	642
Welfare cost in branches and counties		6,832	395	7,227	5,389
<b>Total community welfare services</b>		<b>47,492</b>	<b>3,822</b>	<b>51,314</b>	<b>49,828</b>
Central Membership support		1,469	294	1,763	2,044
Recruitment, development, training		404	163	567	628
Support to branches with clubs		773	96	869	1,183
The Legion magazine (gross cost)		1,360	-	1,360	1,480
Membership costs in branches and counties		1,072	61	1,133	800
<b>Total membership services</b>		<b>5,078</b>	<b>614</b>	<b>5,692</b>	<b>6,135</b>
<b>Communication and campaigning</b>		<b>4,321</b>	<b>552</b>	<b>4,873</b>	<b>4,083</b>
Festival of Remembrance		381	101	482	563
Ceremonial & commemorative events		1,093	-	1,093	1,143
Remembrance Tours		451	54	505	1,135
National Memorial Arboretum (NMA)		1,343	-	1,343	1,826
<b>Total remembrance &amp; ceremonial</b>		<b>3,268</b>	<b>155</b>	<b>3,423</b>	<b>4,667</b>
<b>Total charitable activities</b>		<b>78,579</b>	<b>6,730</b>	<b>85,309</b>	<b>85,337</b>

Support costs are allocated to activities within the Legion – see note 9. Activities predominantly outsourced bear no allocation of support costs.

The cost of the Legion magazine is offset by advertising income included within Income from charitable activities (note 4). In 2010 the net cost of the magazine was £896k (2009: £921k).

The cost of remembrance wreaths £870k (2009: £712k) is included in ceremonial and commemorative costs.

The cost of the National Memorial Arboretum (NMA) is the total cost of operating the NMA £2,757k (2009: £2,379k) less the amount (£1,414k) allocated to the cost of generating funds.

## Notes to the Accounts

for the year ended 30 September 2010

### 6. ANALYSIS OF CHARITABLE ACTIVITIES (continued)

	2010 £'000	2009 £'000
<b>Net income/expenditure for the year is stated after charging:</b>		
Auditors remuneration		
- audit	141	143
- other fees paid to former auditors	-	119
Other taxation and consultancy services	137	24
Branch & county audit fee paid to other auditors	137	92
Depreciation	2,314	4,139
Operating lease rentals:		
- vehicles and equipment	374	444
- buildings and offices	946	818

# Notes to the Accounts

## for the year ended 30 September 2010

### 7. GRANTS AWARDED

	No. of Beneficiaries		Total	Total
	2010	2009	2010 £'000	2009 £'000
<b>a. Welfare Grants to Individuals</b>				
Individual welfare cases	22,791	26,818	19,598	22,705
<b>b. Grants to other organisations (single grant unless stated)</b>				
St Dunstan's			2,600	-
The Officers Association			1,562	1,963
SPEAR Housing Association Ltd			239	-
Alabaré Christian Care Centres (ACCC)			180	120
Sir Oswald Stoll Foundation			170	149
English Churches Housing Group			150	-
Naval Area Community Organisation			129	-
Poppyscotland			112	43
Oakley Rural Day Care Centre			81	-
Maldon Housing Association			60	-
Veterans Aid			60	-
Victory Services Association			50	-
Ex-Service Fellowship Centres			45	-
Skill Force			40	648
RCEL			26	-
Framework Housing			25	-
Gardening Leave			25	-
St Petrock's			25	-
Combat Stress			-	1,800
The Royal Hospital Chelsea			-	414
Norcare			-	233
Royal British Legion Industries			-	156
Plymouth Access To Housing (PATH)			-	79
British Ex-Service Wheelchair Sports Association			-	42
Project Compass			-	36
Viscountess Barrington's Homes			-	25
Kairos Community Trust			-	25
Community Housing & Therapy			-	13
Other charities and voluntary organisations under £25k	10	11	52	168
<b>Total</b>			<b>5,631</b>	<b>5,914</b>

## Notes to the Accounts

### for the year ended 30 September 2010

#### 7. GRANTS AWARDED (continued)

##### c. Partnership Grants

Grants awarded to external organisations to fund specific welfare services exclusively to Legion beneficiaries under the programmes included in note 6.

	2010 £'000	2009 £'000
<b>Partnership Grants (Included in Community Welfare Services Direct Costs)</b>		
<b>Benefit &amp; Debt services</b>		
Citizens Advice Bureau	2,488	2,141
<b>Home support services</b>		
Goodwin Development Trust Ltd	168	197
Care & Repair (Stroud) Ltd	18	22
Age Concern	10	-
<b>Health &amp; Wellbeing services</b>		
Age Concern	422	344
Timebanks UK	126	147
Training for Life Ltd	80	-
Bryncynon Community Revival Strategy Ltd	75	-
Royal British Legion Industries	51	28
St George's Wakefield	51	25
Sir Oswald Stoll Foundation	47	48
Spirita	37	-
Chesterfield Timebank	-	25
Others less than £20k	-	15
<b>Resettlement services</b>		
Start Here	81	-
Royal British Legion Industries	-	36
<b>Total</b>	<b>3,654</b>	<b>3,028</b>

#### 8. GOVERNANCE COSTS

	2010 £'000	2009 £'000
<b>Governance costs</b>		
Support to trustees and volunteers	393	284
Statutory reporting & strategy	404	455
Internal & external audit and tax services	563	433
Women's Section costs	85	74
<b>Total</b>	<b>1,445</b>	<b>1,246</b>

A further analysis of the Women's Section is included in Note 11.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 9. SUPPORT COSTS

The table shows how support costs were allocated to each of the charitable activities.

	Facilities & Management £'000	HR & Pensions £'000	Finance & IT £'000	Total 2010 £'000	Total 2009 £'000
Cost of generating funds	251	313	1,004	1,568	1,628
Charitable activities:					
Care services	286	750	551	1,587	1,673
Community welfare services	803	1,013	2,006	3,822	3,748
Membership services	120	114	380	614	1,242
Communication and campaigning	172	118	262	552	659
Remembrance & ceremonial	3	63	89	155	185
Total charitable activities				6,730	7,507
Governance costs	61	40	154	255	314
<b>Total</b>	<b>1,696</b>	<b>2,411</b>	<b>4,446</b>	<b>8,553</b>	<b>9,449</b>

Facility costs are allocated on the basis of floor space used. All other support costs are allocated on the basis of headcount.

#### 10. ACTIVITIES OF CONSOLIDATED SUBSIDIARIES AND ORGANISATIONS

The Legion has six wholly owned subsidiaries, the results of four of which are consolidated into these accounts as described in the note below. The two other subsidiaries, The Royal British Legion Training Company and Travel and Learn Limited are dormant companies. The name of Remembrance Travel Limited was changed to RBL (Poppy Travel) Ltd and the company commenced trading on 1 September 2010. All are registered in the UK and have 30 September year ends.

Royal British Legion Trading Ltd – A trading company which provides affinity group services to members and supporters of the Legion and the development and operation of nine social clubs for Legion members and supporters. It covenants its profit to the Legion.

Royal British Legion Developments Ltd – A trading company which develops or improves properties, principally those owned by the Legion. It covenants its profit to the Legion.

RBL (Poppy Travel) Ltd – An ATOL and ABTA bonded travel company delivering pilgrimages and associated travel activity.

The National Memorial Arboretum Company – 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 Company has one subsidiary NMA (Enterprises) Ltd, a trading company providing services to visitors to the National Memorial Arboretum.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 10. ACTIVITIES OF CONSOLIDATED SUBSIDIARIES AND ORGANISATIONS (continued)

The results of the Legion alone and the consolidated entities are shown in the table below:

	The Charity £'000	RBL (Poppy Travel) Ltd £'000	National Memorial Arboretum £'000	RBL Trading £'000	RBL Development £'000
Turnover/Incoming resources	107,456	-	2,936	3,707	-
Other income	10,787	-	-	-	-
Direct costs	(111,725)	-	(2,633)	(2,174)	4
Overheads	(1,317)	-	(124)	-	(4)
<b>Net incoming resources</b>	<b>5,201</b>	<b>-</b>	<b>179</b>	<b>1,533</b>	<b>-</b>
Assets	314,423	86	6,296	993	159
Liabilities	(24,291)	(36)	(1,719)	(3,061)	(159)
<b>Net assets/(liabilities)</b>	<b>290,132</b>	<b>50</b>	<b>4,577</b>	<b>(2,068)</b>	<b>-</b>

The Trustees of The Royal British Legion have given a letter of comfort to the Directors of RBL Trading Ltd regarding the cumulative losses carried forward. These losses arise from the establishment of the New Legion Clubs (NLC) and RBL Trading Ltd is supported by a loan from the Legion. During the year the loss making NLCs closed and RBL Trading Ltd has now returned to profitability.

#### 11. ROYAL BRITISH LEGION WOMEN'S SECTION

The Charity accounts 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 around 950 branches and 47,000 members.

The Women's Section contributed £1,377k (2009: £1,068k) 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 £1,232k (2009: £1,369k), excluding the governance cost. The Section currently holds net assets of £5,330k (2009: £4,992k).

## Notes to the Accounts

### for the year ended 30 September 2010

#### 12. INFORMATION REGARDING EMPLOYEES AND TRUSTEES

	2010 No.	2009 No.
<b>Average number of employees (full time equivalent) during the year</b>		
Cost of generating funds	115	111
Charitable activities:		
Care services	518	501
Community welfare services	195	176
Membership services	112	107
Communication and campaigning	26	26
Remembrance and ceremonial	53	53
Total charitable activities	904	863
Support and governance	84	77
<b>Total full time equivalent staff</b>	<b>1,103</b>	<b>1,051</b>

At 30 September 2010 the Legion had 1,387 (2009: 1,335) full and part time staff on the payroll.

	2010 £'000	2009 £'000
<b>Staff costs comprise:</b>		
Wages and salaries	25,850	24,552
National Insurance contributions	2,304	2,249
Pension costs	1,510	1,619
<b>Total</b>	<b>29,664</b>	<b>28,420</b>

	2010 No.	2009 No.
<b>The number of staff paid over £60,000 during the year (salary plus taxable benefits excluding pension contributions) was:</b>		
£60,001 - £70,000	3	4
£70,001 - £80,000	1	-
£80,001 - £90,000	3	3
£90,001 - £100,000	2	4
£100,001 - £110,000	2	-
£110,001 - £120,000	-	1
£130,001 - £140,000	1	-

Of the higher paid employees, two (2009: 4) participated in the Legion's defined benefit pension fund and contributions amounting to £70k (2009: £56k) were made to a defined contribution scheme for the others. The Royal British Legion incurred costs of £1.8m (2009: £1.9m) on agency staff including their recruitment fees.

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 24 (2009: 21) Board of Trustee members amounted to £159k (2009: £156k restated). This principally represents reimbursed travelling expenses in attending meetings and official engagements, and includes the costs of Trustees officiating at Remembrance tours. The restated 2009 cost reflects the inclusion of Trustee involvement in Remembrance Tours. The Legion purchased insurance at a cost of £6k (2009: £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.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 13. STAFF PENSION FUNDS

The Royal British Legion operates three staff pension funds. The scheme available to all employees is a Group Flexible Retirement Plan (GFRP) provided by Standard Life. The GFRP scheme was introduced on 1 April 2010. The liability of the employer is limited to the contributions it makes, which amounted to £673k. The Royal British Legion Staff Pension Fund is a multi-employer Defined Benefit (DB) scheme. The other employers participating in the schemes are Royal British Legion Industries and RBL Poppy Factory. The DB scheme was closed to new members on 31 October 2002 and on 1 April 2010 was closed to the remaining members. The Royal British Legion Defined Contribution Staff Pension Fund (the DC Fund), introduced in July 2002 was closed on 31 March 2010 and is being wound up. Closure offers to members were made in December 2010 with the deadline for decisions at 31 March 2011. The funds of members who remain undecided will be transferred into a default fund.

The Legion continues to account for the DB scheme in accordance with FRS17 and identifies each charity's share of the pension scheme assets and liabilities. The last actuarial valuation took place at 31 March 2008 performed by Bucks Consulting. The next valuation is due at 31 March 2011. The employers are contributing a total of £77k per month (Legion share £55k) into the scheme over the next 7 years and in addition have pledged assets to the value of £10m as surety that the deficit will be recovered.

In preparing the valuation under FRS17 the major financial assumptions used by the actuary were:

	2010	2009	
<b>Actuarial Assumptions:</b>			
Discount rate (% p.a.)	<b>5.0%</b>	5.4%	
Salary increase rate (% p.a.)	<b>n/a</b>	4.0%	
Rate of revaluation in deferment (% p.a.)	<b>3.1%</b>	3.0%	
Pension increase rate (% p.a.)	<b>n/a</b>	3.0%	
Price inflation, capped at 5% p.a.	<b>3.0%</b>	2.9%	
- as above, but capped at 3% p.a.	<b>2.6%</b>	2.4%	
Expected return on Fund assets (% p.a.)	<b>5.9%</b>	5.8%	
Price inflation rate (% p.a.)	<b>3.1%</b>	3.0%	
<b>Life expectancy :</b>			
Current pensioners	Men	<b>86.5</b>	85.7
	Women	<b>89.9</b>	88.8
Future Pensioners now aged 40	Men	<b>88.7</b>	87.0
	Women	<b>91.9</b>	89.9

## Notes to the Accounts

### for the year ended 30 September 2010

#### 13. STAFF PENSION FUNDS (continued)

The Legion's assets have been taken as the same proportion of the total Fund assets that the Legion's liability valuation bears to the total Fund's liability valuation. The fair value of the assets of the Fund and the expected rates of return were:

Asset Class	Expected rate of return	2010 £'000	Expected rate of return	2009 £'000
Equities	7.00%	30,193	7.45%	27,583
Gilts	3.50%	2,985	3.95%	10,070
Corporate Bonds	5.00%	16,140	4.85%	7,218
Cash	2.65%	3,786	0.90%	4,143
<b>Total</b>	<b>5.90%</b>	<b>53,104</b>	<b>5.80%</b>	<b>49,014</b>

	2010 £'000	2009 £'000
<b>Balance Sheet</b>		
Fair value of Fund assets	53,104	48,937
Present value of Fund liabilities	(56,981)	(51,912)
<b>Deficit in the Fund</b>	<b>(3,877)</b>	<b>(2,975)</b>

In addition, the Trustees hold insured annuity policies. The value of these annuities has been excluded from both the assets and the liabilities since the liability is matched directly by an asset of equal value. This is consistent with previous disclosures. The Fund does not invest in the sponsor's own financial instruments, including property or other assets owned by the sponsor.

	2010 £'000	2009 £'000
<b>Amount Charged to Statement of Financial Activities</b>		
Current Service Cost	579	497
Interest on Fund liabilities	2,772	2,791
Expected return on Fund assets	(2,836)	(3,051)
<b>Total Expense</b>	<b>515</b>	<b>237</b>

## Notes to the Accounts

for the year ended 30 September 2010

### 13. STAFF PENSION FUNDS (continued)

	2010 £'000	2009 £'000
<b>Changes in Present Values of the defined benefit obligation</b>		
Opening balance	51,912	43,894
Current Service Cost	579	497
Employee contributions	162	294
Interest Cost	2,772	2,791
Curtailments	(664)	-
Actuarial losses	4,604	6,509
Benefits paid	(2,384)	(2,073)
<b>Closing Balance</b>	<b>56,981</b>	<b>51,912</b>

#### Changes in Fair Values of the DB Fund Assets

Opening balance	48,937	45,070
Expected return on assets	2,836	3,051
Sponsor contributions	1,960	980
Employee contributions	162	294
Actuarial gains	1,593	1,615
Benefits paid	(2,384)	(2,073)
<b>Closing Balance</b>	<b>53,104</b>	<b>48,937</b>

#### Recognition of gains/(losses) in Statement of Financial Activities

Actual return less expected return on Fund assets	1,593	1,615
Experience losses arising on Fund liabilities	(184)	(185)
Change in assumptions underlying present value of Fund liabilities	(4,420)	(6,324)
<b>Total</b>	<b>(3,011)</b>	<b>(4,894)</b>

## Notes to the Accounts

### for the year ended 30 September 2010

#### 13. STAFF PENSION FUNDS (continued)

	2010 £'000	2009 £'000	2008 £'000
<b>History of Assets, Liabilities, Experience Gains and Losses</b>			
Market value of Scheme assets	53,104	48,937	45,070
Value of Scheme liabilities	(56,981)	(51,912)	(43,894)
<b>(Deficit)/surplus in the Scheme</b>	<b>(3,877)</b>	<b>(2,975)</b>	<b>1,176</b>

#### (Losses)/gains arising on Scheme Liabilities:

Due to experience	(184)	(185)	1,928
% of liabilities	0.00%	0.00%	4.00%
Due to changes of basis	(4,420)	(6,324)	3,984
% of liabilities	(8.00%)	(12.00%)	9.00%

#### Experience gains/(losses):

Arising on Scheme assets	1,593	1,615	(8,379)
% of assets	(3.00%)	(3.00%)	(19.00%)

#### 14. FUNCTIONAL PROPERTY AND OTHER FIXED ASSETS

	Freehold homes	Other freehold	Leasehold improve- ments	Plant machinery equipment	Total charity	Other entities	Total Group
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>At cost or valuation:</b>							
At 1 October 2009	52,347	27,485	1,075	1,371	82,278	7,886	90,164
Transfer to investment property	-	(257)	(87)	-	(344)	-	(344)
Additions	2,396	196	-	208	2,800	318	3,118
Disposals	(1,094)	(74)	-	-	(1,168)	(2,240)	(3,408)
<b>At 30 September 2010</b>	<b>53,649</b>	<b>27,350</b>	<b>988</b>	<b>1,579</b>	<b>83,566</b>	<b>5,964</b>	<b>89,530</b>
<b>Accumulated depreciation:</b>							
At 1 October 2009	7,656	687	378	221	8,942	2,834	11,776
Transfer to investment property	-	(54)	(19)	-	(73)	-	(73)
Charge for the year	943	545	21	316	1,825	489	2,314
Disposals	-	(4)	-	-	(4)	(2,210)	(2,214)
<b>At 30 September 2010</b>	<b>8,599</b>	<b>1,174</b>	<b>380</b>	<b>537</b>	<b>10,690</b>	<b>1,113</b>	<b>11,803</b>
<b>Net book value at 30 September 2010</b>	<b>45,050</b>	<b>26,176</b>	<b>608</b>	<b>1,042</b>	<b>72,876</b>	<b>4,851</b>	<b>77,727</b>
Net book value at 30 September 2009	44,692	25,618	1,876	1,150	73,336	5,052	78,388

## Notes to the Accounts

### for the year ended 30 September 2010

#### 14. FUNCTIONAL PROPERTY AND OTHER FIXED ASSETS (continued)

Freehold homes include the freehold assets of both the Care Homes and the Poppy 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 are stated at the recoverable value as assessed by the Trustees using the depreciated replacement cost basis of valuation, incorporating land values and the results of property surveys provided by professional valuers.

Transfers include reclassification of branch properties to investment properties when they become surplus to requirements.

#### 15. INVESTMENTS

	2010 Group £'000	Restated 2009 Group £'000	2010 Charity £'000	Restated 2009 Charity £'000
Fixed asset investments (note 15a)	81,853	76,537	81,903	76,537
Investment Properties (note 15b)	94,391	93,133	94,391	93,133
<b>Total investments</b>	<b>176,244</b>	<b>169,670</b>	<b>176,294</b>	<b>169,670</b>
Total investments as previously stated at 30 September 2009		109,116		109,116

Prior year figures have been restated with respect of revaluation of investment properties as at 30 September 2009 (see notes 15b and 24).

##### 15a. Fixed asset investments

	2010 Group Unrestricted £'000	2010 Group Restricted £'000	Group Total 2010 £'000	Group Total 2009 £'000
Market value at 1 October 2009	74,488	2,050	76,538	72,752
Additions at cost	1,385	-	1,385	1,137
Disposals at value realised	(554)	-	(554)	(82)
Investment gain on revaluation	4,384	100	4,484	2,730
<b>Market value at 30 September 2010</b>	<b>79,703</b>	<b>2,150</b>	<b>81,853</b>	<b>76,537</b>
UK listed investments held centrally	75,427	1,652	77,079	71,340
Listed investments held locally	4,276	498	4,774	5,197
<b>Total</b>	<b>79,703</b>	<b>2,150</b>	<b>81,853</b>	<b>76,537</b>

Listed investments were valued at middle market value at the year end. The investments held centrally are mainly (£72,089k) actively managed by Cazenove Capital Management Limited. The Investment strategy is to optimise the returns in the medium to longer term. No one investment was held which represented more than 5% of the total portfolio. Asset distribution for Cazenove portfolio at 30 September 2010 is presented overleaf. In addition £4,953k is invested in COIF Charity Investment fund and £37k in Charinco Common fund. The COIF investment includes £3,610k investment in income units, £1,286k in accumulated units and £57k in fixed interest units. Investments amounting to £4,774k are held and managed locally by branch officers and are principally invested in common investment funds and gilt edged stock.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 15a. Fixed asset investments (continued)

##### Asset Distribution of Cazenove portfolio as at 30 September 2010

Equities	%
UK	54.4
Overseas	18.3
<b>Total Equities</b>	<b>72.7</b>
Hedge Funds	19.5
Absolute Return Trust for Charities	3.3
Bonds	1.6
Cash	2.9
<b>Total Portfolio</b>	<b>100.0</b>

The Charity holds 100% of share capital in its four subsidiaries amounting to £50k. During the year the Charity invested in RBL (Poppy Travel) Limited purchasing 49,996 £1 shares bringing the total holding to £50k. In the remaining subsidiaries the Charity holding amounts to £13.

#### 15b. Investment properties

	Legacy Properties 2010 £'000	Other Properties 2010 £'000	Group Total 2010 £'000	Restated Group Total 2009 £'000
Market value at 1 October 2009	67,970	25,163	93,133	108,090
Transfers from functional property	12	259	271	160
Transfers between Legacy and other properties	797	(797)	-	-
Disposals at market value	(52)	(3,161)	(3,213)	(62)
Investment property gain/(loss) on revaluation	3,373	827	4,200	(15,055)
<b>Market value at 30 September 2010</b>	<b>72,100</b>	<b>22,291</b>	<b>94,391</b>	<b>93,133</b>
As previously stated at 30 September 2009				32,579

Within investment properties are 570 properties which are owned by the Charity but are let to independent commercial operations. Legacy Properties are those owned by a branch of the charity and leased to an affiliated social club. During the year a full valuation by an external surveyor was completed on the basis of open market value for existing use and these properties are now included in the accounts at market value. The completion of the valuation exercise, started in 2009, has added a further £60.6 million to the value of the portfolio as at 1 October 2009 which has been reflected in the restated 2009 figures (note 24).

The estimated values of the property portfolio at September 2009 and September 2010 have been derived using a composite index reflecting house price, residential development land and commercial property indices to reflect the broad nature of the Legion's investment property portfolio.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 16. PROGRAMME RELATED INVESTMENTS

16a. Loans to external organisations	2010 Group £'000	2009 Group £'000	2010 Charity £'000	2009 Charity £'000
Royal British Legion Industries (RBLI)	3,000	3,000	3,000	3,000
St David's Nursing Home	100	150	100	150
<b>Total loans to external organisations</b>	<b>3,100</b>	<b>3,150</b>	<b>3,100</b>	<b>3,150</b>
<b>Group loans</b>				
Royal British Legion Trading Limited			-	3,933
National Memorial Arboretum (NMA)			1,000	682
RBL (Poppy Travel) Ltd			23	-
<b>Total Group Loans</b>			<b>1,023</b>	<b>4,615</b>
<b>Other schemes:</b>				
Loans to small businesses (SBL)	58	176	58	176
Loans for property repairs (PRL)	4,456	3,126	4,456	3,126
Be the Boss Scheme	6	-	6	-
<b>Total Programme Related Investments</b>	<b>7,620</b>	<b>6,452</b>	<b>8,643</b>	<b>11,067</b>

16b. Programme related investments movement during the year	RBL Trading £'000	NMA Loan £'000	RBLI Loan £'000	St David's Loan £'000	SBLs £'000	PRLs £'000	Other Loans £'000	Total £'000
Opening balance at 1 Oct 2009	3,933	682	3,000	150	176	3,126	-	11,067
New loans issued	1,196	318	-	-	16	1,500	29	3,059
Repayment & security deposits	(2,331)	-	-	(50)	(84)	(170)	-	(2,635)
Increase in bad debt provision	-	-	-	-	(49)	-	-	(49)
Amount written off	-	-	-	-	(1)	-	-	(1)
Reclassified	(2,798)	-	-	-	-	-	-	(2,798)
<b>Closing balance at 30 Sep 2010</b>	<b>-</b>	<b>1,000</b>	<b>3,000</b>	<b>100</b>	<b>58</b>	<b>4,456</b>	<b>29</b>	<b>8,643</b>

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

RBLI loan – a secured loan repayable by 31 December 2015 issued for the sheltered accommodation project for ex-Service personnel

St David's Nursing Home loan – interest free loan, repayable on demand, to provide Care services.

RBL Trading Ltd loan – a loan to establish and support the New Legion Clubs activity. At the time of preparing these accounts all clubs had closed; the loan has been reclassified and included in debtors within the charity.

NMA – to provide enhancements to the Memorial Arboretum to support the provision of Remembrance.

Small Business Loans (SBL) – a scheme run by the Legion to encourage employment of ex-Service personnel. These are unsecured interest free loans. The scheme has ceased and is replaced by Be the Boss scheme.

Property Repairs Loans (PRLs) – 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.

Other loans – new Loans issued this year were to RBL (Poppy Travel) Ltd £23k to support the subsidiary start up and the Be the Boss project £6k. Be the Boss is a scheme funded by the UK Department for Business, Innovation and Skills which provides financial support through loans and grants to recent UK service leavers who are interested in setting up a business.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 17. DEBTORS AND PREPAYMENTS

	2010 Group £'000	2009 Group £'000	2010 Charity £'000	2009 Charity £'000
Trade debtors	4,457	2,764	4,369	2,586
Amounts due from consolidated entities	-	-	3,229	605
Other debtors	2,811	-	2,811	-
Prepayments and accrued income	6,126	4,613	5,750	3,958
<b>Total</b>	<b>13,394</b>	<b>7,377</b>	<b>16,159</b>	<b>7,149</b>

At the time of finalising these accounts no branch accounts had been made available in respect of 426 branches. In the case of 57 branches copy bank statements or other evidence of the cash balances held by these branches has been obtained and these balances have been consolidated as cash in these accounts. In respect of the remaining 369 branches an estimate has been made of the assets held by these branches, and included in other debtors as an amount of £2,811k. The equivalent figure in 2009 was £3,514k which was included in cash.

#### 18. CASH AT BANK AND IN HAND

	Central 2010 £'000	Counties & Branches 2010 £'000	Total Charity 2010 £'000	Other Entities 2010 £'000	Total Group 2010 £'000	Total Group 2009 £'000
Term deposits	11,417	-	11,417	-	11,417	6,849
Bank deposit accounts	11,171	9,279	20,450	268	20,718	22,292
<b>Total Deposits</b>	<b>22,588</b>	<b>9,279</b>	<b>31,867</b>	<b>268</b>	<b>32,135</b>	<b>29,141</b>
Current accounts and cash	2,614	5,970	8,584	1,278	9,862	11,607
<b>Total</b>	<b>25,202</b>	<b>15,249</b>	<b>40,451</b>	<b>1,546</b>	<b>41,997</b>	<b>40,748</b>

Term deposits represent monies invested through our bankers in short term money market instruments and available for return on demand.

Bank current accounts and cash balances are held primarily in the numerous and widespread branches and other formations.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 19. CREDITORS

<b>Creditors falling due within one year</b>	<b>2010 Group £'000</b>	<b>2009 Group £'000</b>	<b>2010 Charity £'000</b>	<b>2009 Charity £'000</b>
Trade creditors	5,205	4,195	6,335	3,679
Grant commitments	2,501	3,322	2,501	3,322
Accruals and other creditors	7,911	4,897	6,156	4,572
Provisions	782	-	782	-
<b>Total Creditors falling due within one year</b>	<b>16,399</b>	<b>12,414</b>	<b>15,774</b>	<b>11,573</b>
<b>Creditors falling due after one year</b>				
Due within two to five years (External grant commitments )	4,640	1,562	4,640	1,562
<b>Total</b>	<b>21,039</b>	<b>13,976</b>	<b>20,414</b>	<b>13,135</b>

#### 20. OPERATING LEASE COMMITMENTS

<b>At the year end, the Legion was committed to payments during the next year in respect of operating leases which expire:</b>	<b>2010 Property £'000</b>	<b>2010 Vehicles £'000</b>	<b>2010 Charity &amp; Group £'000</b>	<b>2009 Charity &amp; Group £'000</b>
within one year	177	13	190	133
within two to five years	263	263	526	562
over five years	233	-	233	182
<b>Total</b>	<b>673</b>	<b>276</b>	<b>949</b>	<b>877</b>

## Notes to the Accounts

### for the year ended 30 September 2010

#### 21. UNRESTRICTED FUNDS

The table below analyses consolidated unrestricted funds into central general and benevolent funds, branches and counties, trusts and other formations within the consolidated accounts. It provides an overview of movements within the Group's unrestricted funds.

	Balance 30 Sept 2009 £'000	Reclass- ification £'000	Prior period adjustment £'000	Restated Balance 30 Sept 2009 £'000	Incoming Resources £'000	Expendi- ture & Transfers £'000	Gains/ (Losses) £'000	Balance 30 Sept 2010 £'000
<b>Benevolent Fund</b>								
Central Benevolent fund	114,758	(48,485)	-	66,273	86,322	(85,771)	4,183	71,007
Investment property reserve	-	32,579	60,554	93,133	423	(3,365)	4,200	94,391
Branch and County funds	66,952	(29,109)	-	37,843	7,993	(9,651)	161	36,346
Other formations and trusts	28,321	(28,321)	-	-	-	-	-	-
Functional fixed asset reserve	-	73,336	-	73,336	1,706	(2,166)	-	72,876
<b>Total Benevolent Fund - unrestricted</b>	<b>210,031</b>	<b>-</b>	<b>60,554</b>	<b>270,585</b>	<b>96,444</b>	<b>(100,953)</b>	<b>8,544</b>	<b>274,620</b>
General fund	3,508	-	-	3,508	5,356	(5,691)	-	3,173
Pension reserve	(2,975)	-	-	(2,975)	64	2,045	(3,011)	(3,877)
<b>Total Unrestricted Funds</b>	<b>210,564</b>	<b>-</b>	<b>60,554</b>	<b>271,118</b>	<b>101,864</b>	<b>(104,599)</b>	<b>5,533</b>	<b>273,916</b>

Prior year figures have been restated as a result of the completion of the revaluation of the investment properties, see note 24.

The reclassification of opening funds reflect the changes made in property accounting policy over the last two years.

The Central Benevolent Fund incorporates the core activities of the Legion such as operating 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 the Benevolent Fund.

The Investment property reserve is the current value of the Legion's investment property portfolio predominantly occupied by Clubs bearing the Legion's name. The reserve can only be realised when the property is sold.

Branch and County Funds have been built up by the extensive number of branches over many years and the income thereon is used to support the running of the branch network.

The Functional fixed asset reserve is the amount required to fund the property assets (such as Care Homes) and equipment used by the charity in the delivery of its charitable objectives.

The General Fund incorporates the transactions relating to the administration of the membership of the Legion.

The Pension reserve is a specific allocation of unrestricted funds to cover the deficit on the Defined Benefit Staff Pension Fund.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 22. BENEVOLENT FUND - RESTRICTED

The table below analyses the consolidated restricted funds into categories and shows movements within each category during the year.

	Balance 1 Oct 2009 £'000	Income & Transfers £'000	Resource Expended £'000	Gains/ (Losses) £'000	Balance 30 Sept 2010 £'000
Grants for specific purposes	228	8,618	(6,594)	-	2,252
Donor restricted legacies and donations	7,486	1,488	(280)	37	8,731
Charity Commission schemes (inc Dunkirk Veterans Trust)	907	38	-	60	1,005
Homes' residents' amenity funds	1,233	746	(707)	-	1,272
British Korean Veterans (1981) Relief Fund	92	5	(9)	3	91
Permanent endowment	222	-	-	-	222
<b>Total Charity</b>	<b>10,168</b>	<b>10,895</b>	<b>(7,590)</b>	<b>100</b>	<b>13,573</b>
National Memorial Arboretum	4,398	2,376	(2,197)	-	4,577
<b>Total Group</b>	<b>14,566</b>	<b>13,271</b>	<b>(9,787)</b>	<b>100</b>	<b>18,150</b>

Restricted funds represent grants, donations and legacies which 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.

Endowment funds represent funds where the original capital value has to be maintained in perpetuity. The income can be used for the benevolent purposes of the Legion.

#### 23. TRANSFER BETWEEN FUNDS

Significant funds held in Trust for branches arise from either a legacy or the sale of a property. Such funds are treated as restricted until such time as agreement is reached on how they can be expended. In many cases this involves repairs or maintenance to an unrestricted property. In incurring that cost the expenditure is treated as unrestricted and income moved from restricted reserves to fund the transaction. The balance shown in the accounts is the sum of a number of these transactions which took place during the year.

#### 24. PRIOR PERIOD ADJUSTMENTS

The opening figures for the accounts to 30 September 2010 have been adjusted from those published in the Annual Report and Accounts 2009 as follows:

	2009 £'000	2009 £'000
Funds as stated in 2009 published financial statements		225,130
Revaluation of investment properties as at 30 September 2009	77,162	
Less revaluation of 100 of the properties included in 2009 financial statements	(16,608)	
Revaluation of investment properties included in 2010 financial statements		60,554
<b>Funds at 1 October 2009 restated</b>		<b>285,684</b>

As stated in the note 15b during the year a full valuation by an external surveyor was completed on the basis of open market value for existing use and these properties are now included in the accounts at market value. The completion of the valuation exercise, started in 2009, has added a further £60.6 million to the value of the portfolio as at 1 October 2009 which has been reflected in the restated 2009 figures.

## Notes to the Accounts

### for the year ended 30 September 2010

#### 25. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

Fund balances are represented by:	Unrestricted £'000	Restricted £'000	Total 2010 £'000	Total 2009 £'000
Tangible assets	72,985	4,742	77,727	78,388
Investments	181,714	2,150	183,864	176,122
Current assets	40,814	14,577	55,391	48,125
Current & non current liabilities	(17,720)	(3,319)	(21,039)	(13,976)
Defined benefit pension liability	(3,877)	-	(3,877)	(2,975)
<b>Total</b>	<b>273,916</b>	<b>18,150</b>	<b>292,066</b>	<b>285,684</b>

#### 26. CONTINGENT ASSETS

Last year we reported that 174 out of the 2,700 branches have the benefit of property where the ownership is unclear. During the year the ownership of 32 of these properties have been clarified:

- 19 properties are not assets of the Legion: 8 have been sold or the lease surrendered and 10 have been proved to be either club owned or are assets of separate trusts. One property was a duplication of another.
- 11 have been identified as investment properties in the ownership of the Legion and therefore are now included in fixed assets with the value of £1,811k.
- 2 have been identified as functional properties of the Legion and are included as such in fixed assets at their original cost of £143k.

The review continues on the remaining 142 outstanding properties which are considered as contingent assets but for the purposes of these accounts are carried at a nil value.

#### 27. CAPITAL COMMITMENTS

Capital expenditure on properties used as Care Homes and Poppy Break centres of £3,044k (2009: £1,760k) had been authorised and contracted for at 30 September 2010.

#### 28. RELATED PARTY TRANSACTIONS

Advantage has been taken of exemptions under FRS8(3) not to disclose balances with or transactions between related parties eliminated on consolidation.

## BOARD OF TRUSTEES

### Chairman

John Farmer (from 24 May 2010)  
Peter Cleminson CBE FIET (to 23 May 2010)

### Vice-Chairman

John Crisford BSc Hons (from 24 May 2010)  
John Farmer (to 23 May 2010)

### Trustees

John Barkshire CBE TD JP DL (to 23 May 2010)  
Adrian Burn FCA  
John Crisford BSc (Hons) (to 23 May 2010)  
Denis Compton (from 24 May 2010)  
Eddy Dixon  
Ken Draper  
Jim Drew CBE BSc(Eng) C Eng FIEE  
Noel Duston  
Denise Edgar (from 10 May 2010)  
John Fisher  
Cecilia Harper  
Eddie Hefferman MBE  
Dr Diana Henderson  
Ian Lindsey OBE BA Hons MPhil FCIBS (from 24 May 2010)  
Jeff Lodge MBE (to 10 May 2010)  
Malcolm McCaw (to 23 May 2010)  
Bill Parkin  
Keith Prichard MBFIM  
Jenny Rowe  
Peter Twidle (from 24 May 2010)  
David Walker (to 23 May 2010)  
Terry Whittles  
Rev Mike Williams

### National President

Lt Gen Sir John Kiszely KCB MC

### National Vice-Presidents

Geoff Barwell OBE JP  
Peter Howells CBE OStJ TD DL  
Jimmy Hughes CBE KStJ TD MA MEd DL  
The Rt Hon The Earl Kitchener of Khartoum and  
Broome TD DL  
Geoffrey Medcalf MBE  
His Grace The Duke of Wellington KG LVO OBE MC DL FKC  
His Grace The Duke of Westminster KG CB OBE TD DL

### National Chaplain

The Right Reverend Nigel McCulloch  
Bishop of Manchester

### Key Committees of the Board of Trustees

#### Audit Committee

Adrian Burn (Chairman)  
Eddy Dixon  
Bill Parkin  
Keith Prichard  
Terry Whittles

#### Finance Committee

Ian Lindsey OBE (Chairman)  
Adrian Burn  
Jim Drew CBE  
John Fisher  
Rev Mike Williams

#### Governance and Nominations Committee

John Farmer (Chairman)  
John Crisford BSc (Hons)  
Eddy Dixon  
Jenny Rowe

#### Membership Council

Eddy Dixon (Chairman)  
Alan Cathery  
Brian Cumming MBE  
Martin Forde  
Tony Goodwin BEM  
Colin Kemp  
Shaun Murphy  
Keith Prichard  
Clive Rawson  
John Sayles  
Eric Williamson  
Philip Wilson

#### Conference Committee

Eddie Hefferman (Chairman)  
John Crisford  
Tony Goodwin  
Sue Kelly  
Robert Mann  
Bill Parkin

## EXECUTIVE BOARD

### Director General

Chris Simpkins

### Director Finance and Governance and Deputy Director General

John Graham FCA DChA

### Commercial Director

Stephen Cooper DIP ARCH RIBA MRICS FCSD FRSA

### Director Corporate Communications

Stuart Gendall BSc MCIPR

### Director National Events & Fundraising

Russell Thompson OBE MInstF

### Director Health and Welfare

Sue Freeth

### Director Human Resources

Sharron Lewis-James

## CONSULTANTS AND ADVISORS

### Bankers

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

### Auditors

PricewaterhouseCoopers LLP  
7 More London Riverside,  
London SE1 2RT

### Investment Managers

Cazenove Capital Management Limited  
12 Moorgate  
London EC2R 6DA

## WOMEN'S SECTION

### President

HRH The Princess Royal

### Central Committee

#### Chairman

Patricia Valler OBE (to 22 April 2009)

Cecilia Harper (from 23 April 2009)

#### Vice-Chairman

Cecilia Harper (to 22 April 2009)

Wendy Bromwich JP (from 23 April 2009)

### Honorary Treasurer

Alison May (to 22 April 2009)

Lynne Joyce (from 23 April 2009)

### Past National Chairman

Patricia Valler OBE

Joanne Andrew-Steer

Patricia Berry

Heather de Buriatte

Patricia Chrimes

Margaret Earley

Sheila Fear

Jacqueline Graham

Ann Harradine

Marilyn Humphry

Dora Loy

Rachel Lucas

Ann Morris RGN

Joan Murray

Kay Scase

Patricia Scott

Barbara Todd

### National Life Vice-Presidents

May Arnold OBE

Dame Mary Bridges DBE

Maureen Cole OBE

Doris Ingham OBE

Elsie Nash OBE

### National Vice-Presidents

Lady Bromley-Davenport

Viscountess Brookeborough

The Lady Apsley

Baroness Tanni Grey-Thompson DBE

Her Grace The Duchess of Grafton GCVO

Lady Hilton DStJ (to Oct 2010)

Auriol Marchioness of Linlithgow

The Rt Hon The Countess of Scarborough LVO

The Lady Luke

Betty Underhill OBE

Sara Jones CBE DL JP OStJ

Valerie Kerr-Wilson

### National Secretary

Anthony Beattie

THE ROYAL BRITISH  
**LEGION**



**Shoulder to shoulder  
with all who Serve**

The Royal British Legion  
Haig House  
199 Borough High Street  
London SE1 1AA

Telephone 020 3207 2100

[info@britishlegion.org.uk](mailto:info@britishlegion.org.uk)

Legionline (general enquiries);  
calls charged at local rates:  
**08457 725 725**

[www.britishlegion.org.uk](http://www.britishlegion.org.uk)

**The Royal British Legion**

Founded in 1921, a Registered Charity

Charity Registration No. 219279

Report design and cover image by oceanbarefoot