

THE ROYAL BRITISH LEGION ANNUAL REPORT & ACCOUNTS

YEAR ENDED 30 SEPTEMBER

2018



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FOREWORD



CHARLES BYRNE, Director General and **TERRY WHITTLES**, National Chairman

2018 was a busy year for The Royal British Legion. We marked the centenary of the armistice that led to the end of the First World War. We extended our campaigning activity, building representation in the devolved parliaments of Scotland and Wales. We raised more money than ever before. That allowed us to spend more, helping more people than in any year in our history.

Making all this happen we have 238,000 members, 120,000 volunteers and 1,600 staff. Every one of them worked hard up and down the country and abroad, in every community – from cities and towns to the smallest villages.

Central to our mission is helping members of the Armed Forces Community at every step and stage of life. Having someone in the Armed Forces can be tough on their families, so we have schemes that help their partners and children, too. This support is illustrated by the story of Chantelle Wynn on page 19 of this report. Her husband, Ryan, served in the Territorial Army. Following tragic circumstances, we offered

Chantelle and her children the chance to reconnect as a family so they could begin to rebuild their lives together.

The Legion sits at the centre of a wide network of charities that support our Armed Forces Community. Following the launch of the Veterans' Gateway in 2017 it is now much easier for ex-serving personnel and their families to find the charities that can best meet their needs. The Gateway is a group effort – the work of many charities coming together to serve a common cause. Being part of it has also allowed us to strengthen our connections with this wider network of dedicated organisations. That's improved collaboration, which is good for everyone.

2018 has seen the expansion of our own campaigning teams around the UK. This growth has given us more influence with politicians in Westminster and the devolved regions than ever before. In England, Scotland and Wales we have had significant success with our Count Them In campaigns. Most of the Legion's manifesto requests have

been implemented, or are in the process of being implemented.

For several years, the Legion has been experiencing a decline in membership. Without forgetting our more senior members we are getting better at addressing the needs and aspirations of younger generations. Thanks to improvements in communications, both digital and through regular Membership Meet-Ups, this decline was dramatically reduced in 2018.

The Legion and our volunteers were involved in a number of life-changing initiatives for the Armed Forces Community this year. Once again, we provided support for family and friends of the UK team at the Invictus Games held in Sydney.

As one of its founding members, we were also fortunate to be involved in the Royal Commonwealth Ex-Services League (RCEL), along with a number of organisations. This group's tireless efforts led to the Department for International Development giving £11.8 million, over five years, to support Commonwealth veterans and their widows across the globe. These funds enable veterans, who returned from service to face extreme poverty in their own countries, to have two meals a day – something that many of them were not getting.

Fundraising had yet another successful year. All those involved – our members, volunteers and staff – give so much of their time and passion, and raise so much, year in year out, that it would be easy to take them for granted. We don't. They are extraordinary people. We thank them for their unwavering commitment to raising the money that allows us to continue to do what we do in support of our serving personnel and their families.

Safeguarding is a fundamental and important responsibility. We owe a duty

of care to all those who play a role in the Legion's activities and who use our services. The Legion worked with SSAFA, the Armed Forces charity, to teach safeguarding practices to our volunteers working in welfare support, as well as conducting a comprehensive safeguarding programme across all staff. But effective safeguarding is only achievable with a culture of openness and respect towards one another. Everyone involved with the Legion has our thanks for consistently demonstrating these qualities in the way they go about their work.

To improve oversight and managerial practice, we have also taken steps to develop the skills and practices of the Board of Trustees to meet modern-day Charity Commission and National Council for Voluntary Organisations (NCVO) requirements.

While the year has seen the Legion modernise our offering in the present, we have also been busy giving thanks to those who sacrificed so much in the past. Our Thank You campaign was the focus of our Centenary activities. It allowed people to acknowledge

“WE RAISED MORE MONEY THAN EVER BEFORE. THAT ALLOWED US TO HELP MORE PEOPLE THAN IN ANY YEAR IN OUR HISTORY”

the First World War generation in a very personal way. As well as commemorating those who died, we also celebrated those who survived, reminding everyone of that generation's social and cultural contribution.

In particular, we recognised the great commitment from the 3 million people from the Commonwealth who served a common cause. This was best shown during the Festival of Remembrance, when the Standards from the Commonwealth joined the muster on the floor of the Royal Albert Hall. This was just one of our many partnerships with sporting and cultural organisations last year that extended awareness of, and involvement in, the act of Remembrance.

The strength of the Legion, and the breadth of our representation in communities across our nation, was brought home to us during the Great Pilgrimage 90 where 1,200 branches and counties were represented. Thousands of members retraced the steps of the veterans and war widows who visited the battlefields of the Somme and Ypres in 1928, ten years after the conflict ended.

Commemorations for the armistice of the First World War came to an end in 2018, but Remembrance marches on. We now approach the important anniversaries of the Second World War and other conflicts. There is the 75th anniversary of D-Day, for which the Legion has chartered a ship to take veterans across the channel. There is also the 50th anniversary of the British Armed Forces' campaign in Northern Ireland. It lasted almost 40 years – the longest military campaign in our history. Remembrance continues to be an integral part of the Legion's mission.

Although an annual review is largely concerned with what has happened, it is also a good time to take a brief look forward. Our sector faces several significant challenges. There is the

limited capacity of the state to provide support, coupled with a general reduction in funds available for all charities. The Armed Forces Community is also less front of mind. This makes fundraising and campaigning harder. Our task will therefore be to identify where best to focus our efforts to provide the most useful support.

To help us provide more for less, we will be breaking down the barriers between department silos in the Legion. The aim is to be one coordinated whole that works together smoothly. By improving how we work together, we can ensure that no matter how someone comes into contact with us, whether they are looking to get or give support, they will have a simple, well-ordered experience that meets their needs.

Next year will see a change in our leadership team with both the President, Air Marshal David Walker CB CBE AFC, and Terry Whittles, our National Chairman, coming to the end of their tenure and stepping down. Their thanks go out to everyone at the Legion, and to all our fellow organisations, who together have allowed us to provide the support that our Armed Forces and their loved ones so deserve.

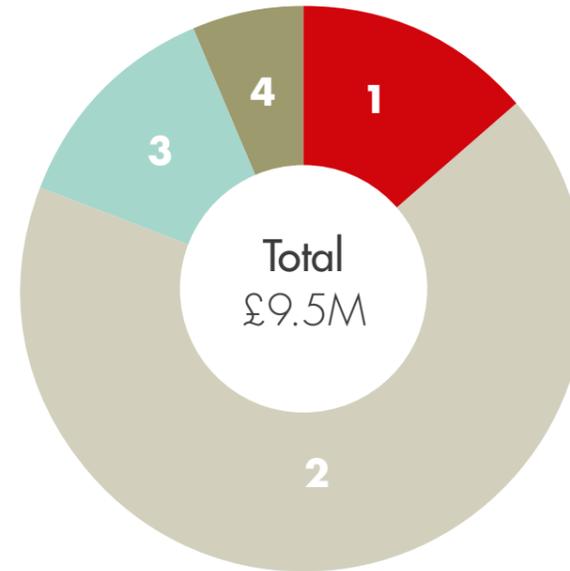
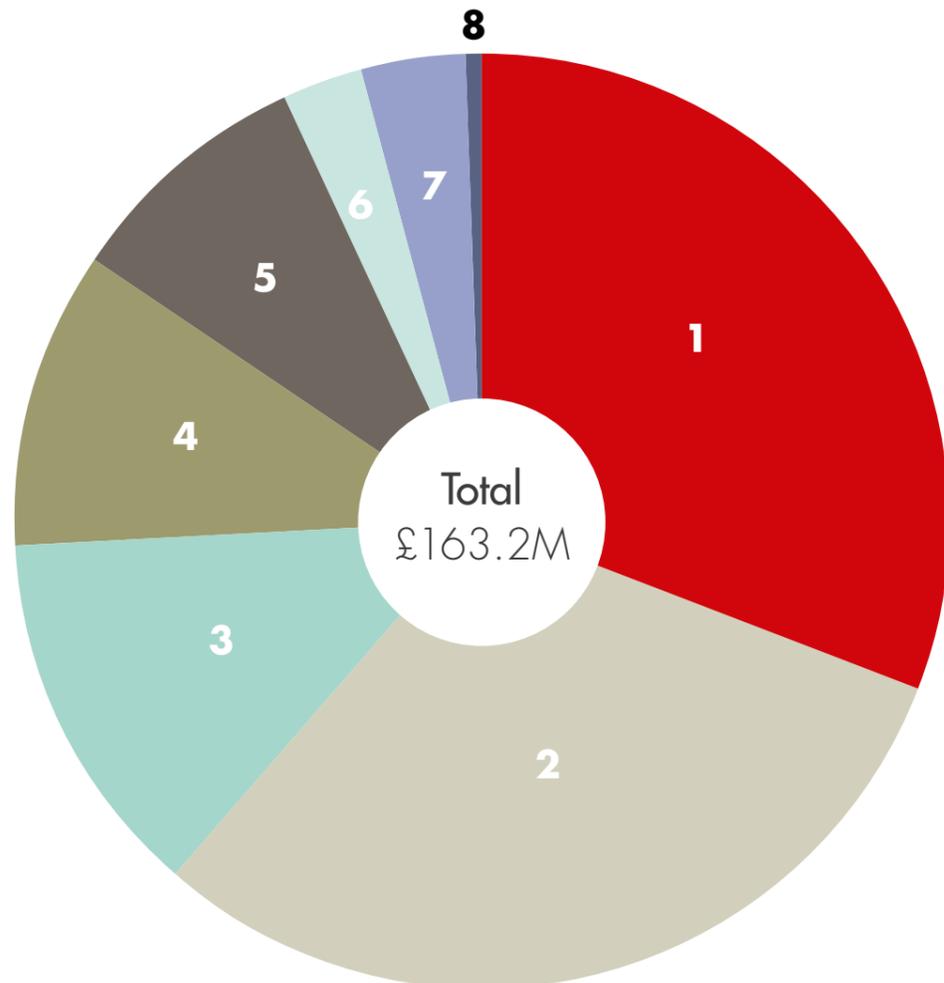
TERRY WHITTLES
National Chairman

CHARLES BYRNE
Director General

FINANCIAL OVERVIEW

WHERE THE MONEY COMES FROM

	£ Million	%
1 The Poppy Appeal	50.5	30.9
2 Donations, legacies and events	50.1	30.7
3 Lotteries and trading	20.5	12.6
4 Fees charged to care home residents	16.8	10.3
5 Grants for welfare services and Remembrance	14.1	8.6
6 Membership subscriptions	4.6	2.8
7 Investment income	6.1	3.8
8 Other	0.5	0.3
TOTAL INCOME	163.2	100.0

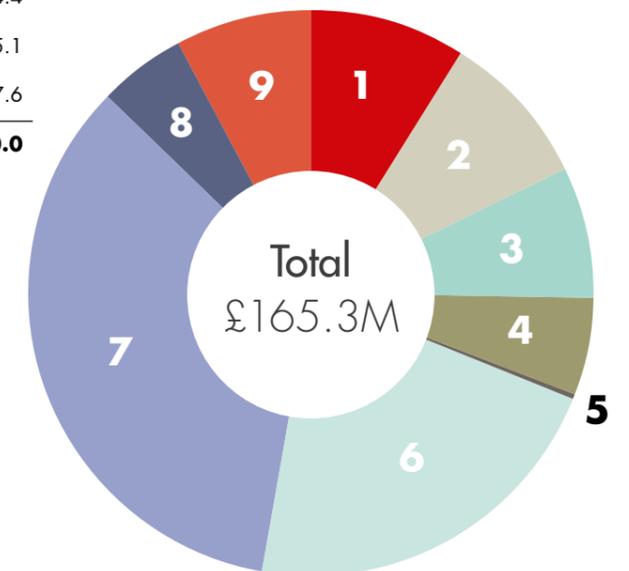


WHERE THE MONEY GOES Capital costs

	£ Million	%
1 Care homes and break centres	1.3	13.7
2 The National Memorial Arboretum development	6.4	67.4
3 Improving IT infrastructure	1.2	12.6
4 Other	0.6	6.3
TOTAL CAPITAL COSTS	9.5	100.0

WHERE THE MONEY GOES Operational costs

	£ Million	%
1 The Poppy Appeal	15.0	9.1
2 Donations, legacies and events	14.7	8.9
3 Lotteries and trading	12.0	7.3
4 Remembrance	9.4	5.7
5 Comradeship	0.5	0.3
6 Care homes and break centres	35.7	21.6
7 Welfare services	56.9	34.4
8 Membership	8.5	5.1
9 Communication and campaigns	12.6	7.6
TOTAL OPERATIONAL COSTS	165.3	100.0



Two participants of the Mission Himalaya Team

SERVICES AND SUPPORT



SERVICES AND SUPPORT



Admiral Nurses provide support for carers

Our support starts after seven days of Service and continues through life, long after Service is over. Needs can be complex and vary considerably, depending on the individual. If there is ever a reason we can't help, our vast network means we will know someone who can. By partnering with the many charities and organisations that serve the Armed Forces Community, we can provide advice and support on most of the challenges serving and ex-serving personnel and their families may face.

PROVIDING THE BEST TAILORED THROUGH-LIFE SUPPORT

We are here to provide personal and effective tailor-made support for the Armed Forces Community. We strive to ensure that we are always there for those in need of help and, this year, we supported 187,328 enquiries through our helpline.

People approach us for many different reasons. They often need advice and support related to housing, homelessness or living independently. They can experience employment issues or face financial difficulties, debt or benefit problems. They may also face mental and physical health difficulties or need care in later life. Our staff and volunteers are trained so they can direct enquiries to the most appropriate source of help, be it delivered by The Royal British Legion or another military charity.

SERVICES AND SUPPORT



Bravo 22 Company on the nationwide *Unspoken* tour

BUILDING LOCAL COMMUNITY SUPPORT INITIATIVES TO TACKLE LONELINESS AND SOCIAL ISOLATION

This year we completed a project to learn and understand more about social isolation and loneliness in the Armed Forces Community and how to address it. The report found that a quarter of those who responded to our survey often or always feel lonely. Further findings from the report indicated that loneliness and social isolation are real risks to physical and mental health. The most common triggers are:

- Being conditioned in Service not to show 'weakness' or ask for help
- Homesickness upon entering the Armed Forces, followed by loss of identity and social support networks upon exit
- Geographically dispersed families and long periods of separation
- Relationship breakdown due to the pressures of Service life
- Injury, illness and sudden discharge from Service
- Difficulties with transition back to civilian society

We are now sharing what we have learned with our support teams across the UK so that staff know how to provide the right support. We have also started looking for key partners to help us build links and address loneliness, and to complement the excellent work our members are already providing through our community support programme.

SUPPORTING THE WOUNDED, INJURED AND SICK COMMUNITY THROUGH ART AND SPORT INITIATIVES

Our recovery through the arts programme has significantly helped the Wounded, Injured and Sick (WIS) and their families. Bravo 22 Company took *Unspoken*, a play written and performed by the WIS community, on a national tour during the year, which included performances at the Edinburgh Fringe and the Houses of Parliament.

During the preparation for the 2018 Invictus Games, as part of the Team UK delegation partnership with MoD and Help for Heroes, we supported 451

athletes by providing access to training facilities, training camps and taster sessions. We also helped 197 families and friends join 72 competitors to watch the Games in Sydney. We continue to provide help to members of the WIS and their families after the event.

Working with Leeds Beckett University, we led the training preparations and expedition for The Royal British Legion Mission Himalaya 2018, where 13 people from our Battle Back Centre took part in the challenge to trek the Himalayas and climb Mera Peak. Thirteen beneficiaries made a commitment to a whole 'Recovery' journey lasting a total of 12 months prior to the actual expedition.

A NEW OVERSEAS SUPPORT TEAM

We created an overseas team to help our support networks across the world feel a stronger connection to the Legion and thereby build our overseas community. The team will provide

WE COMPLETED A PROJECT TO LEARN MORE ABOUT SOCIAL ISOLATION AND LONELINESS IN THE ARMED FORCES COMMUNITY

AFTER HURRICANE IRMA, WE WERE ABLE TO PROVIDE IMMEDIATE CRISIS CARE TO PEOPLE AFFECTED BY THE DISASTER

leadership and direction to our caseworkers, volunteers and members abroad, who provide support across 33 different territories including America, Belize, the Falklands, Fiji, Hong Kong, Europe and Indonesia.

As an example of our overseas support, after Hurricane Irma in Dominica, the Legion gave funding to Team Rubicon, a disaster-relief charity with many ex-Service staff. As a result of this support, we were able to provide immediate crisis care to people affected by the disaster. Then, in collaboration with the Royal

Commonwealth Ex-Services League and ABF The Soldiers' Charity, we rebuilt five Armed Forces family homes that had been destroyed.

BUILDING A NEW COMMUNITY HUB

After being granted planning permission, we started work on the construction of a community hub and 10-bed extension at Galanos House Care Home. It will provide a wide range of services including daytime respite breaks for people who are not residents at Galanos House, as well as services for carers.



Dan Biddle, a carer, with Isobella Smith, a resident of Galanos House Care Home

SERVICES AND SUPPORT



Family at the Invictus Games, Sydney Australia 2018

FUNDING PARTNERS TO PROVIDE THE BEST POSSIBLE SERVICE

In 2018 we awarded £3.5 million to 69 organisations through our external grants programme. Here are some examples of projects we helped fund:

Citizens Advice Rushmoor

Members of the Gurkha community in the Rushmoor area were unable to access mainstream support. We made a grant of £45,697 to a Nepali-speaking family support worker to help them to continue delivering a holistic service to these vulnerable families.

West London Mission

Specialist support workers provide ex-military supported housing in West London. We made a grant of

£46,211 towards these specialist support workers; helping to empower the occupants and ensure the tenancy they eventually move on to is a successful one.

Addaction

Addaction supports those with substance misuse problems. We made a grant of £47,711 to its Right Turn project, helping to develop a specialist support package for veterans that focuses on recovery through comradeship and mutual resilience.

FIT FOR THE FUTURE

We have developed a framework to help us plan for future service provision demand. Using data from the Legion's Household Survey and other sector sources we have outlined the size and

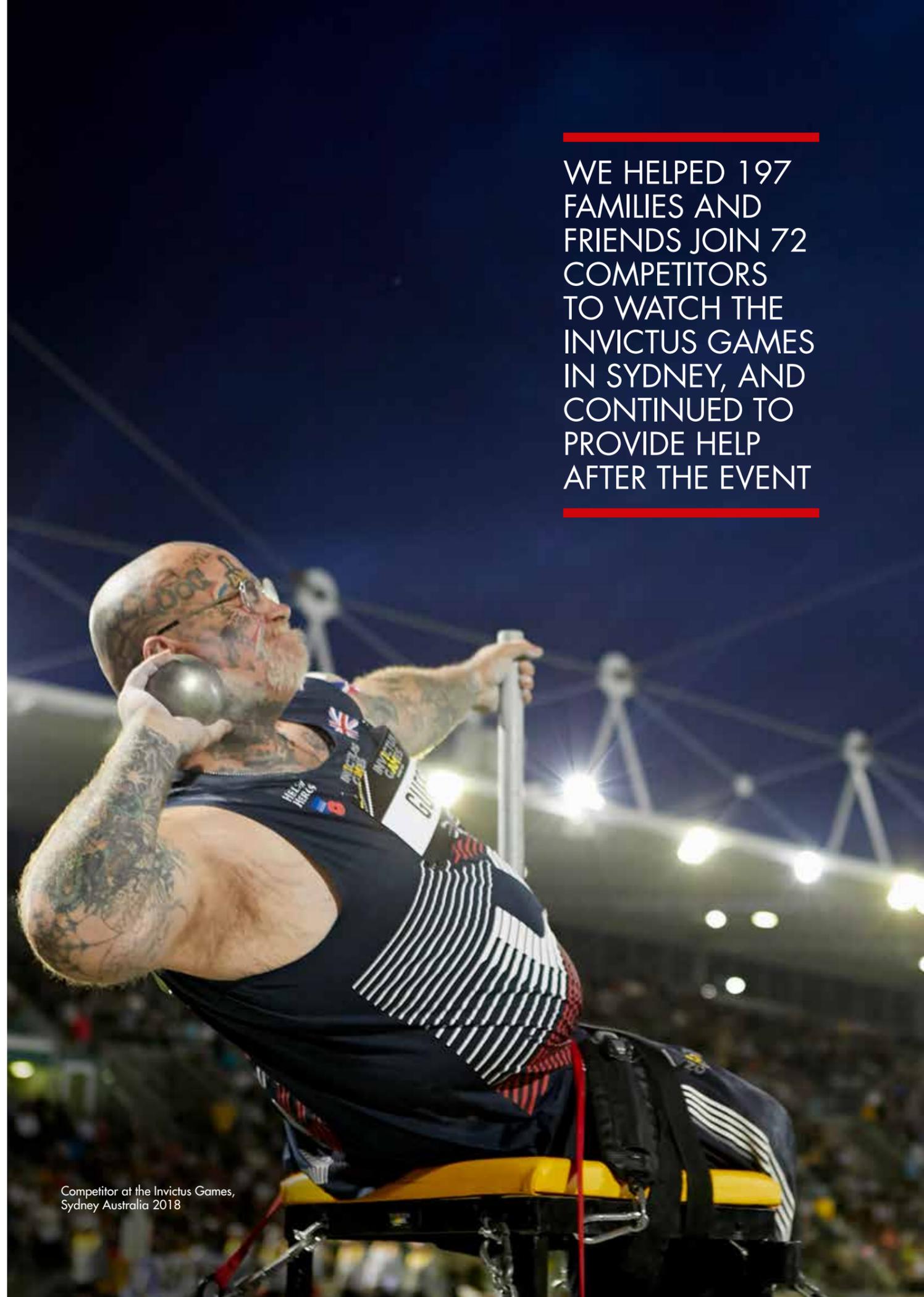
needs of our community, and identified where we should focus our efforts. This will continue to be developed in 2019.

We also conducted an Operating Model Review in 2018. It identified specific areas where we could improve the experience of the people who come to us for help; whether they are seeking information and advice, assistance or support. The outcomes from this review will be implemented from 2019 onwards.

AIMS FOR 2019

- Continue to develop the mapping and data analysis work, establishing a future service provision framework that will help us focus our activities where they are most needed
- Connect our individual services, providing a single point of contact for each person we help and ensuring they are able to access our full range of support, making our service more individually-focused, all-encompassing and efficient
- Review our helpline operation, ensuring the right resources and skills are available to our teams to deliver person-centred services, ensuring people receive the highest quality of service possible
- Deliver a sports recovery event at the UK National Games in collaboration with the MoD and Help for Heroes (incorporating the 2020 Trials for the Invictus Games in the Netherlands)
- Complete the development and open Galanos House community hub
- Review and establish new priorities for our grant-giving programme

WE HELPED 197 FAMILIES AND FRIENDS JOIN 72 COMPETITORS TO WATCH THE INVICTUS GAMES IN SYDNEY, AND CONTINUED TO PROVIDE HELP AFTER THE EVENT



Competitor at the Invictus Games, Sydney Australia 2018

2018 IN NUMBERS

In 2018, we marked the centenary of the end of the First World War, whilst our Services and Support and Campaigning efforts reached new heights



1,314
new carers for people living with dementia are now supported by the Legion



4,684
people have been supported to live independently at home



187,328
enquiries have been made to our helpline using phone, email and live chat channels

5,741



people relaxed and recuperated at one of our Legion Break Centres

18,214
VETERANS' GATEWAY

Our help centre advisers have handled 18,214 enquiries to Veterans' Gateway via phone, email, text and live chat

£3.5m
33,887 PEOPLE

Our external grants programme made grants to other organisations totalling £3.5 million, helping 33,887 people

Awards granted with the help of our expert guidance on war pensions and Armed Forces compensation came to...

£5.5 million



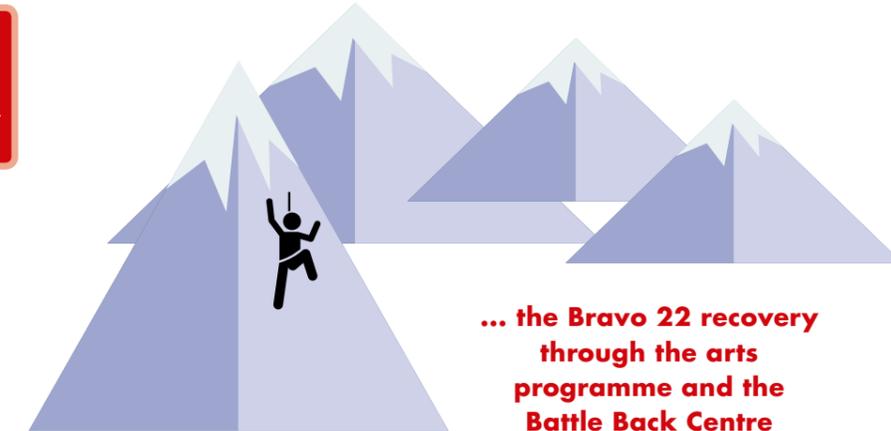
8
90,368
visitors came to our Pop In centres, where they were given face to face support



The Royal British Legion provided people with financial support that equalled £8.7 million



We helped 990 Wounded, Injured and Sick personnel with recovery support through the Invictus Games, Mission Himalaya...



... the Bravo 22 recovery through the arts programme and the Battle Back Centre



Over 500 community activities took place and more than 90 official partners signed up to say Thank You to the First World War generation to mark the centenary of 1918

1.2m

British and Commonwealth service men and women died during the First World War.

Our site Every One Remembered marked personal commemorations for each and every one of them



TOTAL OF 295k VISITORS

to the National Memorial Arboretum, the UK's central site for Remembrance, throughout the year



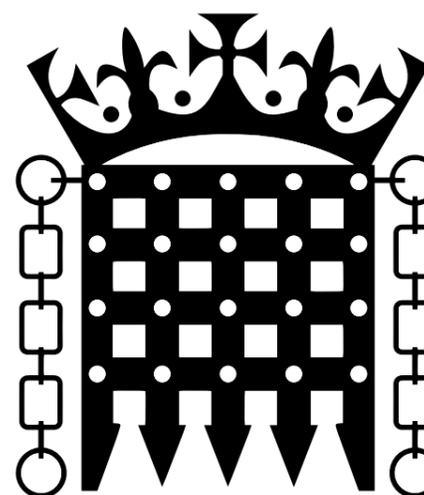
VisitEngland awarded the National Memorial Arboretum's Large Visitor Attraction of the Year Gold award, its highest accolade



GP90

1,200

Legion Standards from communities across the UK recreated the 1928 Battlefields Pilgrimage, marching to the Menin Gate through the streets of Ypres



40% OF MPS HAVE PLEDGED THEIR SUPPORT FOR OUR COUNT THEM IN CAMPAIGN ON THE 2021 CENSUS

The National Memorial Arboretum welcomed over

16k

YOUNG VISITORS AND VISITORS FROM SCHOOLS



45%

of councils across Great Britain have formally expressed support for Count Them In



The Remembrance Centre at the National Memorial Arboretum was recognised by the Royal Institute of British Architects with national and regional awards

AMBASSADOR STORIES

“WALKING INTO A ROOM FULL OF STRANGERS WAS DIFFICULT, BUT EVERYONE ON THE TEAM WAS SO EASY TO TALK TO. WE COULD REALLY OPEN UP TO EACH OTHER”



BECKY ECKERSLEY

LEGION-ORGANISED EXPEDITION HELPS DEPARTING VETERAN CONQUER NEW HEIGHTS

Leaving the Armed Forces is hard for anybody. Leaving having recently had a mental breakdown makes it even more challenging. Becky Eckersley, 39, spent time in a mental health hospital following her breakdown in 2017. She has served in the Army Royal Logistics Corps for 19 years and is currently waiting to be discharged.

“Since my breakdown last year,

I’d been doing a lot of soul searching, and a big part of that was trying to get out and meet new people,” said Becky. She came across a post on the Battle Back Centre Facebook page looking for 13 Wounded, Injured and Sick (WIS) serving and ex-serving personnel to go on a five-week expedition to the Himalayas. She signed up.

“Just walking into a room full of strangers was difficult, but luckily everyone on the team was so easy to talk to, and we could really open up to each other,” Becky said. “In the past, I haven’t been good at talking, which was a big part of

what led to my breakdown.

“Some of the training out on the mountain has been difficult, both physically and mentally, and way out of my comfort zone. On the first weekend away I found myself watching everyone else and thinking they all looked so confident in comparison to how I was feeling. But I gave it a go and I felt great by the end of the day.”

Becky was one of 13 individuals who were selected to embark on what became the Legion’s inaugural Mission Himalaya. “It was a huge challenge for me,” said Becky. “High Camp was my summit but I’m at peace with that. I have learnt a lot about life and myself.”

“I DIDN’T KNOW WHAT TO DEAL WITH FIRST. AS WELL AS OUR GRIEF, THE PAPERWORK AND GENERAL AFTERMATH WAS A STRUGGLE”

CHANTELLE WYNN

“THE LEGION PROVIDED A LIFELINE FOR MY FAMILY AFTER TRAGEDY”

Chantelle, 42, married her husband Ryan Wynn in 1998, and they later had two girls. Ryan followed his father and brother into the Territorial Army.

When Ryan returned from a six-month tour of Afghanistan he came back a different man. He had seen awful things as a medic and was diagnosed with post-traumatic stress disorder (PTSD). The family struggled to find help and support for his condition. Then, one day in late 2015, Chantelle returned home after a call from her daughter to discover that Ryan had taken his own life.

“It was just something you never forget, it was a horrendous time. I didn’t know what to deal with first. As well as dealing with our grief, the paperwork and the general aftermath of what had happened were a struggle to cope with. So one of my friends suggested I ring The Royal British Legion.

“Annette from the Legion’s West Midlands team came to see me within

a few weeks of Ryan passing and she was amazing. From the moment she arrived, she simply listened to everything I had to say. My frustration, my upset, my concern for the girls... it was just a relief to have someone turn around and say, ‘Yes we can help you.’”

The Legion gave advice on the paperwork required from the TA, and directed Chantelle to a solicitor for help with the inquest. The Legion also paid

for Chantelle and the girls to take a break at Nottinghamshire Center Parcs.

“The holiday allowed us to reconnect as a family of three, and took us out of the bubble we had been living in since Ryan’s passing. Just to have that opportunity to make new memories, and process how we were all feeling, in a safe and relaxed environment, was priceless. It came at a time that was difficult for us, with it being our first Christmas without Ryan.”



AMBASSADOR STORIES



TED YOUD

THE LEGION'S PHYSICAL AND MENTAL WELLBEING SUPPORT HELPED THIS SERVING OFFICER TO BATTLE BACK

Ted Youd from Andover, Hampshire, joined the Army 31 years ago, serving in Northern Ireland, Bosnia, Iraq, Cyprus, the Gulf War and Afghanistan. He now works as a Warrant Officer at Army HQ in Andover.

During his seventh deployment to Afghanistan Ted contracted Q fever. This debilitating disease affected Ted both physically and mentally. Ted's condition left him isolated from his family and so fatigued that there were times he was unable to even stand to brush his teeth. He was placed on medical leave from the job he loved.

"At the time," Ted recalled, "I was suffering badly with anxiety, which brings its own issues. Every single

day I honestly thought that I was going to have a heart attack, or I was going to die."

Despite Ted's condition, there was never a single moment that he wanted to leave the Service. Eventually, Ted attended a week-long course at the Legion's Battle Back Centre. "I couldn't stand up when I arrived, but after just the first session I realised there was light at the end of the tunnel," he said. On top of physical activities, the Battle Back courses pay particular attention to people's motivation, especially when it is undermined by other conditions.

"In my opinion the process absolutely works. It gave me lots of tools I could use. The one-to-one [help] and professionalism is second to none. I was one of 21 people who took part in that course at the Battle Back Centre and by the end you could see in the eyes of the others that it had changed their lives, just like it did for me."

"BY THE END OF THE COURSE AT THE BATTLE BACK CENTRE, YOU COULD SEE IN THE EYES OF THE OTHERS THAT IT HAD CHANGED THEIR LIVES, JUST LIKE IT DID FOR ME"

REMEMBRANCE



REMEMBRANCE



A Thank You swimathon at Pond's Forge in Sheffield in honour of the WW1 generation

We champion Remembrance so that the nation honours the service and sacrifice of British and Commonwealth Armed Forces, veterans, and their families. We aim to ensure that Remembrance is understood and available to all, and passed on to the next generation. The Remembrance activity of The Royal British Legion is kept free of political, partisan, or sectarian influence and is inclusive of all who wish to participate.

MAKING REMEMBRANCE AVAILABLE TO ALL

As the First World War Centenary drew to a close in 2018 we sought to make Remembrance relevant to today. We wanted to show, through the Thank You movement, how the experience and example of the First World War generation – “all those who served, sacrificed, and changed our world” – have made an impact on our lives. In this way, we aimed

to achieve another of our objectives: to help pass Remembrance on to the next generation.

THANK YOU MOVEMENT

The priority in 2018 was to successfully deliver the Thank You movement, our key Centenary activity to encourage people to thank the First World War generation in their own way. The focus was on celebrating peace and the First World War generation’s social and cultural contribution to our lives.

We also aimed to increase our engagement with young people and diverse communities.

During the Thank You movement, our team worked hard to bring together local groups of supporters, members and volunteers. We set up a Thank You online hub to document stories on the themes of women, the Commonwealth, children, the arts, pioneers and the Armed Forces. There were nearly 340,000 visitors to the hub. To get more young people involved with the movement, we created and shared material such as lesson plans and

activity packs for schools. We welcomed entries to our creative art, music and poetry competition and held workshops at a number of events. We also explored the history of Commonwealth descendants, delivered a reception to a mix of Commonwealth and UK dignitaries at the Cypriot High Commission, and worked with organisations such as the Armed Forces Muslim Association.

With over 500 local activities and more than 90 official Thank You partners, we engaged with more than 1 million people to share the Thank You message. We encouraged individuals across the Commonwealth to make a personal commemoration for each of the 1.2 million British and Commonwealth Service men and women who died during the First World War through our Every One Remembered site. Commenting on the website initiative in Parliament, Michael Ellis, the Minister for Arts, Heritage and Tourism, congratulated us on our “excellent work”.

Highlights of the year include the Thank You installation launch and tour, where we recorded over 10,000 Thank You messages. We also created animations to engage younger audiences on the subject, which have had nearly 100,000 views, with #ThankYou100 being used 21,269 times.

During the third day of England and India’s final test at the Oval, we honoured the Commonwealth contribution to the First World War. The FA men’s and women’s teams recorded a Thank You to the women of the First World War, and the Rugby Football League showed their support during their England v New Zealand match over the Remembrance weekend.

In honour of those who fell during the First World War, the English National

WE ENGAGED WITH MORE THAN 1 MILLION PEOPLE TO SHARE THE THANK YOU MESSAGE

Ballet gifted a performance of *Lest We Forget* at Sadler’s Wells for ex-serving personnel and their families.

We went to the top vlogger festival, Summer in the City, with our own offering to spread the Remembrance message. Speaking to over 1,000 people, we recorded 200 Thank You videos.

Our partner, the Golden Tours Foundation, designed and put on the road a Thank You bus to teach people about the contribution of pre-partition India in the First World War. To thank the British Indian Army we created a poppy made from khadi, a spun cotton cloth popularised by Mahatma Gandhi

on his spinning wheel, and shared it with the British Asian community nationwide, launching it from the Trafalgar Square Stage during Diwali in London.

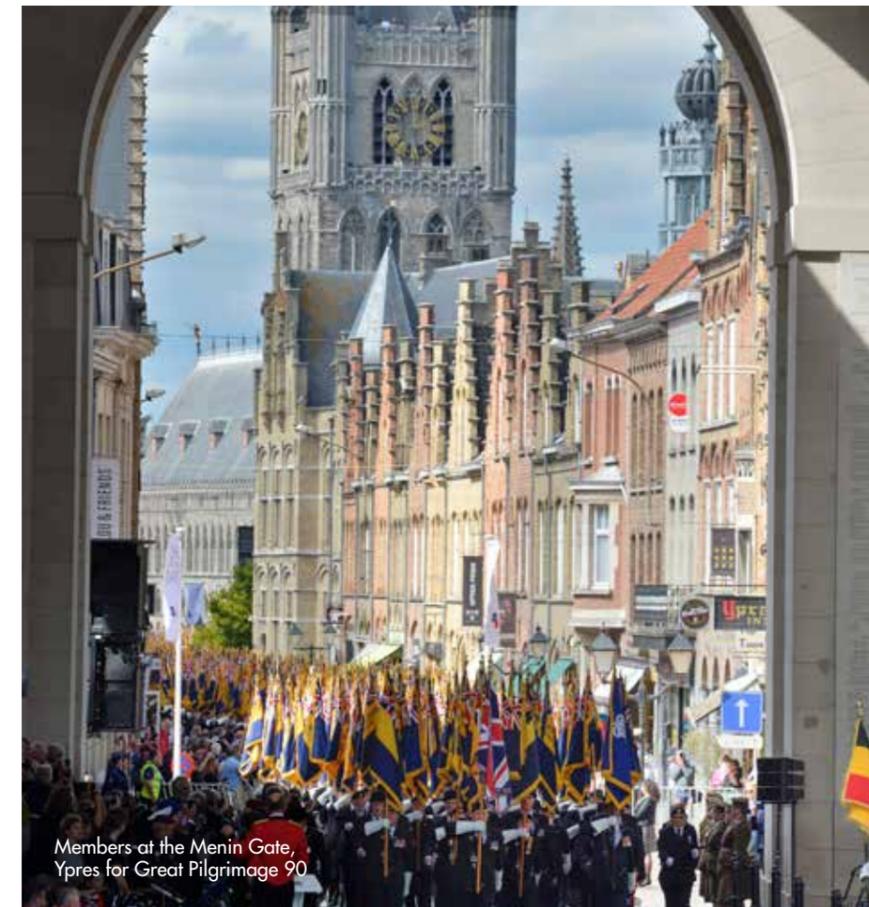
2018 COMMEMORATIVE EVENTS

The Legion supported a number of national Remembrance-based anniversaries in conjunction with the Tri-Service community, both serving and ex-serving. Across the year, we marked Zeebrugge 100 and celebrated the First World War history of the Royal Navy. We later helped to organise the RAF’s centenary events in London.

We also organised tours to battlefield sites in France and Italy for over 500 Second World War veterans, and took another 100 to the National Memorial Arboretum. As part of the Legion’s commitment to helping children understand Remembrance, we helped nearly 2,000 school children and teachers visit battlefields in Western Europe.

GREAT PILGRIMAGE 90 AND OUR ONE HUNDRED DAYS CEREMONY

The Great Pilgrimage 90 (GP90) marked the 90th anniversary of the Legion’s 1928 Battlefield Pilgrimage and the start of what has come to be known as the Last Hundred Days. Its central Remembrance activity was the One Hundred Days ceremony in Ypres. Thousands of Legion members came to witness the largest single gathering of Standards and wreaths ever seen at the Menin Gate. The parade took nearly 1,200 Legion Standards through the streets of the town, following the route troops took to Passchendaele. Each wreath, with the name of the branch from which it came and a message from that community, was on display to thousands of visitors at the Menin Gate.



Members at the Menin Gate, Ypres for Great Pilgrimage 90

REMEMBRANCE



The National Memorial Arboretum

THE NATIONAL MEMORIAL ARBORETUM

The National Memorial Arboretum, part of The Royal British Legion, is a place for people to reflect and celebrate the lives of those lost in service. We hold Remembrance events every day of the year, and are the custodian of the Armed Forces Memorial.

Our objectives for the National Memorial Arboretum include for it to be recognised as the UK's year-round national centre of Remembrance. We will provide memorable experiences for our visitors, and create new activities to bring in different audiences.

Having received £7.1 million of funding from the Legion and £1.3 million in other donations and grants, the National Memorial Arboretum opened its brand new Aspects events building in October. While our events at the National Memorial Arboretum had previously been held in a marquee, the new building is designed to host over 200 Remembrance events every year, as well as private events.

The National Memorial Arboretum's Thank You Exhibition brought in 70,000 people, and over 700 schoolchildren took part in our Thank You Youth Festival. With workshops and activities, children learned about service and sacrifice and the legacies from the First World War, finishing with a Thank You service to the First World War generation.

We held a range of activities to commemorate RAF100 at the National Memorial Arboretum, including a centenary service for 2,000 members of the RAF Association.

The National Memorial to British Victims of Overseas Terrorism was dedicated in the presence of HRH The Prince of Wales, HRH The Duchess of Cornwall, senior politicians and families of those who have died. The Nursing Memorial was also dedicated in the presence of HRH The Countess of Wessex.

Highlights of the year for the National Memorial Arboretum included the Remembrance Centre being

awarded a national RIBA architectural award and the national Large Visitor Attraction of the Year Gold award, the highest accolade from VisitEngland. We welcomed over 16,000 schools and youth visitors and a total of 295,000 visitors throughout the year.

AIMS FOR 2019

- Build on the relationships fostered during the Thank You campaign, developing new projects involving education and arts partnerships
- Working with the MoD, mark the 75th anniversary of the D-Day Landings
- Commemorate the battle of Monte Cassino 75 with an event at the National Memorial Arboretum
- With the Berlin authorities, host international events to commemorate the Berlin Airlift 70, as well as hold a parallel event at the Imperial War Museum, Duxford
- Hold an event to mark the 50th anniversary of the start of Operation Banner, the British Armed Forces' operations in Northern Ireland
- Build on the success of the National Memorial Arboretum's Large Visitor Attraction of the Year Gold award to raise awareness of the National Memorial Arboretum and position it as the national destination for Remembrance
- Ensure that the Aspects events building at the National Memorial Arboretum generates the income expected, and look at new ways of self-funding in the long term
- Pass on a greater understanding of Remembrance to young people by continuing to develop learning resources and engagement programmes at the National Memorial Arboretum

Jodie Older serves
with 4 Armoured
Medical Regiment

CAMPAIGNING



CAMPAIGNING



Mike was painted into his surroundings at the Boston Tea Party Café in Plymouth for the Count Them In campaign

We are proud of our strong history of campaigning to support the Armed Forces Community. Our work has, over time, made a big difference to the lives of serving and ex-serving personnel and their families.

CHAMPIONING THE INTERESTS, WELFARE AND CONTRIBUTION OF THE ARMED FORCES COMMUNITY

Our strategy for campaigning, policy and research ensures that we champion the interests, welfare and contribution of the Armed Forces Community, in line with the principles of the Armed Forces Covenant.

To successfully deliver our strategy, we maintain relationships with key decision makers, commission our own

research and mobilise our supporters. We work towards positive policy changes for the Armed Forces Community.

COUNT THEM IN

In 2018, our top priority was the Count Them In campaign, which called for a new question on the Armed Forces Community to be included in the 2021 census. Last year, we successfully persuaded the Office for National Statistics (ONS) to recommend that such a question be included in the next census for England and Wales.

Building on this success was the news that National Records of Scotland (NRS) is similarly recommending that an Armed Forces question be included in the Scottish census. We are hopeful that our conversations with the Northern Ireland Statistics and Research Agency (NISRA) will take the census for Northern Ireland in a similar direction.

In our campaigning on this issue, we have secured the support of 40% of MPs and 57% of MSPs, along with 45% of UK councils and a number of Government departments. The pledges

made by politicians to support our campaign will be vital when it comes to finalising the content of the next census.

BEST-PRACTICE GUIDE ON HOUSING FOR SERVICE LEAVERS

Our Best-Practice Guides outline the support already available to the Armed Forces Community, and show how initiatives can effect real change for them. Service Leavers and ex-serving personnel can face challenges when it comes to housing, which can include homelessness. We have been developing the next guide to serve as a resource for local authorities and housing associations to help the Armed Forces Community, giving examples of good practice from across the nation. It will also look at ways in which Service Leavers and ex-serving personnel can better navigate the support available to them.

TACKLING LONELINESS AND SOCIAL ISOLATION

Our latest report, *Loneliness and social isolation in the Armed Forces Community*, provides insight into loneliness and suggests policies to address the root causes. It is the first research of its kind into social isolation in this community.

The report found that a quarter of those who responded to our survey often or always feel lonely and that loneliness and social isolation are real risks to physical and mental health. Those who have spent time in the Armed Forces can be more vulnerable to isolation, with potential causes including relationship problems and the aftermath of injuries.

The report also found that more than 62% of respondents would feel too embarrassed to talk about loneliness and social isolation. This shows that more support is needed to make admitting to loneliness less of a taboo,



A child from the Armed Forces Community whom we have supported

MORE SUPPORT IS NEEDED TO MAKE ADMITTING TO LONELINESS LESS OF A TABOO, SO THAT PEOPLE SEEK HELP

so that people seek help and there is a focus on prevention.

We shared our research findings with other organisations, including the Government, which made reference to the issue in its Loneliness Strategy.

MANIFESTO RECOMMENDATIONS

We are continuing to work on our 2017 Manifesto recommendations, and are seeing further potential changes to policy. For example, the Government will be considering the provision of housing support to divorced or separated spouses or partners of serving personnel so they are on the same terms as other Armed Forces families. The Government is also conducting a review of how the Armed Forces Covenant is delivered by businesses, which was a recommendation in our *Deployment to Employment* report.

In Wales, following our representations, the Welsh Government has provided £250,000 to support the children of serving personnel in school. Although this is welcome funding, we hope to see a Welsh Service Pupil Premium implemented in the future. In addition, there will be a review of how Service children can be recorded consistently in the annual school census. Also in Wales, we have been successful in getting GP surgeries and the criminal justice system to ask people if they have served in the Armed Forces.

This year we welcomed the appointment of an Armed Forces Covenant Programme Manager by the Greater Manchester Combined Authority (GMCA), which delivers on our Greater Manchester Manifesto recommendation. Soon after this, the GMCA held the first ever Armed Forces Summit in April, hosting the MoD and other organisations. It set goals on how

CAMPAIGNING

to work in line with the Armed Forces Covenant. The Royal British Legion now also sits on the GMCA's Reform Board to give the Armed Forces Community a voice in future policies.

NEW RESEARCH STRATEGY

Over the last year, we have worked on a research strategy that aims to provide a realistic, prioritised and coordinated programme of research of benefit to the Legion and the charitable sector serving the military, ex-serving personnel and their families.

As well as the research strategy, we have built links to collaborate with the MoD, other charities, the Veterans and Families Research Hub and UK universities, and have established a Research Group to internally coordinate the Legion's work in this area.

REGIONAL CAMPAIGNING

This year we have established new, dedicated capacity to support our campaigning and advocacy across the UK. This has enabled us to engage more at the devolved and local level with government, local authorities, partner organisations and the Armed Forces Community.

In May we communicated with newly elected councillors on the Armed Forces Community and the Legion. We hope this engagement will bring awareness of the Armed Forces Community closer to the forefront of local decision-making.

INSULT TO INJURY CAMPAIGN IN NORTHERN IRELAND

Following the success of our Insult to Injury campaign in England, Scotland and Wales, we are continuing to campaign for ex-serving personnel to keep their War Disablement Pension when applying for social care support in Northern Ireland. Although the



Mr Hyatt, a veteran who has received support from our team of Admiral Nurses

Northern Ireland Executive remains suspended, we continue to raise our concerns with the Northern Ireland Office, and have given evidence to the Northern Ireland Affairs Committee's inquiry into health funding priorities in the 2018-19 Budget.

VETERANS STRATEGY

In early 2018 the UK Government announced its intention to publish a Veterans Strategy later in the year. The Legion engaged closely with the Government with the aim of ensuring that the needs and interests of our beneficiaries were reflected in the content of the Strategy when it was launched later in 2018.

AIMS FOR 2019

- Continue to campaign for the policy recommendations outlined in our Social Isolation and Loneliness report
- Develop local, regional and devolved campaign messages, in particular working with Poppyscotland to ensure that the needs of the Armed Forces Community are reflected in the Scottish Government's strategy
- Campaign to end immigration costs associated with Indefinite Leave to Remain applications for Commonwealth serving personnel who have served at least four years, including their spouses and children
- Continue to advance Count Them In and get an Armed Forces question included in the 2021 Census
- Respond to the Veterans Strategy and look to raise our core policy recommendations and ensure that veterans' needs are addressed
- Make progress in establishing a Service Pupil Premium in Wales

**MEMBERSHIP &
VOLUNTEERING**

MEMBERSHIP & VOLUNTEERING

Our members and volunteers sit at the heart of The Royal British Legion. We have a strong community of 237,945 members. They play a vital role in supporting our charity and championing Remembrance across the UK and overseas. Our 120,000 dedicated and committed volunteers contribute an estimated 2.5 million hours each year, helping to provide support or fundraising for the Armed Forces Community.

MEMBERSHIP

Our Membership strategy aims to create a community of members who share the values of the Legion, feel part of it and are motivated to help us in whatever way they can. As the traditional membership structure changes, we need to find new ways to keep people engaged. Expansion of local level community support is vital to achieving this goal.

MOTIVATING MEMBERSHIP

This year we have focused on a number of membership objectives and activities.

CLARIFY MEMBERSHIP PURPOSE AND DEVELOP MEMBER INTERACTION

In response to our members' ideas on what it means to be part of the Legion, we have introduced the idea of 'membership purpose'. This focuses on three core reasons as to why a member joins, through the statement 'Belong, Support, Do', alongside the core values of the Legion.

We have held Membership Meet-Ups across three regions to bring members together and provide the opportunity for two-way discussion and consultation between members and the Legion.

IMPROVE THE MEMBERSHIP EXPERIENCE

Following last year's communications survey, we have introduced a monthly interactive e-newsletter for all members. Over 48,000 people have signed up to receive the e-newsletter, an increase of 10% on last year. The interactive design allows members to read the content that interests them most.

We have also been developing a research project to help us plan for future strategies. Looking at how our members and potential members act and what they like and dislike, we will be able to review the type of membership we currently offer. The research groups launched in October 2018.

SIMPLIFY GOVERNANCE

Some branches of the Legion are now struggling to appoint the branch officers required under the current rules. After a successful pilot scheme, the County Supported Branches (CSB) model was put in place to make branch governance easier. If a branch chooses to become a CSB, it no longer needs a full management committee and the administration of its accounts are managed by County officials. This makes it easier for branches to comply with rules and has allowed more energy to be spent on fundraising, welfare and Remembrance.

We have implemented a new helpdesk functionality, which has allowed us to respond more quickly to member and branch queries and to spot key themes, enabling us to manage our communications with members more proactively.

INTRODUCE DIGITAL MEMBERSHIP

Since automating the membership renewal process, the annual decline in membership has reduced from 8% to 3.5%. Yammer, the social network used by the Legion, now has over 2,000 members, making it a growing channel for communication.

KEEP OUR VALUES CENTRAL

The values and behaviours of the Legion are central to how we work together. Our Membership Council has appointed an Equality and Diversity Representative to represent the membership in all Legion Diversity development work.

At the County and District Chairmen's seminar in September, participants were encouraged to promote the Legion's values and to challenge any unacceptable behaviours.

ROYAL CHARTER CONSULTATION

Our biggest challenge this year has been the Royal Charter Consultation. The new Charter will give an overview of the objectives and powers of the organisation. It will use easy-to-read, modern language, and all proposed changes will be based on our consultation with the Legion's membership and key stakeholders.

We spoke to members and stakeholders through a range of methods, including digital and print, but we will still need to find more ways to gather input. We can then look towards updating the Charter and developing our membership experience.

AIMS FOR 2019

- Use digital media to reach out to new supporters and better engage with existing members
- Complete the membership research project to better understand our

members and tailor their memberships to suit them

- Define our 'membership purpose'
- Review all aspects of membership training provision, including the content of courses and how training is delivered
- Identify areas where better communications or methods can improve the membership experience
- Create new options for membership, including ways for membership journeys to better cater for particular groups
- Improve how the Legion uses social media to promote both the Legion and the membership experience, and how it engages with prospective members

VOLUNTEERING

"I am in awe of everything the volunteers do. Without the fantastic teamwork across The Royal British Legion, my life would have been so different"

– Member of the Armed Forces Community

As one of the most trusted charity brands in the UK, we aim to become a national leader in volunteering. Through our volunteering strategy we are looking to build a two-way relationship with our volunteers, where how we support them is just as important as how they support us.

IMPROVING COMMUNICATION WITH VOLUNTEERS

In 2018, we focused on improving communication with our volunteers and how we manage them on a day-to-day

basis. As we have now made our volunteer survey annual, we hope to gain more of an insight into our volunteers and what motivates them.

Comparing the results of our 2017 volunteer survey with a similar survey in 2015, we found that volunteers felt more supported in their work. In particular, 80% of volunteers who received new training in Operations and Care Homes said that this training made them feel fit for the role, compared with 61% previously.

We are pleased to find that 86% of our volunteers would now recommend supporting us to family and friends, compared with 73% in 2015.

We launched our Excellence in Volunteer Management this year to train all of our line managers. In this programme they learn how to better support and manage volunteers. We also designed a new Volunteer Management Digital Toolkit to give managers bite-sized lessons in areas such as thanking and recognising volunteers for their work.

Our improved training programme for volunteers focuses on new areas such as data protection and diversity. We give volunteers training online and in person, as is most relevant to their role. As we value our volunteers and the work that they do, we want all of them to feel confident in their abilities.

Formed in 2017, the Armed Forces Volunteer Leaders Network is improving how military charities work together and share information. In 2018, the Network cooperated with the Legion to find the best ways to train volunteers in GDPR compliance and safeguarding. We also teamed up with SSAFA, the Armed Forces charity, to make GDPR training available online and to teach safeguarding practices to volunteers working in welfare.

We are still looking to put into place

a Volunteer Management System to improve the experience of our volunteers and to track their impact.

To coincide with the launch of the Legion's values and behaviours, the Values in Volunteering programme was set out. With this programme we aim to make sure that our new volunteer recruits share our values. Our new Volunteer Handbook and Volunteer Agreement will help stress the importance of these values in training.

AIMS FOR 2019

- Continue to make sure that our volunteers and line managers have the confidence and skills they need to carry out their roles and evolve our Excellence in Volunteer Management programme
- Review the volunteer journey to make it more enjoyable for prospective volunteers and make applying easier
- Carry out a data cleansing programme across our departments to improve how managers support and manage volunteers
- Start a new Volunteer Engagement Group to gain feedback on all of our future development projects and build on findings from the annual volunteer survey
- Improve the quality of life of residents in our Care Homes and dementia wings by creating new volunteer roles and enhancing our Care Home volunteer training
- Provide online information on how to recruit and look after volunteers

One of the children who participated in our Mission Mud event

FUNDRAISING

FUNDRAISING



Cyclists on the 4-day ride from London to Paris, a fully supported professional bike ride to raise money for the Armed Forces

Fundraising for the Legion can come in all shapes and sizes. From the Poppy Appeal to a pub quiz or a sponsored run, there's something for everyone and in 2018 we raised £120.1 million from voluntary income and trading activities.

DELIVERING INSPIRING AND EFFECTIVE FUNDRAISING ACTIVITIES

By creating inspiring fundraising activities that encourage people to support The Royal British Legion and understand our work, we aim to deliver the Legion's purpose of supporting the Armed Forces Community. Each year we run a range of different activities

while also making sure that we look after our supporters. This year, we developed our fundraising team's skills and our internal capability so we are fit for the future. We aimed to increase year-round fundraising, reducing our reliance on the Remembrance period in November.

NEW FUNDRAISING IDEAS

To help expand our range of fundraising activities, we launched two new products, Mission Mud and The Royal British Legion Pub Quiz, as well as piloting Mission Adventure. We hope that these initiatives will attract new supporters and help us to diversify our fundraising activity in the future. To help us succeed in launching these new activities, we continued training our team to apply new techniques and skills in fundraising innovation.

CORPORATE SUPPORT AND HIGH-VALUE GIVING

In 2018 our corporate partners helped us to raise £5.4 million. Attracting 15 new corporate partners brought our total number to over 30.

At our annual football tournament at Stamford Bridge, football fans saw corporate teams take on the Household Cavalry Mounted Regiment as well as a team from the Legion. During the Remembrance period, Premier League clubs kindly gave us free pitch-side advertising, worth around £100,000. This adds to the £250,000 we raise each year through auctioning the branded shirts they donate to the Legion.

2018 marked 10 years of support from Coventry Building Society, which has raised nearly £16 million for us in that time. We are very grateful for their year-round fundraising and the many

FUNDRAISING

hours of time their staff have spent volunteering. Over 100 volunteers from Coventry Building Society, M&S and other partners helped us plant poppies at the Fields of Remembrance. Our corporate partners have also kindly donated almost £180,000 in supplies, advertising resources and gifts for the people we help.

The Poppy Ball Committee of dedicated supporters raised over £160,000 through their Poppy Ball and summer party, and we were delighted to receive a one-off donation of £150,000 from an individual who is a noted Hollywood film producer.

With the centenary of the First World War, we also worked with our corporate partners to celebrate their wartime heritage through our Thank You campaign, including Cadbury, who created a retro edition of their Dairy Milk bar. Sainsbury's donated sales from iconic brands such as Horlicks and Gillette, and M&S brought out a new range of Poppy Collection products and supported our Thank You campaign across all their stores. Our event at Windsor Castle, starring Alfie Boe, and in support of the Thank You campaign, sold out and raised over £40,000.

IMPROVING DATA PROTECTION

2018 saw the organisation preparing for the General Data Protection Regulation (GDPR). To make sure that the personal data of all of our supporters is protected, we set up a new programme for compliance. This included getting in touch with some supporters to check that they were still happy to receive information from us. As a result, we are now compliant with the new regulation.

INDIVIDUAL GIVING

In 2018, we raised money for the Armed Forces Community through a range of activities. These included setting up six Fields of Remembrance across the country, where supporters could honour those who have died in conflict by dedicating over 120,000 wooden Little Remembrance Crosses and tributes. We ran several Fundraising Appeals, including our Poppy Press Newsletter. Our raffles proved popular over the year, as did our weekly Poppy Lottery draw, raising £8.7 million altogether.

Our supporters gave generously in 2018, with income from Legacies reaching a record £22.6 million. We met 1,300 Legacy pledgers at 18 events across England and Wales.

The Poppy Shop saw large growth through a larger presence with Amazon, and sales through this channel more than doubled year-on-year. Poppy Shop website sales reached £4.1 million, a decrease from last year due to higher sales of pins over more expensive brooches. We developed new ranges to add to the Poppy Shop, including one to commemorate 100 years of the RAF.

We also set up eight new Pop Up Shops in shopping centres over the Remembrance period, resulting in a 319% increase in Pop Up Shop income. Expansion of our online presence and the Pop Up Shop network make the Poppy Shop well placed to attract new supporters to the Legion.

At the new Centenary Thank You Field at the National Memorial Arboretum we planted a total of 45,000 poppies. An initial batch of several thousand poppies was planted in August and then slowly built up during the following three months. Each carried a handwritten message to those who fought or participated in the First World War.

2017 POPPY APPEAL

The 2017 Poppy Appeal raised £50.5 million in the third year of the Centenary period, a 3% increase on the 2016 total. We achieved this through sending out around 30 million poppies, 4 million pin badges, and thousands of schools packs. For the first time, all 20 Premier League football clubs supported the appeal by producing and selling club pins: they raised £115,000. Fourteen cities, including London, held city Poppy Days, raising nearly £1 million.

We tested 200 contactless terminals during the appeal and these received nearly 20,000 donations, raising £68,000. We will continue to invest in this technology as the trend for using contactless technology continues.

THANK YOU CAMPAIGN

During 2018 Community Fundraising, staff, members and supporters were heavily involved with the Centenary Thank You campaign. Businesses, communities, schools and sports clubs took part in over 500 Thank You events, building awareness and raising funds.

MASS EVENTS

Thousands of supporters took part in our Poppy Runs, Poppy Quests and Mission Mud events, alongside our more established events including our Pedal to Paris bike ride, the London Marathon, and the Great North Run. Our new Pub Quiz saw 2,900 people register as hosts. Supporters taking part in these events together raised a total of £1.4 million.

THOUSANDS OF SUPPORTERS TOOK PART IN OUR POPPY RUNS, POPPY QUESTS AND MISSION MUD EVENTS



Participants at one of our Poppy Quest events

A Poppy Appeal
volunteer at
London Poppy Day

THE LEGION'S APPROACH TO FUNDRAISING IS DRIVEN BY ACCOUNTABILITY, FAIRNESS AND RESPECT

AIMS FOR 2019

- Review Poppy Appeal and Community Fundraising activity and make changes to safeguard this area and explore new opportunities to increase future impact
- Complete strategic review to guide the long-term direction of Individual Giving, given the sector-wide decline in this area
- Ensure that we deliver a best-in-class supporter experience, improving employee engagement, driving cost efficiencies and reducing risks associated with fundraising regulation
- Conduct end-to-end review of our portfolio of events across Community Fundraising and Mass Events
- Reimagine how fundraising functions in today's digital world. Review all digital fundraising processes, upskill our staff and develop appropriate platforms and technology
- Ensure that we put our supporters' needs at the centre of our planning by basing our approach on their current motives for supporting us rather than their past activity
- Review our compliance monitoring schedule, improve our risk reporting and develop a supplier relationship management approach for working with our partners
- Review Poppy Shop activities to better define its purpose and centralise product purchasing throughout, as well as developing new products to engage with new audiences

RESPONSIBLE FUNDRAISING

The Legion's approach to fundraising is driven by three key fundraising principles:

- **Accountability:** Our own and third-party fundraisers are required to ensure that their fundraising is delivered to the Fundraising Regulator's standards. We will only work with third parties who share this commitment
- **Fairness:** We set out to treat all members of the public fairly. We try to explain clearly how donations can be made and how regular donations can be stopped
- **Respect:** We respect our supporters' privacy and we continue to make use of the Mailing Preference Service and the Fundraising Preference Service

The Legion is registered with the Fundraising Regulator and is a member of the Institute of Fundraising. We aim to comply with the Code of Fundraising Practice at all times and we make appropriate use of the Fundraising Regulator logo on our fundraising materials. Our Fundraising Promise is published on our website and we strive to comply with the commitments we have made.

We also set out to comply with UK data protection legislation. During 2018 we implemented measures to ensure compliance with the General Data Protection Regulation and the new Data Protection Act. All fundraising staff received data-protection training during the year and field-based procedures were reviewed and approved in order to support our volunteers. Our Privacy Promise is published on our website and we will gladly share a copy on request.

We try hard to ensure that our fundraising is not unreasonably intrusive or persistent, and does not put anyone under undue pressure to donate. All formal supporter contact activity is checked for compliance before it goes to print and we continue to invest in software that enables our supporters to

express a preference for how they would like to hear from us, if at all.

We recognise that we have an obligation to protect those who may be in vulnerable circumstances. We do this in a way which strikes a balance; setting out to protect potential donors while also being respectful of any desire they express to support us. During 2018 we strengthened the links between fundraising and the Legion's safeguarding rules, and all fundraising staff received awareness training.

Some of our fundraising activity is carried out by our own staff, some by volunteers, and a small proportion is delivered by external fundraising agencies, which may be commercial entities. All commercial third parties are subject to due diligence at the procurement stage and also ongoing monitoring by the Legion's own fundraising staff and external agencies, such as the Institute of Fundraising.

We always aim to provide our supporters with a positive experience. Although we recognise that fundraising activity sometimes generates complaints, we ensure that we learn from them.

During 2018 we introduced an improved Fundraising Complaints Policy with a new supporting procedure. All fundraising complaints are categorised according to type, and volumes are monitored by senior management and compliance staff. In 2018, the number of complaints relating to fundraising activity was 228. To provide some context, the Legion is supported by millions of people donating to the Poppy Appeal and has over 600,000 supporters on its database who have supported us in the last year. The largest category of complaints was direct marketing, representing 27% of the total. As a result, we have invested in improving how we stay in touch with supporters.

BOARD OF TRUSTEES



**AIR MARSHAL
DAVID WALKER CB
CBE AFC
National President**

David was appointed as the National President in May 2016. He joined the RAF in 1978, completing tours in Germany, the US and the UK before becoming the Military Assistant to the Minister of Defence. He was appointed Assistant Chief of the Air Staff in 2003. Most recently he became Deputy Commander of the NATO Joint Force Command, before retiring from the RAF in 2013.



**TERRY WHITTLES
National Chairman**

Terry was elected as the National Chairman in 2016. He joined the Army in 1966 and served as a Linguist in the Intelligence Corps. Terry retired from the Regular Army in 1981 with the rank of Warrant Officer; he then served in the Territorial Army for 12 years before retiring with the rank of Major. Following positions in the Civil Service among others Terry retired from full-time employment.



**UNA CLEMINSON BEM TD
National Vice-Chairman**

Una was elected as National Vice-Chairman in May 2016. She retired as a registered General Nurse in 2012 and was a Major in the Territorial Army. Una has been a member of the Legion since 1971 and was previously a Trustee between 2010 and 2012. In addition to attending other committees as National Vice Chairman, Una chairs the Board of Trustees of Poppyscotland.



RODNEY BEDFORD

Rod Bedford served for 19 years in the Grenadier Guards, and then for 18 years in the Kent Police. Rod was elected to the Board of Trustees in May 2017 and currently serves on the Branch Property Trusts Trustee Committee and the International Committee.



**ADRIAN BURN FCA
(to May 2018)**

Appointed as a Trustee in 2009 and re-appointed in 2015, Adrian chaired the Audit and Risk Committee. After spending most of his career as a partner in a City firm of Chartered Accountants, Adrian held a number of non-executive directorship appointments. Adrian retired from his appointment at The Royal British Legion in May 2018.



**ELIZABETH BUTLER FCA
(from May 2018)**

Liz was appointed to the Board in May 2018. In addition to being a practising Chartered Accountant, Liz has a portfolio of non-executive roles, including Board member and Chair of the Audit Committee of the Regulator of Social Housing; Chair of the Audit and Risk Committee of the Royal College of Veterinary Surgeons; Independent Member of the Audit and Risk Committees of the General Medical Council and The Bar Standards Board. Liz chairs the Audit and Risk Committee.



PAT CHRIMES

Pat Chrimes was elected as Chairman of the Women's Section in April 2017. Pat takes her seat on the Board of Trustees as the Chairman of the Women's Section in accordance with the Rules contained in the Royal Charter.



JASON COWARD

Jason has been an Appointed Trustee since 2014 and was re-elected to the Board in 2017. He runs his own marketing consultancy and has worked with many commercial and third-sector organisations over the years. He has a particular Board focus on Brand and Marketing, and is a member of the Governance Committee and Vice-Chairman of the Membership Council. Jason is also a Trustee at the National Memorial Arboretum (NMA).



DENISE EDGAR

Denise joined the Board of Trustees in 2010, and was re-elected in 2014 and 2017. Denise is a member of the Governance Committee, the Property Committee and the Branch Property Trusts Trustee Committee.



**LIEUTENANT COLONEL
JOE FALZON OSJ BEM (Retd)**

Joe was elected as a Trustee in 2014 and re-elected in 2017. He was in the Army from 1963 to 2001. He served as the Legion's Head of Governance & Administration from 2001 until 2010. Joe is Chairman of the Property Committee and the International Committee, and on the Branch Property Trusts Trustee Committee.



**ROGER GARRATT
(to February 2018)**

Roger was elected as a Trustee in May 2016. Roger joined the Royal Navy in 1962 and served until 1992. Roger resigned from the Board in February 2018 for health reasons.



**PAUL HARRIS QGM
(from February 2018)**

Paul served for 32 years as an Army Officer, retiring in 2006 in the rank of Lieutenant Colonel. He worked with an international company and then owned a successful management consultancy. He has since retired. Paul is a member of the Finance Committee and serves on the Board of Trustees at the NMA.



**MAJOR GENERAL
DAVID JOLLIFFE CB FRCP**

David was appointed as a Trustee in 2012 and re-appointed in 2015 and 2018. He was commissioned into the Royal Army Medical Corps in 1967 and retired in 2003. David is Chairman of the Royal British Legion Republic of Ireland and is a member of the Audit and Risk Committee.



**LIEUTENANT COLONEL
COLIN KEMP (Retd)**

Colin was elected as a Trustee in 2014 and re-elected in 2017. He joined the Army in 1965 and retired in 2001. He was a trustee of the NMA from 2014 to 2018, when he was appointed Chairman of the Membership Council. He also serves on the Audit and Risk Committee.



ANTHONY MACAULAY

Anthony Macaulay was appointed as a Trustee in 2011, reappointed in 2014 and again in 2017. He is a retired Lawyer with extensive business and commercial experience. He is a member of the Finance Committee and the Property Committee. In 2018, he was appointed to the Board of Trustees of Poppyscotland.



PHILIP MOORE

Philip was appointed as a Trustee in 2014 and re-appointed in 2017. He was a Finance Director for nearly 20 years at various financial services companies. He is now a Non-Executive Director at Bank of Ireland (UK) plc and Codan Forsikring A/S and a Governor of Aylward Academy. Philip chairs the Finance Committee.



**CATHERINE QUINN
(to April 2018)**

Catherine was appointed as a Trustee in 2013 and re-appointed in 2016. Catherine has served on several boards, including the Charity Commission Board, on which she continues to serve. Catherine resigned from the Board following her appointment as Private Secretary to HRH The Duchess of Cambridge.



ANNY REID OBE

Anny was elected as a Trustee in May 2016. She served in the Princess Mary's RAF Nursing Service for 30 years, the last four as Chairman of the Princess Mary's RAF Trust. She is County Chairman of both Gloucestershire and Gloucestershire WS. Anny chairs the Conference Committee and is a member of the Branch Property Trusts Trustee Committee.



**DEBBIE SORKIN
(from June 2018)**

Debbie Sorkin was appointed to the Board in June 2018. She is National Director of Systems Leadership at the Leadership Centre, a charity working to strengthen leadership across public services. Debbie has extensive experience at the NHS and in social care, and leads for the Board on care and safeguarding.



**LIEUTENANT COLONEL
DAVID WHIMPENNY**

David was elected as a Trustee in 2013 and re-elected in 2016. He was commissioned from the Royal Military Academy Sandhurst in 1985 and retired from the Army in 2017. He works as a Programme Management Consultant. David serves on the Governance Committee and is Chairman of the NMA's Board of Trustees.

CO-OPTED MEMBERS

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

David Bennett Rees FIA
Air Vice-Marshal Anthony Stables
Dr Jonathan Wittmann
Jenny Rowe

National President

Air Marshal David Walker CB CBE AFC

National Vice-Presidents

Peter Howells CBE OSJ TD DL
Geoffrey Medcalf MBE
Geoff Barwell OBE JP

National Chaplain

The Right Reverend James Newcome DL

KEY COMMITTEES OF THE BOARD OF TRUSTEES AND CURRENT MEMBERSHIP**Audit & Risk Committee**

Elizabeth Butler (Chairman)
David Jolliffe
Colin Kemp

Finance Committee

Philip Moore (Chairman)
Anthony Macaulay
Paul Harris
David Bennett Rees
Dr Jonathan Wittmann

Governance Committee

Terry Whittles (Chairman)
Una Cleminson (Vice-Chairman)
Jason Coward
Denise Edgar
David Whimpenny

Property Committee

Joe Falzon (Chairman)
Anthony Macaulay
Denise Edgar

Conference Committee

Anny Reid (Chairman)
Sue Kelly
Hugh Ashton-Moore
Philip Davies
John Morrison
Sam Lockhart

Branch Property Trusts Trustee Committee

Jenny Rowe (Chairman)
Anthony Stables
Rod Bedford
Denise Edgar
Joe Falzon
Anny Reid

International Committee

Joe Falzon (Chairman)
Rod Bedford
Bob Chambers

Membership Council

Colin Kemp (Chairman)
Jason Coward (Vice-Chairman)
John Morrison
David Brown
Mike Alderson
Stuart Allen
David Swann
Helen Picken
Gordon Barker
Noel Duston
Jane Brown
John Clark
Dilys Hooper
Bob Chambers
Philip Davies
Garry Mills
Ralph Howard-Williams
Philip Wilson
Gerry Nunn
Emma Cox

EXECUTIVE BOARD**Director General**

Charles Byrne

Director of Finance & Commercial

Daniel Oppenheimer

Director of Information Management & Technology

Paul Clements (to August 2018)

Director of Fundraising

Claire Rowcliffe

Director of Operations

Antony Baines

Director of Remembrance and Marketing

Gary Ryan

Director of Human Resources and Organisational Development

Sue Donaldson

Director of Membership and Volunteering

Emma Cannings

CONSULTANTS AND ADVISORS**Bankers**

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Independent Auditors

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Investment Managers

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Management Limited
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London EC2R 6DA

Legal Advisors

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16 Old Bailey
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WOMEN'S SECTION**President**

HRH The Princess Royal

Chairman

Pat Chrimes

Vice Chairman

Elizabeth Harrison

Chair of Finance

Sandra Fishlock

Central Committee

Pat Ayres MBE
Jennie Bailey
Jan Buxton
Margaret Cook
Sandra Fishlock
Tracey Gilliland
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Sandra Saban
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Dame Mary Bridges DBE
Mrs M Humphry
Doris Ingham OBE
Maureen Lodder OBE
Patricia Valler OBE
Wendy Bromwich JP

National Vice-Presidents and Patronesses

Auriol, Marchioness of Linlithgow
Elizabeth, The Dowager Countess of Scarborough LVO
The Right Honourable The Countess Bathurst
The Lady Grey of Codnor
Baroness Grey-Thompson DBE
Joanne Andrew-Steer MBE
Sara Jones CBE OSJ DL JP
Janie Martin DL
Joan Murray MBE
Diana Hill
Jane Lewin Smith JP DL

Charity Registration Number

219279

Principal office

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

FINANCIAL REVIEW

Total income for the year was £163.2 million compared with £159.2 million in 2017. The 3% increase in our income reflects unprecedented public support for the November 2017 Poppy Appeal, which reached over £50 million for the first time, together with an increase in other donations. However, the cost of raising funds has also increased due to increased regulation and planned investments in fundraising innovation and capacity. As a result, the net contribution from fundraising was broadly flat in real terms.

Total expenditure was £165.3 million compared with £155.3 million in 2017. The largest increase was in Care (£4.7 million increase), reflecting both an expansion in The Royal British Legion's services for those suffering with dementia and their families, and an increase in the cost of providing quality care services in our care homes. In common with many care providers, staff recruitment and retention in our care homes remains a challenge and we are investing in our support structures and improving our pay and reward packages to ensure that the Legion remains an employer of choice.

Expenditure on Remembrance, ceremonial, communication and campaigning increased by £3.8 million as we continued our programme of events and activities to commemorate the First World War Centenary. These included the Thank You movement, our key Centenary activity to encourage people to thank the First World War generation, the Great Pilgrimage 90 and a series of commemorative events at the National Memorial Arboretum.

Community welfare costs were £56.9 million in 2018, slightly below the previous year's total of £57.4 million. The reduction reflects the fact

that several large multi-year grants were awarded in 2017, which were not repeated in 2018. In 2018, we spent £1.7 million more on providing grants to individuals and £2.4 million more on providing information, advice and support to individual beneficiaries through our contact centre and network of case officers, volunteer case workers and specialist advisers.

Overall, the Legion generated a planned deficit before gains and losses of £2.1 million (2017: £3.9 million surplus). This was offset by realised and unrealised gains on investments of £13.5 million (2017: £8.4 million) and an actuarial gain on the defined benefit pension scheme of £2.5 million (2017: £13.7 million), resulting in a net increase in funds of £13.9 million (2017: £26.0 million). Whilst restricted funds increased in value as a result of these adjustments, the value of our unrestricted funds reduced by £2.6 million. Unrestricted funds will reduce further over the remaining three years of our current strategy as we invest reserves in an extension and community hub at Galanos House and improvements to our IT and buildings infrastructure that will enable us to deliver our services more effectively.

FINANCIAL INVESTMENTS

The market value of the Legion's investment portfolio increased by £6.4 million during the year, driven by strong equity markets. At the year end the total value of the Group's investments was £156.2 million (2017: £149.8 million). The portfolio is managed through three investment managers; Cazenove Capital manages

the charity's main investment portfolio, Sarasin & Partners manages Poppyscotland's investments and CCLA manages branch related investments, including those held in legacy and property trusts.

The mandates agreed with Cazenove Capital and Sarasin & Partners specify the level of risk that can be undertaken by defining asset classes and ranges, benchmarks and acceptable volatility. The investment managers have total discretion within these parameters. All investments must comply with the Legion's ethical policy which is one of 'Responsible Investment'. Investment managers are expected to engage with companies on social, environmental and business ethics issues and to exercise the Legion's voting rights, following the policy. The investment mandate agreed states that investments should not be made in property given the Legion's existing exposure to the property market through its investment property holdings.

CAZENOVE CAPITAL:

The mandate agreed with Cazenove Capital for the year ended 30 September 2018 was as follows:

- To achieve a rate of return in excess of RPI + 2% over the medium term.

The Cazenove Capital portfolio outperformed the 2018 mandate due to strong equity markets in the UK, US and Europe. The value of the portfolio increased to £129.2 million (2017: £121.1 million) over the year and generated £2.6 million (2017: £2.2 million) of investment income.

A change to the mandate was agreed with Cazenove Capital in October 2018. The target rate of return was changed to be in excess of CPI + 3%

and a revised strategic asset allocation was agreed, decreasing the proportion of UK equities and increasing the proportion of overseas equities by the same amount. The portfolio will be gradually moved to the new asset allocation over the coming year.

SARASIN & PARTNERS:

During the year to 30 September 2018, the Poppyscotland portfolio maintained its value at £10.6 million and generated £0.4 million (2017: £0.4 million) of investment income, equivalent to 3.4% on a total return basis. The mandate agreed with the investment manager is as follows:

- To achieve a rate of return in excess of RPI + 2% over the medium term.

CHARITIES OFFICIAL INVESTMENT FUND (COIF) WITH CCLA:

Branch, County and other investments of £9.6 million (2017: £8.1 million) are held in a mix of listed investments and unit trusts.

PENSION

The pension deficit has reduced from £6.2 million to £4.1 million, primarily due to a small increase in the discount rate, coupled with changes in the longevity assumptions used by the actuary. This follows a £12.9 million reduction in the deficit in the previous year and highlights the sensitivity of the calculations to relatively small changes in underlying assumptions. The Royal British Legion and the pension fund trustees have agreed a plan for removing the pension deficit over an appropriate period of time and we do not expect the deficit to materially affect the Legion's ability to meet its charitable objectives in the future.

RESERVES

The Royal British Legion holds reserves to ensure that services to beneficiaries can continue during a period of unforeseen reduced income or increased expenditure. Our reserves policy is set with reference to the financial risks facing the charity. The Legion is heavily dependent on volunteer support and donations from the public to enable it to carry out its work. Our biggest risk is that our income suddenly drops because of unforeseen factors beyond our control. In these circumstances, reserves would need to fund operating expenditure while the organisation was put back onto a stable footing. Our Care Homes represent a further area of financial risk due to the heavily regulated nature of the industry and the challenges in recruiting and retaining suitably qualified and experienced staff. The Trustees have reviewed the Legion's reserves policy in the context of the key financial risks facing the charity and agreed that the Legion should seek to hold reserves of £40 million.

At 30 September 2018, the Legion held cash and investments of £223.9 million (2017: £223.8 million). The majority of these funds are either restricted, which means they can only be used for the purposes specified by the donor, or are held by the Legion's branches, counties and subsidiaries. At 30 September 2018, the Legion's liquid and immediately available unrestricted funds totalled £70.0 million (2017: £72.0 million), equivalent to approximately six months' unrestricted expenditure and £30 million above the target level of £40 million. However, as a result of investing in core services to beneficiaries, the Legion expects to generate planned deficits over the next

two to three years to reduce reserves down to the target level.

INVESTMENT PROPERTIES

Investment properties primarily comprise 330 properties (2017: 338) held by The Royal British Legion as trustee (predominantly under Branch Property Trusts) and let to independent commercial operations, primarily affiliated social clubs. The local Legion Branches also have part-time use of the property under the terms of the lease.

The Legion's methodology with regard to the valuation of investment properties is to re-value one-fifth of the properties each year and to carry out a review of the remainder to identify any event that would impair the valuation. For the year to 30 September 2018, 59 properties were externally revalued (2017: 73) and a revaluation gain of £3.0 million (2017: £3.4 million) was recorded in the accounts. The remaining 80% of investment properties were reviewed internally by a qualified surveyor and further revaluation gains of £4.1 million (2017: £1.9 million) were recorded. During the year the Legion disposed of 22 (2017: 12) investment properties realising proceeds of £4.9 million (2017: £3.8 million).

In 2017, 35 properties with a value of £3.2 million were removed from the Legion's accounts. These were properties held in the name of The Royal British Legion where the branch committee was the charity trustee and had the legal responsibility for the administration of the property. During 2018, seven of these properties were brought back into the accounts

following a decision by the respective branch committees to transfer the trusteeship to the Legion.

BRANCH PROPERTY TRUSTS

A Branch Property Trust is a property or the proceeds of its sale that is held in a separate charitable trust in connection with a Legion Branch. Its charitable purposes are usually restricted to a specific geographical area.

	2018	2017
Restricted Investment Property Reserve	£66.7m	£61.1m
Restricted Branch Property Trust Fund	£45.8m	£44.5m
Number of properties	330	338

At 30 September 2018, the Legion held £66.7 million (2017: £61.1 million) (see note 29) in the restricted investment property reserve, representing the market value of 330 (2017: 338) properties predominantly held under Branch Property Trusts. In addition, £45.8 million (2017: £44.5 million) was held in restricted Branch Property Trust funds comprising sale proceeds, interest and other income, from the properties previously held in trust.

The Legion is continuing a programme of work to remove or widen the restrictions on Branch Property Trusts that have served their purpose, so that these funds can be used more effectively and across the broader range of services needed by our beneficiaries today. During the year decisions were made on 15 Branch Property Trusts.

The restriction on £0.7 million (2017: £6.8 million) was removed from Branch Property Trust funds and a further £0.3 million (2017: £6.6 million) was transferred to specially created Legion Area Trust Funds. These funds can now be used to support the Legion's beneficiaries in a wider geographical area and for specific projects and activities forming part of the Legion's corporate strategy. During the year to 30 September 2018, £3.1 million of direct charitable expenditure was allocated to the Legion Area Trust Funds, including the cost of providing Admiral Nurse services and grants made to local charities providing services to Legion beneficiaries in these areas.

PROGRAMME-RELATED INVESTMENTS

Programme-related investments mainly consist of property repair loans that are interest-free secured loans to beneficiaries living in their own home to provide housing improvements. Programme-related investments totalled £5.6 million at the year-end (2017: £6.2 million).

GRANT MAKING

Included in our welfare service expenditure are grants made to individuals in immediate need after an assessment of the beneficiary's financial situation. In 2018, The Royal British Legion spent £12.2 million on individual grants (2017: £10.5 million). In both volume and value, 'mobility' related grants, such as riser-recliner chairs and powered scooters, were most common.

The Legion also awards grants to households whose case is managed by a partner agency, such as SSAFA or the Royal Air Forces Association.

The grant of £2.1 million made to the Officers' Association (OA) is a contractual commitment. The grant funds the charitable activities of the Officers' Association. Other grants are made to organisations where a third party has skills or facilities that are unavailable within the Legion's own resources. The Legion invites organisations to submit formal applications which are then evaluated by the Grants Department, the local Area Office and any subject matter experts relevant to the application. This information is then reviewed by a Grants Panel that issues awards to those organisations best able to show that their project will address an unmet need for Legion beneficiaries.

In 2018, excluding the OA, grants were awarded to 136 organisations totalling £7.4 million (2017: 143 organisations, £11.2 million). The year-on-year decrease is due mainly to a number of one-off grants awarded in 2017 under the Aged Veterans' Healthy Living Programme.

RISK MANAGEMENT AND INTERNAL CONTROL

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

The framework defines the strategic and operational risk management processes that the Legion follows to ensure that identification and mitigation of risk is carried out appropriately throughout the business. This is done in three ways:

- by having appropriate policies and controls in place;
- through a network of Risk Champions (responsible for identifying key risks and mitigating controls within each directorate); and
- a Head of Risk Management who facilitates the risk management process through our IT system, Magique, and ensures regular reporting to the Executive Board,

Audit and Risk Committee and Board of Trustees.

The Legion has a strategic risk register, which includes the National Memorial Arboretum and Poppyscotland. The strategic risk register is presented to the Board of Trustees twice a year and reviewed by the Executive Board on a quarterly basis to ensure it is kept up to date and that risks are being appropriately managed.

Risk assurance is provided to the Trustees and members of the Executive Board through line management and internal audit, and independently

through external audit. The Audit and Risk Committee receives quarterly reports on risk management at a corporate and Directorate level. The five major areas of risk identified by the Legion are detailed below, with selected controls from our risk register. At their last review, the Trustees were satisfied that there are appropriate procedures in place to mitigate these risks. The annual internal audit plan is drawn up with reference to the strategic risk register and audits focus on the controls that mitigate the key risks. The Audit and Risk Committee receives copies of all internal audit reports.

Risk	Mitigation
Financial Sustainability Inability to deliver our mission and look after beneficiaries because of the financial position of the Legion – not being able to generate enough income; perception of wealth prevents us from collaboration across the network.	<ul style="list-style-type: none"> • Annual budget process • Financial forecasting for short and medium term carried out • Prudent reserves policy • Fundraising department and Fundraising strategy • Fundraising income and expenditure reviewed monthly and corrective action taken if there are significant variances to the budget • Sound basis for grant funding decision making
Sector Relationships Our ability to deliver our strategic aim to be the 'heart of a national network' fails because of a lack of trust and collaboration with the rest of the sector.	<ul style="list-style-type: none"> • Executive Board oversight of critical relationships • Robust management of Veterans' Gateway • Strategic alliances formed and recorded properly
Regulatory Compliance Failure to put the necessary controls in place leads to significant non-compliance with legal and regulator requirements.	<ul style="list-style-type: none"> • Use of Internal Audit to identify areas of regulatory weakness • Appropriate Legion wide policies and procedures, supported by training • Regular monitoring and reporting of key compliance issues e.g. safeguarding, health & safety, GDPR • Training programmes for all employees and volunteers, where relevant to their roles
Governance Inability to deliver our strategic objectives due to ineffective leadership and governance.	<ul style="list-style-type: none"> • Training programme for Trustees • Performance monitoring for Trustees and Executive Board • Implementation of defined Terms of Reference for Board of Trustees, Executive Board, and all Board Committees • Review of the Royal Charter • Internal audit of governance arrangements
Chronic IT Failure Inability to run at the centre of a network of charities due to insufficient or ineffective use of IT resources leading to chronic IT vulnerability, or crisis level of failure.	<ul style="list-style-type: none"> • IT security programmes • Management of leavers • Workload management • Policies, processes, systems and network documentation • Cyber scenario testing • Business continuity planning

PUBLIC BENEFIT

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

SAFEGUARDING

The Royal British Legion is engaged in a wide range of beneficiary, membership and community facing activities including direct welfare support, fundraising and comradeship. Specifically, the Legion provides regulated and non-regulated activities which involve interaction with vulnerable adults and can often involve children. Our staff, volunteers and members have a moral and legal responsibility to ensure the safety of the people we work with. Recognising our commitment to ensure that those engaged with the Legion can live free from harm, abuse or neglect; the charity has implemented a range of policies and procedures including a Safeguarding Policy, Code of Conduct and robust recruitment procedures for staff and volunteers.

The Legion has a network of trained designated safeguarding leads, who are responsible for reporting safeguarding concerns to statutory agencies and recording all safeguarding incidents on our Legion Assure reporting system. In order to embed a culture of safeguarding awareness, the Legion has delivered Level 1 safeguarding training to all staff and volunteers. The Board of Trustees has also received appropriate

safeguarding training and there are plans to deliver specific higher level training for operational staff and volunteers across the organisation.

MODERN SLAVERY ACT 2015

The Royal British Legion is committed to ensuring that slavery and human trafficking do not occur in our operations or supply chain and will work with suppliers to ensure compliance with the Modern Slavery Act 2015. Our anti-slavery and human trafficking statement is published on our website.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal British 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, Northern Ireland, Scotland and Wales which provides facilities for beneficiaries, local members, volunteers and staff. Care home services and Poppy Breaks are delivered through the Legion's premises around the country. The National Memorial Arboretum, the home of the Armed Forces Memorial, is situated in Alrewas, Staffordshire and the Legion's Contact Centre is based in Cardiff. Headquarters for Poppyscotland are located in Edinburgh. The charity's

branches are located throughout England, Wales, Northern Ireland, the Republic of Ireland, the Channel Islands, the Isle of Man and overseas.

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

Directors' roles are evaluated using the Hay job evaluation system, and this supports a process of pay benchmarking. There is an independent Governance Committee comprised of trustees, which approves the annual pay award and agrees the remuneration for the Director General and Director of Finance and Commercial.

BOARD OF TRUSTEES

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

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

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

Trustees are elected or appointed for an initial three-year period and are eligible for a further two terms of three years. The Chairman and Vice-Chairman may only serve one term of three years, however the Vice-Chairman may also serve one term of three years as National Chairman if so elected by voting branches. Newly elected trustees are given induction training on their duties and responsibilities as members of the Board of Trustees. Training needs are reviewed on an annual basis and specific training is given to trustees as required.

Trustees receive no remuneration but are reimbursed for the cost of attending meetings and other official functions. Trustees are invited to lead and officiate on pilgrimages and the costs involved in that duty are included in the declared figure for trustee expenses (note 15).

COMMITTEES OF THE BOARD

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

Two of the committees facilitate membership matters:

- Membership Council has responsibility for the direction and implementation of all membership issues; and
- Conference Committee oversees the organisation of the Annual Conference.

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

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

Three committees oversee the resources of the charity:

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

and assets held by the Branch Property Trusts and approves property disposals.

Finally, the International Committee represents the Legion as part of the World Veterans' Federation and advises the Board of Trustees on matters related to the Legion's international relationships and activities.

The day-to-day management of the charity is delegated to the Director General and through him to the Board of Executive Directors.

CORPORATE STRUCTURE

The Royal British Legion has an extensive corporate structure comprising:

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

Further details of the activities and performance of subsidiaries are given in note 14 to the accounts.

In addition, there are four active organisations which share part of our name:

- Royal British Legion Industries Limited (RBLI) which provides employment, training and support for people, including those with disabilities, plus care and support for ex-serving personnel and their families;
- Royal British Legion Poppy Factory Limited in Richmond (the Poppy Factory), which creates paid

meaningful employment opportunities for wounded, injured and sick ex-serving personnel;

- The Royal British Legion Attendants Company Trust which promotes the rehabilitation and resettlement of men and women of Her Majesty's Armed Forces who are in need of assistance in civilian life; and
- Royal British Legion Scotland which helps Scottish ex-serving personnel of all ages to adapt to civilian life.

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

ROLE OF THE MEMBERSHIP AND VOLUNTEERS

The Royal British Legion is a membership organisation overseen by a Board of Trustees through the Membership Council. Around 238,000 members are organised through approximately 2,200 branches operating across England, Wales, Northern Ireland and the Isle of Man, with a further 93 branches overseas and eight National branches.

BRANCHES:

- undertake local welfare activities as part of the Branch Community Support scheme;
- undertake their own fundraising, with central support for the Poppy Appeal;

- recruit and retain members;
- ensure that Remembrance is undertaken locally; and
- act as Legion representatives in their local community.

Branches report into 52 Section, County and District committees which consist entirely of volunteers. The Legion provides operational and administrative support to the membership structure delivered by the staff of the Membership Department and a network of Membership Support Officers located across England, Wales and Northern Ireland.

The Women's Section provides care and support for the ex-Service community through its own welfare schemes, such as financial support to ex-Service women, wives, widows and widowers of ex-serving personnel and their children.

Many members of the Legion belong to one of the 417 clubs (2017: 433) that use the Legion's name under licence but which are independent entities; therefore, their financial results are not included in these accounts. There are 238 clubs (2017: 242) that occupy premises owned by the Legion and leased to the club.

The Legion depends on the dedication and commitment of thousands of volunteers who commit their time and energy in supporting our charitable objectives. Volunteers add value to almost every area of Legion activities, from casework and fundraising to improving the quality of life of our care home residents. The Legion has over 120,000 volunteers contributing an estimated 2.5 million hours each year. This is potentially worth £18.0 million a year to the charity. Over half of our

volunteers undertake more than one volunteer role in the Legion.

Guidance and advice on volunteer management and support is provided by the centrally based Volunteer Support Unit (VSU). The VSU focuses on creating a flexible framework to develop volunteer opportunities and on professionalising the experience of our volunteers. Through our volunteering strategy we are looking to build a two-way relationship with our volunteers, where how we support and manage them is just as important as how they support us.

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, of the incoming resources, and of the application of resources of the charity for that period.

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

- select suitable accounting policies and 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
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the charity will continue in business.

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

The Trustees' Report (pages 8 to 49), for and on behalf of the Trustees



Terry Whittles, National Chairman
11th April 2019

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion the financial statements of The Royal British Legion (the 'charity') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent charity's affairs as at 30 September 2018 and of the group's and the parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the Charities Act 2011.

We have audited the financial statements of The Royal British Legion (the 'charity') and its subsidiaries (the 'group') which comprise:

- the consolidated and parent charity statements of financial activities;
- the consolidated and parent charity balance sheets;
- the consolidated and parent charity cash flow statements; and
- the related notes 1 to 33.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We are required by ISAs (UK) to report in respect of the following matters where:

- the trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Under the Charities (Accounts and

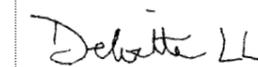
Reports) Regulations 2008 we are required to report in respect of the following matters if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

USE OF OUR REPORT

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Deloitte LLP

Statutory Auditor
London, United Kingdom
18 April 2019

Deloitte LLP is eligible for appointment as auditor for the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

FINANCIALS

The Royal British Legion

Consolidated Statement of Financial Activities for the year ended 30 September 2018

	Note	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from					
Donations and legacies	4	91,519	5,050	96,569	92,733
Charitable activities	5	21,792	14,661	36,453	35,763
Other trading activities	6	20,475	3,061	23,536	24,126
Investments	7	2,910	3,236	6,146	5,974
Other		236	238	474	578
Total income		136,932	26,246	163,178	159,174
Expenditure on					
Raising funds	8	36,286	5,440	41,726	39,372
Charitable activities					
Care	9	32,418	842	33,260	28,594
Personnel Recovery Centres	9	2,239	82	2,321	2,282
Community Welfare	9	40,845	16,094	56,939	57,354
Membership	9	7,821	704	8,525	8,624
Comradeship	9	538	-	538	874
Communications and campaigning	9	12,605	-	12,605	10,744
Remembrance and ceremonial	9	3,949	5,430	9,379	7,447
Total charitable activities	9	100,415	23,152	123,567	115,919
Total expenditure		136,701	28,592	165,293	155,291
Net income/(expenditure) before investment gains		231	(2,346)	(2,115)	3,883
Net gains on disposal of investments		112	2,240	2,352	1,428
Unrealised gains on revaluation of investments		1,931	9,231	11,162	7,014
Net income before tax		2,274	9,125	11,399	12,325
Taxation credit	11	-	-	-	1
Net income for the year		2,274	9,125	11,399	12,326
Transfers between funds	30	(7,188)	7,188	-	-
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	16a	2,266	191	2,457	13,715
Net movement in funds		(2,648)	16,504	13,856	26,041
Fund balances brought forward at 1 October		186,296	165,488	351,784	325,743
Fund balances carried forward at 30 September		183,648	181,992	365,640	351,784

The notes on pages 56 to 82 form part of the financial statements.

All amounts relate to continuing operations, and all gains and losses recognised in the year are included in the Statement of Financial Activities.

The Royal British Legion

Charity Statement of Financial Activities for the year ended 30 September 2018

	Note	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000	Total 2017 £'000
Income and endowments from					
Donations and legacies	4	95,481	945	96,426	91,200
Charitable activities	5	25,715	8,290	34,005	37,836
Other trading activities	6	6,111	12	6,123	5,632
Investments	7	2,910	2,837	5,747	5,580
Other		236	162	398	500
Total income		130,453	12,246	142,699	140,748
Expenditure on					
Raising funds	8	29,383	25	29,408	26,378
Charitable activities					
Care	9	32,418	842	33,260	28,594
Personnel Recovery Centres	9	2,239	82	2,321	2,282
Community Welfare	9	49,238	11,190	60,428	57,422
Membership	9	7,821	659	8,480	8,584
Comradeship	9	538	-	538	874
Communications and campaigning	9	12,236	-	12,236	10,744
Remembrance and ceremonial	9	3,949	1,663	5,612	3,991
Total charitable activities	9	108,439	14,436	122,875	112,491
Total expenditure		137,822	14,461	152,283	138,869
Net income/(expenditure) before investment gains		(7,369)	(2,215)	(9,584)	1,879
Net gains on disposal of investments		112	2,235	2,347	1,428
Unrealised gains on revaluation of investments		1,931	9,279	11,210	6,873
Net income/(expenditure) for the year		(5,326)	9,299	3,973	10,180
Transfers between funds	30	1,303	(1,303)	-	-
Transfer to newly incorporated subsidiary	14	-	-	-	(2,482)
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension scheme	16a	2,266	-	2,266	13,486
Net movement in funds		(1,757)	7,996	6,239	21,184
Fund balances brought forward at 1 October		182,287	134,585	316,872	295,688
Fund balances carried forward at 30 September		180,530	142,581	323,111	316,872

The notes on pages 56 to 82 form part of the financial statements.

All amounts relate to continuing operations, and all gains and losses recognised in the year are included in the Statement of Financial Activities.

The Royal British Legion

Consolidated and Charity Balance Sheets as at 30 September 2018

	Note	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Fixed assets					
Intangible assets	17	3,665	3,183	3,665	3,183
Tangible assets	18	94,792	89,503	73,031	73,591
Investments	19	156,195	149,801	144,232	137,595
Investment properties	20	66,682	61,112	66,682	61,112
Programme related investments	21	5,588	6,164	5,611	6,187
Total fixed assets		326,922	309,763	293,221	281,668
Current assets					
Stocks		1,703	2,459	-	-
Debtors	22	15,116	14,970	17,790	18,257
Cash at hand and in bank	23	67,753	74,032	53,613	61,357
Total current assets		84,572	91,461	71,403	79,614
Current liabilities					
Creditors: Amounts falling due within one year	24	(31,467)	(29,162)	(28,873)	(26,046)
Net current assets		53,105	62,299	42,530	53,568
Total assets less current liabilities		380,027	372,062	335,751	335,236
Creditors: Amounts falling due after more than one year	24	(9,832)	(13,482)	(9,832)	(13,482)
Provisions for liabilities	26	(487)	(619)	(487)	(619)
Net assets excluding pension liability		369,708	357,961	325,432	321,135
Defined benefit pension liability	16b	(4,068)	(6,177)	(2,321)	(4,263)
Net assets		365,640	351,784	323,111	316,872
Funds					
Total unrestricted funds	28	183,648	186,296	180,530	182,287
Total restricted funds	29	181,992	165,488	142,581	134,585
Total funds		365,640	351,784	323,111	316,872

The notes on pages 56 to 82 form part of the financial statements.

The financial statements of The Royal British Legion, registered charity no. 219279, were approved by the Board of Trustees and authorised for issue on 11 April 2019. These were signed on its behalf by:



Terry Whittles
National Chairman

The Royal British Legion

Cash Flow Statement for the year ended 30 September 2018

	Note	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Net cash absorbed by operating activities	A	(4,491)	(3,178)	(11,688)	(4,505)
Cash flows from investing activities					
Dividends, interest and rents from investments		6,146	5,974	5,747	5,580
Purchase of tangible fixed assets		(8,287)	(1,499)	(1,956)	-
Purchase of intangible fixed assets		(1,212)	(1,003)	(1,212)	(1,003)
Proceeds from sale of investments		4,877	3,773	4,877	3,773
Purchase of investments		(3,312)	(3,300)	(3,512)	(1,950)
Transfer to newly incorporated subsidiary		-	-	-	(2,482)
Net cash provided/(absorbed) by investing activities		(1,788)	3,945	3,944	3,918
Change in cash and cash equivalents in the year		(6,279)	767	(7,744)	(587)
Cash and cash equivalents at the beginning of the year		74,032	73,265	61,357	61,944
Cash and cash equivalents at the end of the year	23	67,753	74,032	53,613	61,357

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
A. Reconciliation of net income to net cash flow from operating activities				
Net income for the year (as per the Statement of Financial Activities)	11,399	12,326	3,973	10,180
Adjustments for:				
Depreciation, amortisation and impairment charges	3,713	3,566	3,231	3,100
Gains on investments	(13,514)	(8,442)	(13,557)	(8,301)
Dividends, interest and rents from investments	(6,146)	(5,974)	(5,747)	(5,580)
Decrease/(increase) in stock	756	(721)	-	-
Decrease in programme related investments	576	411	576	411
(Increase)/decrease in debtors	(146)	(7,426)	467	(7,569)
(Decrease)/increase in creditors	(1,345)	2,616	(823)	2,829
Decrease in provisions	(132)	(322)	(132)	(322)
Adjustment in respect of pension funding	348	788	324	747
Net cash absorbed by operating activities	(4,491)	(3,178)	(11,688)	(4,505)

The Royal British Legion

Notes to the Accounts for the year ended 30 September 2018

1 PRINCIPAL ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the 'Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)', and applicable UK law. The financial statements are prepared on an accruals basis except that the results from branches have been extracted from returns submitted on a receipts and payments basis. The Branch financial year runs from 1 July to 30 June. The Branch results included in these accounts are for the year to 30 June 2018 with prior year comparatives (2017) for the year to 30 June 2017.

The group meets the definition of a public benefit entity under FRS 102 and the financial statements have been prepared under the historical cost convention, unless otherwise stated in the relevant accounting policy note.

Group financial statements

These financial statements comprise the central General and Benevolent funds vested in the Board of Trustees in accordance with The Royal British Legion's ("the Legion") Royal Charter. As agreed with the Charity Commission and in accordance with FRS 102, they include the results, assets and liabilities of the Legion's counties, districts, branches and Women's Section. The Legion's policy is to consolidate results of all branches, counties and districts based upon receipt of individual returns. Where returns are not received, assets are included at the previously reported value adjusted for known transactions. The subsidiaries and organisations listed in note 14 have been consolidated on a line by line basis.

Four organisations which carry the Legion's 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 Limited, The Royal British Legion Attendants Company Trust and Royal British Legion Scotland. The accounts do not include the results of affiliated social clubs which are not controlled by the charity, but are separately registered organisations licensed to use the Legion's name.

Fund accounting

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

Restricted funds represent grants, donations, legacies and property 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 unless otherwise stated. Restricted funds include permanent endowment funds which are not material and are not therefore shown separately on the face of the balance sheet. The funds of The National Memorial Arboretum Company Limited and its subsidiary (NMA (Enterprises) Limited), the Earl Haig Fund Scotland and the Lady Haig Poppy Factory (Poppyscotland Group), and the Royal British Legion Republic of Ireland, are held within restricted funds since their objects are narrower than those of The Royal British Legion group.

Income

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

- Legacies are included as follows: Pecuniary legacies are recognised when the legacy has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the legacy will be received. Residual legacies are recognised on receipt of Estate Accounts. Legacies subject to a life interest held by another party are not recognised.
- Grants are included when the conditions for recognition have been complied with.
- Donations are accounted for in the year of receipt. Poppy Appeal donations are accounted for when banked.
- Fundraising lottery income is recognised when the lottery draw has taken place. Income received in advance for future lottery draws is deferred until the lottery draw takes place.
- Fees from residential care homes are recognised on an accruals basis.
- Membership fees are recognised on an accruals basis.
- Investment income from the centrally held investment portfolio is accounted for on an accruals basis and includes dividends declared but not yet received. Investment income includes rental income earned by branches.
- Income received through branches from fundraising and other activities is recognised for branches on the basis of branch returns for the year to 30 June 2018.

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

Expenditure

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

- Cost of raising funds includes expenditure on

poppies and other fundraising items, staff and related expenditure of the Poppy Appeal, costs of the central fundraising department, commercial (trading) activities and investment management fees.

- Charitable activities includes expenditure directly related to the delivery of the services (including staff costs) provided by the charity to eligible beneficiaries, and includes the cost of residential care, welfare break centres, community welfare services, and Remembrance and comradeship. It also includes the cost of supporting and maintaining the Legion's extensive membership and the costs of campaigning on behalf of beneficiaries. The cost of evaluating, supporting and managing charitable programmes is also included and further analysed in the notes to the accounts.
- Certain campaign costs are allocated between Cost of raising funds and Charitable activities on the basis of the percentages of space within the literature relating to fundraising and raising awareness respectively.
- Support costs include the central functions such as general management, financial administration, information technology, human resources, governance and facilities management.

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

Future grant expenditure commitments are included within creditors on the balance sheet at their net present value, using a discount rate equivalent to the yield on Treasury Gilt over the period of the grant.

Allocation of costs

Where possible, the Legion's operating costs, which include staff costs, are allocated directly to the various categories of charitable expenditure or cost of raising funds. Where costs are not directly attributable to any category, they have been apportioned on an appropriate basis to reflect, in each case, an estimate of the efforts and resources devoted to each category of activity – see note 13. Activities which are predominantly outsourced bear no allocation of support costs.

Stocks, poppies and wreaths

The majority of stock relates to Poppy Shop products held for resale by Royal British Legion Trading Ltd. Stock also includes poppies and wreaths produced at the Lady Haig Poppy Factory which are manufactured for external resale. Stocks are valued at the lower of cost and net realisable value and include direct costs of labour and materials plus allocation of general overheads. Poppies and wreaths produced for distribution during the Poppy Appeal are expensed immediately.

Staff pension schemes

There are five staff pension schemes, which are accounted for in accordance with FRS 102 section 28. This includes two defined benefit schemes which are both closed to future accrual (The Royal British Legion Staff Pension Fund and the Earl Haig Defined Benefit Scheme), and three defined contribution schemes. Further details are included in note 16 to the accounts.

For the defined benefit schemes, valuations are undertaken by an independent actuary. Prior to its closure to future accrual on 31 March 2018, the current service costs of the Earl Haig Defined Benefit Scheme were charged to employee costs over the anticipated period of employment. Net pension finance income or costs are included immediately in other income or employee costs as appropriate. Actuarial gains and losses are recognised immediately on the face of the Statement of Financial Activities. The Legion's share of the scheme deficits is included as a liability on the balance sheet.

For the defined contribution schemes, the amount charged to the Statement of Financial Activities represents the employer contributions payable for the year.

Investments and bank deposits

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

Properties not used for charitable purposes are classified as investment properties and are included in investments at market value. Investment properties are revalued on a rolling five year basis with 20% of properties being revalued each year by an external qualified surveyor. The remaining 80% of properties are reviewed for material changes.

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

Tangible and intangible fixed assets

Purchases of individual tangible and intangible fixed assets costing over £50,000, or purchases related to capital projects costing over £50,000 in total, are capitalised.

Functional properties (freehold and leasehold) used by the charity are included at cost, where known, or valuation at date of acquisition. Branch properties acquired or gifted before 1 October 1995 where the original cost cannot be established are included

at a nominal value of £1 each. Depreciation on functional properties is provided on the cost of buildings on a straight line basis over 50 years or the term of the lease if less. Leasehold improvements are depreciated over the term of the lease. The head office building, Haig House, is depreciated over its expected useful life of 33 years.

Plant, machinery and equipment where capitalised is included at cost. Depreciation is provided over 5 years from the month of first use.

Software, databases and licences where capitalised are included at cost, which includes the cost of internal development where applicable. Depreciation is provided over 5 years from the month of first use.

Tangible and intangible fixed assets which are under construction are classified as Assets Under Construction and are transferred into the appropriate category on completion, when depreciation then commences.

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

Heritage assets

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

Finance and Operating Leases

Instalments payable under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease. Any lease incentives (such as rent free periods) are spread over the life of the lease. The group does not have any finance leases.

Taxation

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

Foreign exchange

The Legion has no significant exposure to foreign exchange gains or losses. Foreign branches and districts make returns once a year and their results, along with those of the Royal British Legion

Republic of Ireland, are included in these accounts converted to Sterling at the exchange rate as at 30 September 2018.

Financial Instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction price (including transaction costs) and subsequently measured at their settlement value.

Trade and other debtors are recognised at the settlement amount due after any discount offered and net of any bad debt provision. Prepayments are valued at the amount prepaid net of any trade discounts due. Creditors and provisions are recognised where the group has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party, and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

2 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In application of the accounting policies, which are described in note 1, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

The Trustees do not consider there are any critical judgements or key sources of estimation uncertainty requiring disclosure that are not already described within note 1 above.

3 Consolidated Comparative Statement of Financial Activities

	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	Total 2017 £'000
Income and endowments from			
Donations and legacies	86,466	6,267	92,733
Charitable activities	22,067	13,696	35,763
Other trading activities	21,305	2,821	24,126
Investments	2,763	3,211	5,974
Other	576	2	578
Total income	133,177	25,997	159,174
Expenditure on			
Raising funds	34,064	5,308	39,372
Charitable activities			
Care	27,830	764	28,594
Personnel Recovery Centres	2,282	-	2,282
Community welfare	42,933	14,421	57,354
Membership	8,056	568	8,624
Comradeship	874	-	874
Communications and campaigning	10,744	-	10,744
Remembrance and ceremonial	1,864	5,583	7,447
Total charitable activities	94,583	21,336	115,919
Total expenditure	128,647	26,644	155,291
Net income/(expenditure) before investment gains	4,530	(647)	3,883
Net gains on disposal of investments	69	1,359	1,428
Unrealised gains on revaluation of investments	3,711	3,303	7,014
Net income before tax	8,310	4,015	12,325
Taxation credit	1	-	1
Net income for the year	8,311	4,015	12,326
Transfers between funds	1,456	(1,456)	-
Other recognised gains/(losses)			
Actuarial gains on defined benefit pension schemes	13,486	229	13,715
Net movement in funds	23,253	2,788	26,041
Fund balances brought forward at 1 October	163,043	162,700	325,743
Fund balances carried forward at 30 September	186,296	165,488	351,784

3a Charity Comparative Statement of Financial Activities

	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	Total 2017 £'000
Income and endowments from			
Donations and legacies	89,795	1,405	91,200
Charitable activities	26,158	11,678	37,836
Other trading activities	5,615	17	5,632
Investments	2,763	2,817	5,580
Other	576	(76)	500
Total income	124,907	15,841	140,748
Expenditure on			
Raising funds	26,374	4	26,378
Charitable activities			
Care	27,830	764	28,594
Personnel Recovery Centres	2,282	-	2,282
Community welfare	45,869	11,553	57,422
Membership	8,056	528	8,584
Comradeship	874	-	874
Communications and campaigning	10,744	-	10,744
Remembrance and ceremonial	1,864	2,127	3,991
Total charitable activities	97,519	14,972	112,491
Total expenditure	123,893	14,976	138,869
Net income before investment gains	1,014	865	1,879
Net gains on disposal of investments	69	1,359	1,428
Unrealised gains on revaluation of investments	3,711	3,162	6,873
Net income for the year	4,794	5,386	10,180
Transfers between funds	6,875	(6,875)	-
Transfer to newly incorporated subsidiary	(2,482)	-	(2,482)
Other recognised gains/(losses)			
Actuarial gains on defined benefit pension scheme	13,486	-	13,486
Net movement in funds	22,673	(1,489)	21,184
Fund balances brought forward at 1 October	159,614	136,074	295,688
Fund balances carried forward at 30 September	182,287	134,585	316,872

4 Donations and legacies

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Voluntary income				
Donations	23,437	21,885	26,356	23,750
Legacies	22,638	21,650	22,472	21,231
The Poppy Appeal	50,494	49,198	47,598	46,219
Total donations and legacies	96,569	92,733	96,426	91,200

The total of the Poppy Appeal launched in October 2017 in England, Wales and Northern Ireland was £47.598 million (2017: £46.219 million). This includes cash collected of £44.428 million (2017: £43.511 million), legacies of £610,000 (2017: £373,000) and other donations of £2.560 million (2017: £2.335 million). The Poppy Appeal in Scotland raised £2.816 million (2017: £2.875 million), and a further £80,000 (2017: £104,000) was raised by the Royal British Legion Republic of Ireland.

In 1922 the Officers' Association transferred the Poppy Appeal to the Legion in return for a payment of 7.5% of the net amount received from street collections. The amount due to the Officers' Association for the Poppy Appeal was £2.059 million payable as a grant (2017: £2.120 million) – see note 10.

At 30 September 2018 the Legion had been advised of its interest in residuary and pecuniary legacies with estimated values of £735,000 (2017: £1.026 million) and these are included in the accounts. Not included in the accounts are interests in life interest legacies with a value of £323,000 (2017: £323,000) where the conditions for acceptance had not been met. The Legion has also been notified of residuary legacies estimated at a potential value of £15.085 million (2017: £18.760 million). These residuary legacies are not recognised in these accounts as confirmation of entitlement has not been received and the value cannot be confirmed at the balance sheet date.

Included in Donations above is pro bono legal support of £125,000 (2017: £125,000) from J A Kemp, Mayer Brown LLP, Withers LLP, Bluefin Insurance Services and RSA. Also included are other benefits-in-kind valued at £159,000 (2017: nil).

5 Charitable activities

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Grants for welfare services and Remembrance				
Aged Veterans' Healthy Living Programme and Veterans Medical Fund	2,518	4,622	2,518	4,622
Grant from Poppy Lottery	-	-	3,923	4,091
Ex-service charities and other organisations (almonisation)	2,693	2,666	2,548	2,571
Contributions for Remembrance activities	2,791	2,118	1,691	1,742
Grants towards capital projects	3,143	1,200	-	1,200
Other grants and contributions	2,921	2,505	1,259	1,332
Total grants for welfare services and Remembrance	14,066	13,111	11,939	15,558
Fees from residential care homes	16,833	16,586	16,833	16,587
Membership fees	4,577	5,226	4,574	5,219
Income from charitable services	977	840	659	472
Total other income from charitable activities	22,387	22,652	22,066	22,278
Total income from charitable activities	36,453	35,763	34,005	37,836

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

6 Other trading activities

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Fundraising events income	3,029	2,381	2,864	2,304
Fundraising lotteries	8,720	8,697	2,629	2,528
Income from commercial activities	11,206	12,337	49	89
Licence fees and royalties	120	127	120	127
Advertising in the Legion magazine	461	584	461	584
Total income from other trading activities	23,536	24,126	6,123	5,632

7 Investment income

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Dividends and interest on listed investments	2,822	2,566	2,445	2,190
Investment income on funds held by branches	567	605	567	605
Rentals from investment properties	2,373	2,218	2,358	2,205
Bank deposit interest	384	585	377	580
Total investment income	6,146	5,974	5,747	5,580

Rentals from investment properties with a market value of £66.682 million (note 20) at 30 September 2018 (2017: £61.112 million) are in most cases received by branches in relation to the rental of properties by Legion clubs. The clubs are independent entities which use the Legion's name under licence and promote the work of the Legion in return for discounted rentals, which in many cases are lower than could be obtained in a commercial environment.

8 Cost of raising funds

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Donations costs	7,969	8,046	5,781	5,958
Legacies costs	2,730	1,583	2,697	1,567
Poppy Appeal costs	15,022	13,867	14,384	13,138
Cost of raising voluntary income	25,721	23,496	22,862	20,663
Fundraising events costs	3,983	3,273	3,959	3,253
Fundraising lotteries costs	4,088	4,261	2,238	2,085
Commercial activities (trading)	7,586	7,999	1	34
Cost of activities to raise funds	15,657	15,533	6,198	5,372
Investment management	348	343	348	343
Total cost of raising funds	41,726	39,372	29,408	26,378

The total cost of raising funds for the group of £41.726 million (2017: £39.372 million) includes direct costs of £37.019 million (2017: £35.319 million) and allocated support costs of £4.707 million (2017: £4.053 million). Allocated support costs are described in further detail at note 13.

Certain direct costs of campaigns have a parallel purpose of increasing public awareness and fundraising, and as a result these costs have been allocated between the cost of raising funds in note 8 and charitable activities in note 9 on the basis of the percentages of space within the literature relating to fundraising and raising awareness respectively. The total expenditure of this nature is £9.128 million (2017: £7.859 million) of which £6.257 million (2017: £4.841 million) remains within cost of raising funds representing the fundraising element of the literature, and £2.871 million (2017: £3.018 million) has been reallocated into charitable activities representing the raising awareness element.

9 Analysis of charitable activities

	Note	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Residential care homes		26,728	22,360	26,728	22,360
Welfare break centres		6,532	6,234	6,532	6,234
Total care		33,260	28,594	33,260	28,594
Personnel Recovery Centres		2,321	2,282	2,321	2,282
Welfare grants to individuals		12,201	10,490	11,357	9,751
Grants to other organisations	10	9,499	13,330	14,971	14,984
Information, advice and support		32,282	29,915	31,163	29,091
Welfare cost in branches, counties and districts		2,957	3,619	2,937	3,596
Total community welfare		56,939	57,354	60,428	57,422
Central membership support		4,682	3,953	4,637	3,913
Recruitment, development, training		510	455	510	455
Support to branches with clubs		173	294	173	294
The Legion magazine		655	1,073	655	1,073
Membership costs in branches, counties and districts		2,505	2,849	2,505	2,849
Total membership		8,525	8,624	8,480	8,584
Comradeship		538	874	538	874
Direct cost of communication and campaigning		9,734	7,726	9,734	7,726
Allocated cost of communication and campaigning		2,871	3,018	2,502	3,018
Total communication and campaigning		12,605	10,744	12,236	10,744
Festival of Remembrance		778	732	778	732
Ceremonial and commemorative events		3,581	2,335	3,517	2,275
Remembrance tours		1,041	984	1,041	984
National Memorial Arboretum operating costs		3,979	3,396	276	-
Total Remembrance and ceremonial		9,379	7,447	5,612	3,991
Total cost of charitable activities		123,567	115,919	122,875	112,491

The total cost of charitable activities for the group of £123.567 million (2017: £115.919 million) includes direct costs of £104.546 million (2017: £99.112 million) and allocated support costs of £19.021 million (2017: £16.807 million). Allocated support costs are described in further detail at note 13.

As stated in note 8, the cost of charitable activities includes an allocation of £2.871 million (2017: £3.018 million) relating to costs associated with space within campaign literature relating to raising awareness.

10 Grants awarded to other organisations

	Note	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Grants awarded by the Charity:					
National Memorial Arboretum		-	-	6,999	1,892
Officers' Association	4	2,059	2,120	2,059	2,120
Poppyscotland		-	-	1,395	1,046
The Poppy Factory		1,035	10	1,035	10
Personnel Recovery Centres		518	450	518	450
X-Forces		464	58	464	58
Grants to 117 other charities and voluntary organisations (2017: 128)		2,501	9,408	2,501	9,408
Grants awarded by Poppyscotland					
Unforgotten Forces		1,714	199	-	-
Citizens Advice Scotland		501	487	-	-
Grants to 16 other charities and voluntary organisations (2017: 15)		662	576	-	-
Grants awarded by the Royal British Legion Republic of Ireland:					
Grants to 4 charities and voluntary organisations (2017: 1)		45	22	-	-
Total grants to other organisations		9,499	13,330	14,971	14,984

Grants awarded may relate to commitments for multiple future years. For more information on grant commitments see note 25.

11 Taxation

	Group 2018 £'000	Group 2017 £'000
Current tax credit:		
UK corporation tax	-	1
Total tax credit on income	-	1

The taxation credits and charges above arise in the trading subsidiary operations.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK Corporation tax to the surplus before tax in the trading subsidiary operations is as follows:

	Group 2018 £'000	Group 2017 £'000
Surplus on ordinary activities before tax	3,677	4,540
Surplus on ordinary activities multiplied by applicable rate of corporation tax of 19% (2017: 19.5%)	699	885
Effects of:		
Post balance sheet event: effect of gift aid donations (see note 33)	(699)	(886)
Tax charge for the year	-	(1)

12 Net incoming resources for the year is stated after charging:

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Fees payable to the charity's auditor for the audit of the charity's annual accounts	155	149	155	149
Fees payable to the charity's auditor for the audit of the subsidiaries' annual accounts	94	90	-	-
Fees payable to the charity's auditor for other services:				
Assurance services other than audit or independent examination	2	4	1	2
Tax advisory services	8	3	2	-
Branch, county and district audit and examination fees	41	64	41	64
Depreciation, amortisation and impairment charges	3,713	3,566	3,231	3,100
Rentals under operating leases	3,205	3,539	3,139	3,490

13 Support costs

	Head Office Central 2018 £'000	Facilities Management 2018 £'000	Human Resources 2018 £'000	Finance and IT 2018 £'000	Governance 2018 £'000	Total Charity 2018 £'000	Subsidiaries 2018 £'000	Total Group 2018 £'000
Donations costs	112	107	81	443	39	782	511	1,293
Legacies costs	45	43	33	177	15	313	9	322
Poppy Appeal costs	-	355	270	1,469	126	2,220	193	2,413
Fundraising events costs	60	57	44	238	20	419	18	437
Fundraising lotteries costs	35	33	25	137	12	242	-	242
Cost of raising funds	252	595	453	2,464	212	3,976	731	4,707
Residential care homes	-	1,613	1,226	2,070	574	5,483	-	5,483
Welfare break centres	-	353	268	453	125	1,199	-	1,199
Care	-	1,966	1,494	2,523	699	6,682	-	6,682
Personnel Recovery Centres	-	7	5	9	2	23	-	23
Information, advice and support	1,094	1,042	791	4,314	370	7,611	462	8,073
Welfare cost in branches, counties and districts	38	36	28	150	13	265	11	276
Community welfare	1,132	1,078	819	4,464	383	7,876	473	8,349
Central membership support	170	162	123	671	58	1,184	45	1,229
Recruitment, development, training	21	20	15	82	7	145	-	145
Support to branches with clubs	10	9	7	40	3	69	-	69
Membership costs in branches, counties and districts	-	-	-	-	-	-	-	-
Membership	201	191	145	793	68	1,398	45	1,443
Comradeship	13	13	10	52	4	92	-	92
Direct cost of communications and campaigning	174	165	125	684	59	1,207	-	1,207
Communications and campaigning	174	165	125	684	59	1,207	-	1,207
Ceremonial and commemorative events	28	27	20	111	10	196	36	232
Remembrance tours	5	5	4	20	1	35	-	35
NMA operating costs	-	-	-	-	-	-	958	958
Remembrance and ceremonial	33	32	24	131	11	231	994	1,225
Charitable activities	1,553	3,452	2,622	8,656	1,226	17,509	1,512	19,021
Total support costs	1,805	4,047	3,075	11,120	1,438	21,485	2,243	23,728

Support costs are allocated on the basis of FTE staff numbers. Support costs associated with the awarding of grants to individuals and organisations are included within information, advice and support above.

13 Support costs continued

	Head Office Central 2017 £'000	Facilities Management 2017 £'000	Human Resources 2017 £'000	Finance and IT 2017 £'000	Governance 2017 £'000	Total Charity 2017 £'000	Subsidiaries 2017 £'000	Total Group 2017 £'000
Donations costs	115	122	83	540	40	900	312	1,212
Legacies costs	-	-	-	-	-	-	-	-
Poppy Appeal costs	-	316	217	1,403	103	2,039	146	2,185
Fundraising events costs	49	51	35	228	17	380	18	398
Fundraising lotteries costs	33	35	24	155	11	258	-	258
Cost of raising funds	197	524	359	2,326	171	3,577	476	4,053
Residential care homes	-	1,356	929	2,023	443	4,751	-	4,751
Welfare break centres	-	388	266	579	127	1,360	-	1,360
Care	-	1,744	1,195	2,602	570	6,111	-	6,111
Personnel Recovery Centres	-	7	5	10	2	24	-	24
Information, advice and support	690	900	617	3,994	294	6,495	374	6,869
Welfare cost in branches, counties and districts	43	45	31	201	15	335	11	346
Community welfare	733	945	648	4,195	309	6,830	385	7,215
Central membership support	94	99	68	439	32	732	40	772
Recruitment, development, training	15	16	11	72	5	119	-	119
Support to branches with clubs	5	6	4	25	2	42	-	42
Membership costs in branches, counties and districts	30	31	21	138	10	230	-	230
Membership	144	152	104	674	49	1,123	40	1,163
Comradeship	33	35	24	156	12	260	-	260
Direct cost of communications and campaigning	117	123	84	545	40	909	-	909
Communications and campaigning	117	123	84	545	40	909	-	909
Ceremonial and commemorative events	13	14	10	63	5	105	36	141
Remembrance tours	3	3	2	13	1	22	-	22
NMA operating costs	-	-	-	-	-	-	962	962
Remembrance and ceremonial	16	17	12	76	6	127	998	1,125
Charitable activities	1,043	3,023	2,072	8,258	988	15,384	1,423	16,807
Total support costs	1,240	3,547	2,431	10,584	1,159	18,961	1,899	20,860

Support costs are allocated on the basis of FTE staff numbers. Support costs associated with the awarding of grants to individuals and organisations are included within information, advice and support above.

14 Activities of consolidated subsidiaries and organisations

The Legion has 11 wholly owned subsidiaries, nine of which are consolidated into these accounts as described below. There are a further two subsidiaries which are dormant. The Poppyscotland Group results below are the consolidated results of the Earl Haig Fund Scotland and its subsidiary, the Lady Haig Poppy Factory.

The results of the subsidiary entities are shown in the table below. All subsidiaries have 30 September year ends and are registered in the UK, with the exception of the Royal British Legion Republic of Ireland (registered in the Republic of Ireland).

	The National Memorial Arboretum Company 2018 £'000	NMA (Enterprises) 2018 £'000	Poppyscotland Group 2018 £'000	Royal British Legion Republic of Ireland 2018 £'000	Royal British Legion Trading 2018 £'000	Royal British Legion Poppy Lottery 2018 £'000	Royal British Legion Developments 2018 £'000	Remembrance Travel 2018 £'000
Turnover/incoming resources	10,641	2,556	10,038	199	8,366	6,141	217	43
Expenditure	(4,423)	(2,560)	(7,701)	(240)	(9,251)	(6,141)	(219)	(51)
Net incoming/(outgoing) resources	6,218	(4)	2,337	(41)	(885)	-	(2)	(8)
Assets	24,407	579	15,417	2,718	3,933	4,887	371	144
Liabilities	(1,080)	(455)	(2,113)	(35)	(843)	(4,887)	(377)	(104)
Net assets	23,327	124	13,304	2,683	3,090	-	(6)	40

	The National Memorial Arboretum Company 2017 £'000	NMA (Enterprises) 2017 £'000	Poppyscotland Group 2017 £'000	Royal British Legion Republic of Ireland 2017 £'000	Royal British Legion Trading 2017 £'000	Royal British Legion Poppy Lottery 2017 £'000	Royal British Legion Developments 2017 £'000	Remembrance Travel 2017 £'000
Turnover/incoming resources	4,651	2,357	6,773	2,931	9,582	6,284	23	50
Expenditure	(4,192)	(2,346)	(5,664)	(207)	(9,028)	(6,284)	(55)	(26)
Net incoming/(outgoing) resources	459	11	1,109	2,724	554	-	(32)	24
Assets	17,834	539	13,496	2,750	5,008	5,722	122	134
Liabilities	(725)	(411)	(2,529)	(26)	(1,033)	(5,722)	(126)	(86)
Net assets	17,109	128	10,967	2,724	3,975	-	(4)	48

The principal activities of the subsidiaries are as follows:

- *The National Memorial Arboretum Company Limited* – a charitable company operating an arboretum with memorial plots dedicated to those who suffered or lost their lives in the service of their country.
- *NMA (Enterprises) Limited* – a trading company which is wholly owned by The National Memorial Arboretum Company Limited and provides services to NMA visitors. Its expenditure includes profits paid to The National Memorial Arboretum Company Limited of £563,000 (2017: £522,000).
- *Poppyscotland (Earl Haig Fund Scotland)* – a charitable company that supports those in need who have served in the Armed Forces and their dependants in Scotland. The charitable company has one subsidiary, *Lady Haig Poppy Factory Limited*, whose principal activity is the employment of disabled ex-service personnel to manufacture poppies and wreaths and to provide framing and printing services. The results above are those of the consolidated Poppyscotland Group.
- *Royal British Legion Republic of Ireland* – a charitable company that supports those in need who have served in the Armed Forces and their dependants in the Republic of Ireland. During 2017, net assets totalling £2.482 million were transferred from the charity to this newly incorporated subsidiary. No further transfers occurred during 2018.
- *Royal British Legion Trading Limited* – a trading company which markets a range of goods and services to members and supporters of the Legion, and generates income from third parties through the use of corporate partnerships. Its expenditure includes profits paid to the Legion of £3.975 million (2017: £3.421 million).
- *Royal British Legion Poppy Lottery Limited* – a charitable company which undertakes the marketing and provision of a weekly lottery to members and supporters of the Legion. Its expenditure includes grants paid to the Legion of £3.923 million (2017: £4.091 million). Other lottery activities are carried out by the parent charity.
- *Royal British Legion Developments Limited* – a trading company which develops or improves properties, principally those owned by the Legion. There were no profits to pay to the Legion in 2018 (2017: £29,000).
- *Remembrance Travel Limited* – a travel company delivering pilgrimages and associated travel activity. Its expenditure includes profits paid to the Legion of £38,000 (2017: £14,000). During 2019, the activities of this subsidiary will be transferred to Royal British Legion Trading Limited.
- *Royal British Legion Family and Support Lottery Limited (formerly Royal British Legion Prizes Limited)* and *Poppy Travel Limited* – dormant subsidiaries.

15 Information regarding employees and Trustees

	Total 2018 No.	Total 2017 No.
Average number of employees (full time equivalent) during the year		
Raising funds	188	185
Charitable activities		
Care services and Personnel Recovery Centres	625	620
Community welfare services	341	334
Membership services	61	54
Comradeship	4	12
Communication and campaigning	52	43
Remembrance and ceremonial	10	6
Total charitable activities	1,093	1,069
Support and governance	121	97
Total charity full-time equivalent staff	1,402	1,351
Subsidiaries average number of employees (full-time equivalent) during the year		
Poppyscotland Group	90	75
National Memorial Arboretum Group	85	78
Royal British Legion Trading	9	10
Total group full-time equivalent staff	1,586	1,514

The group incurred costs of £8.098 million (2017: £8.536 million) on agency staff which are not included in the staff costs below.

Staff costs comprise:	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Wages and salaries	42,683	36,996	38,929	33,417
National Insurance contributions	3,991	3,214	3,668	2,921
Pension costs	3,729	3,019	3,271	2,531
Total staff costs	50,403	43,229	45,868	38,869

The number of staff paid over £60,000 during the year (salary plus taxable benefits excluding pension contributions) was:

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
£60,000 - £69,999	11	9	11	9
£70,000 - £79,999	15	8	15	8
£80,000 - £89,999	2	3	1	2
£90,000 - £99,999	1	1	1	1
£100,000 - £109,999	3	2	3	1
£110,000 - £119,999	1	-	-	-
£120,000 - £129,999	3	2	3	2
£130,000 - £139,999	-	-	-	-
£140,000 - £149,999	2	1	2	1

The key management personnel of the group comprise the members of the parent charity's Executive Board. The total remuneration (including pension contributions and employer's National Insurance contributions) paid in respect of key management personnel for the year was £1.200 million (2017: £1.046 million).

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

During the year the total expenses paid in respect of 16 (2017: 9) Board of Trustee members amounted to £67,000 (2017: £40,000). This principally represents travelling expenses for attending meetings and official engagements, and includes the costs of Trustees officiating at Remembrance tours. The Legion has purchased insurance 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. No Trustee or person related or connected by business to them has received any remuneration from the Legion, nor have they entered into any other transaction or contract with the Legion during the year.

16 Staff pension funds

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

1. Group Flexible Retirement Plan (GFRP)
2. The Earl Haig Fund Scotland – Stakeholder Scheme (EH Scheme)
3. The Lady Haig Poppy Factory – Stakeholder Scheme (LHPF Scheme)
4. The Royal British Legion Staff Pension Fund (DB Fund)
5. Stanplan F (Earl Haig Fund, 'EH Fund')

GFRP: This is the scheme available to all Legion group employees (excluding the Poppyscotland group) and is provided by Standard Life. The GFRP scheme was introduced on 1 April 2010 and is a defined contribution scheme. The liability of the employer is limited to the contributions it makes which amounted to £3.417 million (2017: £2.652 million), of which £380,000 (2017: £264,000) remained payable at the year end.

EH Scheme: This is a scheme available to employees of the Poppyscotland Group and is provided by Standard Life. The EH Scheme was introduced in July 2002 and is a defined contribution scheme. The liability of the employer is limited to the contributions it makes which amounted to £192,000 (2017: £103,000), of which £23,000 (2017: £18,000) remained payable at the year end.

LHPF Scheme: This is the scheme available to employees of the Lady Haig Poppy Factory and is provided by Standard Life. The LHPF Scheme is a defined contribution scheme, and the liability of the employer is limited to the contributions it makes which amounted to £20,000 (2017: £36,000), of which £6,000 (2017: £7,000) remained payable at the year end.

DB Fund: This is a multi-employer defined benefit scheme. The other employers participating in the scheme are Royal British Legion Industries and The Royal British Legion Poppy Factory. The DB Fund was closed to new members on 31 October 2002, and on 1 April 2010 was closed to accrual from the remaining members. The most recent formal actuarial valuation was carried out as at 1 April 2017. The results of this valuation have been updated to 30 September 2018 by a qualified actuary. In accordance with the current Schedule of Contributions, the Legion is not required to pay any ongoing deficit contributions into the Fund. Contributions are made in relation to administrative costs.

EH Fund: This is a defined benefit pension scheme available only to employees of Poppyscotland. The EH Fund was closed to new members on 31 October 2002 and on 31 March 2018 was closed to accrual from the remaining members. The last full actuarial valuation of the EH Fund was carried out as at 31 March 2016. As a result of the 2016 triennial valuation the employer agreed to pay a one-off deficit contribution of £100,000, followed by annual deficit contributions of £75,000 per year for 8 years, increasing by 3% annually. The Poppyscotland pension scheme is included in restricted funds.

The Legion accounts for defined benefit schemes in accordance with section 28 of FRS 102 (Employee Benefits) and identifies each entity's share of the pension scheme assets and liabilities. A summary of the movement in pension assets and liabilities for the group's defined benefit pension funds is shown below.

16a Amounts recognised in the Statement of Financial Activities

	EH Fund 2018 £'000	DB Fund 2018 £'000	Total 2018 £'000	EH Fund 2017 £'000	DB Fund 2017 £'000	Total 2017 £'000
Current service cost	(33)	-	(33)	(39)	-	(39)
Administration expenses	(106)	(439)	(545)	(168)	(563)	(731)
Net interest	(49)	(113)	(162)	(50)	(412)	(462)
Amount charged to net incoming resources	(188)	(552)	(740)	(257)	(975)	(1,232)
Actuarial gains	203	2,360	2,563	553	15,482	16,035
Return on assets excluding amount included in net interest	(12)	(94)	(106)	(324)	(1,996)	(2,320)
Amount recognised in other comprehensive income	191	2,266	2,457	229	13,486	13,715
Total increase/(decrease) in net funds	3	1,714	1,717	(28)	12,511	12,483

16b Reconciliation to the Balance Sheet

	EH Fund 2018 £'000	DB Fund 2018 £'000	Total 2018 £'000	EH Fund 2017 £'000	DB Fund 2017 £'000	Total 2017 £'000
Market value of assets	5,255	68,151	73,406	5,541	69,547	75,088
Present value of defined benefit obligation	(7,002)	(70,472)	(77,474)	(7,455)	(73,810)	(81,265)
Pension liability recognised in the Balance Sheet	(1,747)	(2,321)	(4,068)	(1,914)	(4,263)	(6,177)

16c Analysis of changes in the value of the fund liabilities over the year

	EH Fund 2018 £'000	DB Fund 2018 £'000	Total 2018 £'000	EH Fund 2017 £'000	DB Fund 2017 £'000	Total 2017 £'000
Value of liabilities at start of year	(7,455)	(73,810)	(81,265)	(8,099)	(90,208)	(98,307)
Current service costs	(33)	-	(33)	(39)	-	(39)
Interest cost	(188)	(1,882)	(2,070)	(191)	(2,129)	(2,320)
Member contributions	(5)	-	(5)	(6)	-	(6)
Benefits paid	476	2,860	3,336	327	3,045	3,372
Actuarial gains	203	2,360	2,563	553	15,482	16,035
Value of liabilities at end of year	(7,002)	(70,472)	(77,474)	(7,455)	(73,810)	(81,265)

16d Analysis of changes in the value of the fund assets over the year

	EH Fund 2018 £'000	DB Fund 2018 £'000	Total 2018 £'000	EH Fund 2017 £'000	DB Fund 2017 £'000	Total 2017 £'000
Market value of assets at start of year	5,541	69,547	75,088	5,997	73,206	79,203
Return on assets excluding amount included in net interest	(12)	(94)	(106)	(324)	(1,996)	(2,320)
Administration expenses	(106)	(439)	(545)	(168)	(563)	(731)
Employer contributions	164	228	392	216	228	444
Interest income	139	1,769	1,908	141	1,717	1,858
Member contributions	5	-	5	6	-	6
Benefits paid	(476)	(2,860)	(3,336)	(327)	(3,045)	(3,372)
Market value of assets at end of year	5,255	68,151	73,406	5,541	69,547	75,088

16e Asset classes

	DB Fund 2018		DB Fund 2017	
	Market Value £'000	% of total fund assets	Market Value £'000	% of total fund assets
Equities	18,549	27%	17,440	25%
Bonds	10,613	16%	7,198	10%
Gilts	10,444	15%	10,315	15%
Cash	344	1%	3,129	4%
Annuities	2,247	3%	2,563	4%
Other assets	25,954	38%	28,902	42%
Total fund assets	68,151		69,547	
The actual return on assets over the year was	1,675		(279)	

	EH Fund 2018		EH Fund 2017	
	Market Value £'000	% of total fund assets	Market Value £'000	% of total fund assets
Equities	2,363	45%	2,426	44%
Net current assets	50	1%	107	2%
Annuities	560	11%	625	11%
Other assets	2,282	43%	2,383	43%
Total fund assets	5,255		5,541	
The actual return on assets over the year was	127		(183)	

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

The assets are invested in a diversified portfolio.

During 2019, contributions of £225,000 and £128,000 are expected to be paid into the DB Fund and EH Fund respectively.

16f Actuarial assumptions

Financial assumptions (both funds)	2018 % p.a.	2017 % p.a.
Discount rate	2.8	2.6
Retail price index inflation	3.3	3.3
Consumer price index inflation	2.3	2.3
Salary increases	3.3	3.3
Rate of increases of pensions in payment:		
Capped at 5% or RPI if less	3.2	3.2
Capped at 5% or CPI if less	3.2	3.2
Capped at 3% or CPI if less	2.1	2.1
Capped at 2.5% or CPI if less	1.9	1.9
Rate of increase for deferred pensioners	2.3	2.3

Mortality assumptions (both funds)

	2018		2017	
	Males	Females	Males	Females
Life expectancies at age 60:				
Current pensioner now aged 60	27.4 years	29.4 years	27.5 years	29.5 years
Future pensioner now aged 40	29.0 years	31.0 years	29.1 years	31.1 years

17 Intangible fixed assets

	Software, Databases and Licences £'000	Assets under construction £'000	Total Group and Charity £'000
At cost or valuation			
At 1 October 2017	3,181	455	3,636
Additions	417	795	1,212
Transfers	(124)	(15)	(139)
At 30 September 2018	3,474	1,235	4,709
Accumulated amortisation			
At 1 October 2017	(453)	-	(453)
Charge for the year	(591)	-	(591)
At 30 September 2018	(1,044)	-	(1,044)
Net book value at 30 September 2018	2,430	1,235	3,665
Net book value at 30 September 2017	2,728	455	3,183

18 Group tangible fixed assets including functional property

	Freehold homes £'000	Other freehold £'000	Leasehold property and leasehold improvements £'000	Plant, machinery and equipment £'000	Assets under construction £'000	Total Group £'000
At cost or valuation						
At 1 October 2017	60,652	27,551	22,901	4,688	1,157	116,949
Additions	-	-	12	2	8,273	8,287
Transfers	-	(32)	6,914	126	(6,901)	107
At 30 September 2018	60,652	27,519	29,827	4,816	2,529	125,343
Accumulated depreciation						
At 1 October 2017	(14,551)	(5,155)	(4,279)	(3,461)	-	(27,446)
Charge for the year	(1,102)	(558)	(1,120)	(342)	-	(3,122)
Transfers	-	17	-	-	-	17
At 30 September 2018	(15,653)	(5,696)	(5,399)	(3,803)	-	(30,551)
Net book value at 30 September 2018	44,999	21,823	24,428	1,013	2,529	94,792
Net book value at 30 September 2017	46,101	22,396	18,622	1,227	1,157	89,503

18a Charity tangible fixed assets including functional property

	Freehold homes £'000	Other freehold £'000	Leasehold property and leasehold improvements £'000	Plant, machinery and equipment £'000	Assets under construction £'000	Total Charity £'000
At cost or valuation						
At 1 October 2017	60,652	26,685	6,875	4,246	-	98,458
Additions	-	-	-	-	1,956	1,956
Transfers	-	(32)	-	124	15	107
At 30 September 2018	60,652	26,653	6,875	4,370	1,971	100,521
Accumulated depreciation						
At 1 October 2017	(14,551)	(4,857)	(2,062)	(3,397)	-	(24,867)
Charge for the year	(1,102)	(538)	(672)	(328)	-	(2,640)
Transfers	-	17	-	-	-	17
At 30 September 2018	(15,653)	(5,378)	(2,734)	(3,725)	-	(27,490)
Net book value at 30 September 2018	44,999	21,275	4,141	645	1,971	73,031
Net book value at 30 September 2017	46,101	21,828	4,813	849	-	73,591

19 Investments

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Market value at 1 October	149,801	141,452	137,595	130,737
Net additions	3,312	3,300	3,512	1,950
Investment gain on revaluation	3,082	5,049	3,125	4,908
Market value at 30 September	156,195	149,801	144,232	137,595
The asset distribution of the investment portfolio at 30 September is presented below.				
	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Equities:				
UK	27,185	29,726	25,319	25,461
Overseas	28,415	20,644	24,887	20,584
Total equities	55,600	50,370	50,206	46,045
Bonds:				
UK	36,890	29,051	31,874	23,504
Overseas	3,322	8,445	3,288	8,445
Total bonds	40,212	37,496	35,162	31,949
Cash:				
UK	13,435	15,674	13,435	15,673
Overseas	214	1,144	-	-
Total cash	13,649	16,818	13,435	15,673
Hedge funds – UK	5,524	18,601	5,524	18,601
Portfolio funds:				
UK	24,486	10,413	24,486	10,413
Overseas	103	-	-	-
Total portfolio funds	24,589	10,413	24,486	10,413
Other:				
UK	8,309	8,375	7,112	7,553
Overseas	8,312	7,728	8,307	7,361
Total other	16,621	16,103	15,419	14,914
Total investments	156,195	149,801	144,232	137,595

£129.177 million of the investments are managed by Cazenove Capital Management Limited (2017: £121.094 million). The strategy is to maintain the real value of assets and target an investment return of RPI plus 2%. The investments are held at market value, normally using prices obtained from an independent pricing source. Funds and unit trusts are generally priced on a net asset value basis. Structured products are valued on a market to market basis. Unquoted investments are valued in accordance with the International Private Equity and Venture Capital valuation guidelines or held at cost. Investments where a price is not readily available, that are held in an execution-only portfolio, are valued at the last publicly available price.

Other investments include investments held by branches, and balances relating to the Arthur Atock Memorial Trust and Devon Community Trust.

20 Investment properties

	Group and Charity 2018 £'000	Group and Charity 2017 £'000
Market value at 1 October	61,112	61,492
Transfers from tangible fixed assets	15	-
Disposals at market value	(4,877)	(3,773)
Net gain on revaluation of investment properties	10,432	3,393
Market value at 30 September	66,682	61,112

Investment properties primarily comprise 330 properties (2017: 338 properties) which are owned by the Legion but are let to independent commercial operations, primarily affiliated social clubs. The Legion's valuation methodology is to revalue its investment properties on a five-year rolling basis, with 20% being revalued each year. For the year ended 30 September 2018, 59 properties were externally revalued (2017: 73 properties) and a revaluation gain of £2.951 million (2017: £3.428 million) was recognised in the accounts. This revaluation was completed by Bruton Knowles, a firm of qualified surveyors, on the basis of open market value for existing use. The remaining 80% of investment properties are reviewed internally by a qualified surveyor for any material changes on an annual basis, and as a result of this exercise further revaluation gains totalling £4.096 million (2017: £1.875 million) have been recognised.

In 2017, following receipt of legal advice, a revaluation loss of £3.240 million was recognised on the basis of uncertainty about whether the Legion had a beneficial interest in a number of properties. During 2018, some of these properties have transferred to the full corporate trusteeship of the Legion, and as a result a revaluation gain of £1.220 million has been recognised in respect of these properties.

The remainder of the net gain on revaluation relates to profits on disposal of £2.165 million (2017: £1.330 million).

21 Programme related investments

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Loans to external organisations				
Sir Oswald Stoll Foundation	784	913	784	913
Other schemes unrestricted				
Loans for property repairs (PRL)	4,787	5,176	4,787	5,176
Programme related investments unrestricted	5,571	6,089	5,571	6,089
Other schemes restricted				
Be The Boss scheme (BTB)	17	75	17	75
Group loans	-	-	23	23
Total programme related investments	5,588	6,164	5,611	6,187

21a Programme related investments movement during the year

	Sir Oswald Stoll Foundation £'000	PRL loans £'000	BTB loans £'000	Total Group £'000	Group loans £'000	Total Charity £'000
Opening balance at 1 October 2017	913	5,176	75	6,164	23	6,187
Interest	33	-	-	33	-	33
Repayments and security deposits	(162)	(389)	(20)	(571)	-	(571)
Write-offs and bad debt provision movements	-	-	(38)	(38)	-	(38)
Closing balance at 30 September 2018	784	4,787	17	5,588	23	5,611

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

Sir Oswald Stoll Foundation – a secured loan repayable over 10 years issued towards the development costs of a veterans' housing centre. An interest rate of 4% is applied to the principal issued on the anniversary of the loan agreement (17 September 2013).

Property Repair Loans – interest free secured loans to beneficiaries living in their own homes to provide housing improvements. The majority are lifetime loans as they are repayable on the sale of property. The minimum amount for a loan is £2,000 and the maximum allowed is £25,000. The Legion ceased issuing new loans in 2013.

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

22 Debtors

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Trade debtors	5,421	4,813	5,269	4,514
Amounts due from consolidated entities	-	-	4,645	4,867
Other debtors	3,005	1,540	2,807	1,218
Prepayments and accrued income	6,690	8,617	5,069	7,658
Total debtors	15,116	14,970	17,790	18,257

23 Cash at hand and in bank and short-term deposits

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Cash held centrally				
Short-term deposits	27,579	38,907	27,096	38,552
Cash at hand and in bank	26,859	21,535	13,202	9,215
	54,438	60,442	40,298	47,767
Cash held by branches	13,315	13,590	13,315	13,590
Total cash	67,753	74,032	53,613	61,357

24 Creditors

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Creditors falling due within one year				
Trade creditors	4,218	4,106	3,261	3,401
Amounts due to consolidated entities	-	-	255	393
Grant commitments (see note 25)	9,216	9,700	9,191	9,700
Accruals	11,858	11,041	10,820	9,427
Deferred Income	3,001	1,492	2,304	616
Other creditors	3,174	2,823	3,042	2,509
Total creditors falling due within one year	31,467	29,162	28,873	26,046
Creditors falling due after more than one year				
External grant commitments (see note 25):				
Due within two to five years	9,832	13,482	9,832	13,482
Total creditors falling due after more than one year	9,832	13,482	9,832	13,482

25 Group grant commitments

	Personnel Recovery Centres 2018 £'000	Centre for Blast Injury Studies 2018 £'000	Other 2018 £'000	Group Total £'000
Opening balance at 1 October	9,822	3,682	9,678	23,182
Grants awarded	-	-	20,749	20,749
Unwinding of discount	518	219	214	951
Payments during the year	(713)	(1,000)	(24,121)	(25,834)
Closing balance at 30 September	9,627	2,901	6,520	19,048

25a Charity grant commitments

	Personnel Recovery Centres 2018 £'000	Centre for Blast Injury Studies 2018 £'000	Other 2018 £'000	Charity Total £'000
Opening balance at 1 October	9,822	3,682	9,678	23,182
Grants awarded	-	-	25,377	25,377
Unwinding of discount	518	219	214	951
Payments during the year	(713)	(1,000)	(28,774)	(30,487)
Closing balance at 30 September	9,627	2,901	6,495	19,023

26 Provisions for liabilities

	Group 2018 £'000	Group 2017 £'000	Charity 2018 £'000	Charity 2017 £'000
Opening balance at 1 October	619	941	619	941
Provisions written back in year	(132)	(322)	(132)	(322)
Closing balance at 30 September	487	619	487	619

27 Group operating lease commitments

	Land and buildings 2018 £'000	Vehicles and equipment 2018 £'000	Land and buildings 2017 £'000	Vehicles and equipment 2017 £'000
At 30 September the Group had annual commitments under non-cancellable operating leases as follows:				
Within one year	1,362	595	1,541	277
Within two to five years	4,838	1,194	4,435	352
Over five years	3,869	-	4,609	-
Total	10,069	1,789	10,585	629

27a Charity operating lease commitments

	Land and buildings 2018 £'000	Vehicles and equipment 2018 £'000	Land and buildings 2017 £'000	Vehicles and equipment 2017 £'000
At 30 September the charity had annual commitments under non-cancellable operating leases as follows:				
Within one year	1,317	574	1,496	256
Within two to five years	4,595	1,169	4,092	316
Over five years	3,705	-	4,400	-
Total	9,617	1,743	9,988	572

28 Group unrestricted funds

	Opening Balance 1 Oct 2017 £'000	Incoming resources £'000	Resources expended £'000	Gains/(losses) £'000	Transfers £'000	Closing Balance 30 Sept 2018 £'000
Central benevolent fund	31,279	114,705	(116,944)	1,719	(1,039)	29,720
Area trust funds	36,675	-	(244)	-	750	37,181
Subsidiaries' funds	4,009	14,415	(7,727)	-	(7,579)	3,118
Available reserves	71,963	129,120	(124,915)	1,719	(7,868)	70,019
General fund	4,097	4,929	(4,242)	-	(78)	4,706
Branch, county, district and Women's Section funds	31,740	2,850	(3,667)	230	(2,176)	28,977
Functional fixed asset reserve	76,670	-	(3,231)	-	3,257	76,696
Programme related investment reserve	6,089	33	-	-	(551)	5,571
Pension reserve	(4,263)	-	(646)	2,360	228	(2,321)
Total group unrestricted funds	186,296	136,932	(136,701)	4,309	(7,188)	183,648

	Opening Balance 1 Oct 2016 £'000	Incoming resources £'000	Resources expended £'000	Gains/(losses) £'000	Transfers £'000	Closing Balance 30 Sept 2017 £'000
Central benevolent fund	31,905	103,787	(107,502)	3,469	(380)	31,279
Area trust funds	30,131	-	-	-	6,544	36,675
Subsidiaries' funds	3,429	15,843	(7,843)	-	(7,420)	4,009
Available reserves	65,465	119,630	(115,345)	3,469	(1,256)	71,963
General fund	3,647	5,058	(4,492)	-	(116)	4,097
Branch, county, district and Women's Section funds	29,738	8,409	(5,523)	311	(1,195)	31,740
Functional fixed asset reserve	75,054	-	(2,311)	-	3,927	76,670
Programme related investment reserve	6,141	80	-	-	(132)	6,089
Pension reserve	(17,002)	-	(975)	13,486	228	(4,263)
Total group unrestricted funds	163,043	133,177	(128,646)	17,266	1,456	186,296

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

The Area trust funds are benevolent funds which have been designated for use in a particular geographical area.

Subsidiaries' funds represents unrestricted funds held in subsidiaries.

Taken together, the above three lines represent the total unrestricted reserves of the Legion which are available for immediate use at the discretion of the Trustees.

The General fund is used to support the central administration of the membership of the Legion.

Branch, county, district and Women's Section funds represent those funds held by, or on behalf of, the various Legion membership formations.

The Functional fixed asset reserve represents the value of the Legion's functional fixed asset portfolio (such as residential care homes and welfare break centres), used by the charity in the delivery of its charitable objectives.

The Programme related investment reserve represents the value of the programme related investments used by the charity in the delivery of its charitable objectives. The unrestricted reserve excludes Be The Boss loans, which are included within restricted funds (see note 29).

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

28a Charity unrestricted funds

	Opening Balance 1 Oct 2017 £'000	Incoming resources £'000	Resources expended £'000	Gains/(losses) £'000	Transfers £'000	Closing Balance 30 Sept 2018 £'000
Central benevolent fund	31,279	122,641	(125,792)	1,719	(127)	29,720
Area trust funds	36,675	-	(244)	-	750	37,181
Available reserves	67,954	122,641	(126,036)	1,719	623	66,901
General fund	4,097	4,929	(4,242)	-	(78)	4,706
Branch, county, district and Women's Section funds	31,740	2,850	(3,667)	230	(2,176)	28,977
Functional fixed asset reserve	76,670	-	(3,231)	-	3,257	76,696
Programme related investment reserve	6,089	33	-	-	(551)	5,571
Pension reserve	(4,263)	-	(646)	2,360	228	(2,321)
Total charity unrestricted funds	182,287	130,453	(137,822)	4,309	1,303	180,530

	Opening Balance 1 Oct 2016 £'000	Incoming resources £'000	Resources expended £'000	Gains/(losses) £'000	Transfers £'000	Closing Balance 30 Sept 2017 £'000
Central benevolent fund	31,905	111,360	(113,024)	3,469	(2,431)	31,279
Area trust funds	30,131	-	-	-	6,544	36,675
Available reserves	62,036	111,360	(113,024)	3,469	4,113	67,954
General fund	3,647	5,058	(4,492)	-	(116)	4,097
Branch, county, district and Women's Section funds	29,738	8,409	(5,573)	311	(1,145)	31,740
Functional fixed asset reserve	75,054	-	(2,311)	-	3,927	76,670
Programme related investment reserve	6,141	80	-	-	(132)	6,089
Pension reserve	(17,002)	-	(975)	13,486	228	(4,263)
Total charity unrestricted funds	159,614	124,907	(126,375)	17,266	6,875	182,287

29 Group restricted funds

	Opening Balance 1 Oct 2017 £'000	Incoming resources £'000	Resources expended £'000	Gains/ (losses) £'000	Transfers £'000	Closing Balance 30 Sept 2018 £'000
Investment property reserve	61,112	-	-	10,432	(4,862)	66,682
Income and sales proceeds from property held in corporate trusteeship	44,533	2,354	(5,150)	412	3,609	45,758
Grants for specific purposes	4,715	7,986	(7,932)	-	60	4,829
Programme related investment reserve	77	-	-	-	(60)	17
Donor restricted legacies and donations	12,985	617	(249)	129	(249)	13,233
Branch and county funds	5,750	529	(207)	464	(40)	6,496
Charity Commission schemes	1,762	52	-	119	-	1,933
Homes' residents' amenity funds	973	632	(810)	-	235	1,030
The Arthur Atock Memorial Trust	1,247	47	(65)	(28)	-	1,201
British Korean Veterans (1981) Relief Fund	155	2	(11)	(2)	5	149
Samsung British Korean Veterans Scholarship Fund	429	11	-	(11)	-	429
Permanent endowments	847	16	(37)	(1)	(1)	824
Total charity restricted funds	134,585	12,246	(14,461)	11,514	(1,303)	142,581
PoppyScotland Group	12,879	8,448	(7,653)	(19)	1,395	15,050
PoppyScotland pension provision	(1,914)	-	(24)	191	-	(1,747)
National Memorial Arboretum Group	17,214	5,353	(6,238)	-	7,096	23,425
Royal British Legion Republic of Ireland	2,724	199	(216)	(24)	-	2,683
Total group restricted funds	165,488	26,246	(28,592)	11,662	7,188	181,992

	Opening Balance 1 Oct 2016 £'000	Incoming resources £'000	Resources expended £'000	Gains/ (losses) £'000	Transfers £'000	Closing Balance 30 Sept 2017 £'000
Investment property reserve	61,492	-	-	3,393	(3,773)	61,112
Income and sales proceeds from property held in corporate trusteeship	47,047	2,339	(2,148)	361	(3,066)	44,533
Grants for specific purposes	4,888	8,862	(8,991)	-	(44)	4,715
Programme related investment reserve	576	-	-	-	(499)	77
Donor restricted legacies and donations	11,830	3,944	(2,786)	109	(112)	12,985
Branch and county funds	4,892	314	(281)	420	405	5,750
Charity Commission schemes	1,602	60	-	101	(1)	1,762
Homes' residents' amenity funds	1,082	369	(713)	-	235	973
The Arthur Atock Memorial Trust	1,279	(103)	(19)	88	2	1,247
British Korean Veterans (1981) Relief Fund	156	2	(4)	1	-	155
Samsung British Korean Veterans Scholarship Fund	437	15	-	(23)	-	429
Permanent endowments	793	17	(34)	71	-	847
Total charity restricted funds	136,074	15,819	(14,976)	4,521	(6,853)	134,585
PoppyScotland Group	11,960	5,355	(5,623)	141	1,046	12,879
PoppyScotland pension provision	(2,102)	-	(41)	229	-	(1,914)
National Memorial Arboretum Group	16,768	4,373	(5,819)	-	1,892	17,214
Royal British Legion Republic of Ireland	-	450	(185)	-	2,459	2,724
Total group restricted funds	162,700	25,997	(26,644)	4,891	(1,456)	165,488

29 Group restricted funds continued

Restricted funds represent grants, donations, legacies and property 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.

The investment property reserve represents the estimated market value of £66.682 million (2017: £61.112 million) representing a portfolio of 330 properties (2017: 338 properties) owned by the Legion and, in most cases, occupied by social clubs licensed by the Legion to use its name. Many of these properties are held under trust deeds which provide that, if they are sold, the proceeds must be applied in accordance with the terms of the original trust deeds. In most cases, the beneficiaries of such deeds will also be the beneficiaries of The Royal British Legion, but in some cases the relevant deed may limit support in the first instance to ex-serving personnel in a defined geographical area.

As a result, income from these properties is held as restricted funds pending agreement with the Charity Commission on how the restrictions contained within the trust deeds can be widened to best serve the Legion's beneficiaries, at which point the funds are transferred to other reserves as appropriate. The value of these reserves at 30 September 2018 was £45.758 million (2017: £44.533 million), which includes both investment income and sales proceeds.

29a Charity restricted funds

	Opening Balance 1 Oct 2017 £'000	Incoming resources £'000	Resources expended £'000	Gains/ (losses) £'000	Transfers £'000	Closing Balance 30 Sept 2018 £'000
Investment property reserve	61,112	-	-	10,432	(4,862)	66,682
Income and sales proceeds from property held in corporate trusteeship	44,533	2,354	(5,150)	412	3,609	45,758
Grants for specific purposes	4,715	7,986	(7,932)	-	60	4,829
Programme related investment reserve	77	-	-	-	(60)	17
Donor restricted legacies and donations	12,985	617	(249)	129	(249)	13,233
Branch and county funds	5,750	529	(207)	464	(40)	6,496
Charity Commission schemes	1,762	52	-	119	-	1,933
Homes' residents' amenity funds	973	632	(810)	-	235	1,030
The Arthur Atock Memorial Trust	1,247	47	(65)	(28)	-	1,201
British Korean Veterans (1981) Relief Fund	155	2	(11)	(2)	5	149
Samsung British Korean Veterans Scholarship Fund	429	11	-	(11)	-	429
Permanent endowments	847	16	(37)	(1)	(1)	824
Total charity restricted funds	134,585	12,246	(14,461)	11,514	(1,303)	142,581

	Opening Balance 1 Oct 2016 £'000	Incoming resources £'000	Resources expended £'000	Gains/ (losses) £'000	Transfers £'000	Closing Balance 30 Sept 2017 £'000
Investment property reserve	61,492	-	-	3,393	(3,773)	61,112
Income and sales proceeds from property held in corporate trusteeship	47,047	2,339	(2,148)	361	(3,066)	44,533
Grants for specific purposes	4,888	8,862	(8,991)	-	(44)	4,715
Programme related investment reserve	576	-	-	-	(499)	77
Donor restricted legacies and donations	11,830	3,944	(2,786)	109	(112)	12,985
Branch and county funds	4,892	314	(281)	420	405	5,750
Charity Commission schemes	1,602	60	-	101	(1)	1,762
Homes' residents' amenity funds	1,082	391	(713)	-	213	973
The Arthur Atock Memorial Trust	1,279	(103)	(19)	88	2	1,247
British Korean Veterans (1981) Relief Fund	156	2	(4)	1	-	155
Samsung British Korean Veterans Scholarship Fund	437	15	-	(23)	-	429
Permanent endowments	793	17	(34)	71	-	847
Total charity restricted funds	136,074	15,841	(14,976)	4,521	(6,875)	134,585

30 Transfers between restricted and unrestricted funds

During the year the group made net transfers of £7.188 million from unrestricted to restricted reserves (2017: £1.456 million transferred from restricted to unrestricted reserves). The most significant transfers are described below.

The Legion carried out further work in respect of the income and sale proceeds held from properties in corporate trusteeship. In its role as corporate trustee, the Legion made use of provisos on 15 trusts (2017: 56 trusts) resulting in the release of £750,000 (2017: £6.544 million) from restricted into unrestricted funds. The Legion has opted to designate these funds for welfare activity, and they are included within Area trust funds at note 28 above.

An amount of £6.999 million (2017: £1.892 million) was transferred from unrestricted to restricted funds in respect of grant funding provided by the charity to the National Memorial Arboretum. Similarly, a transfer of £1.395 million (2017: £1.046 million) was made from unrestricted to restricted funds in respect of funding provided by the charity to Poppyscotland.

31 Analysis of group net assets between funds

	Unrestricted funds 2018 £'000	Restricted funds 2018 £'000	Total 2018 £'000	Unrestricted funds 2017 £'000	Restricted funds 2017 £'000	Total 2017 £'000
Fund balances are represented by						
Intangible and tangible assets	76,463	21,994	98,457	76,774	15,912	92,686
Investments	93,034	135,431	228,465	64,579	152,498	217,077
Current assets	54,405	30,167	84,572	82,764	8,697	91,461
Current and non current liabilities	(37,933)	(3,853)	(41,786)	(33,558)	(9,705)	(43,263)
Defined benefit pension liability	(2,321)	(1,747)	(4,068)	(4,263)	(1,914)	(6,177)
Total funds	183,648	181,992	365,640	186,296	165,488	351,784

32 Related party transactions

During the year ended 30 September 2018, the following transactions have taken place between the charity and other members of the Legion Group:

- Grant funding of £6.999 million was provided by the charity to The National Memorial Arboretum Company (2017: £1.892 million).
- The charity received donations of profits from Royal British Legion Trading and Remembrance Travel of £3.975 million and £38,000 respectively (2017: £3.421 million and £14,000 respectively). Royal British Legion Developments had no profits to pay to the charity in 2018 (2017: £29,000).
- The charity received a grant of £3.923 million from Royal British Legion Poppy Lottery (2017: £4.091 million).
- Grant funding of £1.395 million was provided by the charity to the Poppyscotland Group (2017: £1.046 million).
- The charity recognised capital expenditure of £405,000 with Royal British Legion Developments (2017: £11,000).
- The charity purchased goods and services valued at £139,000 from Royal British Legion Trading (2017: £134,000).
- The charity purchased goods and services valued at £97,000 from NMA (Enterprises) (2017: £23,000), and £6,000 from The National Memorial Arboretum Company (2017: £1,000).
- At 30 September 2018, there was an outstanding loan balance of £23,000 owed to the charity by Remembrance Travel (2017: £23,000).

In addition, the following balances were outstanding between the charity and other members of the Legion Group at 30 September 2018:

	Charity 2018 £'000	Charity 2017 £'000
Amounts receivable from consolidated entities		
Royal British Legion Poppy Lottery	4,148	4,353
Royal British Legion Trading	281	365
The National Memorial Arboretum Company	131	-
Royal British Legion Developments	38	3
Remembrance Travel	35	16
NMA (Enterprises)	12	9
Poppyscotland Group	-	121
Total amounts receivable from consolidated entities	4,645	4,867
Amounts payable to consolidated entities		
Poppyscotland Group	139	-
Royal British Legion Republic of Ireland	116	119
The National Memorial Arboretum Company	-	274
Total amounts payable to consolidated entities	255	393

The Royal British Legion is a member organisation of the Royal Commonwealth Ex-Services League (RCEL). Three of the Legion's Trustees hold positions within the RCEL as detailed below. The RCEL shares office space and certain services with the Legion which had an estimated value of £51,000 during the year (2017: £43,000). The RCEL does not make payments to the Legion for these services.

In addition, in September 2012, the Legion approved a grant of £600,000 to the RCEL to be paid over a period of five years. The final instalment of this grant was paid on 2 October 2017, and on 7 September 2017 the Trustees approved a further grant to the RCEL of £1.2 million to be paid over a period of five years commencing in 2018. In line with its policy of recognising future grant commitments at their net present value using an appropriate discount rate (see note 1), the charity recognised £68,000 of grant expenditure in relation to the RCEL during 2018 (2017: £1.127 million), and held a grant creditor of £911,000 owed to RCEL at 30 September 2018 (2017: £1.202 million).

Organisation	Related party	Position at the Legion	Position at related party organisation
Royal Commonwealth Ex-Services League	Terry Whittles	Trustee	Trustee
	Major General David Jolliffe	Trustee	Honorary Medical Adviser
	Lieutenant Colonel Joe Falzon	Trustee	Council Member for Malta

33 Events after the reporting period

On 14 March 2019, gift aid totalling £3.119 million relating to the 2018 profits of Royal British Legion Trading and Remembrance Travel was paid to the charity; consequently no tax is payable by these subsidiaries in respect of the year ended 30 September 2018.

On 6 January 2019, gift aid of £124,000 relating to the 2018 profits of NMA (Enterprises) was paid to the National Memorial Arboretum Company, supplementing a further £435,000 paid on account during the financial year; consequently no tax is payable by NMA (Enterprises) in respect of the year ended 30 September 2018.



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