THE ROYAL AIR FORCE CLUB

England & Wales · Charity number 1108295

Details

Status	Registered
Legal form	Charitable company
Company number	05321353
Registered	2005-02-24
Register	View on the Charity Commission register

Contact

Address	Royal Air Force Club 128 Piccadilly London W1J 7PY
Phone	02073991000
Email	GeneralOffice@rafclub.org.uk
Website	www.rafclub.org.uk

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Activities

Objects: TO PROMOTE THE EFFICIENCY OF THE ROYAL AIR FORCE BY IMPROVING THE CONDITION OF OFFICERS HOLDING COMMISSIONS THEREIN AND IN OTHER ASSOCIATED SERVICES AND BY PRESERVING AND FOSTERING AMONG THEM THE ESPIRIT DE CORPS AND TRADITIONS OF THOSE SERVICES BY EVERY SUITABLE MEANS AND IN PARTICULAR IN THE FOLLOWING WAYS:BY ESTABLISHING MAINTAINING AND CONDUCTING IN LONDON A CENTRAL RESIDENTIAL AND NON-RESIDENTIAL CLUB FOR THE USE AND ACCOMMODATION OF MEMBERS, AND BY MAKING AVAILABLE TO THEM SUCH OTHER SERVICES, RECREATIONAL FACILITIES AND LEISURE TIME ACTIVITIES AS MAY BE DESIRABLE AT PRICES WHICH, SO FAR AS POSSIBLE, CAN BE AFFORDED BY ALL MEMBERS OF WHATEVER RANKBY ENCOURAGING BY MEANS OF DISCUSSIONS, LECTURES, FILM SHOWS, VISITS TO PLACES OF INTEREST AND BY OTHER MEANS, AN INTEREST IN ALL MATTERS CONNECTED WITH FLYING IN GENERAL AND WITH ROYAL AIR FORCE IN PARTICULARBY ENCOURAGING AND ORGANISING THE HOLDING AT THE CLUB OF SERVICE REUNIONS, MEETINGS AND SIMILAR FUNCTIONS AND BY PLACING AT THE SERVICE OF HER MAJESTY'S GOVERNMENT FACILITIES AT THE CLUB FOR THE ENTERTAINMENT OF REPRESENTATIVES OF FOREIGN AIR FORCESBY ENCOURAGING AND BY PROVIDING FACILITIES TO ENABLE OFFICERS SERVING IN THE ROYAL AIR FORCE AND IN OTHER ASSOCIATED SERVICES TO MEET AND ASSOCIATE REGULARLY WITH EACH OTHER, AND WITH PERSONS WHO HAVE PREVIOUSLY SERVED AS OFFICERS IN SUCH SERVICES AND WITH MEMBERS OF OTHER AIR FORCES AND TO BENEFIT FROM THE KNOWLEDGE AND EXPERIENCE OF SUCH PERSONS

Activities: The Club is established to carry out the charitable objects of the Company on its behalf in promoting the efficiency of the Royal Air Force by improving the condition of officers holding commissions therein and in other associated Services and by preserving and fostering among them the esprit de corps and traditions of those Services by every suitable means.

Classification

- **How:** Provides Buildings/facilities/open Space
- **What:** Education/training, Armed Forces/emergency Service Efficiency
- **Who:** Other Defined Groups

Geography

- **Area of benefit:** NATIONAL
- City Of Westminster

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Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£12,281,450	£10,937,052	£11,428,478	136
2023-12-31	£11,566,632	£10,390,938	£10,084,080	125
2022-12-31	£10,182,429	£9,125,011	£9,009,595	118
2021-12-31	£7,149,551	£6,244,479	£7,795,093	95
2020-12-31	£6,450,838	£6,724,244	£6,759,516	140

Trustees

Name	Role	Appointed
Adam Wardrope		2022-01-27
Air Cdre Victoria Caroline McPhaden		2026-05-13
Air Commodore Dai Whittingham		2017-10-11
Amanda Jane Wolfe		2024-11-27
BERNARD ANTHONY WATSON		2024-11-27
Flight Lieutenant Haig Anthony John Tyler		2019-03-20
Gavin James Poole		2024-11-27
Group Captain Alan John Lockwood		2019-03-20
Group Captain James Roger Beldon		2019-03-20
Neeraj Kapur		2023-09-13
Paul Higgins		2023-09-13
Peter Charles Brown		2024-11-27
Phillip James Wadlow		2024-07-10
Warren Austin William James		2025-07-10
Wing Commander Paula Simone Willmot		2019-03-20

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THE ROYAL AIR FORCE CLUB

England & Wales - Charity number 1108295

Accounts

ROYAL AIR FORCE CLUB

FOUNDED 1918

The Royal Air Force Club
(A charity and company limited by guarantee)

Trustees Annual Report and Consolidated Financial Statements for the Year Ended 31 December 2024

Registered Address
The Royal Air Force Club, 128 Piccadilly, London. W1J 7PY

Charity Details
Charity registration number ~ 1108295

Company Details
Company registration number ~ 05321353
A Company registered by Guarantee.

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Foreword – Chair of the Board of Trustees

I am very pleased to submit this report on the activities and financial statements of the RAF Club for the 1st January 2024 to the 31st December 2024.

The year 2024 was a busy one for the Club. Financially, the Club performed well, enabling us to pay off the Coutts Centenary Extension Loan several years ahead of schedule, which in itself resulted in significant savings on interest payments. In addition, the Club developed a strong reserves strategy which, whilst ensuring that costs for Members do not rise significantly, will ensure that we create a healthy financial reserve over the next few years, for use in emergencies, should the need ever arise. This is part of our risk mitigation and future-proofing strategy.

Our commitment to the charitable mission of the Club to foster and promote the traditions of the Royal Air Force and to our vision to be the London Club of choice for serving and retired RAF officers and their families are very much at the forefront of the Trustees' thinking. To underpin this and to ensure that the Club's links with the currently serving RAF officer cadre – both Regular and Reserve – are strongly and closely maintained and grown, the Board continued its work of focusing on the Serving Community Club Representative network. Also in 2024, over 700 discounted room nights were provided to serving RAF officers when in London on duty and the Club continued to work to support growth in Member-sponsored bookings, including Squadron lunches and dinners, weddings, and family functions, to continue to increase RAF-related bookings.

As part of our efforts to continually improve the fabric of the Club, several refurbishments were completed, including the renovation of 12 bedrooms, a complete refresh of the Presidents' Room, and the installation of two acoustic pods in the Business Centre, funded by generous legacy donations for which we are extremely grateful. The Club also continued its commitment to environmental sustainability by partnering with the accreditation organisation 'Earth Check,' which will certify our efforts to reduce our carbon footprint and help us plan future capital expenditure projects. In addition, the Club started a significant project to migrate many old systems to the Cloud, which will enable us to more accurately understand who is using the Club and when, allowing us to provide better service to all who visit.

The Club also maintained its strong connections with the Royal Family and, in May, we were honoured and delighted to learn that His Majesty King Charles III had graciously accepted the role of Patron of the Royal Air Force Club. Plans are currently underway to commission a portrait of our new Patron to be hung in the Sovereigns' Room and we look forward to a future visit from His Majesty The King when his schedule permits. In addition, in October HRH The Duke of Gloucester visited the Club to unveil a new stained-glass window in the Club as part of the centenary celebrations of the Royal Auxiliary Air Force.

As part of our ongoing governance processes, there were a number of changes to the Board of Trustees during 2024. In July, Air Commodore Phil Wadlow joined the Board as the Vice-Chair (Serving), maintaining the vital link between the Club and those serving in the RAF. In November, four long-standing Trustees, Air Commodore Barbara Cooper, Flight Lieutenant Ian Melia, Squadron Leader Sean O'Brien and Hon. Group Captain Jo Salter stepped down, each after nine years' service on the Board. The Trustees thank them all for their tireless work in supporting the Club over many years, particularly during the very difficult COVID period. At the same time, Hon. Group Captain Peter Brown, Wing Commander Gavin Poole, Wing Commander Amanda Scarth, and Mr Bernie Watson were warmly welcomed to the Board as Trustees in November.

Finally, the Board would like to thank those Members who have signed up to become a 'Friend of the Royal Air Force Club' at either a Bronze, Silver, or Gold level, directly supporting the work of the Club.

David Murray

Air Vice-Marshal The Hon. David Murray CVO, OBE, DL
Chair of the Board of Trustees

Trustees, Officers and Advisors

Trustees

Air Vice-Marshal The Hon. David Murray	Chair of the Board of Trustees
Air Commodore Paul Higgins	
Air Commodore Phil Wadlow	Vice Chair (Serving), (appointed in July 2024)
Air Commodore Adam Wardrope	
Air Commodore Dai Whittingham	
Group Captain Jim Beldon	
Group Captain Al Lockwood	
Wing Commander Paula Willmot	
Squadron Leader John Peters	
Flight Lieutenant Neeraj Kapur	
Flight Lieutenant Haig Tyler	Vice-Chair (Business)

Trustees who retired in November 2024

Air Commodore Barbara Cooper
Hon. Group Captain Jo Salter
Squadron Leader Sean O'Brien
Flight Lieutenant Ian Melia

Trustees who were appointed in November 2024

Group Captain Peter Brown
Wing Commander Gavin Poole
Wing Commander Amanda Scarth
Mr Bernie Watson

Officer

Mr Miles Pooley	Chief Executive Officer and Club Secretary

Principal advisors

Auditors
HaysMac LLP
10 Queen Place
London, EC4R 1AG

Solicitors – Charity legal advice
Farrer & Co
66 Lincoln's Inn Fields
London, WC2A 3LH

Bankers
Coutts & Company
440 The Strand
London, WC2R 0QS

Solicitors - Employment legal advice
Burges Salmon
One Glass Wharf
Bristol, BS2 0ZX

Registered Address

The Royal Air Force Club, 128 Piccadilly, London. W1J 7PY

Reference and Administrative Information

The Royal Air Force Club was founded in 1918 and became registered with the Charity Commission in 1965 under charity number 252720. The Trustees and Chief Executive Officer of the Charity are listed on this page, along with the Club's registered address and principal advisors. The Club became incorporated on 24 December 2004 and received a new Registered Charity Number 1108295 in place of 252720.

The Board of Trustees presents its report for the year ended 31st December '24

Governance, Management and Risk

Financial Statements declaration
The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including the Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 - second edition effective 1 January 2019 - Charities SORP), and the Companies Act 2006.

Governing Document
The Charity is governed by its Memorandum and Articles of Association which were last revised at the Charity's Annual General Meeting in May 2024 following a review by the Board of Trustees and the Club Lawyers.

Trustee Recruitment and Training
The Charity's elected Trustees are appointed at the Annual General Meeting based on applications received from the Membership through the Nominations Committee. Candidates for election must satisfy the Board's specifications concerning personal competence, specialist skills and availability. New Trustees are inducted into the workings of the Charity, including Policy and Procedures, through a programme which is overseen by the appointed Vice-Chair(s).

Organisational Management
The Trustees of the Charity are legally responsible for the overall management, finances and control of the Club and meet at least six times a year. The work of implementing most of their policies is carried out by the following standing sub-committees which meet as required and whose chairs report at each meeting of the Trustees:

Ad-hoc Working-Groups
The ad-hoc working groups include the Nominations Working Group, the Remuneration Working Group and the Systems Working Group which meet as required.

Risk Management
The Board is responsible for setting the Club's risk appetite and for overseeing the risks faced by the Charity, with The Finance, Audit & Risk Committee playing a key role in the oversight of risks. Continuous horizon scanning and monitoring are used to identify new risks and to evaluate and assess both new and existing risks and controls. Appropriate controls are established and monitored to deal with risks.

Risk Management Responsibilities

The Finance, Audit & Risk Committee & Board of Trustees ~ oversight of risk management
The Chief Executive ~ preparation and management of the risk register

The Trustees and a member of the Finance, Audit and Risk Committee, with responsibility for risk, regularly review and set risk appetite statements against which the risks are measured. The Board of Trustees discussed risk at their strategy day in July, when it was also reviewed against the Charity Commission Guidance on Risk Management and changes were made accordingly. The risk register contains an assessment of specific risks, and the highest inherent risks are listed (see the next page) with a description of the mitigation controls in place.

Inherent Risk	Mitigation
Loss of Key Staff resulting in adverse impact on service and functionality	Annual compensation reviews to aid retention, constant review of welfare offerings, offering of flexible working including 'working from home', training and educational support. Emotional support provided (if applicable).
Late/Incorrect filings to the Charity Commission and/or Companies House	Calendar reminders for relevant dates set up for key Club personnel/Rolling agenda item for the Finance, Audit & Risk Committee (FARC).
Control of income and expenditure, including energy costs	Budgetary control system, annual budgets; monthly management accounts including variance analysis and dashboard reports. Decisive management action and an Internal Audit Team.
The negative impact of possible International Conflict	Constant review by the Executive Management Team and the Board of Trustees.
Computer system failures or loss/corruption of data	Third-party cloud-based services used. Back-up power supply. Business Continuity Plan.
Cyber Security Breach	Regular monitoring from 3rd party support. Work with CISP (Cyber Information Sharing Partnership) to keep up to date with cyber security issues. Updated insurance policy updates. Carrying out Ransomware reports, regular penetration tests by independent 3rd parties. Work being taken to obtain Cyber Essentials certification.
Significant loss of Club facilities through fire or similar disaster	Fire/security prevention measures. H&S Regulation adherence. Crisis Management Plan. Business Interruption Insurance. Fire risk assessment, Ansul fire suppression system. Fire compartmentalisation issues being addressed with work being completed in 2025
Terrorist Activity	Appropriate security measures based on professional advice (House Committee experts, civil police and HQP&SS). Disrupting hostile recon. Insurance Cover pay-outs significantly reduce the monetary impact of attack, a Business Continuity Plan (BCP) in place to enable recovery, 3 security staff for vetting visitors, applying opaque film to front entry doors and installing additional CCTV.

Inherent Risk	Mitigation
Reputational damage by 3rd party and social media outlets	Constant monitoring of Social media and events held in Club
Inaccurate financial information, fraud, reputational damage	Plan being developed to improve financial systems, processes and procedures, including balance sheet reconciliations and updating the Sage accounting system. Support from Internal Audit and the Board of Trustees.
Reduced income and inability to meet charitable objectives	Subject to ongoing discussions by the Trustees. The FARC is working with professional advisors to ascertain whether a tax liability exists for a possible mis-clarification of beneficiaries.

Group Structure

The Charity has a subsidiary trading company, RAFCTC Limited, registered number 6590556. The Company is responsible for using the Charity's facilities and resources so as to increase the total income and hence improve its continuing ability to achieve its Objects. The RAFCTC provides meeting room hire, function and banqueting services to persons supportive of, but not directly associated with, the Royal Air Force, and who therefore are not eligible to join the Club. All trading profit is distributed by Gift Aid each year to the Charity. As the RAFCTC does not have any premises and uses agency staff when required, it is not considered that its activities constitute any risk to the finances of the Charity itself, even during periods of economic uncertainty. In 2024, the RAFCTC revenue represented 2% of the Club's charitable revenue.

The Charity Governance Code

The Trustees confirm that the Club's structure, governance and management have been reviewed against the guidance set out in the Charity Governance Code for larger charities issued by the Charity Governance Code Steering Group. In particular, the Trustees have assessed the Board's performance against the following seven principles:

1. Leadership
2. Diversity
3. Board effectiveness
4. Integrity
5. Organisational purpose
6. Decision – making, risk & control.
7. Openness & Accountability

Charitable Objects and Club Operational Objectives

The Trustees confirm that they have complied with the duties specified in the Charities Act 2011 to have due regard to the general guidelines issued by the Charity Commission on public benefit. In particular, the Trustees confirm that they have complied with the Commission's published specific guidance relating to fee-charging charities.

The charitable purpose of the Royal Air Force Club within the meaning of the Act is enshrined within its Charitable Objects:

- To promote the efficiency of the Royal Air Force by improving the condition of officers holding commissions therein and in other associated Services and by preserving and fostering among them the esprit de corps and traditions of those Services by every suitable means.
- By establishing, maintaining and conducting in London a central residential and non-residential club for the use and accommodation of Members, and by making available to them such other services, recreational facilities and leisure time activities as may be desirable at prices which, so far as is possible, can be afforded by all Members of whatever rank.
- By encouraging, by means of discussions, lectures, film shows, visits to places of interest and by any other means, an interest in all matters connected with flying in general and with the Royal Air Force in particular.
- By encouraging and organising the holding at the Club of Service reunions, meetings and similar functions and by placing at the service of Her Majesty's Government facilities at the Club for the entertainment of representatives of foreign air forces.
- By encouraging and by providing facilities to enable officers serving in the Royal Air Force and in other associated Services to meet and associate regularly with each other, and with persons who have previously served as officers in such Services and with Members of other air forces and to benefit from the knowledge and experience of such persons.

Public Benefit is not just provided to Members of the Charity. During the year, the Club hosted visits from like-minded organisations and encouraged visits for RAF Cadets. The Club welcomes, with prior arrangement, non-Member visitors to view the Club House, a Grade II listed building, memorabilia, and art collection.

Since 2022, the Club has also produced a separate Impact Report to inform the Membership of the work it does help meet its Charitable Objects. The Impact Report (for the previous year) is formally presented to the Membership at the Annual General Meeting.

The Wider Royal Air Force Family

The Club supports and works closely with the wider RAF family and other Charities working to support Royal Air Force personnel and their families. Recent examples have included:

- Partnerships and complimentary event rooms for the RAF Central Church of St Clement Danes.
- Mutual support received from and supplied to the RAF Benevolent Fund and Royal Air Forces Association.

- Discounted prices for organisations like ICAFOW (International Club for Air Force Officers Wives).
- Complimentary food and beverage for RAF Air Cadets providing the Guard of Honour at events, including the Pride of Britain Awards.

The Club's Mission, Vision and Core Values

The Trustees and Executive Team work together to maintain the Vision, Mission and Core Values. These are:

Vision	Mission
To be the London Club of choice for serving and retired Royal Air Force Officers, their families, and other Members in order to preserve, promote and foster the spirit of the Royal Air Force	To provide high-quality and value-for-money facilities and services in Central London that are in keeping with the heritage and ethos of the Royal Air Force.
Core Values	
Value, respect and support each other	Give personalised, warm and consistently exceptional service
Create positive, memorable experiences for every Member	Care about and give back to our local community

The Club Strategy and Plans for the Future

The Trustees will develop its strategy & deliver the Club's Vision in the following ways:

Data	
Data is required to inform decisions taken by the Trustees and Club management. The data from the Members Survey undertaken in 2023, alongside ongoing Member feedback will be used to:	
A	develop a deeper understanding of the current and likely future requirements of each Member group (serving, former serving, families and other Members), because of the mix of membership types, the membership age profile and the aspirations and expectations of the current Service officer cadre have a direct influence on usage and the Club's ethos.
B	monitor the balance between Membership categories and set limits when necessary to align with the Charitable Objects.
C	help set the balance between revenue, quality and affordability, and to ensure that resources are prioritised with the Vision and Mission clearly in mind.
Information Technology	
We will develop and maintain an IT system that supports appropriate data capture to guide strategic management and the most efficient use of the Club's resources.	
Risk Management	
We will ensure that business, security and operational risks are managed appropriately and within the risk appetite parameters set by the Board.	

Club Membership	
We will work to improve the offer to members to:	
A	Increase the use of the Club by all members.
B	Better attract existing members who serve or live away from London.
C	Promote the Club as the social venue of choice for serving members based in London.
D	Promote the benefits of Club membership to newly commissioned and other non-member serving officers.
E	Increase the membership uptake from former serving officers.
Ethos and heritage	
One of the core responsibilities of the Arts and Heritage Committee is to help the Club remain respectful of its heritage and supportive of the Board and other Committees who ensure it remains relevant for the future.	
Quality	
A	We will improve the condition of 128 Piccadilly and its facilities, including measures in support of the Net Zero 2040 target, whenever possible.
B	We will provide benefits and training for staff such that the Club becomes recognised as an employer of choice.
C	We will provide training for Trustees and managers to improve the governance and efficient management of the Club.
D	We will develop meaningful Key Performance Indicators for Trustees and Executives.

Environmental Strategy

The Board of Trustees have agreed a strategy which includes the intent for the RAF Club to become carbon neutral by 2040. We are currently working out exactly how we will achieve this aspiration and whilst part of that is ensuring that sustainability is at the heart of all future facilities improvement projects, there are some smaller changes that we have made in the Club immediately.

In addition, we are working with a group of students from the Edge School in Colchester who, as part of their course on Sustainability will be undertaking an audit of what we do now on a day to day basis to determine any other immediate improvements that we can implement. The internal Green Team are working with a specialist on the House Committee who is providing advice and guidance.

Fundraising Strategy

The Club benefits significantly from generous Member support through donations and legacies, including The *Friends of the RAF Club* programme, which was set up in 2021 to acknowledge Members who make regular donations at Bronze, Silver and Gold levels.

The Club employs a part-time Fundraising Director to manage its fundraising and legacy activities. The Club is also registered with the Fundraising Regulator and adheres to its policies and guidance.

Club Committees

Committee Members

	Art & Heritage Committee	House Committee	Finance, Audit & Risk Committee	Events Committee	Fundraising & Legacies Committee	Membership Committee	Systems Working Group
Chair	Gp Capt Jim Beldon	Gp Capt Jo Salter (Jan to Sept) Air Cdre Dai Whittingham (from Oct)	Flt Lt Ian Melia (Jan to Oct) Flt Lt Neeraj Kapur (from Nov)	Air Cdre Dai Whittingham (Jan to Sept) Sqn Ldr John Peters (from Oct)	Air Cdre Barbara Cooper (Jan to Sept) Gp Capt Al Lockwood (Oct onwards)	Wg Cdr James Hill (Jan to June) Air Cdre Paul Higgins (July to Dec)	Flt Lt Haig Tyler
Vice-Chair	Air Cdre Adam Wardrope	Air Cdre Dai Whittingham Vacancy – Oct Onwards	Flt Lt Neeraj Kapur (Jan to Oct) Mr Bernie Watson (Oct Onwards	Sqn Ldr John Peters (Jan to Oct) Gp Capt Al Lockwood (from Oct)	Gp Capt Al Lockwood	Wg Cdr Paula Willmot	
	Dr Michael Fopp	Wg Cdr Neil Cook	Mr James Calladine	Ms Naomi Miles	Flt Lt Mike Stubbs	Wg Cdr Louise Clarke	Mr David Alexander
	Wg Cdr Michael Gilbert	Flt Lt Gary Hornby	Flt Lt Jennie Kingston	Sqn Ldr Stuart Quinn	Fg Off Jochim Wrang-Widén	Sqn Ldr Steve Potter	Mr Bernard Brown
	Wg Cdr James Poynton	Sqn Ldr Mike Sewell	Mr Andrew Manning		Mr Richard Ashton	Sqn Ldr Jo Rowe	Mr Joe Hardstaff
	Air Cdre Rick Peacock-Edwards					Sqn Ldr James Traynor	
	Mrs Mandy Shepherd						

Club Committees exist to support the work of the Board of Trustees. Each Committee meets on average 5 times per year and is tasked by the Board to examine subjects in detail which are then fed into the Board for discussion and decision. All Committees are chaired by a Club Trustee with a second Trustee being the Vice-Chair, where possible. Volunteers on Committees are made up of Club Members from all Membership categories, thus ensuring that all categories of Membership are represented.

Art & Heritage Committee

Management of the Club Art collection

The Arts and Heritage Committee continued to grow the Club's collection of heraldic badges, with several important additions being made in 2024, including several Royal Air Force Regiment Squadron badges and three from the wartime Czechoslovakian Squadrons of the Royal Air Force. There are now 560 badges in the Club's collection, which continues to grow. Artwork presented in 2024 included a painting of Corporal (later Flight Officer) Daphne Pearson GC, the first female recipient of the George Cross, paintings of Air Chief Marshals Lord Dowding and Sir Keith Park, presented by the current Lord Dowding, along with prints and other artwork generously donated by Club Members that help fill gaps in the Club's collection. The highlight of the year was the unveiling by HRH The Duke of Gloucester of a spectacular stained-glass window commemorating the centenary of the Royal Auxiliary Air Force, which had been designed by a serving Air Specialist Class 1 from RAF Northolt. A major art inventory exercise which started in 2023 was completed and includes details of the Club's silverware collection. The Committee plans to undertake a relocation of artwork exercise to ensure that the Club's best and most valuable artwork is presented to the best advantage and enable its easy evacuation in an emergency. Additionally, the Committee embarked on a succession plan which ensures the maintenance of expertise whilst bringing in new knowledge and skills.

Events Committee

Planning and management of the events programme

In 2024, the Events Committee delivered a diverse programme of over 40 events, including dinners, talks, presentations, and visits, with a total of 1,929 tickets sold to Club Members and their guests. Notable speakers included Professor Brian Cox, actor Tim Marriott, Mandy Hickson, and Dr. Michael Fopp. Looking ahead to 2025, the programme will feature new Member receptions, events commemorating the anniversaries of VE Day and VJ Day, and an expanded selection of events specifically tailored for Junior Officers and Serving personnel.

Finance, Audit & Risk Committee (FAR)

Assisting the Board in fulfilling its governance obligations and oversight responsibilities by providing detailed scrutiny and assurance of the Club's financial, audit and risk management procedures and making recommendations for improvements in related performance

In 2024, in addition to the routine activities of financial oversight governance and setting the risk strategy and agenda, the FARC has continued its work on implementing a Financial Strategy and Reserves Policy, which is now in place, including short-term measures that can be implemented before the full target is reached. The Committee approved a major upgrade of the Club's Accounting Software, which will automate processes that currently take several days of manual input. The Internal Audit Team have continued their work in specific areas and reported its findings directly to the FARC.

The FARC also continues to monitor changes to Charity Commission guidance and, in particular income that should be processed through the Club Trading Company versus the Charity.

House Committee

Ensuring the maintenance and development of the Club's infrastructure and environment is consistent with the Club's ethos and heritage while taking into account members' views

In 2024, the House Committee oversaw several key improvement projects for the Club. As part of the ongoing bedroom refurbishment programme, 10 bedrooms were upgraded. The Presidents' Room underwent a full strip-out and refurbishment, replacing wiring, fixtures, and fittings that had remained unchanged since the 1980s. The room now benefits from enhanced lighting, improved Wi-Fi, and new air conditioning.

The Committee also approved a partnership with the sustainability accreditation organisation *EarthCheck*, which will support future capital expenditure planning and certify the Club's efforts towards achieving carbon neutrality.

In early 2025, the accessibility lift was replaced with a self-operated model, providing step-free, assistance-free access to the Club. From Jun to Sep 2025, the Running Horse and basement kitchen area will undergo a full refurbishment, with Members kept informed throughout the project.

Fundraising and Legacies Committee

Supporting the activities of the Royal Air Force Club by enabling and encouraging Members, organisations and supporters to contribute funds

The Club received £173,628 income from donations, including those from the Friends of the Club in 2024 and was able to make significant contributions to the Presidents' Room refurbishment project to our Grade II listed 'home from home'. Funds from the unrestricted Legacy fund were allocated to construct new sound-proof pods in the business centre for Members who are using the designated areas for remote working. We are grateful for these donations.

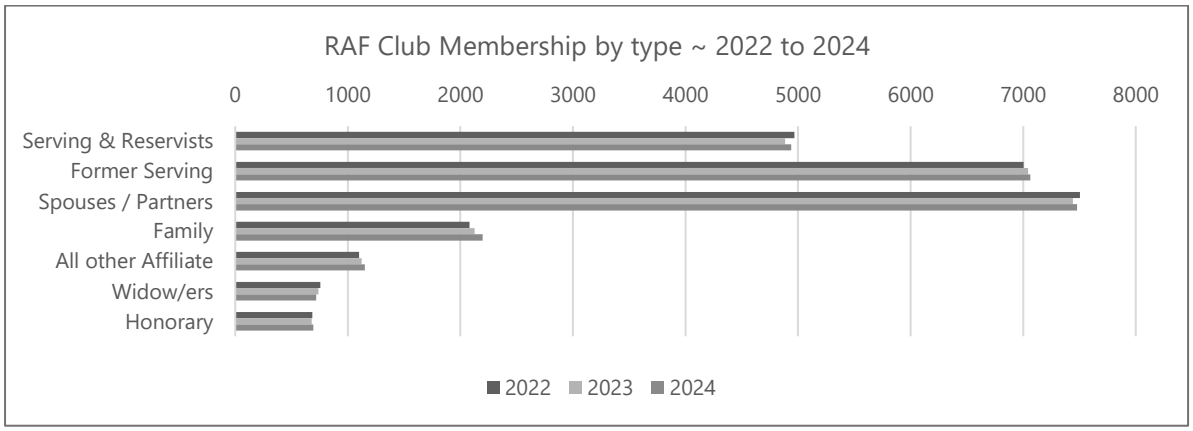
In 2025, the Committee is launching a new 'Respite Break Scheme' for Serving Members, focussing on special events and projects for Bronze, Silver and Gold Friends and a new campaign highlighting legacy giving.

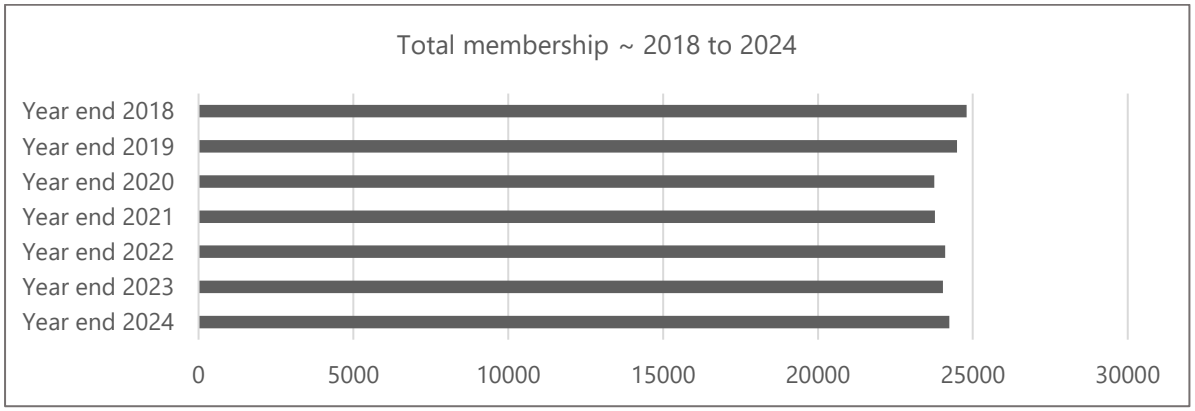
Membership Committee

Developing and implementing the Club membership strategy to recruit and retain members

At the end of 2024, the Club had 24,245 members, an increase of 208 from 2023. Serving, Reservist, or Former Serving Members account for 50% of the total Membership. Since 2014, there has been a 25% increase in Serving and Reservist Members, which remains a key priority for the Membership Committee. This growth is supported through regular attendance at RAF Cranwell IOT fairs and the continued expansion of the RAF Station Club Representatives network.

The Membership Committee continues to vet all applications, ensuring a well-balanced Membership across categories. It also works closely with the Events Committee to organise New Member, 25-Year, and 50-Year Member events. In 2024, the Committee also began succession planning, as some long-serving Committee Members stepped down after many years of dedicated service, for which the Club is deeply grateful.





The Systems and IT Working Group

Overseeing IT strategy and principles and the usage of data

The Systems Working Group advised on projects including data analysis and evaluating longer-term plans including a smart Club Membership card and mobile Apps. In addition, the Working Group has led a project to improve the Club's Wi-Fi capabilities which has included the replacement of over 150 network points and the upgrade of broadband infrastructure supplied to the building. In 2024 the Working Group spent a considerable amount of time working on the upgrade to the Front Desk System.

Club Library and Archive

In 2024, the Library volunteers undertook a complete inventory of the books, donating and selling duplicate editions and purchasing new books missing from the collection. The Club library is supported by a volunteer team of librarians and the Club's archive is maintained by volunteer archivists:

Club Librarians	Mrs Jacky Atkinson	Mrs Gaynor Cooper	Fg Off Sandy Copland
Mr Peter Elliott (Chair)	Wg Cdr Rob Stephens	Mr Peter Thorne	Sqn Ldr Gavin Turnbull
Club Archivists	Mr Peter Elliott	Wg Cdr Michael Gilbert	Gp Capt Paul Stewart

Contribution by Volunteers

All Trustees, Committee members, Working Group members, Internal Auditors, Librarians and Club Archivists are unpaid volunteers, and it is estimated that over 515 volunteer days were given to the Club in the year for the benefit of all Club Members. The Club benefits enormously from their considerable professional expertise and invaluable advice.

Staff Engagement

Our team are the Club's most important asset and so their engagement is of top priority. As always, we focus on ensuring everyone is well cared for, listened to and competitively remunerated. This in turn ensures they continue to deliver exceptional service levels at all times.

During 2024 we maintained a well-motivated and hard-working team. Turnover levels remained low compared to industry averages and we continued to support various charities, led by our internal staff-nominated Charity and Community Team. We maintained the Staff Welfare Fund we launched in 2022, which is available to support staff in need, and the Club was pleased to use this fund in 2024 to assist a member of staff. We also launched the Club's sustainability team, 'The Green Arrows'.

In 2024, we launched a new payroll platform, making payroll processes more streamlined and giving easier access to our team members to read their payslips and update their personal information, by a user-friendly App. Along with other wellbeing initiatives, we also launched a Health Cash Plan for all staff, which has been very well received. A highlight of our staff engagement events included the annual awards presented at the Staff Christmas lunch.

Staff Awards
In 2024 we presented the following awards:

Newcomer of the Year ~ 2024	Verity Dewey, Financial Controller
Front of House Star ~ 2024	Yoshiko Ono, Senior Reservationist
Heart of House Star~ 2024	Emily Moss – Meetings & Events Manager
Casual of the Year ~ 2024 (two winners)	Sandra Parro (F&B) Fatimah Olanloko (Front Office)
Department of the Year ~ 2024	Maintenance
Employee of the Year ~ 2024	Martin Chang, Housekeeping Assistant
Leader of the Year ~ 2024	Laural Taylor - Chef
Chief Executive Special Recognition ~ 2024	Luke Smith – Sous Chef

All of our award winners truly embody the very essence of exceptional service and hospitality, and we were delighted to recognise them at the end of the year, along with celebrating all our team's success and commitment to the Club with a very special Christmas lunch celebration.

Staff Visits to RAF Stations
The Membership Department, supported by other members of staff, resumed its quarterly visits to Royal Air Force College, Cranwell, exhibiting at the graduating Initial Officer Training Cadets Freshers Faire, with over 200 officer cadets expressing an interest in joining the Club. Further visits to other units are also being planned for Club Staff.

2024 Financial Review

Quarter 1

	Total revenue	Surplus
Quarter 1	£2,668,502	£197,576

The year started strongly with revenue exceeding the previous year's performance by 8%. Occupancy for the quarter was 72%, slightly below the previous year's occupancy of 73%, reflecting lower occupancy rates across central London. The increase in revenue is reflected in the surplus for the quarter, with it being £88k higher than in the same period in 2023.

Quarter 2

	Total revenue	Surplus
Quarter 2	£3,050,354	£380,719

The positive start to the year continued into the second quarter. Revenues were 3% higher than the previous year's performance and exceeded £3m. Occupancy for the quarter was 80%, which matched both the budget and the previous year's performance. The surplus was £151k higher than the previous year, again reflecting the increase in revenue.

Quarter 3

	Total revenue	Surplus
Quarter 3	£2,931,000	£209,418

Total revenue was 11% higher than the same quarter in 2023 with all areas except accommodation performing above budget. July's revenues were 23% higher than the previous year. A deficit was posted in August, reflecting lower revenue due to the school holidays, however, the overall surplus for the quarter was 20% higher than last year.

Quarter 4

	Total revenue	Surplus
Quarter 4	£3,631,594	£556,685

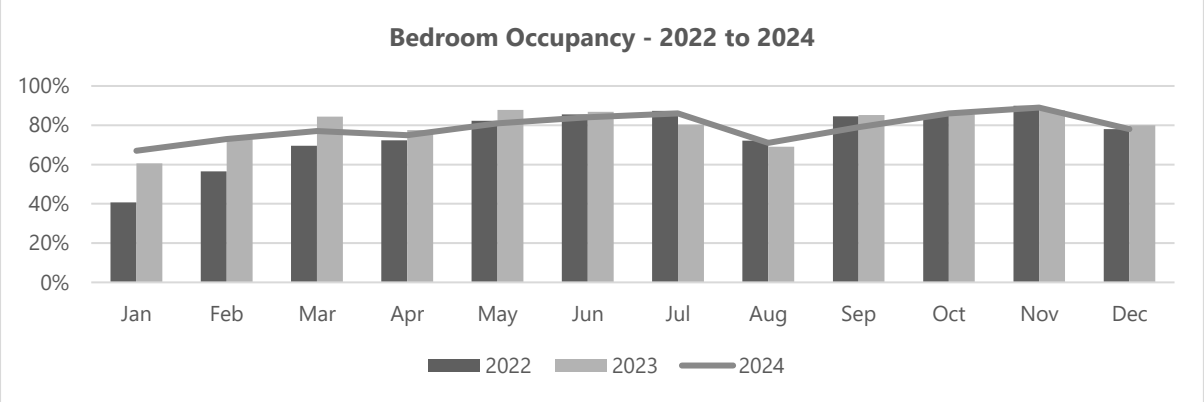
In the fourth quarter, overall revenues exceeded £3.5m and they were 4% higher than the previous year. Membership fees exceed budget by £57k, however both accommodation (£35k) and food and beverage (£110k) lagged behind budget.

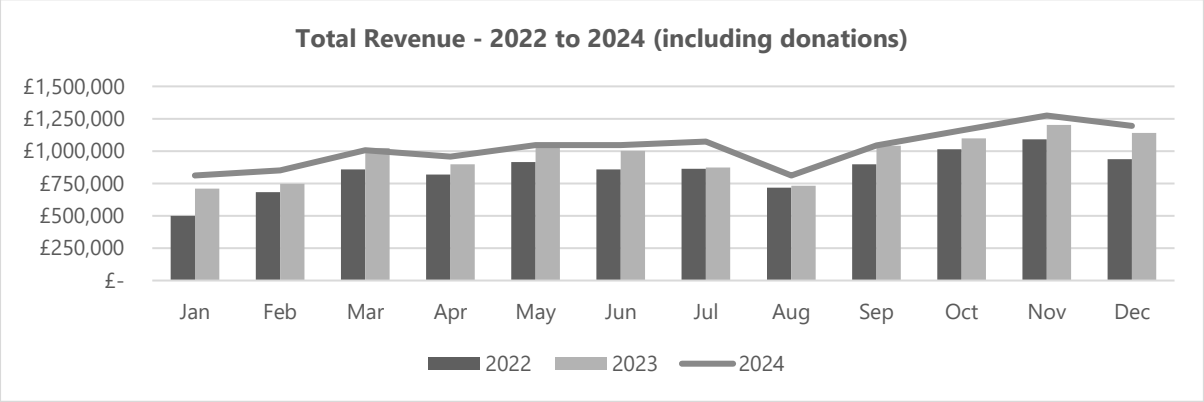
Yearly Overview

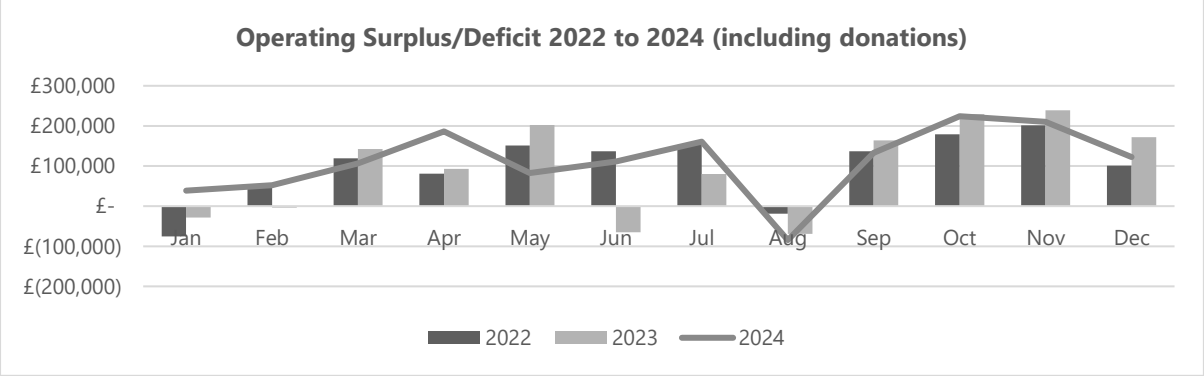
The strong financial performance that was experienced in 2023 continued into 2024 with the Club recording a total income more than £12.2m for the first time in its history. Occupancy for the year was 79% compared to a Budget of 81%, while the Food and Beverage revenues were 3% lower than Budget. The Royal Air Force Club like many in the hospitality sector experienced the negative effect of rising general inflation. Despite this and through the application of tight cost controls, the resultant net operating surplus of £1.4m exceeded Budget by £0.2m.

Cash provided by operating activities was £2.5m, up from £2.3m in 2023. A payment of £3.7m was made to repay the Centenary Extension Loan. Capital expenditure accounted for £0.8m. The net effect was a year-end cash balance of £2.2m which was a decrease of £2.0m compared to the previous year.

The following charts summarise the year's activities by month for the key indicator of Bedroom Occupancy and Total Revenues and Operating Surplus/Deficit with comparisons against the previous year:







Coutts Centenary Extension Loan and Covenants

The £8.0m construction cost of the Centenary Extension was financed by £2.5m of unrestricted General Reserves and a seven-year term loan from Coutts Bank of £5.5m. The seven-year term of the loan was determined by the bank's capital risk requirements applicable in 2017 and optimised the loan pricing to the Club's benefit. The Club was contractually obliged to repay the loan in April 2024 when the outstanding balance was forecast to be £3.7m.

It was originally anticipated that a new medium-term loan would be arranged in April 2024, to cover the outstanding balance of the first loan, however, based on the high level of interest rates, following careful consideration, the Board of Trustees decided to repay the loan upon maturity.

During 2024 the Club has been fully compliant with all the Centenary Extension bank loan covenants and remained compliant until the loan was repaid in April 2024.

2025 Outlook
Against a background of continuing high inflation and labour capacity restraints, the Club's financial forecast for 2025 anticipates a marginal improvement in activity levels. However, since the Trustees have taken the decision not to increase the food and beverage prices in 2025, along with higher labour costs, the surplus will be smaller than in 2024.

Capital Improvements to the Club House
2024 saw a bedroom refurbishment project take place, along with the refurbishment of the Presidents Room.

A short-term 5-year plan alongside the Club's existing 10-year plan has been developed to ensure that refurbishment projects can take into account the future needs of both the building and the Membership.

The Club as a Going Concern
The Board of Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees have reviewed the Club's financial forecast and business plans for the period ending 31 March 2025 and anticipate similar levels of trading and financial performance as achieved in the last financial year.

Having considered all available information about current circumstances and future trends, the Trustees have a reasonable expectation that the Club has adequate resources to continue to operate as a viable organisation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key Management Personnel and Remuneration
The Board, supported by the Chief Executive and the Executive Team, together comprise the key management personnel of the Charity in charge of directing, controlling, and managing the Club and its operations on a day-to-day basis. All trustees give their time freely and no trustee received remuneration in the year. Note 5 to the Financial Statements gives details of the total remuneration and benefits of the key management personnel of the Club and Trustees' expenses and related party transactions during the year. The pay of the Chief Executive and Executive Team is reviewed annually by the Remuneration Working Group which reports to the Board and the review takes into account comparative data from several external sources.

Reserves Policy
The Trustees reviewed the Club's Reserves policy in October 2024 as part of its annual review of the Club's strategy. Taking into account the Charity Commission's guidance and using the serious adverse financial impact of the global pandemic as an example of a severe event the Board decided it was essential to better protect the long-term interests of the charity and its beneficiaries by setting a General "free" Reserve target of £6m representing about 6 months of current operating costs. This unrestricted Reserve objective will provide financial cover for the key business risks such as business downturns and uninsurable and unexpected operational interruptions or losses. In order to protect the Club in the short term a revolving credit facility of £5m is being finalised to cover the period in which the Club plans to continue buildings up its free reserves.

Investment Policy and Objectives
It has been the Club's policy to hold any cash surplus to operating and capital expenditure requirements on short-term deposits with financial institutions with high credit ratings.

Statement of Trustees responsibilities

The trustees (who are also the directors of The Royal Air Force Club for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 Club and of the incoming resources and application of resources, including the income and expenditure, of the Club for that period. In preparing those financial statements, the trustees are required to

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

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Club and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Club and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors
In so far as the trustees are aware at the time the report is approved:

- there is no relevant audit information of which the charitable company's auditors are unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating the Strategic Report, was approved by the Board of Trustees, and signed on their behalf by:

David Murray

Air Vice–Marshal David Murray
Chair of the Board of Trustees
Wednesday 26th March 2025

Independent Auditors Report to the Trustees & Members of the Royal Air Force Club

Opinion

We have audited the financial statements of The Royal Air Force Club for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Statements of Financial Position, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company and group's affairs as at 31 December 2024 of the charitable company and group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company and group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (which incorporates the Strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report, which are included in the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and group and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company and group; or
- the charitable company and group's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group, we identified that the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to posting inappropriate journal entries to income and management override of internal controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators, including the Charity Commission and HMRC;
- Reviewing the minutes of meetings of those charged with governance;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect fraud;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Performing analytical procedures to identify any unusual or unexpected account entries; and
- Assessing assumptions and judgements made by the company in determining their critical accounting estimates

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Weaver
Senior Statutory Auditor
for and on behalf of HaysMac LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

DATE 4 April 2025

Consolidated Statement of Financial Activities
including the Income & Expenditure Account for the year ended 31st December 2024

	Notes	Unrestricted funds £	Restricted funds £	**Total 2024 £**	Total 2023 £
INCOME FROM:					
Charitable activities					
Club income		11,808,851	-	**11,808,851**	11,147,566
Donations and legacies					
Legacies		-	-	**-**	1,921
Restricted Donations		-	-	**-**	34,016
Donations from appeals and Friends of the Club		168,814	4,814	**173,628**	151,223
Amounts payable under gift aid to the Club		-	-	**-**	-
Other trading activities					
Trading activities	8a	298,971	-	**298,971**	231,906
Total income		12,276,636	4,814	**12,281,450**	11,566,632
EXPENDITURE ON:					
Charitable expenditure					
Club operating costs	2	10,744,100	8,830	**10,752,930**	10,217,843
Fine art	2	-	-	**-**	-
Donations made	2	10,000	-	**10,000**	8,049
Other trading activities					
Trading activities	8a	171,428	-	**171,428**	135,126
Raising funds					
Fundraising costs	2	2,694	-	**2,694**	29,920
Total expenditure	2	10,928,222	8,830	**10,937,052**	10,390,938
Net income/(expenditure) before investment gains/(losses)		1,348,414	(4,016)	**1,344,398**	1,175,694
Net (loss) gain on investment of interest rate swap		-	-	**-**	(101,209)
Net income/(expenditure)		1,348,414	(4,016)	**1,344,398**	1,074,485
Transfers between funds		-	-	**-**	-
Balance brought forward		10,072,586	11,494	**10,084,080**	9,009,595
Balance carried forward		11,421,000	7,478	**11,428,478**	10,084,080

All transactions are derived from continuing activities.

All gains and losses recognised in the year are included in the statement.

The notes on pages 27 to 37 form an integral part of these financial statements.

Consolidated Statement of Financial Position
at 31st December 2024

	Notes	**2024** £	**£**	2023 £	£
FIXED ASSETS					
Intangible fixed assets	6		**97,031**		-
Tangible assets	7		**10,209,420**		10,486,356
Investments	8		**-**		-
			10,306,451		10,486,356
CURRENT ASSETS					
Stocks	9	**94,601**		92,196	
Debtors	10	**428,256**		755,828	
Cash at bank and in hand		**2,165,831**		4,127,895	
		2,688,688		4,975,919	
CREDITORS: amounts falling due within one year	11	**(1,566,661)**		(5,378,195)	
NET CURRENT (LIABILITIES)/ ASSETS			**1,122,027**		(402,276)
CREDITORS: amounts falling due after more than one year	12		**-**		-
TOTAL ASSETS LESS CURRENT LIABILITIES			**11,428,478**		10,084,080
FUNDS					
Unrestricted funds					
- Designated funds	13		**10,451,436**		10,072,586
- General funds	13		**969,564**		-
Restricted funds	13		**7,478**		11,494
			11,428,478		10,084,080

The financial statements were approved and authorised for issue by the Board on Wednesday 26th March 2025 and were signed below on its behalf by:

David Murray

D MURRAY	N KAPUR
Air Vice-Marshal	Trustee

The notes on pages 27 to 37 form an integral part of these financial statements.

Charity Statement of Financial Position
at 31st December 2024

	Notes	**2024** £	**2024** £	2023 £	2023 £
FIXED ASSETS					
Intangible fixed assets	6		**97,031**		-
Tangible assets	7		**10,209,420**		10,486,356
Investments	8		**100**		100
			10,306,551		10,486,456
CURRENT ASSETS					
Stocks	9	**94,601**		92,196	
Debtors	10	**592,504**		983,361	
Cash at bank and in hand		**1,981,093**		3,891,519	
		2,668,198		4,967,076	
CREDITORS: amounts falling due within one year	11	**(1,546,271)**		(5,369,452)	
NET CURRENT (LIABILITIES)/ASSETS			**1,121,927**		(402,376)
CREDITORS: amounts falling due after more than one year	12		**-**		-
TOTAL ASSETS LESS CURRENT LIABILITIES			**11,428,478**		10,084,080
FUNDS					
Unrestricted funds					
- Designated funds	13		**10,451,436**		10,072,586
- General funds	13		**969,564**		-
Restricted funds	13		**7,478**		11,494
			11,428,478		10,084,080

The parent undertaking's total income for the year before gift aid from RAFCTC Limited was £11,982,479 (2023: £11,300,710) and its net income for the year amounted to £1,216,854 (2023: net income £984,339).

The financial statements were approved and authorised for issue by the Board on 26th March 2024 and were signed below on its behalf by:

David Murray

D MURRAY	N KAPUR
Air Vice-Marshal	Trustee

The notes on pages 27 to 37 form an integral part of these financial statements.

Consolidated Cash Flow Statement
Year Ended 31st December 2024

	2024	2023
	£	£
Cash provided by operating activities	**2,626,628**	2,303,772
Cash flows from investing activities		
Purchase of tangible fixed assets	**(809,552)**	(820,637)
Cash used in investing activities	**(809,552)**	(820,637)
Cash flows from financing activities		
Loan repayments	**(3,779,140)**	(404,909)
Cash outflow from financing activities	**(3,779,140)**	(404,909)
Increase/ (decrease) in cash and cash equivalents in the year	**(1,962,064)**	1,078,226
Cash and cash equivalents at the beginning of the year	**4,127,895**	3,049,669
Total cash and cash equivalents at the end of the year	**2,165,831**	4,127,895

	At 1 January 2023	Cash flows/ Other	**At 31 December 2024**
	£	£	**£**
Analysis of changes in net debt			
Cash at bank and in hand	4,127,895	(1,962,064)	**2,165,831**
Bank loans due < 1 year	(3,779,140)	3,779,140	**-**
Bank loans due > 1 year	-	-	**-**
Net debt	348,755	1,817,076	**2,165,831**

	2024	2023
	£	£
Reconciliation of net movement in funds to net cash flow from operating activities		
Net movement in funds	**1,344,398**	1,074,485
Add back depreciation charge	**989,457**	890,631
(Increase)/Decrease in stock	**(2,405)**	(6,072)
Decrease/(increase) in debtors	**327,572**	(73,001)
Decrease)/increase in creditors	**(32,394)**	417,729
Net cash provided by operating activities	**2,626,628**	2,303,772

The notes on pages 27 to 37 form an integral part of these financial statements.

Notes to the Financial Statements
Year Ended 31st December 2024

1. ACCOUNTING POLICIES

General information
The Royal Air Force Club is a charitable company, limited by guarantee, registered in England and Wales. Its registered office is 128 Piccadilly, London W1J 7PY. The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) (second edition effective 1 January 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Royal Air Force Club meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Basis of consolidation
These financial statements consolidate the results of The Royal Air Force Club and its subsidiary, The RAFCTC Limited (registered in England and Wales, registered number 06590556) on a line by line basis. As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities of the parent undertaking is not presented as part of these financial statements.

Going concern
The Board of Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees have reviewed the Club's financial forecast and business plans for the period ending 31 March 2025 and anticipate similar levels of trading and financial performance as achieved in the last financial year.

Having considered all available information about current circumstances and future trends, the Trustees have a reasonable expectation that the Club has adequate resources to continue to operate as a viable organisation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Fund accounting
Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives. Designated funds are amounts that have been set aside at the discretion of the Trustees. Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Income
Income represents the total income receivable during the year comprising government grants, donations, subscriptions, entrance fees, bedroom receipts, food, beverages and investment income.

Depreciation
The original freehold buildings are maintained to a standard that preserves likely residual value at a level at least equal to the book value. Accordingly no provision has been made for depreciation as the amount involved would not be material. Building improvements related to the Centenary Extension project are depreciated over 50 years.

Major improvements to Club premises are written off on a straight line basis over six to fifteen years from the date of completion of the refurbishment.

Computer equipment is written off on a straight line basis over three years.

Minor additions to the furniture, fittings, equipment and other improvements to the Club premises have been written off directly against revenue. The amount expensed in the year was £nil (2022: £nil).

The Club does not capitalise donated assets principally comprising works of art.

Allocation of support costs
Support costs include back office costs, finance, personnel, payroll and governance costs which support the Club's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The allocations of support costs are set out in note 2.

Staff costs
The Club operates a Group Personal Pension Plan with Legal and General. Contributions to the Plan are charged to the income and expenditure account. Redundancy and termination payments are included in the income and expenditure account within the relevant activity line on an accruals basis.

Stocks
Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand
Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Judgements in applying accounting policies and key sources of estimation uncertainty
In the process of applying its accounting policies, the Club is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Club evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraph details the estimate and judgement the Club believes to have the most significant impact on the annual results under FRS 102.

Land & Buildings
The original land and buildings are recorded at cost within the financial statements. Management have considered depreciation to be immaterial due to the estimated useful economic life of the building being greater than 50 years and the estimated residual value of the building is greater than the carrying value in the accounts.

Intangible assets
Intangible assets are recorded at cost within the financial statements and relate to computer software. Software is being amortised over a period of 10 years.

Creditors and provisions
Creditors and provisions are recognised where the Club 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.

Financial instruments
Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised as unrealised gains/losses in the Statement of Financial Activities, unless they are included in a hedging arrangement. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. ANALYSIS OF TOTAL EXPENDITURE

	Charitable expenditure						
	Club operating costs £	Fine art £	Donations made £	Trading activities £	Raising funds £	**2024 Total £**	2023 Total £
Staff costs	5,978,121	-	-	-	2,694	**5,980,815**	5,532,613
Depreciation	989,457	-	-	-	-	**989,457**	890,631
Repairs and maintenance	422,178	-	-	-	-	**422,178**	575,757
House supplies	126,014	-	-	-	-	**126,014**	142,896
Fine art	-	-	-	-	-	**-**	-
Donations made	-	-	10,000	-	-	**10,000**	8,049
Trading activities	-	-	-	171,428	-	**171,428**	135,126
Bank interest	(4,604)	-	-	-	-	**(4,604)**	52,374
Support and other costs	3,177,632	-	-	-	-	**3,177,632**	2,943,696
Governance costs	64,132	-	-	-	-	**64,132**	109,796
	10,752,930	-	10,000	171,428	2,694	**10,937,052**	10,390,938

	Charitable expenditure						
	Club operating costs £	Fine art £	Donations made £	Trading activities £	Raising funds £	**2023 Total £**	2022 Total £
Staff costs	5,502,693	-	-	-	29,920	5,532,613	4,807,553
Depreciation	890,631	-	-	-	-	890,631	881,078
Repairs and maintenance	575,757	-	-	-	-	575,757	346,181
House supplies	142,896	-	-	-	-	142,896	161,598
Fine art	-	-	-	-	-	-	10,850
Donations made	-	-	8,049	-	-	8,049	10,239
Trading activities	-	-	-	135,126	-	135,126	112,951
Bank interest	52,374	-	-	-	-	52,374	101,092
Support and other costs	2,943,696	-	-	-	-	2,943,696	2,614,326
Governance costs	109,796	-	-	-	-	109,796	79,143
	10,217,843	-	8,049	135,126	29,920	10,390,938	9,125,011

3. NET EXPENDITURE

	2024 £	2023 £
The net expenditure is stated after charging :		
Auditors' remuneration – audit	**28,750**	26,525
Auditors' remuneration – other services	**23,125**	12,630
Depreciation – on owned assets	**984,102**	890,631
Amortisation	**5,355**	-

4. EMPLOYEES AND STAFF COSTS

	2024	2023
	No.	No.
The average number of contracts for Full Time and Part Time staff	**136**	125

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Staff costs were as follows:

	2024	2023
	£	£
Wages and salaries	**5,065,446**	4,699,440
Agency	**217,574**	169,287
Social security costs	**454,307**	418,338
Other pension costs	**243,488**	228,002
Termination payments	**-**	17,546
	5,980,815	5,532,613

The number of staff who fell within the following bands were:

	2024	2023
	No.	No.
£60,001 - £70,000	**2**	1
£70,001 - £80,000	**2**	-
£80,001 - £90,000	**1**	2
£90,001 - £100,000	**1**	1
£100,001 - £110,000	**-**	1
£160,001 - £170,000	**-**	1
£170,001 - £180,000	**1**	

The trading subsidiary, RAFCTC, incurred £65,383 in staff costs (2023: £75,138) which are included within Trading Activities expenditure.

5. TRUSTEES' REMUNERATION, REIMBURSED EXPENSES AND RELATED PARTIES

The key management personnel of the parent charity, the Club, comprise the Trustees and the Executive Team. The total employee remuneration and benefits of the key management personnel of the Club were £447,682 (2023: £570,115).

No Trustees received remuneration for their services during the year. The charity trustees were not paid from employment with the Club or its subsidiary in the year (2023: Nil). No Club trustee received payment for professional or other services supplied to the Club (2023: Nil). During the year 12 trustees (2023: 9 trustees) were reimbursed expenses totalling £7,699 (2023: £5,117).

There were no related party transactions during the year (2024: Nil). Consider disclosing donations made by the Trustees in aggregate.

6. INTANGIBLE FIXED ASSETS

Intangible fixed assets with a net book value of £97,031 (2023: £Nil) relate to computer software. Amortisation was charged in the year amounting to £5,355..

7. TANGIBLE FIXED ASSETS (assets under construction)

Group and club	Assets under construction £	Freehold land and buildings and general improvements £	Bedrooms £	Function rooms and equipment £	**Total**
Cost					
At 1 January 2024	-	18,817,899	7,693,438	2,370,862	28,882,199
Additions	130,465	564,675	-	12,027	707,166
At 31 December 2024	130,465	19,382,574	7,693,438	2,382,889	29,589,365
Depreciation					
At 1 January 2024	-	9,082,348	7,433,678	1,879,817	18,395,843
Charge for the year	-	836,164	49,166	98,772	984,102
At 31 December 2024	-	9,918,512	7,482,844	1,978,589	19,379,945
Net book value					
At 31 December 2024	130,465	9,464,062	210,594	404,300	10,209,420
At 31 December 2023	-	9,735,551	259,760	491,045	10,486,356

All the fixed assets are used for charitable activities.

In addition to the capitalised fixed assets, the Club has an extensive collection of paintings, sculptures and bronzes, other objects d'art and books and documents, either purchased by or donated or loaned to the Club. These represent a history of both aircraft and those who served in or were associated with the RAF. The cost of those items, and especially paintings, purchased by the Club is insignificant in terms of the value of the whole collection, which is irreplaceable. The Trustees do not believe that the significant cost involved in valuing the whole collection for accounting purposes would derive significant additional benefit to the user of the accounts in terms of assessing the Trustees' stewardship of the assets. Consequently, these assets have not been capitalised in the financial statements. A full inventory is kept for insurance purposes.

8. INVESTMENTS

The Club has a wholly owned subsidiary, RAFCTC Limited, which operates the trading activity of the Club and gift aids its surplus to the Club. The subsidiary is registered in England and Wales (registration number 06590556).

The Club's investment in the trading company was as follows:

	2024 **£**	2023 £
RAFCTC Limited	**100**	100

8a. TRADING ACTIVITIES

	2024	2023
	£	£
Profit and loss account		
Turnover	**298,971**	231,906
Cost of sales	**(99,881)**	(57,915)
Gross profit	**199,090**	173,991
Administration expenses (net of interest receivable)	**(71,547)**	(77,211)
Profit for the financial year	**127,543**	96,780
Amount payable under gift aid to the Club	**127,543**	96,780
Balance sheet		
Net current assets	**100**	100
Share capital	**100**	100

9. STOCKS

	Group and club	
	2024	2023
	£	£
Goods for resale	**94,601**	92,196

10. DEBTORS: Amounts due within one year

	Group		**Club**	
	2024	2023	**2024**	2023
	£	£	**£**	£
Trade debtors	**200,609**	239,907	**172,159**	199,429
Other debtors	**128,152**	364,035	**153,747**	341,279
Amounts owed by subsidiary undertakings	**-**	-	**167,103**	290,767
Prepayments and accrued income	**99,495**	105,358	**99,495**	105,358
Interest rate swap	**-**	46,528	**-**	46,528
	428,256	755,828	**592,504**	983,361

11. CREDITORS: Amounts falling due within one year

	Group		Club	
	2024	2023	**2024**	2023
	£	£	**£**	£
Bank loans	**-**	3,779,140	**-**	3,779,140
Trade creditors	**360,544**	295,433	**357,534**	293,586
Other creditors	**605,138**	301,535	**590,298**	301,534
Amounts owed to subsidiary undertakings	**-**	-	**-**	-
Other taxes and social security	**115,639**	582,962	**115,639**	578,517
Accruals and deferred income	**485,340**	419,125	**482,840**	416,675
	1,566,661	5,378,195	**1,546,311**	5,369,452

12. CREDITORS: Amounts falling due after one year

	Group		Club	
	2024	2023	**2024**	2023
	£	£	**£**	£
Bank loan	-	-	-	-
Analysis of bank loans:				
Amounts falling due:				
Within one year	-	3,779,140	-	3,779,140
Amounts falling due:				
Between one and two years	-	-	-	-
Between two and five years	-	-	-	-
After five years	-	-	-	-
	-	-	-	-

The bank facility comprises a business term loan of £3,779,140 (2023: £3,779,140) which is secured by a first legal charge over the freehold land and buildings at The Royal Air Force Club. The loan was arranged to partly finance the Centenary Extension wing of the Club. The business loan is for a seven-year term and the loan period was determined by the bank's capital risk requirements applicable in 2017 and optimised the loan pricing to the Club's benefit. The loan was paid in full during the year.

13. FUNDS

The income funds of the Club include unrestricted and restricted funds comprising of the following:

	As at 1 January 2024 £	Net income/ (expenditure) £	Transfers between funds £	**Balance at 31 December 2024 £**
Unrestricted funds:				
General fund	-	1,264,381	(294,817)	**969,564**
Designated funds:				
Fixed asset fund	10,011,634	-	294,817	**10,306,451**
Legacy fund	35,883	-	-	**35,883**
Friends of the RAF Club	(9,790)	86,124	-	**76,334**
Fine art and stained window fund	15,000	(1,541)	-	**13,459**
Staff welfare	19,859	(550)	-	**19,309**
Total designated funds	10,072,586	84,033	294,817	**10,451,436**
Total unrestricted funds	10,072,586	1,348,414	-	**11,421,000**
Restricted funds:				
601 Squadron – Victoria Bar refurbishment	7,478	-	-	**7,478**
Staff fund	4,016	(4,016)	-	**-**
Total restricted funds	11,494	(4,016)	-	**7,478**
Total funds	10,084,080	1,344,398	-	**11,428,478**

	As at 1 January 2023 £	Net income/ (expenditure) £	Transfers between funds £	Balance at 31 December 2023 £
Unrestricted funds:				
General fund	-	1,228,763	(1,228,763)	-
Designated funds:				
Fixed asset fund	8,797,871	-	1,213,763	10,011,634
Legacy fund	33,962	1,921	-	35,883
Friends of the RAF Club	135,630	(145,420)	-	(9,790)
Fine art and stained window fund	10,654	(10,654)	15,000	15,000
Staff welfare	24,000	(4,141)	-	19,859
Total designated funds	9,002,117	(158,294)	1,228,763	10,072,586
Total unrestricted funds	9,002,117	1,070,469	-	10,072,586
Restricted funds:				
601 Squadron – Victoria Bar refurbishment	7,478	-	-	7,478
Staff fund	-	4,016	-	4,016
	7,478	4,016	-	11,494
Total funds	9,009,595	1,074,485	-	10,084,080

The income funds of the Club comprise Restricted and Unrestricted Funds. The Unrestricted Funds include the following designated funds which have been set aside out of the unrestricted funds by the Trustees for specific purposes.

The Fixed Assets fund represents the net book value of fixed assets held by the group, net of related loan balances, and includes a further amount relating to equity funds earmarked for exceptional early loan repayments.

The Legacy Fund was created to receive monies specifically left to the Club in Members' wills. The Board authorises expenditure against the fund for the benefit of the Club.

The Fine Art and Stained Window Fund, which resulted from an appeal, is used to purchase works of art that primarily cover historical gaps in the Club's collection.

The Staff Welfare Fund has been set up to support employees and their families who are in short-term need, hardship or stress.

The Restricted Fund, 601 Squadron – Victoria Bar Refurbishment, was established in 2021 and includes donations from members of 601 Squadron, Royal Auxiliary Air Force, specifically to fund the refurbishment of the Victoria Bar for the benefit of all Club Members. The refurbishment commenced in the final quarter of 2021 and was completed in the first half of 2022. During the year £nil (2022: £62,601) has been capitalised in respect of expenditure incurred and a transfer from the Restricted Fund has therefore been made for this amount.

The Friends of the RAF Club was launched in November 2021 and is open to all Club Members who wish to formally contribute to the enhancement of the Club's facilities through making regular donations in addition to the annual membership subscription. Regular donations are not tied to specific projects or particular expenditure and flow through the designated unrestricted Friends of the RAF Club Fund. The Funds are deployed to finance tangible enhancements to the Club's facilities or fund acquisition of additional equipment for the benefit of Members. Investments are made in consultation with Friends.

14. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group	Fixed assets £	Net current assets/ liabilities £	Non-current assets/ liabilities £	**Total £**
Restricted funds		7,478	-	**7,478**
General fund	-	969,564	-	**969,564**
Designated funds – fixed assets	10,306,451	-	-	**10,306,451**
Designated funds - other	-	144,985	-	**144,985**
	10,306,451	1,122,027	-	**11,428,478**

The difference between Group and Club asset positions is the £100 investment into the wholly owned trading subsidiary.

Comparative consolidated statement of financial activities including the income and expenditure account

	Notes	Unrestricted funds £	Restricted funds £	Total 2023 £
INCOME FROM:				
Charitable activities				
Club income		11,147,566	-	11,147,566
Donations and legacies				
Legacies		1,921	-	1,921
Restricted Donations		-	34,016	34,016
Donations from appeals and Friends of the Club		151,223	-	151,223
Other trading activities				
Trading activities	7a	231,906	-	231,906
Total income		11,532,616	34,016	11,566,632
EXPENDITURE ON:				
Charitable expenditure				
Club operating costs	2	10,187,843	30,000	10,217,843
Fine art	2	-	-	-
Donations made	2	8,049	-	8,049
Other trading activities				
Trading activities	7a	135,126	-	135,126
Raising funds				
Fundraising costs	2	29,920	-	29,920
Total expenditure	2	10,360,938	30,000	10,390,938
Net income/(expenditure) before investment gains/(losses)		1,171,678	4,016	1,175,694
Net (loss) gain on investment of interest rate swap		(101,209)	-	(101,209)
Net income/(expenditure)		1,070,469	4,016	1,074,485
Transfers between funds		-	-	-
Balance brought forward		9,002,117	7,478	9,009,595
Balance carried forward		10,072,586	11,494	10,084,080

THE ROYAL AIR FORCE CLUB

England & Wales - Charity number 1108295

Accounts

ROYAL AIR FORCE CLUB

FOUNDED 1918

The Royal Air Force Club
(A charity and company limited by guarantee)

Trustees Annual Report and Consolidated Financial Statements for the Year Ended 31 December 2023

Registered Address
The Royal Air Force Club, 128 Piccadilly, London. W1J 7PY

Charity Details
Charity registration number ~ 1108295

Company Details
Company registration number ~ 05321353
A Company registered by Guarantee.

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Foreword – Chair of the Board of Trustees

I have much pleasure in submitting this report on the activities and financial statements of the RAF Club for the year which ended on 31st December 2023.

The calendar year of 2023 saw three long-standing Trustees leave the Board. In January, Mr John Fisher, Trustee and Vice-Chair stood down after 14 years of service. In June Wg Cdr James Hill, Trustee and Chair of the Membership Committee stood down after 8 years of service and in December, Wg Cdr James Poynton, Trustee and Chair of the Arts & Heritage Committee also stood down after 8 years of service. The Board of Trustees thanks Mr Fisher, Wg Cdr Hill and Wg Cdr Poynton for their tireless work supporting the Club over many years.

In September, the Board was pleased to welcome both Air Cdre Paul Higgins and Flt Lt Neeraj Kapur to the Board of Trustees. Air Cdre Higgins has also been appointed as Chair of the Membership Committee and Flt Lt Kapur has been appointed as Vice-Chair of the Finance, Audit and Risk (FAR) Committee and will take over as Chair of the FAR Committee in late 2024.

The Board has continued its work in growing the membership of those who are currently serving through focussing on the Station Club Representative network to ensure that the Club's links with the currently serving RAF Officer cadre, both Regular and Reserve, are strongly and closely maintained, which are vital to the Club as part of our Charitable objects.

In August, the Club was honoured to welcome Her Majesty The Queen to the Club to both unveil a commissioned portrait and name a room after Noor Inayat-Khan GC, an SOE agent based in France during WWII. Her incredible story continues to inspire us. A portrait of Daphne Pearson GC has been commissioned to be displayed next to Noor Khan GC. The Club also continues its discussions with Royal Advisors to seek on the next Patron of the Royal Air Force Club.

In September, the Board approved the commissioning of an Environmental and Sustainability Carbon Net Zero plan in support of the Club's NZ40 commitments. The results of this will feed directly into the capital expenditure projects planned over the next 10 years and beyond. The Club staff-led 'Green Team' has also implemented changes such as removing single-use plastics from Club bedrooms and working with suppliers to reduce our carbon footprint.

Financially the Club has now returned to "normal business" following the effects of the pandemic, and has developed a Board-led strategy to regrow our Reserves as part of our future proofing and risk mitigation processes.

For the first time in many years, a comprehensive membership survey was undertaken in 2023 to help us prioritise what our current and future members will need and want from the Club over the next 10 years and beyond. The results are exceptionally detailed and are providing invaluable information to the Board of Trustees and the Club Executive Team.

In 2023, 945 discounted room nights (an increase of 52% versus 2022) were provided to serving RAF officers when in London on duty. The Club also worked to support growth in member-sponsored bookings including Squadron lunches and dinners as well as weddings and family functions and also saw an increase in RAF-related bookings. All of this underlines our commitment

to the Mission of the Club to foster and promote the traditions of the Royal Air Force and our Vision to be the London Club of choice for serving and retired RAF Officers, their families and other Members.

During 2023, the Club continued to win awards as an employer of choice, including achieving 15th place in *The Caterer's Best Places to Work in UK Hospitality 2023*. We are also proud to continue to pay our team above the London Living Wage.

Finally, the Board would like to thank those Members who have signed up for the '*Friends of the Royal Air Force Club*' scheme which has paid for the new Lobby and doors as well as other projects.

Air Vice-Marshal The Hon. David Murray CVO, OBE, DL
Chair of the Board of Trustees

Trustees, Officers and Advisors

Trustees

Air Vice-Marshal The Hon. David Murray	Chair of the Board of Trustees
Air Commodore Barbara Cooper	
Air Commodore Paul Higgins	(appointed in September 2023)
Air Commodore Adam Wardrope	Vice-Chair (Serving-Officer)
Air Commodore Dai Whittingham	
Group Captain Jim Beldon	
Group Captain Al Lockwood	
Hon. Group Captain Jo Salter *	
Wing Commander James Hill	(retired in May 2023)
Wing Commander James Poynton	(retired in December 2023)
Wing Commander Paula Willmot	
Squadron Leader Sean O'Brien	
Squadron Leader John Peters	
Flight Lieutenant Neeraj Kapur	(appointed in September 2023)
Flight Lieutenant Ian Melia	
Flight Lieutenant Haig Tyler	Vice-Chair (Business)
Mr John Fisher	Vice-Chair (retired in January 2023)

* Hon. Gp Capt Jo Salter took agreed sabbatical leave from the Board between July 2023 and December 2023 for work reasons.

Officer

Mr Miles Pooley	Chief Executive Officer and Club Secretary

Principle advisors

Auditors
Haysmacintyre LLP
10 Queen Place
London, EC4R 1AG

Bankers
Coutts & Company
440 The Strand
London, WC2R 0QS

Solicitors – Charity legal advice
Farrer & Co
66 Lincoln's Inn Fields
London, WC2A 3LH

Solicitors - Employment legal advice
Burges Salmon
One Glass Wharf
Bristol, BS2 0ZX

Registered Address

The Royal Air Force Club, 128 Piccadilly, London. W1J 7PY

Reference and Administrative Information

The Royal Air Force Club was founded in 1918 and became registered with the Charity Commission in 1965 under charity number 252720. The Trustees and Chief Executive Officer of the Charity are listed on this page, along with the Club's registered address and principal advisors. The Club became incorporated on 24 December 2004 and received a new Registered Charity Number 1108295 in place of 252720.

The Board of Trustees presents its report for the year ended 31st December '23.

Governance, Management and Risk

Financial Statements declaration

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including the Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 - second edition effective 1 January 2019 - Charities SORP), and the Companies Act 2006.

Governing Document

The Charity is governed by its Memorandum and Articles of Association which were last revised at the Charity's Annual General Meeting in June 2015. Being mindful of this, the Board of Trustees, with the help of lawyers, reviewed the Articles of Association during 2023, bringing them up to date. These have been adopted by the Board and will go to the Annual General Meeting in 2024.

Trustee Recruitment and Training

The Charity's elected Trustees are appointed at the Annual General Meeting based on applications received from the membership through the Nominations Committee. Candidates for election must satisfy the Board's specifications concerning personal competence, specialist skills and availability. New Trustees are inducted into the workings of the Charity, including Policy and Procedures, through a programme which is overseen by the appointed Vice-Chair(s).

Organisational Management

The Trustees of the Charity are legally responsible for the overall management, finances and control of the Club and meet at least six times a year. The work of implementing most of their policies is carried out by the following standing sub-committees which meet as required and whose chairs report at each meeting of the Trustees:

Ad-hoc Working-Groups

The ad-hoc working groups include the Nominations Working Group, the Remuneration Working and the Systems Working Group which meet as required.

Risk Management

The Board is responsible for setting the Club's risk appetite and for overseeing the risks faced by the Charity, with The Finance, Audit & Risk Committee playing a key role in the oversight of risks. Continuous horizon scanning and monitoring are used to identify new risks and to evaluate and assess both new and existing risks and controls. Appropriate controls are established and monitored to deal with risks.

Risk Management Responsibilities

The Finance, Audit & Risk Committee & Board of Trustees ~ oversight of risk management
The Chief Executive ~ preparation and management of the risk register

The Trustees and a member of the Finance, Audit and Risk Committee, with responsibility for risk, regularly review and set risk appetite statements against which the risks are measured. The Board of Trustees discussed risk at their strategy day in July, when it was also reviewed against the Charity Commission Guidance on Risk Management and changes were made accordingly. The risk register contains an assessment of specific risks, and the highest inherent risks are listed (see the next page) with a description of the mitigation controls in place.

Inherent Risk	Mitigation
Cyber security breach	Multi-layered specialist cyber-security application software and firewalls are installed throughout the Club's IT systems. Regular monitoring from the Club's IT Management contractor and the Club's Systems & IT Working Group. Contact with the Cyber Security Information Sharing Partnership to keep up to date with cyber security issues. Regular penetration tests by independent third parties and robust ransomware procedures in place. Specialist insurance cover in place.
Loss of Senior Management Staff resulting in an adverse impact on service and functionality	Benchmarking of remuneration packages and formal annual compensation reviews to ensure the Club is competitive in the market. Formal appraisal system and continuous review of staff and employee welfare standards. Offering flexible working opportunities, where appropriate, and training and educational support to boost professional standards. Succession planning.
Negative impact of possible International Conflict	Constant review of business KPI's, supplemented by flexible business planning models and adjustments to cost base to reflect demand changes.
Terrorist Activity	Appropriate security measures based on professional advice (House Committee experts, civil police and HQP&SS). Disrupting hostile recon. Insurance Cover pay-outs significantly reduce monetary impact of attack., Business Continuity Plan (BCP) in place to enable recovery, 3 security staff for vetting visitors, applying opaque film to front entry doors and installing additional CCTV.
Reputational damage by 3rd party and social media outlets	Constant monitoring of Social media and events held in Club
Significant loss of Club facilities through fire or similar disaster.	Fire/security prevention measures. H&S Regulation adherence. Crisis Management plan. Business Interruption Insurance. Fire risk assessment, Ansul fire suppression system.
Late/Incorrect filings to the Charity Commission and/or Companies House	Calendar reminders for relevant dates set up for key Club personnel/Rolling agenda item for the Finance, Audit & Risk Committee (FARC). Segregated responsibilities with Company Secretary monitoring performance.
Computer system failures or loss/corruption of data.	Use of cloud-based applications to provide extra resilience. Daily external back-ups, back-up power supply, and a regularly updated Crisis Management Plan. Business interruption and other specialist IT insurance.
Weak control of income and expenditure.	Policy on Internal Financial Controls and delegated Authorities annually reviewed by the Finance, Audit & Risk Committee and Board of Trustees. Budgetary control system with monthly monitoring of management accounts and variance analysis. Dashboard reports for key activity indicators. Development of Internal Audit Team, staffed by member volunteers. Energy contracts to be thoroughly reviewed in the first half of 2024 before expiry of significant fixed price contracts.
Weak control of capital expenditure and impact on cash flow	House Committee produces a 5 to 10 year "Rolling Programme" of planned preventative maintenance and new investment Projects. A formal system of capital investment appraisal and tendering policy exists and a project management review system is in place.

Group Structure

The Charity has a subsidiary trading company, RAFCTC Limited, registered number 6590556. The company is responsible for using the Charity's facilities and resources so as to increase the total income and hence improve its continuing ability to achieve its Objects. The trading company provides meeting room hire, function and banqueting services to persons supportive of, but not directly associated with, the Royal Air Force, and who therefore are not eligible to join the Club. All trading profit is distributed by Gift Aid each year to the Charity. As the company does not have any premises and uses agency staff when required, it is not considered that its activities constitute any risk to the finances of the Charity itself, even during periods of economic uncertainty. In 2023, the trading company revenue represented 2% of the Club's charitable revenue.

The Charity Governance Code

The Trustees confirm that the Club's structure, governance and management have been reviewed against the guidance set out in the Charity Governance Code for larger charities issued by the Charity Governance Code Steering Group. In particular, the Trustees have assessed the Board's performance against the following seven principles:

1. Leadership
2. Diversity
3. Board effectiveness
4. Integrity
5. Organisational purpose
6. Decision – making, risk & control.
7. Openness & Accountability

Charitable Objects and Club Operational Objectives

The Trustees confirm that they have complied with the duties specified in the Charities Act 2011 to have due regard to the general guidelines issued by the Charity Commission on public benefit. In particular, the Trustees confirm that they have complied with the Commission's published specific guidance relating to fee-charging charities.

The charitable purpose of the Royal Air Force Club within the meaning of the Act is enshrined within its objects:

- To promote the efficiency of the Royal Air Force by improving the condition of officers holding commissions therein and in other associated Services and by preserving and fostering among them the esprit de corps and traditions of those Services by every suitable means.
- By establishing, maintaining and conducting in London a central residential and non-residential club for the use and accommodation of Members, and by making available to them such other services, recreational facilities and leisure time activities as may be desirable at prices which, so far as is possible, can be afforded by all Members of whatever rank.
- By encouraging, by means of discussions, lectures, film shows, visits to places of interest and by any other means, an interest in all matters connected with flying in general and with the Royal Air Force in particular.

- By encouraging and organising the holding at the Club of Service reunions, meetings and similar functions and by placing at the service of Her Majesty's Government facilities at the Club for the entertainment of representatives of foreign air forces.
- By encouraging and by providing facilities to enable officers serving in the Royal Air Force and in other associated Services to meet and associate regularly with each other, and with persons who have previously served as officers in such Services and with Members of other air forces and to benefit from the knowledge and experience of such persons.

Public Benefit is not just provided to members of the Charity. During the year, the Club hosted visits from like-minded organisations and encouraged visits for RAF Cadets. The Club welcomes, with prior arrangement, non-member visitors to view the Club House, a Grade II listed building, memorabilia, and art collection.

The Wider Royal Air Force Family

The Club supports and works closely with the wider RAF family and other Charities working to support Royal Air Force personnel and their families. Recent examples have included:

- Partnerships and complimentary event rooms for the RAF Central Church of St Clement Danes
- Mutual support received from and supplied to the RAF Benevolent Fund and Royal Air Forces Association
- Discounted prices for organisations like ICAFOW (International Club for Air Force Officers Wives)
- Complimentary food and beverage for RAF Air Cadets providing the Guard of Honour at events including the Pride of Britain Awards

The Club's Mission, Vision and Core Values

The Trustees and Executive Team work together to maintain the Vision, Mission and Core Values. These are:

Vision	Mission
To be the London Club of choice for serving and retired Royal Air Force Officers, their families, and other Members in order to preserve, promote and foster the spirit of the Royal Air Force	To provide high-quality and value-for-money facilities and services in Central London that are in keeping with the heritage and ethos of the Royal Air Force.
Core Values	
Value, respect and support each other	Give personalised, warm and consistently exceptional service
Create positive, memorable experiences for every Member	Care about and give back to our local community

The Club Strategy and Plans for the Future

The Trustees will develop its strategy & deliver the Club's Vision in the following ways:

Data	
Data is required to inform decisions taken by the Trustees and Club management. The data from the Members Survey undertaken in 2023, alongside ongoing Member feedback will be used to:	
A	develop a deeper understanding of the current and likely future requirements of each member group (serving, former serving, families and other members), because of the mix of membership types, the membership age profile and the aspirations and expectations of the current Service officer cadre have a direct influence on usage and the Club's ethos.
B	monitor the balance between membership categories and set limits when necessary to align with the Charitable Objects.
C	help set the balance between revenue, quality and affordability, and to ensure that resources are prioritised with the Vision and Mission clearly in mind.
Information Technology	
We will develop and maintain an IT system that supports appropriate data capture to guide strategic management and the most efficient use of the Club's resources.	
Risk Management	
We will ensure that business, security and operational risks are managed appropriately and within the risk appetite parameters set by the Board.	
Club Membership	
We will work to improve the offer to members to:	
A	Increase the use of the Club by all members.
B	Better attract existing members who serve or live away from London.
C	Promote the Club as the social venue of choice for serving members based in London.
D	Promote the benefits of Club membership to newly commissioned and other non-member serving officers.
E	Increase the membership uptake from former serving officers.
Ethos and heritage	
In 2023, the Club Arts Committee was renamed the 'Arts and Heritage Committee', to help the Club remain respectful of its heritage and supportive of the Board and other Committees who ensure it remains relevant for the future.	
Quality	
A	We will improve the condition of 128 Piccadilly and its facilities, including measures in support of the Net Zero 2040 target, whenever possible.
B	We will provide benefits and training for staff such that the Club becomes recognised as an employer of choice.
C	We will provide training for Trustees and managers to improve the governance and efficient management of the Club.
D	We will develop meaningful Key Performance Indicators for Trustees and Executives.

Environmental Strategy

The Board of Trustees have agreed a strategy which includes the intent for the RAF Club to become carbon neutral by 2040. We are currently working out exactly how we will achieve this aspiration and whilst part of that is ensuring that sustainability is at the heart of all future facilities improvement projects, there are some smaller changes that we have made in the Club immediately.

In addition, we are working with a group of students from the Edge School in Colchester who, as part of their course on Sustainability will be undertaking an audit of what we do now on a day to day basis to determine any other immediate improvements that we can implement. The internal Green Team are working with a specialist on the House Committee who is providing advice and guidance.

Fundraising Strategy

The Club benefits significantly from generous Member support through donations and legacies, including The *Friends of the RAF Club* programme, which was set up in 2021 to acknowledge Members who make regular donations at Bronze, Silver and Gold levels.

The Club employs a part-time Fundraising Director to manage its fundraising and legacy activities. The Club is also registered with the Fundraising Regulator and adheres to its policies and guidance.

Club Committees

Committee Members

	Art & Heritage Committee	House Committee	Finance, Audit & Risk Committee	Events Committee	Fundraising & Legacies Committee	Membership Committee	Systems Working Group
Chair	Gp Capt Jim Beldon	Gp Capt Jo Salter	Flt Lt Ian Melia	Air Cdre Dai Whittingham	Air Cdre Barbara Cooper	Wg Cdr James Hill (Jan to June) Air Cdre Paul Higgins (July to Dec)	Flt Lt Haig Tyler
Vice-Chair	Wg Cdr James Poynton	Air Cdre Dai Whittingham	Flt Lt Neeraj Kapur	Sqn Ldr John Peters	Gp Capt Al Lockwood	Wg Cdr Paula Willmot	
	Dr Michael Fopp	Wg Cdr Neil Cook	Mr James Calladine	Gp Capt Al Lockwood	Flt Lt Mike Stubbs	Wg Cdr Louise Clarke	Mr David Alexander
	Wg Cdr Michael Gilbert	Flt Lt Gary Hornby	Flt Lt Jennie Kingston	Ms Naomi Miles	Fg Off Jochim Wrang-Widén	Sqn Ldr Steve Potter	Mr Bernard Brown
	Mrs Sue Hutchinson	Sqn Ldr Mike Sewell	Mr Andrew Manning	Sqn Ldr Stuart Quinn		Sqn Ldr Jo Rowe	Miss Jocelyn D'Arcy
	Air Cdre Rick Peacock-Edwards		Mr Bernie Watson			Sqn Ldr James Traynor	Mr Joe Hardstaff
	Mrs Mandy Shepherd						

Club Committees exist to support the work of the Board of Trustees. Each Committee meets on average 5 times per year and is tasked by the Board to examine subjects in detail which are then fed into the Board for discussion and decision. All Committees are chaired by a Club Trustee with a second Trustee being the Vice-Chair, where possible. Volunteers on Committees are made up of Club members from all membership categories, thus ensuring that all categories of membership are represented.

Art & Heritage Committee

Management of the Club Art collection

The Arts and Heritage Committee has continued to grow the Club's collection of heraldic badges with approximately 15 presented in 2023, which included 10 from the Free French Air Force. The total number of Squadron Badges now is over 540 and continues to grow. The artwork presented this year included several new paintings including a portrait of Noor Inayat Khan GC and prints generously donated by Club Members that fill gaps in the Club's collection. A major inventory exercise took place in 2023, with the Committee in 2024 reviewing where and how art is displayed, including identifying specific works of art which should be prioritised for rescue in the event of fire or flood.

Events Committee

Planning and management of the events programme

The Events Committee continued to run a varied events programme including a honey gourmet evening using honey produced from the beehives on the roof of the Club, talks on the building of Green Park, Club Dinners with speakers such as Radio 4's Matthew Pottage, Candida Adkins and the Red Arrows. Plans for 2024 include Club events with renowned speakers, events for Junior Officers, wine tastings, new member receptions and events celebrating RAF anniversaries such as the annual Battle of Britain Dinner.

Finance, Audit & Risk Committee (FAR)

Assisting the Board in fulfilling its governance obligations and oversight responsibilities by providing detailed scrutiny and assurance of the Club's financial, audit and risk management procedures and making recommendations for improvements in related performance

During 2023, apart from its routine activities of financial governance and oversight, the Committee has undertaken a number of projects for presentation to the Board of Trustees. The Committee carried out a detailed review of the Club's Financial Strategy and Reserves Policy. This work included the development of a Medium Term Financial Plan looking forward over the next five years and a Treasury evaluation for the refinancing options for the Centenary Loan. The new Internal Audit Team, staffed by seven part-time member volunteers with expertise in the function, carried out is first major review. This covered the HR /Payroll functions and recommended various enhancements to the control environment. Risk management processes were reviewed in depth across the risk spectrum from assessing risk appetite to updating the risk register and evaluating mitigating factors. Risk management involvement has been formally extended to encompass all employees through the introduction of Departmental Risk registers and evaluation of new or emerging risks has begun. The Charity Commission has introduced new reporting requirements and the Committee worked with management to ensure the Club will be fully compliant. Following the review of external reporting in the previous year the first Impact report was published in 2023 and will become an annual publication.

House Committee

Ensuring the maintenance and development of the Club's infrastructure and environment is consistent with the Club's ethos and heritage while taking into account members' views

The House Committee oversaw the project to improve the lobby and install new front doors with a view to enhancing security and in a bid to assist the sustainability strategy to reduce loss of energy. Other projects in 2023 included the refurbishment of 10 bedrooms on the 2nd floor, the cleaning and restoration of the Club façade which involved the building being scaffolded and the replacement of carpets in the Dining Room, Hodges Room and 601 Squadron Room. In 2024, the projects include 10 bedrooms being refurbished and the installation of soundproof pods in the business centre, generously funded by Members legacies, refurbishment of the Presidents' Room, funded by the *Friends of the RAF Club* scheme and continued work to develop the 10-year capital expenditure plan. In January 2020, the Club signed fixed-price energy contracts for both gas and electricity which expires 30th September 2024 (Gas) and 31st March 2025 (Electricity). The House Committee has started working on new contracts for these utilities.

Fundraising and Legacies Committee

Supporting the activities of the Royal Air Force Club by enabling and encouraging Members, organisations and supporters to contribute funds

The Club received £151,223 in income from donations from the Friends of the Club in 2023 and was able to make significant contributions to the façade renovation and the lobby improvements to our Grade II listed 'home from home'. A second Friends of the RAF Club event was held in March 2023 and a social event for Bronze, Silver and Gold Friends was held in November 2023 with Lord Peach as Guest Speaker.

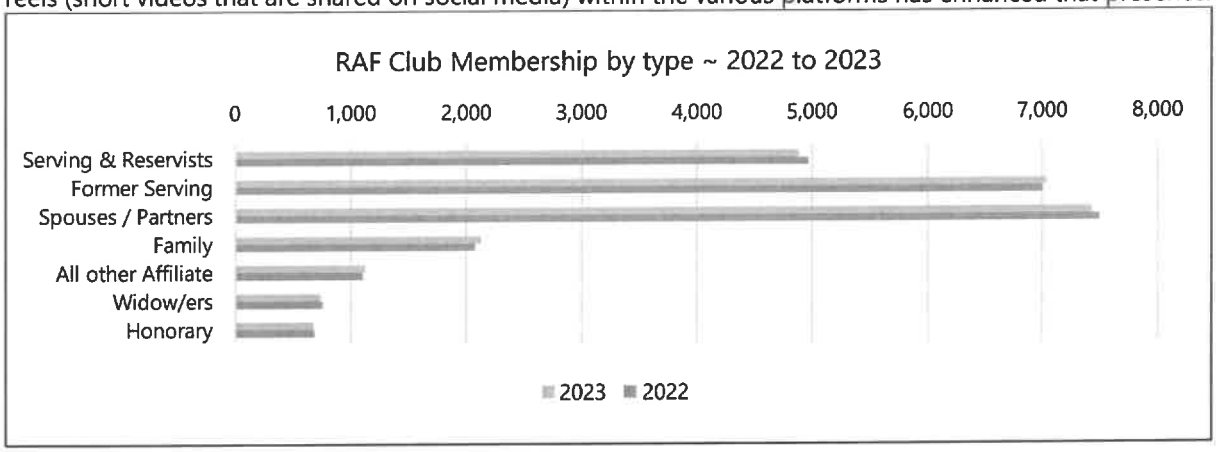
Additionally, funds from the Legacy fund were allocated to construct new sound-proof pods in the business centre for Members who are using the designated areas for remote working. Donations from the Chairman's Christmas Appeal and ad hoc gifts for staff totalled £34,016.

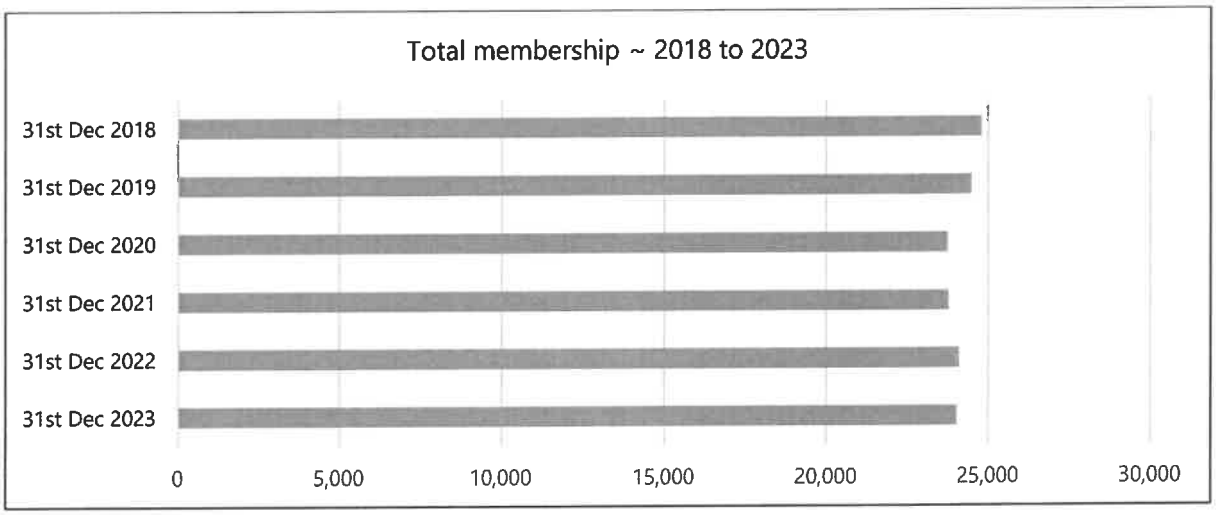
Membership Committee

Developing and implementing the Club membership strategy to recruit and retain members

The Membership Committee continued to raise awareness of the Club to Serving Officers with a view to growing that membership category in line with our charitable status. Working with Club representatives on RAF stations has improved communication and the meeting in the Club of Representatives allowed a free flow of ideas. Membership levels stayed consistent with previous years which includes robust vetting of Membership applications to ensure compliance with the strict criteria for membership. The Membership

Committee works closely with the team at the Club responsible for social media coverage, and the use of reels (short videos that are shared on social media) within the various platforms has enhanced that presence.





The Systems and IT Working Group

Overseeing IT strategy and principles and the usage of data

The Systems Working Group advised on projects including the implementation of a management information system (MASTEL) and evaluating longer-term plans including a smart Club membership card and mobile Apps. In addition, the Working Group has led a project to improve the Club's Wi-Fi capabilities which has included the replacement of over 150 network points and the upgrade of broadband infrastructure supplied to the building. Finally, over 30 of the Clubs' CCTV Cameras and associated systems were replaced in 2023.

Club Library and Archive

The Club library is supported by a volunteer team of librarians and the Club's archive is maintained by volunteer archivists:

Club Librarians	Mrs Jacky Atkinson	Mrs Gaynor Cooper	Fg Off Sandy Copland
Mr Peter Elliott (Chair)	Wg Cdr Rob Stephens	Mr Peter Thorne	Sqn Ldr Gavin Turnbull
Club Archivists	Mr Peter Elliott	Wg Cdr Michael Gilbert	Gp Capt Paul Stewart

Contribution by Volunteers

All Trustees, Committee members, Working Group members, Internal Auditors, Librarians and Club Archivists are unpaid volunteers, and it is estimated that over 515 volunteer days were given to the Club in the year for the benefit of all Club Members. The Club benefits enormously from their considerable professional expertise and invaluable advice.

Staff Engagement

Our team are the Club's most important resource so our engagement with them is paramount. Keeping our team competitively compensated, well cared for and listened to makes the difference between positive and negative Member experience. During 2022 the team has grown and developed whilst recruitment has been challenging, but our efforts have resulted in a well-motivated and hard-working team. The staff welfare fund, launched in 2022 which is available to support staff in need remains available and the Club were pleased to be able to use this fund in 2023 to assist a member of staff.

A highlight of our staff engagement are the annual awards presented each year at the Staff Christmas lunch. The internal staff nominated charity in 2023 is the London Air Ambulance, with Club staff recently raising over £3,000 by completing charity cycle rides and a bike-a-thon in the Lobby of the Club. Other staff charitable activities took place including a Macmillan Cancer Support Cake sale.

Staff Awards

In 2023 we presented the following awards:

Newcomer of the Year ~ 2023	Ewa Keegan, Senior Payroll & Finance Officer
Front of House Star ~ 2023	Dave Holland, Senior Security Officer
Heart of House Star~ 2023 ~ Two winners	Renato Barco, Senior Launderer Matthew Kent, Head of Administration
Casual of the Year ~ 2023	Jeannice Bissembay, Food & Beverage Assistant
Department of the Year ~ 2023	Kitchen
Employee of the Year ~ 2023	Jemima Lywood, Marketing & Communications Executive
Leader of the Year ~ 2023	Mohammed Or-Rashid, Banqueting Operations Manager
Chief Executive Special Recognition ~ 2023	Liliana Andrei, Canteen Chef

The Chief Executive Special Recognition Award was presented to the Canteen Chef, Liliana Andrei. Lilly has transformed the offering of the staff canteen through her incredible skills and unwavering dedication. Lily sources ingredients responsibly, championing sustainability and is always conscious about serving the food at the appropriate temperature.

In 2023, we launched a new online benefits platform and 2024 will see the continuation of the monthly service anniversary lunch, hosted by the Chief Executive, Miles Pooley and the bimonthly Chiropodist visit; and much more.

Staff Visits to RAF Stations

The Membership Department supported by other members of staff resumed its quarterly visits to RAF Cranwell, attending the graduating IOT Cadets Freshers Fare, with over 70 cadets expressing an interest in joining. Further visits to other stations are also being planned for Club Staff.

2023 Financial Review

Quarter 1

	Total revenue	Surplus
Quarter 1	£2,481,492	£109,600

The year started strongly with revenue in all areas exceeding both the budget and the previous year's performance. Occupancy for Q1 was 73% compared to a Budget of 58% and a previous year's occupancy of 56%. Food and Beverage revenue again performed well compared to the budget versus last year. Revenue was +33% v Budget and +18% v the previous year. One of the main contributing factors was evidence of several events that were cancelled in 2022 rebooking in 2023. This strong overall performance combined with the general donations received through the generosity of our members, contributed towards total revenues of £2,481,492 and an operating surplus of £109,600.

Quarter 2

	Total revenue	Surplus
Quarter 2	£2,959,924	£229,675

The positive start to the year continued into Q2. All operating revenues exceeded both the budget and the previous year's performance. Revenues were particularly strong in the lead-up to the Coronation on the 6th of May. Membership revenues exceeded Budget occupancy for Q2 was 84% compared to a Budget of 82% and a previous year's occupancy of 80%.

Quarter 3

	Total revenue	Surplus
Quarter 3	£2,647,280	£174,426

Occupancy levels, together with food and beverage revenues, declined slightly compared to the budget, and this was attributed to the numerous train and tube strikes that occurred throughout the period.

Quarter 4

	Total revenue	Surplus
Quarter 4	£3,443,920	£661,993

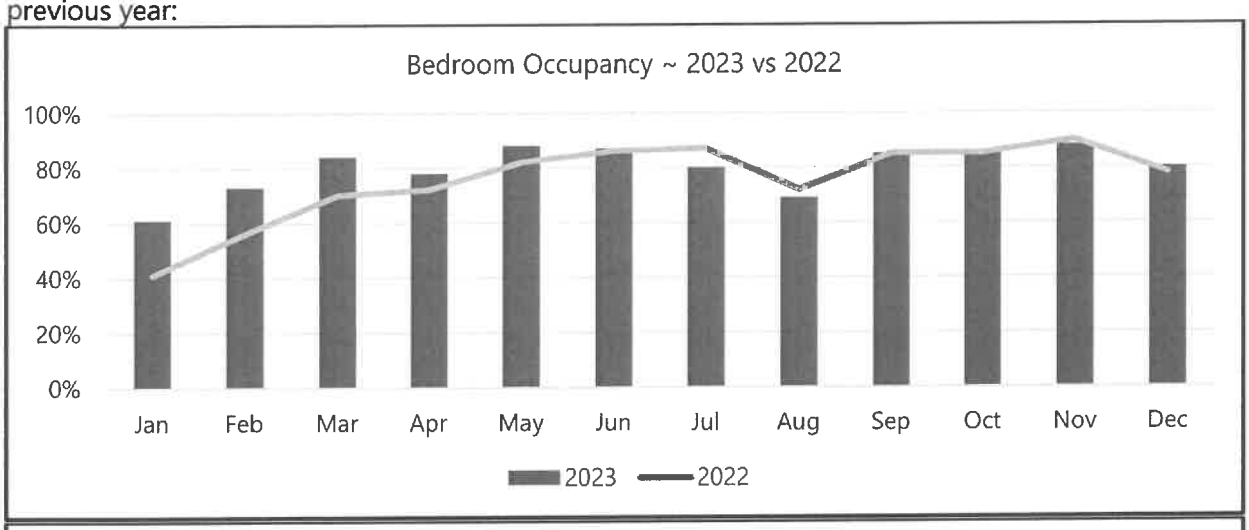
Quarter 4 was an extremely strong period with overall revenues exceeding Budget throughout October, November, and December by £64k.

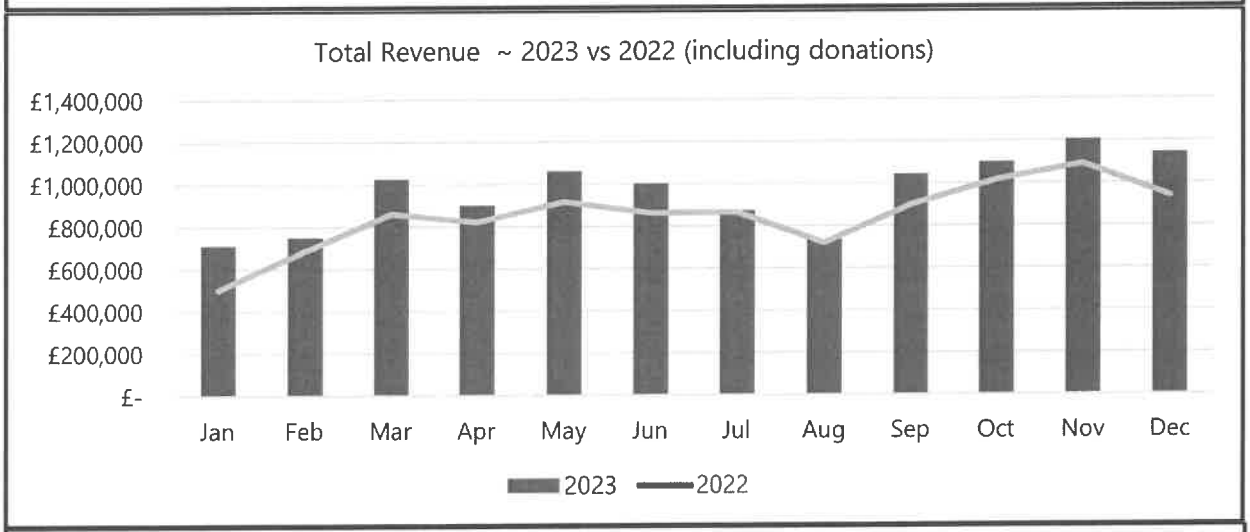
Yearly Overview

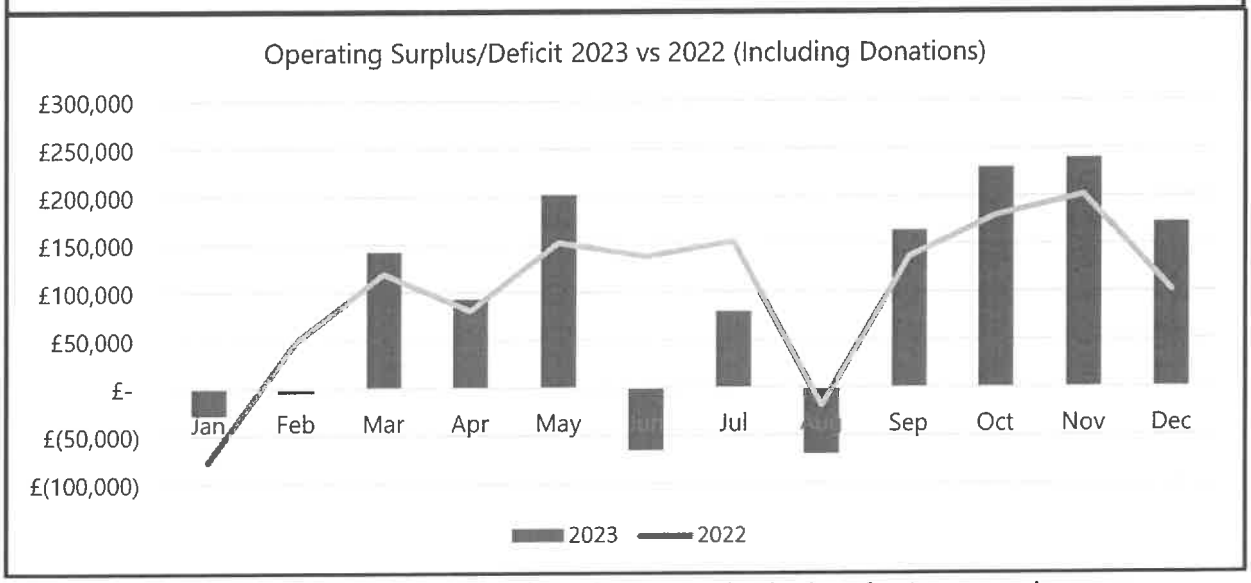
The strong recovery that was experienced in 2022 continued into 2023 with the Club recording a total income more than £11.5m for the first time in its history. Occupancy for the year was 80% compared to a Budget of 78%, additionally Food and Beverage revenues exceeded Budget by 2%. The Club like many in the hospitality sector experienced the negative effect of rising general inflation, despite this and through tight cost control, the resultant net operating surplus of £1.2m exceeded Budget by £0.3m.

Cash provided by operating activities was £2.3m, up from £1.9m in 2022. Loan repayments of £0.4m were made against the Centenary Extension Loan. Capital expenditure accounted for £0.8m, the net effect was a year-end cash balance of £4.2m which was an increase of £1.2m compared to the previous year.

The following charts summarise the year's activities by month for the key indicator of Bedroom Occupancy and Total Revenues and Operating Surplus/Deficit with comparisons against the previous year:







Note: Losses in January, February and August are seasonal. The loss for June was due to an exceptional charge for emergency repairs to the building front façade.

Coutts Centenary Extension Loan and Covenants

The £8.0m construction cost of the Centenary Extension was financed by £2.5m of unrestricted General Reserves and a seven-year term loan from Coutts Bank of £5.5m. The seven-year term of the loan was determined by the bank's capital risk requirements applicable in 2017 and optimised the loan pricing to the Club's benefit. The Club is contractually required to repay the loan in April 2024 when the outstanding balance will be £3.7m. It was originally anticipated that a new medium term loan would be arranged, on market terms ruling in April 2024, to cover the outstanding balance of the first loan. However, the Club's projected cash balance in April 2024 is £6.0m and, thus, there is headroom to repay the loan in full. Financial projections indicate that the remaining cash balance of £2.3m provides adequate liquidity to cover operational and capital spending for the foreseeable future. Based on current interest rates and market loan margins the borrowing cost for a new loan will be considerably higher than the rates payable on the current loan and the economic appraisal favours the full repayment option.

The Board of Trustees is minded to repay the loan upon maturity and will make a final decision on repayment against refinancing based on latest market information and updated financial forecasts just before the loan maturity date.

During 2023 the Club has been fully compliant with all of the Centenary Extension bank loan covenants and expects to remain compliant until repayment in April 2024.

2024 Outlook

Against a background of continuing high inflation and labour capacity restraints the Club's financial forecast for 2024 anticipates a marginal improvement in activity levels and a similar overall financial performance.

Capital Improvements to the Club House

2023 saw a bedroom refurbishment project take place, along with repairs to the building façade and new carpets installed in several rooms (see the House Committee update for more details). In Quarter 3 and 4, the lobby was completely refurbished including the replacement of the main Club doors.

A short-term 5-year plan alongside our existing 10-year plan has been developed to ensure that refurbishment projects can take into account the future needs of both the building and the membership.

The Club as a Going Concern

The Board of Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees have reviewed the Club's financial forecast and business plans for the period ending 31 March 2025 and anticipate similar levels of trading and financial performance as achieved in the last financial year.

Having considered all available information about current circumstances and future trends, the Trustees have a reasonable expectation that the Club has adequate resources to continue to operate as a viable organisation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key Management Personnel and Remuneration

The Board, supported by the Chief Executive and the Executive Team, together comprise the key management personnel of the Charity in charge of directing, controlling, and managing the Club and its operations on a day-to-day basis. All trustees give their time freely and no trustee received remuneration in the year. Note 5 to the Financial Statements gives details of the total remuneration and benefits of the key management personnel of the Club and Trustees' expenses and related party transactions during the year. The pay of the Chief Executive and Executive Team is reviewed annually by the Remuneration Working Group which reports to the Board and the review takes into account comparative data from several external sources.

Reserves Policy

The Trustees reviewed the Club's Reserves policy in July 2023 as part of its annual review of strategy. Taking into account Charity Committee guidance and recognising the serious adverse financial impact of the global pandemic the Board decided it was essential to better protect the long-term interests of the charity and its beneficiaries by setting an increased General "free" Reserve target of £6m representing about 6 months of current operating costs. This unrestricted Reserve objective will provide financial cover for the key business risks such as business downturns and uninsurable and unexpected operational interruptions. At the time of the review, it was expected that it would take a number of years to reach the objective, as following completion of the Centenary Extension investment project, there is a priority requirement to build-up the Fixed Asset Fund to match the increased net book value of the fixed assets and to take account of funds required for repayment of the related loan.

Investment Policy and Objectives

It has been the Club's policy to hold any cash surplus to operating and capital expenditure requirements on short-term deposits with financial institutions with high credit ratings.

Accounting and Reporting Responsibilities

The Companies Act 2006 requires the Trustees of the Charity to prepare accounts for each financial year, which give a true and fair view of its financial activities during the year, and of its financial position at the end of the year.

In preparing this report, the Trustees are mindful that whilst the Report and Accounts must meet the requirements of the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), there will be Members of the Club who will look to this Report for assurances that the Club is being managed in a prudent and appropriate way, especially with regard to safeguarding the future of the Club and maintaining the standards of the facilities offered by the Club. In attempting to meet the requirements of the Charity Commission and the Club's membership, the Trustees wish again to reinforce the following:

- That the Club is run as a Charity and that expenditure is in accordance with the Club's Charitable Purposes. These Charitable Purposes include the provision of a service to promote the efficiency of the RAF by establishing, maintaining and conducting in London, a central residential and non-residential Club for the use and accommodation of Members and by making available to them such other services, recreational facilities and leisure time activities as may be desirable, at prices which, so far as is possible, can be afforded by all Members of whatever rank.
- That our policy is not to build up substantial cash reserves in excess of the Board approved Reserves policy but rather to use income in pursuing the Club's Charitable Purposes, giving due regard to prudence, propriety and reasonableness in all expenditure and, in particular, ensuring that the Club's facilities are adequately maintained and protected.
- That in managing the finances of the Club, we have:
    - Selected suitable accounting practices, which we apply consistently;
    - Made judgements and estimates that are reasonable and prudent;
    - Followed applicable accounting standards and the Charities SORP;
    - Disclosed and explained any departures in these accounts;
    - Prepared the accounts on the 'going-concern' basis unless it is inappropriate to assume that the Charity will continue in operation; and
    - Sought advice from properly qualified experts on projects and the use of a related bank facility.

In managing the finances in this way, we have ensured that the Club is safely managed from a financial point of view.

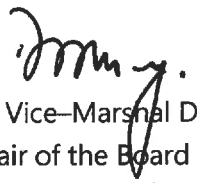
The Board of Trustees is responsible for keeping accounting records, which are such as to disclose, with reasonable accuracy, the financial position of the Charity at any time, and to enable them to ensure that the accounts comply with charity law. The Board of Trustees is also responsible for safeguarding the Charity's assets and ensuring their proper application in accordance with

Company law, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating the Strategic Report, was approved by the Board of Trustees, and signed on their behalf by:



Air Vice–Marshal David Murray
Chair of the Board of Trustees
Wednesday 27th March 2024

Independent Auditors Report to the Trustees & Members of the Royal Air Force Club

Opinion

We have audited the financial statements of The Royal Air Force Club for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Statements of Financial Position, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company and group's affairs as at 31 December 2023 and of the charitable company and group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company and group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which incorporates the Strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic report and the Directors' report, which are included in the Trustees' Report have been prepared in accordance with applicable legal requirements.

Independent Auditors Report to the Trustees & Members of the Royal Air Force Club (continued)

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and group and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company and group; or
- the charitable company and group's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group, we identified that the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to posting inappropriate journal entries to income and management override of internal controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators, including the Charity Commission and HMRC;
- Reviewing the minutes of meetings of those charged with governance;

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect fraud;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Performing analytical procedures to identify any unusual or unexpected account entries; and
- Assessing assumptions and judgements made by the company in determining their critical accounting estimates

Independent Auditors Report to the Trustees & Members of the Royal Air Force Club (continued)

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Vikram Sandhu

Vikram Sandhu
Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

DATE 2 May 2024.

Consolidated Statement of Financial Activities including the Income & Expenditure Account for the year ended 31st December 2023

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
INCOME FROM:					
Charitable activities					
Club income		11,147,566	-	11,147,566	9,861,537
Donations and legacies					
Legacies		1,921	-	1,921	7,197
Restricted Donations		-	34,016	34,016	8,250
Donations from appeals and Friends of the Club		151,223	-	151,223	160,259
Other trading activities					
Trading activities	7a	231,906	-	231,906	145,186
Total income		11,532,616	34,016	11,566,632	10,182,429
EXPENDITURE ON:					
Charitable expenditure					
Club operating costs	2	10,187,843	30,000	10,217,843	8,947,843
Fine art	2	-	-	-	10,850
Donations made	2	8,049	-	8,049	10,239
Other trading activities					
Trading activities	7a	135,126	-	135,126	112,951
Raising funds					
Fundraising costs	2	29,920	-	29,920	43,128
Total expenditure	2	10,360,938	30,000	10,390,938	9,125,011
Net income/(expenditure) before investment gains/(losses)		1,171,678	4,016	1,175,694	1,057,418
Net (loss) gain on investment of interest rate swap		(101,209)	-	(101,209)	157,084
Net income/(expenditure)		1,070,469	4,016	1,074,485	1,214,502
Transfers between funds		-	-	-	-
Balance brought forward		9,002,117	7,478	9,009,595	7,795,093
Balance carried forward		£10,072,586	£11,494	£10,084,080	£9,009,595

All transactions are derived from continuing activities.
All gains and losses recognised in the year are included in the statement.

The notes on pages 29 to 39 form an integral part of these financial statements.

Consolidated Statement of Financial Position at 31st December 2023

	Note	2023 £	2023 £	2022 £	2022 £
FIXED ASSETS					
Tangible assets	6		10,486,356		10,556,350
CURRENT ASSETS					
Stocks	8	92,196		86,124	
Debtors	9	755,828		682,827	
Cash at bank and in hand		4,127,895		3,049,669	
		4,975,919		3,818,620	
CREDITORS: amounts falling due within one year	10	(5,378,195)		(1,586,234)	
NET CURRENT (LIABILITIES)/ ASSETS			(402,276)		2,232,386
CREDITORS: amounts falling due after more than one year	11		-		(3,779,141)
TOTAL ASSETS LESS CURRENT LIABILITIES			£10,084,080		£9,009,595
FUNDS					
Unrestricted funds					
- Designated funds	12		10,072,586		9,002,117
- General fund	12		-		-
Restricted funds	12		11,494		7,478
			£10,084,080		£9,009,595

The financial statements were approved and authorised for issue by the Board on Wednesday 27th March 2024 and were signed below on its behalf by:

D MURRAY
Air Vice-Marshal

I MELIA
Flight Lieutenant

The notes on pages 29 to 39 form an integral part of these financial statements.

Charity Statement of Financial Position at 31st December 2023

	Note	2023 £	2023 £	2022 £	2022 £
FIXED ASSETS					
Tangible assets	6		10,486,356		10,556,350
Investments	7		100		100
			10,486,456		10,556,450
CURRENT ASSETS					
Stocks	8	92,196		86,124	
Debtors	9	983,361		740,417	
Cash at bank and in hand		3,891,519		2,971,494	
		4,967,076		3,798,035	
CREDITORS : Amounts falling due within one year	10	(5,369,452)		(1,565,749)	
NET CURRENT (LIABILITIES)/ ASSETS			(402,376)		2,232,286
CREDITORS: amounts falling due after more than one year	11		-		(3,779,141)
TOTAL ASSETS LESS CURRENT LIABILITIES			£10,084,080		£9,009,595
FUNDS					
Unrestricted funds					
- Designated funds	12		10,072,586		9,002,117
- General fund	12		-		-
Restricted funds	12		11,494		7,478
			£10,084,080		£9,009,595

The parent undertaking's total income for the year before gift aid from RAFCTC Limited was £11,300,710 (2022: £10,037,243) and its net income for the year amounted to £984,339 (2022: net income £1,182,267).

The financial statements were approved and authorised for issue by the Board on 27th March 2024 and were signed below on its behalf by:

D MURRAY
Air Vice-Marshal

I MELIA
Flight Lieutenant

The notes on pages 29 to 39 form an integral part of these financial statements.

Consolidated Cash Flow Statement
Year Ended 31st December 2023

	2023 £	2022 £
Cash provided by operating activities	2,303,772	1,871,008
Cash flows from investing activities		
Purchase of tangible fixed assets	(820,637)	(102,561)
Cash used in investing activities	(820,637)	(102,561)
Cash flows from financing activities		
Loan repayments	(404,909)	(1,804,908)
Cash outflow from financing activities	(404,909)	(1,804,988)
Increase/ (decrease) in cash and cash equivalents in the year	1,078,226	(36,461)
Cash and cash equivalents at the beginning of the year	3,049,669	3,086,130
Total cash and cash equivalents at the end of the year	£4,127,895	£3,049,669

ANALYSIS OF CHANGES IN NET DEBT	At 1 January 2022 £	Cash Flows/ Other £	At 31 December 2023 £
Cash at bank and in hand	3,049,669	1,078,226	4,127,895
Bank loans due < 1 year	(404,908)	(3,374,232)	(3,779,140)
Bank loans due > 1 year	(3,779,141)	3,779,141	-
Net debt	(£1,134,380)	£1,483,135	£348,755

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023 £	2022 £
Net movement in funds	1,074,485	1,214,502
Add back depreciation charge	890,631	881,078
Decrease/(increase) in stock	(6,072)	13,499
Increase in debtors	(73,001)	(365,908)
Increase/(decrease) in creditors	417,729	127,837
Net cash provided by operating activities	£2,303,772	£1,871,008

The notes on pages 29 to 39 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2023

1. ACCOUNTING POLICIES

General information
The Royal Air Force Club is a charitable company, limited by guarantee, registered in England and Wales. Its registered office is 128 Piccadilly, London W1J 7PY. The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) (second edition effective 1 January 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Royal Air Force Club meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Basis of consolidation
These financial statements consolidate the results of The Royal Air Force Club and its subsidiary, The RAFCTC Limited (registered in England and Wales, registered number 06590556) on a line by line basis. As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities of the parent undertaking is not presented as part of these financial statements.

Going concern
The Board of Trustees consider there are no material uncertainties about the Charity's ability to continue as a going concern. The Trustees have reviewed the Club's financial forecast and business plans for the period ending 31 March 2025 and anticipate similar levels of trading and financial performance as achieved in the last financial year.

Having considered all available information about current circumstances and future trends, the Trustees have a reasonable expectation that the Club has adequate resources to continue to operate as a viable organisation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Fund accounting
Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives. Designated funds are amounts that have been set aside at the discretion of the Trustees. Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

Income
Income represents the total income receivable during the year comprising government grants, donations, subscriptions, entrance fees, bedroom receipts, food, beverages and investment income.

Depreciation
The original freehold buildings are maintained to a standard that preserves likely residual value at a level at least equal to the book value. Accordingly no provision has been made for depreciation as the amount involved would not be material. Building improvements related to the Centenary Extension project are depreciated over 50 years.

Major improvements to Club premises are written off on a straight line basis over six to fifteen years from the date of completion of the refurbishment.

Computer equipment is written off on a straight line basis over three years.

Minor additions to the furniture, fittings, equipment and other improvements to the Club premises have been written off directly against revenue. The amount expensed in the year was £nil (2022: £nil).

The Club does not capitalise donated assets principally comprising works of art.

Allocation of support costs
Support costs include back office costs, finance, personnel, payroll and governance costs which support the Club's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The allocations of support costs are set out in note 2.

Staff costs
The Club operates a Group Personal Pension Plan with Legal and General. Contributions to the Plan are charged to the income and expenditure account. Redundancy and termination payments are included in the income and expenditure account within the relevant activity line on an accruals basis.

Stocks
Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand
Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Judgements in applying accounting policies and key sources of estimation uncertainty
In the process of applying its accounting policies, the Club is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Club evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraph details the estimate and judgement the Club believes to have the most significant impact on the annual results under FRS 102.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

Land & Buildings
The original land and buildings are recorded at cost within the financial statements. Management have considered depreciation to be immaterial due to the estimated useful economic life of the building being greater than 50 years and the estimated residual value of the building is greater than the carrying value in the accounts.

Creditors and provisions
Creditors and provisions are recognised where the Club 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.

Financial instruments
Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised as unrealised gains/losses in the Statement of Financial Activities, unless they are included in a hedging arrangement. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. ANALYSIS OF TOTAL EXPENDITURE

	Charitable expenditure					2023	2022
	Club operating costs	Fine art	Donations made	Trading activities	Raising funds	Total	Total
	£	£	£	£	£	£	£
Staff costs	5,502,693	-	-	-	29,920	5,532,613	4,807,553
Depreciation	890,631	-	-	-	-	890,631	881,078
Repairs and maintenance	575,757	-	-	-	-	575,757	346,181
House supplies	142,896	-	-	-	-	142,896	161,598
Fine art	-	-		-	-	-	10,850
Donations made	-	-	8,049	-	-	8,049	10,239
Trading activities	-	-	-	135,126	-	135,126	112,951
Bank interest	52,374	-	-	-	-	52,374	101,092
Support and other costs	2,943,696	-	-	-	-	2,943,696	2,614,326
Governance costs	109,796	-	-	-	-	109,796	79,143
						-	-
	10,217,843	-	8,049	135,126	29,920	10,390,938	9,125,011

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2023

2. ANALYSIS OF TOTAL EXPENDITURE (continued)

2022	Charitable expenditure					2022	2021
	Club operating costs	Fine art	Donations made	Trading activities	Raising funds	Total	Total
	£	£	£	£	£	£	£
Staff costs	4,764,425	-	-	-	43,128	4,807,553	3,321,629
Depreciation	881,078	-	-	-	-	881,078	911,651
Repairs and maintenance	346,181	-	-	-	-	346,181	204,236
House supplies	161,598	-	-	-	-	161,598	92,805
Fine art	-	10,850	-	-	-	10,850	2,042
Donations made	-	-	10,239	-	-	10,239	8,000
Trading activities	-	-	-	112,951	-	112,951	22,744
Bank interest	101,092	-	-	-	-	101,092	135,093
Support and other costs	2,614,326	-	-	-	-	2,614,326	1,527,888
Governance costs	79,143	-	-	-	-	79,143	18,391
	£8,947,843	£10,850	£10,239	£112,951	£43,128	£9,125,011	£6,244,479

3. NET EXPENDITURE

	2023	2022
	£	£
The net expenditure is stated after charging :		
Auditors' remuneration – audit	26,525	24,675
Auditors' remuneration – other services	12,630	1,100
Depreciation – on owned assets	890,631	881,078

4. EMPLOYEES AND STAFF COSTS

	2023	2022
	No.	No.
The average number of contracts for Full Time and Part Time staff	125	118
	£	£
Staff costs were as follows:		
Wages and salaries	4,699,440	4,017,303
Agency	169,287	161,288
Social security costs	418,338	371,718
Other pension costs	228,002	194,952
Termination payments	17,546	19,164
	£5,532,613	£4,764,425

The number of staff who fell within the following bands were:		
£60,001 - £70,000	1	-
£80,001 - £90,000	2	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£130,001 - £140,000	-	1
£160,001 - £170,000	1	-

The trading subsidiary, RAFCTC, incurred £75,138 in staff costs (2022: £75,272) which are included within Trading Activities expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2023

5. TRUSTEES' REMUNERATION, REIMBURSED EXPENSES AND RELATED PARTIES

The key management personnel of the parent charity, the Club, comprise the Trustees and the Executive Team. The total employee remuneration and benefits of the key management personnel of the Club were £613,647 (2022: £570,115).

No Trustees received remuneration for their services during the year. The charity trustees were not paid from employment with the Club or its subsidiary in the year (2022: Nil). No Club trustee received payment for professional or other services supplied to the Club (2022: Nil). During the year 12 trustees (2022: 9 trustees) were reimbursed expenses totalling £5,117 (2022: £5,827).

There were no related party transactions during the year (2022: Nil).

6. TANGIBLE FIXED ASSETS

GROUP AND CLUB	Freehold land and buildings and general improvements £	Bedrooms £	Function Rooms and Equipment £	Total £
Cost				
At 1st January 2023	17,997,262	7,693,438	2,370,862	28,061,562
Additions	820,637	-	-	820,637
At 31st December 2023	18,817,899	7,693,438	2,370,862	28,882,199
Depreciation				
At 1st January 2023	8,457,904	7,324,791	1,722,517	17,505,212
Charge for the year	624,444	108,887	157,300	890,631
At 31st December 2023	9,082,348	7,433,678	1,879,817	18,395,843
Net book value				
At 31st December 2023	£9,735,551	£259,760	£491,045	£10,486,356
At 31st December 2022	£9,539,358	£368,647	£648,345	£10,556,350

All the fixed assets are used for charitable activities.

In addition to the capitalised fixed assets, the Club has an extensive collection of paintings, sculptures and bronzes, other objects d'art and books and documents, either purchased by or donated or loaned to the Club. These represent a history of both aircraft and those who served in or were associated with the RAF. The cost of those items, and especially paintings, purchased by the Club is insignificant in terms of the value of the whole collection, which is irreplaceable. The Trustees do not believe that the significant cost involved in valuing the whole collection for accounting purposes would derive significant additional benefit to the user of the accounts in terms of assessing the Trustees' stewardship of the assets. Consequently, these assets have not been capitalised in the financial statements. A full inventory is kept for insurance purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2023

7. INVESTMENTS

The Club has a wholly owned subsidiary, RAFCTC Limited, which operates the trading activity of the Club and gift aids its surplus to the Club. The subsidiary is registered in England and Wales (registration number 06590556).

	2023 £	2022 £
The Club's investment in the trading company was as follows:		
RAFCTC Limited	100	100

7a. TRADING ACTIVITIES

	2023 £	2022 £
Profit and Loss Account		
Turnover	231,906	145,186
Cost of sales	(57,916)	(36,695)
Gross profit	173,991	108,491
Administration expenses (net of interest receivable)	(77,211)	(76,256)
Profit for the financial year	£96,780	£32,235
Amount payable under gift aid to the Club	£96,780	£32,235
Balance sheet		
Net current assets	£100	£100
Share capital	£100	£100

8. STOCKS

	Group and Club 2023 £	2022 £
Goods for resale	£92,196	£86,124

9. DEBTORS : Amounts due within one year

	Group 2023 £	2022 £	Club 2023 £	2022 £
Trade debtors	239,907	186,630	199,429	159,881
Other debtors	364,035	211,274	341,279	211,274
Amounts owed by subsidiary undertakings	-	-	290,767	84,339
Prepayments and accrued income	105,358	137,185	105,358	137,185
Interest rate swap	46,528	147,738	46,528	147,738
	£755,828	£682,827	£983,361	£740,417

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2023

10. CREDITORS : Amounts falling due within one year

	Group		Club	
	2023 £	2022 £	2023 £	2022 £
Bank loans	3,779,140	404,908	3,779,140	404,908
Trade creditors	295,433	288,330	293,586	288,330
Other creditors	301,535	48,447	301,534	41,791
Amounts owed to subsidiary undertakings	-	-	-	-
Other taxes and social security	582,962	552,700	578,517	539,971
Accruals and deferred income	419,125	291,849	416,675	290,749
	£5,378,195	£1,586,234	£5,369,452	£1,565,749

11. CREDITORS : Amounts falling due after one year

	Group		Club	
	2023 £	2022 £	2023 £	2022 £
Bank loan	-	£3,779,141	-	£3,779,141
Analysis of bank loans:				
Amounts falling due:				
Within one year	3,779,140	404,908	3,779,140	404,908
Amounts falling due:				
Between one and two years	-	404,908	-	404,908
Between two and five years	-	1,214,724	-	1,214,724
After five years	-	2,159,509	-	2,159,509
	-	£3,779,141	-	£3,779,141

The bank facility comprises a business term loan of £3,779,140 (2022: £4,184,049) which is secured by a first legal charge over the freehold land and buildings at The Royal Air Force Club. The loan was arranged to partly finance the Centenary Extension wing of the Club. The business loan is for a seven-year term and the loan period was determined by the bank's capital risk requirements applicable in 2017 and optimised the loan pricing to the Club's benefit. The Club is contractually required to repay the loan in April 2024 when the outstanding balance will be £ 3,677,929. It was originally anticipated that a new loan for a seven- or eight-year term would be arranged, on market terms ruling in April 2024, to cover the outstanding balance of the first loan. However, the Club's projected cash balance in April 2024 is £6.0m and, thus, there is headroom to repay the loan in full. Financial projections indicate that the remaining cash balance of £2.3m provides adequate liquidity to cover operational and capital spending for the foreseeable future. Based on current interest rates and market loan margins the borrowing cost for a new loan will be considerably higher than the rates payable on the current loan and the economic appraisal favours the full repayment option. The Board of Trustees is minded to repay the loan upon maturity and will make a final decision on repayment against refinancing based on latest market information and updated financial forecasts just before the loan maturity date.

11. CREDITORS : Amounts falling due after one year (continued)

During 2023 the Club has been fully compliant with all of the Centenary Extension bank loan covenants and expects to remain compliant until repayment in April 2024.

In relation to the bank facility, the Club also holds an interest rate swap, with an asset value of £46,528 as at 31 December 2023 (2022: asset of £147,738). This has been included in the financial statements within debtors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2023

12. FUNDS

The income funds of the Club include unrestricted and restricted funds comprising of the following:

	As at 1 January 2023	Net Income / (expenditure)	Transfers between funds	Balance at 31 December 2023
	£	£	£	£
Unrestricted funds:				
General fund	-	1,228,763	(1,228,763)	-
Designated funds:				
Fixed asset fund	8,797,871	-	1,213,763	10,011,634
Legacy fund	33,962	1,921	-	35,883
Friends of the RAF Club	135,630	(145,420)	s	(9,790)
Fine art and stained window fund	10,654	(10,654)	15,000	15,000
Staff welfare	24,000	(4,141)	-	19,859
Total designated funds	9,002,117	(158,294)	1,228,763	10,072,586
Total unrestricted funds	9,002,117	1,070,469	-	10,072,586
Restricted funds:				
601 Squadron – Victoria Bar refurbishment	7,478	-	-	7,478
Staff fund	-	4,016	-	4,016
Total restricted funds	7,478	4,016	-	11,494
Total funds	£9,009,595	£1,074,485	-	£10,084,080

	As at 1 January 2022	Net Income / (expenditure)	Transfers between funds	Balance at 31 December 2022
	£	£	£	£
Unrestricted funds:				
General fund	-	1,192,029	(1,192,029)	-
Designated funds:				
Fixed asset fund	7,588,241	-	1,209,630	8,797,871
Legacy fund	114,519	7,197	(87,754)	33,962
Friends of the RAF Club	-	105,630	30,000	135,630
Fine art and stained window fund	6,504	(10,850)	15,000	10,654
Staff welfare	24,000	(87,754)	87,754	24,000
Total designated funds	7,733,264	14,223	1,254,630	9,002,117
Total unrestricted funds	7,733,264	1,206,252	62,601	9,002,117

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2023

12.FUNDS (continued)

Restricted funds				
601 Squadron – Victoria Bar refurbishment	61,829	8,250	(62,601)	7,478
Total funds	£7,795,093	£1,214,502	-	£9,009,595

The income funds of the Club comprise Restricted and Unrestricted Funds. The Unrestricted Funds include the following designated funds which have been set aside out of the unrestricted funds by the Trustees for specific purposes.

The Fixed Assets fund represents the net book value of fixed assets held by the group, net of related loan balances, and includes a further amount relating to equity funds earmarked for exceptional early loan repayments.

The Legacy Fund was created to receive monies specifically left to the Club in Members' wills. The Board authorises expenditure against the fund for the benefit of the Club.

The Fine Art and Stained Window Fund, which resulted from an appeal, is used to purchase works of art that primarily cover historical gaps in the Club's collection.

The Staff Welfare Fund has been set up to support employees and their families who are in short-term need, hardship or stress.

The Restricted Fund, 601 Squadron – Victoria Bar Refurbishment, was established in 2021 and includes donations from members of 601 Squadron, Royal Auxiliary Air Force, specifically to fund the refurbishment of the Victoria Bar for the benefit of all Club Members. The refurbishment commenced in the final quarter of 2021 and was completed in the first half of 2022. During the year £nil (2022: £62,601) has been capitalised in respect of expenditure incurred and a transfer from the Restricted Fund has therefore been made for this amount.

The Friends of the RAF Club was launched in November 2021 and is open to all Club Members who wish to formally contribute to the enhancement of the Club's facilities through making regular donations in addition to the annual membership subscription. Regular donations are not tied to specific projects or particular expenditure and flow through the designated unrestricted Friends of the RAF Club Fund. The Funds are deployed to finance tangible enhancements to the Club's facilities or fund acquisition of additional equipment for the benefit of Members. Investments are made in consultation with Friends.

At the beginning of the year the Friends of the RAF Club Fund had a credit balance of £135,630 which was released to fund most of the expenditure incurred on refurbishing the Club's lobby and installing the much-needed new front door. During the year the Friends donated, with Gift Aid, a grand total of £152,244. Of this total, £120,000 was utilised to help pay for the emergency repairs to the Club's front façade. The Fund also contributed to the installation of the new Audio-Visual system in the Sovereign's Function Room.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP	Fixed assets £	Net Current assets/ liabilities £	Non-current Assets/ liabilities £	Total £
Restricted funds	-	11,494	-	11,494
General fund	-	-	-	-
Designated funds – fixed assets	10,486,356	(474,722)	-	10,011,634
Designated funds - other	-	60,952	-	60,952
	£10,486,356	£(402,276)	-	£10,084,080

The difference between Group and Club asset positions is the £100 investment into the wholly owned trading subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2023

Comparative consolidated statement of financial activities including the income and expenditure account

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2022 £
INCOME FROM:				
Charitable activities				
Club income		9,861,537	-	9,861,537
Donations and legacies				
Legacies		7,197	-	7,197
Restricted Donations		-	8,250	8,250
Donations from appeals and Friends of the Club		160,259	-	160,259
Government grant income		-	-	-
Other trading activities				
Trading activities	7a	145,186	-	145,186
Total income		10,174,179	8,250	10,182,429
EXPENDITURE ON:				
Charitable expenditure				
Club operating costs	2	8,947,843	-	8,947,843
Fine art	2	10,850	-	10,850
Donations made	2	10,239	-	10,239
Other trading activities				
Trading activities	7a	112,951	-	112,951
Raising funds				
Fundraising costs	2	43,128	-	43,128
Total expenditure	2	9,125,011	-	9,125,011
Net income/(expenditure) before investment gains/(losses)		1,049,168	8,250	1,057,418
Net gain/(loss) on investment of interest rate swap		157,084	-	157,084
Net income/(expenditure)		1,206,252	8,250	1,214,502
Transfers between funds	12	62,601	(62,601)	-
Balance brought forward		7,733,264	61,829	7,795,093
Balance carried forward		£9,002,117	£7,478	£9,009,595

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Ends

THE ROYAL AIR FORCE CLUB

England & Wales - Charity number 1108295

Accounts

ROYAL AIR FORCE CLUB

FOUNDED 1918

The Royal Air Force Club
(A charity and company limited by guarantee)

Trustees Annual Report and Consolidated Financial Statements for the Year Ended 31 December 2022

Registered Address
The Royal Air Force Club, 128 Piccadilly, London. W1J 7PY

Charity Details
Charity registration number ~ 1108295

Company Details
Company registration number ~ 05321353
A Company registered by Guarantee.

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Foreword – Chair of the Board of Trustees

I have much pleasure in submitting this report on the activities and financial statements of the RAF Club for the year which ended on 31st December 2022.

The end of January 2022 saw Air Marshal Dame Sue Gray stand down as Chair of the Board of Trustees following her appointment in 2017. Dame Sue led the Club through a period of expansion with the construction of the Centenary extension wing completed towards the end of the Royal Air Force's and Club's centenary year and then through the major challenge of the Covid-19 pandemic and the gradual recovery thereafter.

The Board was delighted to appoint Dame Sue as a Vice-President of the Club and profusely thank her for her tireless efforts as Chair during her tenure.

On my appointment as the Club's first non-serving Chair of the Board of Trustees, the structure of the Board also changed in 2022, with a second Vice-Chair role created specifically for a senior Serving Officer to ensure that the Club's links with the currently serving RAF Officer cadre, both Regular and Reserve, is strongly and closely maintained, which is very important to the Club as part of our Charitable objects.

During the year we steadily returned to "normal business" following the effects of the pandemic. Demand for accommodation and food and beverage increased with members keen to return to their London home and the Club finally returned to full operation in March. Unfortunately, all was not plain sailing and there were minor setbacks to the financial recovery of the Club due to the appearance of the Omicron variant of the Covid virus, train strikes and bouts of unusually inclement weather with Storm Eunice in the first quarter and snow in December.

Behind the scenes, 2022 also saw the Board of Trustees and Committee members, alongside our professional and dedicated staff, focus on financial recovery including fundraising, the implementation of a Management Information System to enable us to better understand our business data, and operational refinements, including the recruitment of additional front-line staff to ensure that the return to pre-pandemic activity levels was as smooth as possible.

In 2022, 619 discounted room nights were provided to serving RAF officers when in London on duty. The Club also worked to support growth in member-sponsored bookings including Squadron lunches and dinners as well as weddings and family functions and also saw an increase in RAF-related bookings. All of this underlines our commitment to the Mission of the Club to foster and promote the traditions of the Royal Air Force and our Vision to be the London Club of choice for serving and retired RAF Officers, their families and other Members.

Together with the rest of the Nation, the Club mourned the passing of our patron, Her Majesty Queen Elizabeth. During the period of Her mourning and funeral, the Club provided complimentary and discounted accommodation, meeting rooms and support to members of the Royal Household, the Royal Air Force and a number of other individuals who had significant ceremonial responsibilities during this sad time.

During 2022, the Club continued to win awards as an employer of choice, including achieving 7th place in *The Caterer's Best Places to Work in UK Hospitality 2022 (1st in London)* and we are proud that the Club Staff are also remunerated above the London Living Wage.

In addition, the Club performed financially better than forecast in 2022, with a year-end surplus of £1.2m, which, for reasons of sustainability, will be used to increase the Fixed Asset Fund to take account of amounts earmarked for early loan repayments.

Finally, the Board would like to thank those Members who have donated to the financial recovery of the Club, including those who have signed up for the *'Friends of the Royal Air Force Club'* scheme. The generosity of the Friends of the Royal Air Force Club enabled the Club to make a one-off payment Cost Of Living payment of £750 to each employee in the final quarter of the year and the funding of the Club's lobby.

Turning to the future, as well as continuing to provide an outstanding value for money service for our members, the Board of Trustees looks forward to continuing its financial recovery in 2023 and beyond.

Air Vice-Marshal The Hon. David Murray CVO, OBE, DL
Chair of the Board of Trustees

Trustees, Officers and Advisors

Trustees

Air Marshal Dame Sue Gray	Chair (retired on the 26th of January 2022, resigned on the 30th September 2022)
Air Vice-Marshal The Hon. David Murray	Chair (from the 26th of January 2022)
Mr John D Fisher	Vice-Chair of the Board of Trustees (retired and resigned on the 25th of January 2023)
Air Commodore Adam Wardrope	Vice-Chair (Serving) of the Board of Trustees (from the 25th January 2023)
Air Commodore Barbara Cooper	
Air Commodore Dai Whittingham	
Group Captain Jim Beldon	
Group Captain Al Lockwood	
Hon. Group Captain Jo Salter	
Wing Commander James Hill	
Wing Commander James Poynton	
Wing Commander Paula Willmot	
Squadron Leader Sean O'Brien	
Squadron Leader John Peters	
Flight Lieutenant Ian Melia	
Flight Lieutenant Haig Tyler	Vice-Chair (Business) of the Board of Trustees (from the 25th January 2023)

Officer

Mr Miles Pooley	Chief Executive Officer and Club Secretary

Advisors

Auditors
Haysmacintyre LLP
10 Queen Place
London, EC4R 1AG

Bankers
Coutts & Company
440 The Strand
London, WC2R 0QS

Solicitors – Charity legal advice
Farrer & Co
66 Lincoln's Inn Fields
London, WC2A 3LH

Solicitors - Employment legal advice
Burges Salmon
One Glass Wharf
Bristol, BS2 0ZX

Registered Address

The Royal Air Force Club, 128 Piccadilly, London. W1J 7PY

Reference and Administrative Information

The Royal Air Force Club was founded in 1918 and became registered with the Charity Commission in 1965 under charity number 252720. The Trustees and Chief Executive Officer of the Charity are listed on this page, along with the Club's registered address and principal advisors. The Club became incorporated on 24 December 2004 and received a new Registered Charity Number 1108295 in place of 252720.

The Board of Trustees presents its report for the year ended 31st December '22.

Governance, Management and Risk

Financial Statements declaration

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including the Statement of Recommended Practice for charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 - second edition effective 1 January 2019 - Charities SORP), and the Companies Act 2006.

Governing Document

The Charity is governed by its Memorandum and Articles of Association which were last revised at the Charity's Annual General Meeting in June 2015.

Trustee Recruitment and Training

The Charity's elected Trustees are appointed at the Annual General Meeting based on applications received from the membership through the Nominations Committee. Candidates for election must satisfy the Board's specifications concerning personal competence, specialist skills and availability. New Trustees are inducted into the workings of the Charity, including Policy and Procedures, through a programme which is overseen by the Vice-Chair.

Organisational Management

The Trustees of the Charity are legally responsible for the overall management, finances and control of the Club and meet at least six times a year. The work of implementing most of their policies is carried out by the following standing sub-committees which meet as required and whose chairs report at each meeting of the Trustees:

Ad-hoc Working-Groups

The ad-hoc working groups include the Nominations Working Group and the Remuneration Working Group which meet as required.

Risk Management

The Board is responsible for setting the Club's risk appetite and for overseeing the risks faced by the Charity, with The Finance, Audit & Risk Committee playing a key role in the oversight of risks. Continuous horizon scanning and monitoring is used to identify new risks and to evaluate and assess both new and existing risks and controls. Appropriate controls are established and monitored to deal with risks.

Risk Management Responsibilities

The Finance, Audit & Risk Committee and the Board of Trustees	The Chief Executive
Oversight of risk management	Preparation and management of the risk register

The Trustees regularly review and set risk appetite statements against which the risks are measured.

The risk register contains an assessment of specific risks, and the top ten highest inherent risks are listed in the table (see the next page) with a description of the mitigation controls in place.

	Inherent Risk	Mitigation
1	Cyber security breach	Multi-layered specialist cyber-security application software and firewalls are installed throughout the Club's IT systems. Regular monitoring from the Club's IT Management contractor and the Club's Systems & IT Working Group. Contract with the Cyber Security Information Sharing Partnership to keep up to date with cyber security issues. Regular penetration tests by independent third parties and robust Ransomware procedures in place. Specialist insurance cover in place.
2	Loss of Senior Management Staff resulting in an adverse impact on service and functionality.	Benchmarking of remuneration packages and formal annual compensation reviews to ensure the Club is competitive in the market. Formal appraisal system and continuous review of staff and employee welfare standards. Offering flexible working opportunities, where appropriate, and training and educational support to boost professional standards.
3	Weak control of income and expenditure.	Policy on Internal Financial Controls and delegated Authorities annually reviewed by Finance, Audit & Risk Committee and Board of Trustees. Budgetary control system with monthly monitoring of management accounts and variance analysis. Dashboard reports for key activity indicators. A newly created Internal Audit Team staffed by Member Volunteers.
4	Weak Control of capital expenditure and impact on cash flow	House Committee produces a 5 to 10-year "Rolling Programme" of planned preventative maintenance and new investment Projects. A formal system of capital investment appraisal and tendering policy exists and a project management review system is in place.
5	The negative impact of volatile inflationary pressures	Constant monitoring of supplier input prices against market, maximising discounts from bulk purchasing, exploiting lower prices for seasonal products, evaluation of long-term fixed price contracts, maintaining strong relationships with key suppliers to maximise loyalty discounts, prompt payment of suppliers.
6	Escalation of the Ukrainian war resulting in a significant drop in demand and further supply-side pressures	Flexible business planning models and demonstrable ability to adjust rapidly business plans and operations commensurate with changed circumstances.
7	Computer system failures or loss/corruption of data.	The recent migration to cloud-based applications provides extra resilience coupled with daily external backup procedures, backup power supply, and a regularly updated Crisis Management Plan. Business interruption and other specialist IT insurance.
8	Significant loss of Club facilities through fire or similar disaster.	Fire/security prevention measures. H&S Regulation adherence. Crisis Management plan. Business Interruption Insurance. Fire risk assessment, Ansul fire suppression system
9	The negative impact of adverse interest rate movements	Interest rate swap currently provides protection. Interest rate cover is built into the annual budget.
10	Terrorist activity	Appropriate security measures based on professional advice (House Committee experts, civil and service police). Disrupting hostile recon. Insurance Cover significantly reduces monetary impact of attack, Business Continuity Plan in place to enable recovery, 3 security staff for vetting visitors, applying opaque film to front entry doors and installing additional CCTV.

Group Structure

The Charity has a subsidiary trading company, RAFCTC Limited, registered number 6590556. The company is responsible for using the Charity's facilities and resources so as to increase its total income and hence improve its continuing ability to achieve its Objects. The trading company provides meeting room hire, function and banqueting services to persons supportive of, but not directly associated with, the Royal Air Force, and who therefore are not eligible to join the Club. All trading profit is distributed by Gift Aid each year to the Charity. As the company does not have any premises and uses agency staff when required, it is not considered that its activities constitute any risk to the finances of the Charity itself, even during periods of economic uncertainty. In 2022, the trading company revenue represented 1.5% of the Club's charitable revenue.

The Charity Governance Code

The Trustees confirm that the Club's structure, governance and management have been reviewed against the guidance set out in the Charity Governance Code for larger charities issued by the Charity Governance Code Steering Group. In particular, the Trustees have assessed the Board's performance against the following seven principles:

1. Leadership
2. Diversity
3. Board effectiveness
4. Integrity
5. Organisational purpose
6. Decision – making, risk & control.
7. Openness & Accountability

Charitable Objects and Club Operational Objectives

The Trustees confirm that they have complied with the duties specified in the Charities Act 2011 to have due regard to the general guidelines issued by the Charity Commission on public benefit. In particular, the Trustees confirm that they have complied with the Commission's published specific guidance relating to fee-charging charities.

The charitable purpose of the Royal Air Force Club within the meaning of the Act is enshrined within its objects:

- To promote the efficiency of the Royal Air Force by improving the condition of officers holding commissions therein and in other associated Services and by preserving and fostering among them the esprit de corps and traditions of those Services by every suitable means.
- By establishing, maintaining and conducting in London a central residential and non-residential club for the use and accommodation of Members, and by making available to them such other services, recreational facilities and leisure time activities as may be desirable at prices which, so far as is possible, can be afforded by all Members of whatever rank.

- By encouraging, by means of discussions, lectures, film shows, visits to places of interest and by any other means, an interest in all matters connected with flying in general and with the Royal Air Force in particular.
- By encouraging and organising the holding at the Club of Service reunions, meetings and similar functions and by placing at the service of Her Majesty's Government facilities at the Club for the entertainment of representatives of foreign air forces.
- By encouraging and by providing facilities to enable officers serving in the Royal Air Force and in other associated Services to meet and associate regularly with each other, and with persons who have previously served as officers in such Services and with Members of other air forces and to benefit from the knowledge and experience of such persons.

Public Benefit is not just provided to members of the Charity. During the year, the Club hosted the RAF Gallantry dinner and visits from like-minded organisations. The Club welcomes, with prior arrangement, non-member visitors to view the Club House, a Grade 2 listed building, memorabilia, and art collection.

The Wider Royal Air Force Family

The Club supports and works closely with the wider RAF family and other Charities working to support Royal Air Force personnel and their families. Recent examples have included:

- Partnerships and complimentary event rooms for the RAF Central Church of St Clement Danes
- Mutual support received from and supplied to the RAF Benevolent Fund and Royal Air Forces Association
- Discounted prices for organisations like ICAFOW (International Club for Air Force Officers Wives)
- Complimentary food and beverage for RAF Air Cadets providing the Guard of Honour at events including the Pride of Britain Awards

The Club Mission, Vision and Core Values

The Trustees and Executive Team work together to maintain the Vision, Mission and Core Values. These are:

Vision	Mission
To be the London Club of choice for serving and retired RAF Officers, their families and other Members	To provide high-quality and affordable facilities and services in Central London for Club Members, in order to preserve, promote and foster the traditions of the Royal Air Force
Core Values	
Value, respect and support each other	Give personalised, warm and consistently exceptional service
Create positive, memorable experiences for every Member	Care about and give back to our local community

The Club Strategy and Plans for the Future

The Trustees will develop its strategy & deliver the Club's Vision in the following ways:

Data	
Data is required to inform decisions taken by the Trustees and Club management. We will therefore gather data:	
A	To develop a deeper understanding of the current and likely future requirements of each member group (serving, former serving, families and other members), because of the mix of membership types, the membership age profile and the aspirations and expectations of the current Service officer cadre have a direct influence on usage and the Club's ethos.
B	To monitor the balance between membership categories and set limits when necessary to align with the Charitable Objects.
C	To help set the balance between revenue, quality and affordability, and to ensure that resources are prioritised with the Vision and Mission clearly in mind.
Information Technology	
We will develop and maintain an IT system that supports appropriate data capture to guide strategic management and the most efficient use of the Club's resources.	
Risk Management	
We will ensure that business, security and operational risks are managed appropriately and within the risk appetite parameters set by the Board.	
Club Membership	
We will work to improve the offer to members to:	
A	Increase use of the Club by all members.
B	Better attract existing members who serve or live away from London.
C	Promote the Club as the social venue of choice for serving members based in London.
D	Promote the benefits of Club membership to newly commissioned and other non-member serving officers.
E	Increase the membership uptake from former serving officers.
Ethos and heritage	
The Club will be respectful of its heritage whilst ensuring it remains relevant for the future	
Quality	
A	We will improve the condition of 128 Piccadilly and its facilities, including measures in support of the Net Zero 2040 target, whenever possible.
B	We will provide benefits and training for staff such that the Club becomes recognised as an employer of choice.
C	We will provide training for Trustees and managers to improve the governance and efficient management of the Club.
D	We will develop meaningful Key Performance Indicators for Trustees and Executives.

Environmental Strategy

We are all responsible for reducing our environmental impact and preventing climate change. The Club's Environmental Strategy is rapidly evolving with a series of initiatives, and the Club's staff are continuously striving to reduce the environmental impact of operations. An example is the introduction of the "Green Team". The team met 5 times in 2022 and in 2023 they will be joined by a member of the House Committee who will give their support and ideas so that a Sustainability strategy can be produced and shared with the Club members. The Club currently recycles printer cartridges, light bulbs and batteries, has a food waste machine, a cardboard crusher and recycles much rubbish through the Council's recycling scheme.

The Club aims to be Net Zero by 2040 in line with the Chief of the Air Staff's 'RAF NetZero' ambition.

Fundraising Strategy

The Club benefits significantly from generous Member support through donations and legacies and through the recently created *Friends of the RAF Club* programme, where members are invited to make an annual donation in support of the Club.
The Club employs a part-time manager to run its fundraising, donation and legacy activities The Club is also registered with the Fundraising Regulator and adheres to its policies and guidance. The Club does not solicit donations from the public.

Club Committees

Committee Members

	Arts Committee	House Committee	Finance, Audit & Risk Committee	Events Committee	Legacies, Donations & Fundraising Committee	Membership Committee	Systems Working Group
Chair	Wg Cdr James Poynton	Gp Capt Jo Salter	Flt Lt Ian Melia	Air Cdre Dai Whittingham	Air Cdre Barbara Cooper	Wg Cdr James Hill	Flt Lt Haig Tyler
Vice-Chair	Gp Capt Jim Beldon		Flt Lt Haig Tyler	Sqn Ldr John Peters	Gp Capt Al Lockwood	Wg Cdr Paula Willmot	
	Dr Michael Fopp	Wg Cdr Neil Cook	Mr James Calladine	Ms Naomi Miles	Flt Lt Mike Stubbs	Wg Cdr Louise Clarke	Mr David Alexander
	Wg Cdr Michael Gilbert	Flt Lt Gary Hornby	Flt Lt Neeraj Kapur	Sqn Ldr Stuart Quinn	Fg Off Jochim Wrang-Widén	Sqn Ldr Steve Potter	Mr Bernard Brown
	Mrs Sue Hutchinson	Sqn Ldr Mike Sewell	Flt Lt Jennie Kingston			Sqn Ldr Jo Rowe	Miss Jocelyn D'Arcy
	Air Cdre Rick Peacock-Edwards		Mr Andrew Manning				Mr Joe Hardstaff
	Mrs Mandy Shepherd		Mr Bernie Watson				

Club Committees exist to support the work of the Board of Trustees. Each Committee meets on average 5 times per year and is tasked by the Board to examine subjects in detail which are then fed into the Board for discussion and decision. All Committees are chaired by a Club Trustee with a second Trustee being the Vice-Chair, where possible. Volunteers on Committees are made up of Club members from all membership categories, thus ensuring that all categories of membership are represented.

Arts Committee

Management of the Club Art collection

The Arts Committee has continued to grow the Club's collection of heraldic badges with 5 presented in 2022. The artwork presented this year included several new paintings, including many now hanging in the 601 Squadron Room, and other works of Art that fill gaps in the Club's collection. In 2023, the Committee will look at where and how art is displayed in the Club and identify specific works of art which should be prioritised for rescue in the event of fire or flood.

Events Committee

Planning and management of the events programme

The Events Committee continued to run a varied events programme including a honey gourmet evening using honey produced from the beehives on the roof of the Club, a gin tasting using the Club Gin, and Club Dinners with speakers such as Professor Brian Cox, Matthew Pottage and Flt Lt Colin Bell DFC. Plans for 2023 include Club events with renowned speakers, events for Junior Officers, wine tastings, new member receptions and events celebrating RAF anniversaries such as the annual Battle of Britain Dinner.

Finance, Audit & Risk Committee (FAR)

Assisting the Board in fulfilling its governance obligations and oversight responsibilities by providing detailed scrutiny and assurance of the Club's financial, audit and risk management procedures and making recommendations for improvements in related performance

In the past year, the FAR Committee has set up an Internal Audit group to work with the Club management to provide additional reassurance that the internal control system is working effectively. The group is staffed by eight part-time member volunteers. In early 2023, the first internal audit review will be carried out focussing on Human Resources/Payroll activities looking in particular at the audit of policies and procedures within the department. The Committee reviewed the content and style of the Trustee Annual Report and recommended the development of an Impact Report for Members that summarises recent activities across the Club. The first steps in developing an integrated Management Information System were taken. Other objectives are to publish to Members the first Club Impact Report and to review the Club's Financial strategy.

House Committee

Ensuring the maintenance and development of the Club's infrastructure and environment is consistent with the Club's ethos and heritage while taking into account members' views

The House Committee worked with Club management and an external consultant to develop the project to improve the lobby and install new front doors with a view to enhancing security and in a bid to assist the sustainability strategy to reduce loss of energy. The refurbishment of the Victoria Bar from donations by 601 Squadron resulted in the opening of the 601 Squadron Room in 2022. In 2023, the project to enhance the lobby commenced in January and was completed in early March. The Club also wishes to install two soundproof pods in the Business Centre, funded by donations, to further improve the business facilities available to Members. Further work planned for 2023 includes the replacement of the carpet and curtains in the Hodges Room, the cleaning and restoration of the Club façade, and continued work to develop the 10-year capital expenditure plan.

Legacies, Fundraising & Donations Committee

Supporting the activities of the Royal Air Force Club by enabling and encouraging members, organisations and supporters to contribute funds

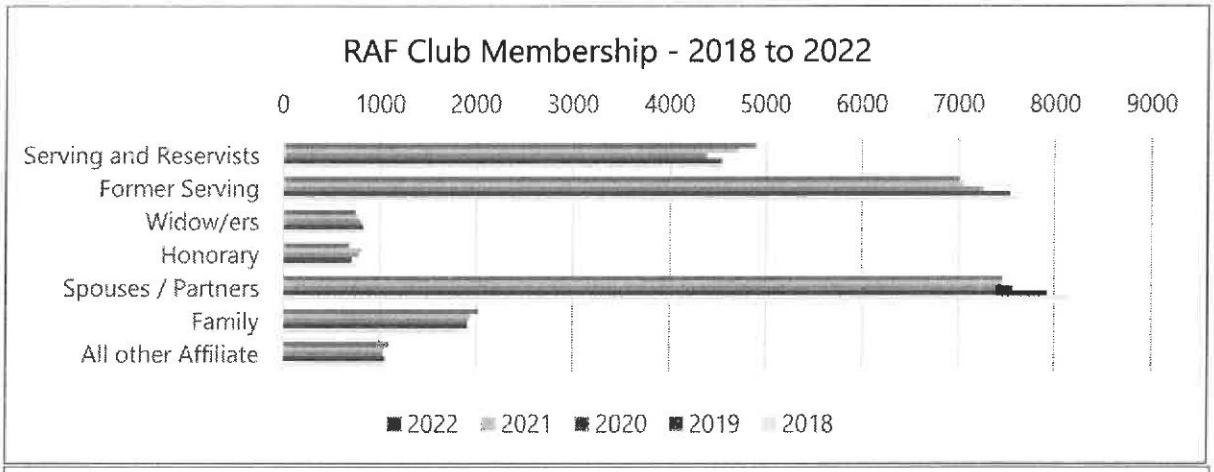
Donations received in 2022 from the Friends of the RAF Club (FRAFC) amounted to £148,000 including Gift Aid tax reclaims. The Donation and Legacies Fund allocated £105,000 to supporting staff welfare through a cost-of-living grant and also committed to funding the Lobby refurbishment project which includes new front doors. The second FRAFC event will be held in March to thank all those Gold and Silver Friends. Fundraising will continue throughout 2023 to support further capital projects such as the façade renovation and to install a new independently accessible lift for Members and visitors.

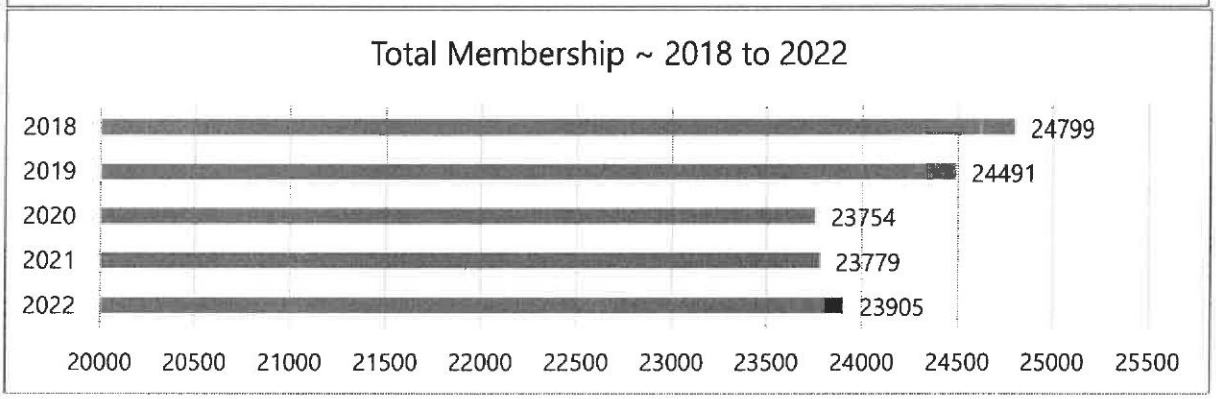
Membership Committee

Developing and implementing the Club membership strategy to recruit and retain members

The Membership Committee continued to raise awareness of the Club in particular to Serving Officers with a view to growing that membership category in line with our charitable status. Working with Club representatives on RAF stations has improved communication and the meeting in the Club of Representatives allowed a free flow of ideas. Membership levels stayed consistent with previous years which includes robust vetting of Membership applications to ensure

compliance with the strict criteria for membership. The Membership Committee works closely with the team at the Club responsible for social media coverage, and the use of reels (short videos that are shared on social media) within the various platforms has enhanced that presence.





The Systems and IT Working Group

Overseeing IT strategy and principles and the usage of data

The Systems Working Group advised on the outsourcing of IT (completed in July 2022 with annual savings initially of £50,000) and is now working on projects including the implementation of a management information system (MASTEL) and evaluating longer-term plans including a smart Club membership card and mobile Apps.

Club Library and Archive

The Club library is supported by a volunteer team of librarians and the Club's archive is maintained by volunteer archivists:

Club Librarians	Mrs Jacky Atkinson	Mrs Gaynor Cooper	Fg Off Sandy Copland
Mr Peter Elliott (Chair)	Wg Cdr Rob Stephens	Mr Peter Thorne	Sqn Ldr Gavin Turnbull
Club Archivists	Mr Peter Elliott	Wg Cdr Michael Gilbert	Gp Capt Paul Stewart

Contribution by Volunteers

All Trustees, Committee members, Working Groups, Internal Auditors, Librarians and Club Archivists are unpaid volunteers, and it is estimated that around 500 volunteer days were given to the Club in the year for the benefit of all Club Members. The Club benefits enormously from their considerable professional expertise and invaluable advice.

Staff Engagement

Our team are the Club's most important resource so our engagement with them is paramount. Keeping our team compensated, well cared for and listened to makes the difference between positive and negative Member experience. During 2022 the team has grown and developed whilst recruitment has been challenging, but our efforts have resulted in a well-motivated and hard-working team. The Board of Trustees was keen to support staff through the economic problems of 2022 by awarding a cost-of-living grant of £750. The Board also introduced a welfare fund which is available to support staff in need and the fund will remain available through 2023.

A highlight of our staff engagement are the annual awards presented each year at the Staff Christmas lunch. Staff also enjoy regularly raising money for charity.

Staff Awards

In 2022 we presented the following awards:

Newcomer of the Year ~ 2022	Brian Moore, Maintenance Supervisor
Front of House Star ~ 2022	Ania Prorok, Receptionist
Heart of House Hero ~ 2022 ~ Two winners	Alex Jurascuk, Cost Controller The Membership Team
Casual of the Year ~ 2022	Jan Jan Dozina, Laundry
Department of the Year ~ 2022 ~ Two winners	The Food & Beverage Team The Meetings & Events Team
Employee of the Year ~ 2022	Harry Donnelly, Chef de Partie
Leader of the Year ~ 2022	Donna Graham, Head Housekeeper
Chief Executive Special Recognition ~ 2022	Svitlana Fitkovska, Housekeeping Assistant

The Chief Executive Special Recognition Award was presented to Svitlana Fitkovska, a refugee who joined the Club from Ukraine. Svitlana was sponsored by an English family and introduced to the Club housekeeping department where she has proved to be a hard-working member of the team. As we continue to look after our staff, 2023 will see the introduction of: a monthly service anniversary lunch, hosted by the Chief Executive, Miles Pooley; a bimonthly Chiropodist visit; and a new online benefits platform and much more.

Staff Visits to RAF Stations

In early 2022, the Chief Executive accompanied by the Club Manager visited RAF Northolt. This was followed up in August 2022, when a group of Club Staff were invited to spend the day and dine at RAF Benson to gain a real insight into life on a working station. Further Station visits are being planned for 2023.

2022 Financial Review

Quarter 1

	Total revenue	Surplus
Quarter 1	£2,043,854	£92,757

The year started with the Club still feeling the effects of the Omicron variant and this, together with Storm Eunice, affected the occupancy and had a negative impact on the Food & Beverage department, which received numerous cancellations. Thanks in part to continuing Member generosity in supporting the Club through general donations and an increase in Membership subscription revenue, the Club managed to exceed forecast and returned a modest surplus.

Quarter 2

	Total revenue	Surplus
Quarter 2	£2,594,664	£369,148

The Club was pleased to return to pre-Covid levels of business where levels of bedroom occupancy and overall Food & Beverage revenue exceeded the budget.

Quarter 3

	Total revenue	Surplus
Quarter 3	£2,479,199	£271,023

The positive pattern continued into the summer months. Bedroom occupancy levels and food and beverage revenue exceeded the budget for July and August. Understandably, however, the club did experience a downturn in revenue in September due to the passing of Her Majesty Queen Elizabeth II and the subsequent 10 days of mourning.

Quarter 4 –

	Total revenue	Surplus
Quarter 4	£3,064,712	£324.490

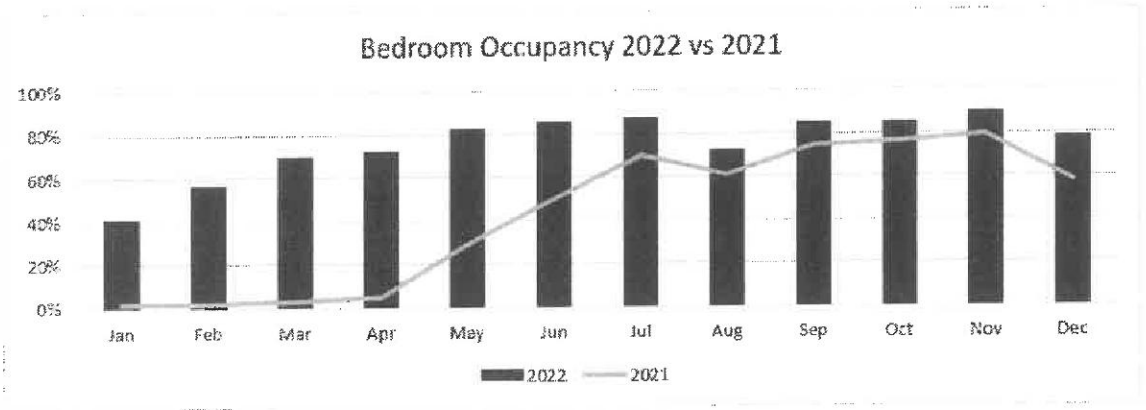
The months of October and November were particularly strong with overall revenue exceeding budget by £177k. Revenue in December was impacted by cancellations due to a combination of extreme weather and train strikes.

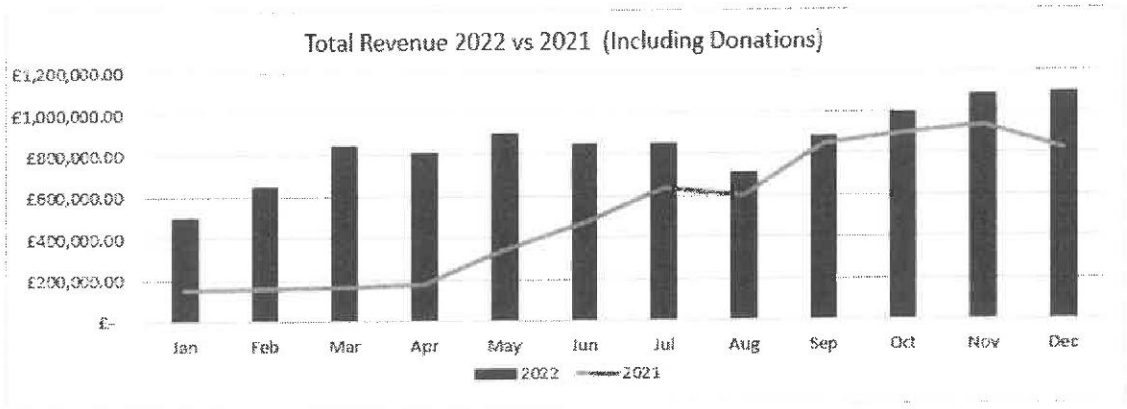
Yearly Overview

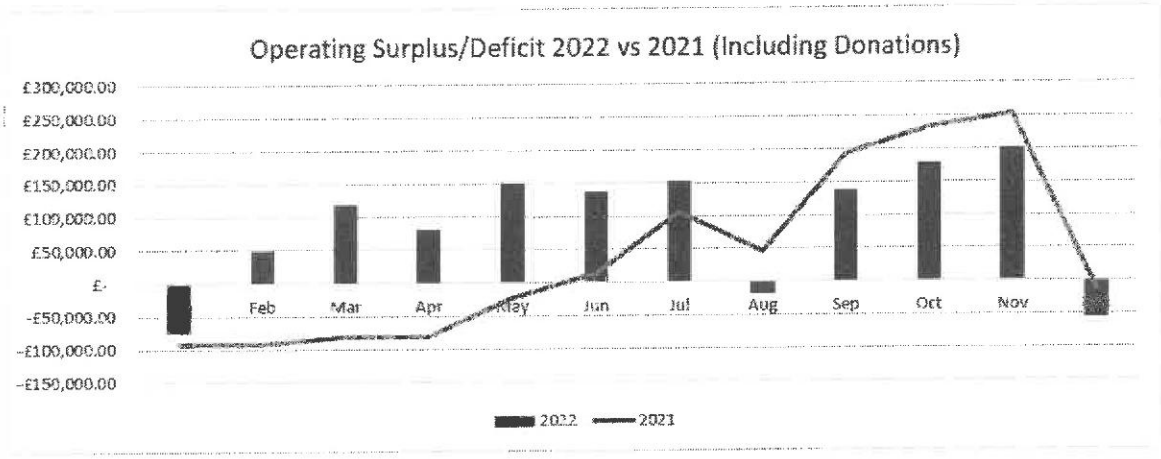
The strong recovery that was experienced in 2021 continued into 2022 with the Club recording a total income in excess of £10m for the first time in the Club's history. During the year, Member activity volumes started to return towards the levels reported before the pandemic and total income was 42% higher than in 2021. Unfortunately, recruitment difficulties in the hospitality sector and rising general inflation resulted in total expenditure increasing by 46%. The resultant net operating surplus of £1.1m and an investment gain on the Interest Rate Swap relating to the Centenary Extension Loan of £157k gave a total net income of £1.2m which has been transferred to Designated Funds.

Cash provided by operating activities was £1.9m – up from £1.6m in 2021. Loan repayments of £1.8m comprised full repayment of the Covid Business Interruption Loan of £1.4m and £0.4m against the Centenary Extension Loan. Capital expenditure accounted for £0.1m and the net effect was a year end cash balance of £3.0m which was £36k lower than the previous year end.

The following charts summarise the year's activities by month for the key indicator of Bedroom Occupancy and Total Revenues and Operating Surplus/Deficit with comparisons against the previous year:


Bedroom Occupancy 2022 vs 2021
100%
80%
60%
40%
20%
0%
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2022
2021


Total Revenue 2022 vs 2021 (Including Donations)
£1,200,000.00
£1,000,000.00
£800,000.00
£600,000.00
£400,000.00
£200,000.00
£-
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2022
2021


Operating Surplus/Deficit 2022 vs 2021 (Including Donations)
£300,000.00
£250,000.00
£200,000.00
£150,000.00
£100,000.00
£50,000.00
£-
-£50,000.00
-£100,000.00
-£150,000.00
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
2022
2021

The Covid-19 business interruption loan

Towards the end of 2021, due to the uncertainty surrounding emerging variants of Covid-19 pandemic, a decision was made by the Board to delay the repayment of the £1.4m Government Coronavirus Business Interruption Loan in order to provide a prudent working capital cushion over the winter of 2021. However, as the situation improved in the first half of 2022, the loan was repaid in full in May 2022.

Bank/Loan Covenants

For 2022, the financial performance has been fully compliant with the loan covenants and the approved full-year 2023 budget is in full compliance with the covenants.

2023 Outlook

Against a background of continuing high inflation and labour capacity restraints the Club's financial forecast for 2023 anticipates a marginal improvement in activity levels and a similar overall financial performance.

Capital Improvements to the Club House

In 2022, with the support of 601 Squadron, the Victoria Bar was completely refurbished, including the opening up of a long-forgotten arched window. The space was renamed the 601 Squadron Room.

A 5-year plan is now being developed to ensure that refurbishment projects can take into account the future needs of both the building and the membership.

The Club as a Going Concern

The Club's recovery in activity volumes from the Covid low point of 2020 continued apace in 2022. Total revenue exceeded £10M for the first time in the Club's history and was over 40% higher than in 2021. The increased activity volumes, coupled with rising inflationary pressures, especially in labour costs, resulted in total expenditure increasing by 46%. The resultant net income for the year was £1.2m compared with £1.0m in 2021. The Club's financial forecast for the period ending 31 March 2024 anticipates similar levels of trading and financial performance as in 2022.

Continuing recovery could be affected by factors outside of the Club's control. In particular, economic and political uncertainties, with current high inflation levels and the continuing conflict in Ukraine, present challenges and complexities in assessing risks. However, as with the global pandemic, the Trustees are confident that the Club will continue to respond to adverse trends through managerial alacrity, agility and adaptability.

Having considered all available information about current circumstances and future trends, the Trustees have a reasonable expectation that the Club has adequate resources to continue to operate as a viable organisation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Key Management Personnel and Remuneration

The Board, supported by the Chief Executive and the Executive Team, together comprise the key management personnel of the Charity in charge of directing, controlling, and managing the Club and its operations on a day-to-day basis. All trustees give their time freely and no trustee received remuneration in the year. Note 5 to the Financial Statements gives details of the total remuneration and benefits of the key management personnel of the Club and Trustees' expenses and related party transactions during the year. The pay of the Chief Executive and Executive Team is reviewed annually by the Remuneration Working Group which reports to the Board and the review takes into account comparative data from several external sources.

Reserves Policy

The Trustees last reviewed the Club's Reserves policy early in 2020 before the pandemic took hold. As a prudent reflection of the Club's financial situation at that time, it was agreed to set a General "free" Reserve target of £2m. This represented approximately three months' income in normal circumstances and was set reflecting the risks of unplanned events that could adversely impact operations and result in loss of income. At the time of the review, it was expected that it would take a number of years to reach the objective as, following completion of the Centenary Extension investment project, there was a requirement to build-up the Fixed Asset Fund to match the increased net book value of the fixed assets, net of related loan balances, and to take account of funds earmarked for exceptional early loan repayments.

The Board is planning to refresh the Reserves Policy in the current financial year when it reviews an updated medium-tern financial strategy and related financial forecasts and risk assessments.

Investment Policy and Objectives

It has been the Club's policy to hold any surplus cash on short term deposits with financial institutions with high credit ratings. The Club benefits from an offset arrangement on its accounts with its bankers, Coutts & Co, a subsidiary of NatWest Holdings, whereby, for the purposes of calculating interest on the Centenary Extension bank loan, a credit balance on the current account earns a notional credit which is offset against the interest charged on the outstanding loan balances. Currently, this arrangement offers the best financial return for the Club on surplus operating cash and for the foreseeable future all cash holdings will be maintained at Coutts & Co.

Accounting and Reporting Responsibilities

The Companies Act 2006 requires the Trustees of the Charity to prepare accounts for each financial year, which give a true and fair view of its financial activities during the year, and of its financial position at the end of the year.

In preparing this report, the Trustees are mindful that whilst the Report and Accounts must meet the requirements of the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), there will be Members of the Club who will look to this Report for assurances that the Club is being managed in a prudent and appropriate way, especially with regard to safeguarding the future of the Club and maintaining the standards of the facilities offered by the Club. In attempting to meet the requirements of the Charity Commission and the Club's membership, the Trustees wish again to reinforce the following:

- That the Club is run as a Charity and that expenditure is in accordance with the Club's Charitable Purposes. These Charitable Purposes include the provision of a service to promote the efficiency of the RAF by establishing, maintaining and conducting in London, a central residential and non-residential Club for the use and accommodation of Members and by making available to them such other services, recreational facilities and leisure time activities as may be desirable, at prices which, so far as is possible, can be afforded by all Members of whatever rank.
- That our policy is not to build up substantial cash reserves in excess of the Board approved Reserves policy but rather to use income in pursuing the Club's Charitable Purposes, giving due regard to prudence, propriety and reasonableness in all expenditure and, in particular, ensuring that the Club's facilities are adequately maintained and protected.
- That in managing the finances of the Club, we have:
    - Selected suitable accounting practices, which we apply consistently;
    - Made judgements and estimates that are reasonable and prudent;
    - Followed applicable accounting standards and the Charities SORP;
    - Disclosed and explained any departures in these accounts;
    - Prepared the accounts on the 'going-concern' basis unless it is inappropriate to assume that the Charity will continue in operation; and
    - Sought advice from properly qualified experts on projects and the use of a related bank facility.

In managing the finances in this way, we have ensured that the Club is safely managed from a financial point of view.

The Board of Trustees is responsible for keeping accounting records, which are such as to disclose, with reasonable accuracy, the financial position of the Charity at any time, and to enable them to ensure that the accounts comply with charity law. The Board of Trustees is also responsible for safeguarding the Charity's assets and ensuring their proper application in accordance with

Company law, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating the Strategic Report, was approved by the Board of Trustees, and signed on their behalf by:

Air Vice–Marshal David Murray
Chair of the Board of Trustees
Wednesday 29th March 2023

Independent Auditors Report to the Trustees and Members of the Royal Air Force Club

Opinion

We have audited the financial statements of The Royal Air Force Club for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Statements of Financial Position, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company and group's affairs as at 31 December 2022 and of the charitable company and group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company and group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent Auditors Report to the Trustees & Members of the Royal Air Force Club continued

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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which incorporates the Strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report, which are included in the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and group and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company and group; or
- the charitable company and group's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either

Independent Auditors Report to the Trustees & Members of the Royal Air Force Club continued

intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group, we identified that the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to posting inappropriate journal entries to income and management override of internal controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators, including the Charity Commission and HMRC;
- Reviewing the minutes of meetings of those charged with governance;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect fraud;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Performing analytical procedures to identify any unusual or unexpected account entries; and
- Assessing assumptions and judgements made by the company in determining their critical accounting estimates

Independent Auditors Report to the Trustees & Members of the Royal Air Force Club continued

Due to the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Gareth Ogden
Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP, Statutory Auditors

Haysmacintyre LLP
10 Queen Street
London
EC4R 1AG

DATE: Wednesday 29th March 2023

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING THE INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
INCOME FROM:					
Charitable activities					
Club income		9,861,537	-	9,861,537	6,166,072
Donations and legacies					
Legacies		7,197	-	7,197	57,334
Restricted Donations		-	8,250	8,250	91,250
Donations from appeals and Friends of the Club		160,259	-	160,259	299,666
Government grant income		-	-	-	476,835
Other trading activities					
Trading activities	7a	145,186	-	145,186	58,394
Total income		10,174,179	8,250	10,182,429	7,149,551
EXPENDITURE ON:					
Charitable expenditure					
Club operating costs	2	8,947,843	-	8,947,843	6,196,119
Fine art	2	10,850	-	10,850	2,042
Donations made	2	10,239	-	10,239	8,000
Other trading activities					
Trading activities	7a	112,951	-	112,951	22,744
Raising funds					
Fundraising costs	2	43,128	-	43,128	15,574
Total expenditure	2	9,125,011	-	9,125,011	6,244,479
Net income/(expenditure) before investment gains/(losses)		1,049,168	8,250	1,057,418	905,072
Net gain/(loss) on investment of interest rate swap		157,084	-	157,084	130,505
Net income/(expenditure)		1,206,252	8,250	1,214,502	1,035,577
Transfers between funds	12	62,601	(62,601)	-	-
Balance brought forward		7,733,264	61,829	7,795,093	6,759,516
Balance carried forward		£9,002,117	£7,478	£9,009,595	£7,795,093

All transactions are derived from continuing activities.
All gains and losses recognised in the year are included in the statement.
The notes on pages 30 to 40 form an integral part of these financial statements

ROYAL AIR FORCE CLUB CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31st DECEMBER 2022

COMPANY NUMBER 05321353
(a company limited by guarantee)

	Note	2022 £	2022 £	2021 £	2021 £
FIXED ASSETS					
Tangible assets	6		10,556,350		11,334,866
CURRENT ASSETS					
Stocks	8	86,124		99,623	
Debtors	9	682,827		316,918	
Cash at bank and in hand		3,049,669		3,086,130	
		3,818,620		3,502,671	
CREDITORS: amounts falling due within one year	10	(1,586,234)		(1,738,391)	
NET CURRENT ASSETS			2,232,386		1,764,280
CREDITORS: amounts falling due after more than one year	11		(3,779,141)		(5,304,053)
NET ASSETS			£9,009,595		£7,795,093
FUNDS					
Unrestricted funds					
- Designated funds	12		9,002,117		7,733,264
- General fund	12		-		-
Restricted funds	12		7,478		61,829
			£9,009,595		£7,795,093

The financial statements were approved and authorised for issue by the Board on Wednesday 29th March 2023 and were signed below on its behalf by:

D MURRAY
Air Vice-Marshal

I MELIA
Flight Lieutenant

The notes on pages 30 to 40 form an integral part of these financial statements

ROYAL AIR FORCE CLUB CHARITY STATEMENT OF FINANCIAL POSITION AT 31st DECEMBER 2022

COMPANY NUMBER 05321353
(a company limited by guarantee)

	Note	2022 £	2022 £	2021 £	2021 £
FIXED ASSETS					
Tangible assets	6		10,556,350		11,334,866
Investments	7		100		100
			10,556,450		11,334,966
CURRENT ASSETS					
Stocks	8	86,124		99,623	
Debtors	9	740,417		380,130	
Cash at bank and in hand		2,971,494		3,011,273	
		3,798,035		3,491,026	
CREDITORS : Amounts falling due within one year	10	(1,565,749)		(1,726,846)	
NET CURRENT ASSETS			2,232,286		1,764,180
CREDITORS: amounts falling due after more than one year	11		(3,779,141)		(5,304,053)
NET ASSETS			£9,009,595		£7,795,093
FUNDS					
Unrestricted funds					
- Designated funds	12		9,002,117		7,733,264
- General fund	12		-		-
Restricted funds	12		7,478		61,829
			£9,009,595		£7,795,093

The parent undertaking's total income for the year before gift aid from RAFCTC Limited was £10,037,243 (2021: £7,091,157) and its net income for the year amounted to £1,047,418 (2021: net income £905,072).

The financial statements were approved and authorised for issue by the Board on Wednesday 29th March and were signed below on its behalf by:

D MURRAY
Air Vice-Marshal

I MELIA
Flight Lieutenant

The notes on pages 30 to 40 form an integral part of these financial statements

ROYAL AIR FORCE CLUB CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31st DECEMBER 2022

	2022 £	2021 £
Cash provided by operating activities	1,871,008	1,609,024
Cash flows from investing activities		
Purchase of tangible fixed assets	(102,561)	(29,421)
Cash used in investing activities	(102,561)	(29,421)
Cash flows from financing activities		
Loan repayments	(1,804,908)	(67,484)
Cash outflow from financing activities	(1,804,988)	(67,484)
(Decrease)/increase in cash and cash equivalents in the year	(36,461)	1,512,119
Cash and cash equivalents at the beginning of the year	3,086,130	1,574,011
Total cash and cash equivalents at the end of the year	£3,049,669	£3,086,130

ANALYSIS OF CHANGES IN NET DEBT	At 1 January 2022 £	Cash Flows £	At 31 December 2022 £
Cash at bank and in hand	3,086,130	(36,461)	3,049,669
Bank loans due < 1 year	(684,984)	280,076	(404,908)
Bank loans due > 1 year	(5,304,053)	1,524,912	(3,779,141)
Net debt	(£2,902,907)	£1,768,527	(£1,134,380)

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2022 £	2021 £
Net movement in funds	1,214,502	1,035,577
Add back depreciation charge	881,078	911,651
Decrease/(increase) in stock	13,499	(33,067)
Increase in debtors	(365,908)	(139,074)
Increase/(decrease) in creditors	127,837	(166,063)
Net cash provided by operating activities	£1,871,008	£1,609,024

The notes on pages 30 to 40 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31st DECEMBER 2022

1. ACCOUNTING POLICIES

General information
The Royal Air Force Club is a charitable company, limited by guarantee, registered in England and Wales. Its registered office is 128 Piccadilly, London W1J 7PY. The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation
The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) (second edition effective 1 January 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Royal Air Force Club meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Basis of consolidation
These financial statements consolidate the results of The Royal Air Force Club and its subsidiary, The RAFCTC Limited (registered in England and Wales, registered number 06590556) on a line by line basis. As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities of the parent undertaking is not presented as part of these financial statements.

Going concern
The Club's recovery in activity volumes from the Covid low point of 2020 continued apace in 2022. Total revenue exceeded £10M for the first time in the Club's history and was over 40% higher than in 2021. The increased activity volumes, coupled with rising inflationary pressures, especially in labour costs, resulted in total expenditure increasing at 46%. The resultant net income for the year was £1.2m compared with £1.0m in 2021. The Club's financial forecast for the period ending 31 March 2024 anticipates similar levels of trading and financial performance as in 2022.

Continuing recovery could be affected by factors outside of the Club's control. In particular, economic and political uncertainties, with current high inflation levels and the continuing conflict in Ukraine, present challenges and complexities in assessing risks. However, as with the global pandemic, the Trustees are confident that the Club will continue to respond to adverse trends through managerial alacrity, agility and adaptability.

Having considered all available information about current circumstances and future trends, the Trustees have a reasonable expectation that the Club has adequate resources to continue to

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

operate as a viable organisation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Fund accounting
Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives. Designated funds are amounts that have been set aside at the discretion of the Trustees. Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Income
Income represents the total income receivable during the year comprising government grants, donations, subscriptions, entrance fees, bedroom receipts, food, beverages and investment income.

Depreciation
The original freehold buildings are maintained to a standard that preserves likely residual value at a level at least equal to the book value. Accordingly no provision has been made for depreciation as the amount involved would not be material. Building improvements related to the Centenary Extension project are depreciated over 50 years.

Major improvements to Club premises are written off on a straight line basis over six to fifteen years from the date of completion of the refurbishment.

Computer equipment is written off on a straight line basis over three years.

Minor additions to the furniture, fittings, equipment and other improvements to the Club premises have been written off directly against revenue. The amount expensed in the year was £nil (2021: £15,513).

The Club does not capitalise donated assets principally comprising works of art.

Allocation of support costs
Support costs include back office costs, finance, personnel, payroll and governance costs which support the Club's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The allocations of support costs are set out in note 2.

Staff costs
The Club operates a Group Personal Pension Plan with Legal and General. Contributions to the Plan are charged to the income and expenditure account. Redundancy and termination payments are included in the income and expenditure account within the relevant activity line on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

Stocks
Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

Debtors
Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand
Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Judgements in applying accounting policies and key sources of estimation uncertainty
In the process of applying its accounting policies, the Club is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Club evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraph details the estimate and judgement the Club believes to have the most significant impact on the annual results under FRS 102.

Land & Buildings
The original land and buildings are recorded at cost within the financial statements. Management have considered depreciation to be immaterial due to the estimated useful economic life of the building being greater than 50 years and the estimated residual value of the building is greater than the carrying value in the accounts.

Creditors and provisions
Creditors and provisions are recognised where the Club 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised as unrealised gains/losses in the Statement of Financial Activities, unless they are included in a hedging arrangement. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. ANALYSIS OF TOTAL EXPENDITURE

	Charitable expenditure					2022	2021
	Club operating costs	Fine art	Donations made	Trading activities	Raising funds	Total	Total
	£	£	£	£	£	£	£
Staff costs	4,764,425	-	-	-	43,128	4,807,553	3,321,629
Depreciation	881,078	-	-	-	-	881,078	911,651
Repairs and maintenance	346,181	-	-	-	-	346,181	204,236
House supplies	161,598	-	-	-	-	161,598	92,805
Fine art	-	10,850		-	-	10,850	2,042
Donations made	-	-	10,239	-	-	10,239	8,000
Trading activities	-	-	-	112,951	-	112,951	22,744
Bank interest	101,092	-	-	-	-	101,092	135,093
Support and other costs	2,614,326	-	-	-	-	2,614,326	1,527,888
Governance costs	79,143	-	-	-	-	79,143	18,391
	8,947,843	10,850	10,239	112,951	43,128	9,125,011	£6,244,479

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

2. ANALYSIS OF TOTAL EXPENDITURE (continued)

2021	Charitable expenditure					2021	2020
	Club operating costs	Fine art	Donations made	Trading activities	Raising funds	Total	Total
	£	£	£	£	£	£	£
Staff costs	3,306,055	-	-	-	15,574	3,321,629	4,203,949
Depreciation	911,651	-	-	-	-	911,651	970,894
Repairs and maintenance	204,236	-	-	-	-	204,236	183,222
House supplies	92,805	-	-	-	-	92,805	60,857
Fine art	-	2,042	-	-	-	2,042	6,454
Donations made	-	-	8,000	-	-	8,000	1,112
Trading activities	-	-	-	22,744	-	22,744	28,128
Bank interest	135,093	-	-	-	-	135,093	133,924
Support and other costs	1,527,888	-	-	-	-	1,527,888	1,096,715
Governance costs	18,391	-	-	-	-	18,391	38,989
	£6,196,119	£2,042	£8,000	£22,744	£15,574	£6,244,479	£6,724,244

3. NET EXPENDITURE

	2022	2021
	£	£
The net expenditure is stated after charging :		
Auditors' remuneration – audit	24,675	20,400
Auditors' remuneration – other services	1,100	1,050
Depreciation – on owned assets	881,078	911,651

4. EMPLOYEES AND STAFF COSTS

	2022 No.	2021 No.
The average number of contracts for Full Time and Part Time staff	118	95
	£	£
Staff costs were as follows:		
Wages and salaries	4,017,303	2,833,459
Agency	161,288	72,768
Social security costs	371,718	261,717
Other pension costs	194,952	153,685
Termination payments	19,164	-
	4,764,425	£3,321,629
The number of staff who fell within the following bands were:		
£60,001 - £70,000	-	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-
£100,001 - £110,000	1	-
£130,001 - £140,000	1	1

The trading subsidiary, RAFCTC, incurred £75,272 in staff costs (2021: £7,629) which are included within Trading Activities expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

5. TRUSTEES' REMUNERATION, REIMBURSED EXPENSES AND RELATED PARTIES

The key management personnel of the parent charity, the Club, comprise the Trustees and the Executive Team. The total employee remuneration and benefits of the key management personnel of the Club were £570,115 (2021: £507,998).

No Trustees received remuneration for their services during the year. The charity trustees were not paid from employment with the Club or its subsidiary in the year (2021: Nil). No Club trustee received payment for professional or other services supplied to the Club (2021: Nil). During the year 9 trustees (2021: 9 trustees) were reimbursed expenses totalling £5,827 (2020: £2,900).

There were no related party transactions during the year (2021: Nil).

6. TANGIBLE FIXED ASSETS

GROUP AND CLUB	Freehold land and buildings and general improvements £	Bedrooms £	Function Rooms and Equipment £	Total £
Cost				
At 1st January 2022	17,969,317	7,693,438	2,296,246	27,959,001
Additions	27,945	-	74,616	102,561
At 31st December 2022	17,997,262	7,693,438	2,370,862	28,061,562
Depreciation				
At 1st January 2022	7,874,985	7,185,387	1,563,763	16,624,135
Charge for the year	582,919	139,404	158,754	881,077
At 31st December 2022	8,457,904	7,324,791	1,722,517	17,505,212
Net book value				
At 31st December 2022	£9,539,358	£368,647	£648,345	£10,556,350
At 31st December 2021	£10,094,332	£508,051	£732,483	£11,334,866

All the fixed assets are used for charitable activities.

In addition to the capitalised fixed assets, the Club has an extensive collection of paintings, sculptures and bronzes, other objects d'art and books and documents, either purchased by or donated or loaned to the Club. These represent a history of both aircraft and those who served in or were associated with the RAF. The cost of those items, and especially paintings, purchased by the Club is insignificant in terms of the value of the whole collection, which is irreplaceable. The Trustees do not believe that the significant cost involved in valuing the whole collection for accounting purposes would derive significant additional benefit to the user of the accounts in terms of assessing the Trustees' stewardship of the assets. Consequently, these assets have not been capitalised in the financial statements. A full inventory is kept for insurance purposes.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

7. INVESTMENTS

The Club has a wholly owned subsidiary, RAFCTC Limited, which operates the trading activity of the Club and gift aids its surplus to the Club. The subsidiary is registered in England and Wales (registration number 06590556).

	2022 £	2021 £
The Club's investment in the trading company was as follows:		
RAFCTC Limited	100	100

7a. TRADING ACTIVITIES

	2022 £	2021 £
Profit and Loss Account		
Turnover	145,186	58,394
Cost of sales	(36,695)	(12,793)
Gross profit	108,491	45,601
Administration expenses (net of interest receivable)	(76,256)	(9,951)
Profit for the financial year	£32,235	£35,650
Amount payable under gift aid to the Club	£32,235	£35,650
Balance sheet		
Net current assets	£100	£100
Share capital	£100	£100

8. STOCKS

	Group and Club	
	2022 £	2021 £
Goods for resale	£86,124	£99,623

9. DEBTORS : Amounts due within one year

	Group		Club	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	186,630	204,196	159,881	185,908
Other debtors	211,274	7,298	211,274	7,298
Amounts owed by subsidiary undertakings	-	-	84,339	81,522
Prepayments and accrued income	137,185	105,424	137,185	105,402
Interest rate swap	147,738	-	147,738	-
	£682,827	£316,918	£740,417	£380,130

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

10. CREDITORS : Amounts falling due within one year

	Group		Club	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	404,908	684,904	404,908	684,904
Trade creditors	288,330	304,186	288,330	304,133
Other creditors	48,447	93,148	41,791	88,356
Amounts owed to subsidiary undertakings	-	-	-	-
Other taxes and social security	552,700	381,474	539,971	375,824
Accruals and deferred income	291,849	265,333	290,749	264,283
Interest rate swap	-	9,346	-	9,346
	£1,586,234	£1,738,391	£1,565,749	£1,726,846

11. CREDITORS : Amounts falling due after one year

	Group		Club	
	2022	2021	2022	2021
	£	£	£	£
Bank loan	£3,779,141	£5,304,053	£3,779,141	£5,304,053
Analysis of bank loans:				
Amounts falling due:				
Within one year	404,908	684,904	404,908	684,904
Amounts falling due:				
Between one and two years	3,779,141	684,904	3,779,141	684,904
Between two and five years	-	4,619,149	-	4,619,149
	£3,779,141	£5,304,053	£3,779,141	£5,304,053

The bank facility comprises a business term loan of £4,184,049 (2021: £4,588,957) which is secured by a first legal charge over the freehold land and buildings at The Royal Air Force Club. The business loan repayable profile is for a 15-year term following a capital holiday period of 18 months from the date of the last drawdown. The outstanding balance of the loan is due to be repaid in April 2024, when the amount outstanding is expected to be £3.6m, and the expectation is that a replacement loan will be negotiated at that time. The bank granted a capital repayment holiday for a period of 12 months from 1 November 2021. Interest is charged at 2.45% p.a. above the bank base rate.

The Coronavirus Business Interruption Loan has been fully repaid in the year (2021: £1,400,000).

In relation to the bank facility, the Club also holds an interest rate swap, with an asset value of £147,738 as at 31 December 2022 (2021: liability of £9,346). This has been included in the financial statements within debtors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

12. FUNDS

The income funds of the Club include unrestricted and restricted funds comprising of the following:

	As at 1 January 2022	Net Income / expenditure	Transfers between funds	Balance at 31 December 2022
	£	£	£	£
Unrestricted funds:				
General fund	-	1,192,029	(1,192,029)	-
Designated funds:				
Fixed asset fund	7,588,241	-	1,209,630	8,797,871
Legacy fund	114,519	7,197	(87,754)	33,962
Friends of the RAF Club	-	105,630	30,000	135,630
Fine art and stained window fund	6,504	(10,850)	15,000	10,654
Staff welfare	24,000	(87,754)	87,754	24,000
Total designated funds	7,733,264	14,223	1,254,630	9,002,117
Total unrestricted funds	7,733,264	1,206,252	62,601	9,002,117
Restricted funds:				
601 Squadron – Victoria Bar refurbishment	61,829	8,250	(62,601)	7,478
Total funds	£7,795,093	£1,214,502	-	£9,009,595

	As at 1 January 2021	Net Income / expenditure	Transfers between funds	Balance at 31 December 2021
	£	£	£	£
Unrestricted funds:				
General fund	-	889,035	(889,035)	-
	Designated funds:			
Fixed asset fund	6,693,785	-	894,456	7,588,241
Legacy fund	57,185	57,334	-	114,519
Fine art and stained window fund	8,546	(2,042)	-	6,504
Staff welfare	-	-	24,000	24,000
Total designated funds	6,759,516	55,292	918,456	7,733,264
Total unrestricted funds	6,759,516	944,327	29,421	7,733,264
Restricted funds	-	91,250	(29,421)	61,829
Total funds	£6,759,516	£1,035,577	£ -	£7,795,093

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

12. FUNDS (continued)

The income funds of the Club comprise Restricted and Unrestricted Funds. The Unrestricted Funds include the following designated funds which have been set aside out of the unrestricted funds by the Trustees for specific purposes.

The Fixed Assets fund represents the net book value of fixed assets held by the group, net of related loan balances, and includes a further amount relating to equity funds earmarked for exceptional early loan repayments.

The Legacy Fund was created to receive monies specifically left to the Club in Members' wills. The Board authorises expenditure against the fund for the benefit of the Club.

The Friends of the RAF Club was launched in November 2021 and is open to all Club Members who wish to formally contribute to the enhancement of the Club's facilities through making regular donations in addition to the annual membership subscription. All donations and expenditure on projects sponsored by the Friends flow through the new designated unrestricted Friends of the RAF Club Fund.

The Fine Art and Stained Window Fund, which resulted from an appeal, is used to purchase works of art that primarily cover historical gaps in the Club's collection.

The Staff Welfare Fund has been set up to support employees and their families who are in short-term need, hardship or stress.

The Restricted Fund, 601 Squadron – Victoria Bar Refurbishment, was established in 2021 and includes donations from members of 601 Squadron, Royal Auxiliary Air Force, specifically to fund the refurbishment of the Victoria Bar for the benefit of all Club Members. The refurbishment commenced in the final quarter of 2021 and was completed in the first half of 2022. During the year £62,601 has been capitalised in respect of expenditure incurred and a transfer from the Restricted Fund has therefore been made for this amount.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP AND CLUB	Fixed assets £	Net Current assets £	Non-current Assets/ liabilities £	Total £
Restricted funds	-	7,478	-	7,478
General fund	-	-	-	-
Designated funds – fixed assets	10,556,350	2,020,662	(3,779,141)	8,797,871
Designated funds - other	-	204,246	-	204,246
	£10,556,350	£2,232,386	(£3,779,141)	£9,009,595

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

Comparative consolidated statement of financial activities including the income and expenditure account

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £
INCOME FROM:				
Charitable activities				
Club income	1	6,166,072	-	6,166,072
Donations and legacies				
Legacies		57,334	-	57,334
Restricted Donations		-	91,250	91,250
Donations from appeals and Friends of the Club		299,666	-	299,666
Government grant income		476,835	-	476,835
Other trading activities				
Trading activities	7a	58,394	-	58,394
Total income		7,058,301	91,250	7,149,551
EXPENDITURE ON:				
Charitable expenditure				
Club operating costs	2	6,196,116	-	6,196,119
Fine Art	2	2,042	-	2,042
Donations made	2	8,000	-	8,000
Other trading activities				
Trading activities	7a	22,744	-	22,744
Raising funds				
Fundraising costs	2	15,574	-	15,574
Total expenditure	2	6,244,479	-	6,244,479
Net income (expenditure) before investment gains/(losses)		813,822	91,250	905,072
Net loss on investment of interest rate swap		130,505	-	130,505
Net (expenditure)/ income		944,327	91,250	1,035,577
Transfers between funds	12	29,421	(29,421)	-
Balance brought forward		6,759,516	-	6,759,516
Balance carried forward		£7,733,264	£61,829	£7,795,093

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Ends

THE ROYAL AIR FORCE CLUB

England & Wales - Charity number 1108295

Accounts

THE ROYAL AIR FORCE CLUB
(a company limited by guarantee)

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31ST DECEMBER 2021

Charity registered number: 1108295

Company registered number: 05321353

THE ROYAL AIR FORCE CLUB

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2021

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THE ROYAL AIR FORCE CLUB

LEGAL AND ADMINISTRATIVE DETAILS

YEAR ENDED 31ST DECEMBER 2021

TRUSTEES, OFFICERS AND ADVISORS

TRUSTEES

The Royal Air Force Club Trustees are the Charity Trustees of the Royal Air Force Club Charity ("the Charity"). The Trustees are as follows:

Air Vice-Marshal the Hon David Murray (Chairman from 26th January 2022; appointed as a Trustee on 14th October 2021)
Air Marshal Sue Gray (Chairman until 26th January 2022; resigned as a trustee on 26th January 2022)
Mr John D Fisher (Vice-Chairman)
Air Commodore Adam Wardrope (Vice-Chairman; appointed 26th January 2022)
Air Commodore Barbara Cooper
Air Commodore Dai Whittingham
Group Captain James Beldon
Group Captain Al Lockwood
Hon. Group Captain Jo Salter
Wing Commander James Hill
Wing Commander James Poynton
Wing Commander Paula Willmot
Squadron Leader Sean O'Brien
Squadron Leader John Peters
Flight Lieutenant Ian Melia
Flight Lieutenant Haig Tyler

OFFICER

Chief Executive Officer & Club Secretary - Mr Miles Pooley

AUDITORS

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

BANKERS

Coutts & Co
440 The Strand
London WC2R OQS

SOLICITORS & LEGAL ADVISORS

Charity legal advice:
Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Employment Lawyers:
Burges – Salmon
One Glass Wharf
Bristol
BS2 0ZX

REGISTERED ADDRESS

128 Piccadilly
London W1J 7PY

The Board of Trustees presents its report for the year ended 31 December 2021.

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards 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 - second edition effective 1 January 2019 - Charities SORP), and the Companies Act 2006.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Royal Air Force Club was founded in 1918 and became registered with the Charity Commission in 1965 under charity number 252720. The Trustees and Chief Executive Officer of the Charity are listed on page 1. The principal address and advisors are also listed on page 1. The Club became incorporated on 24 December 2004 and received a new Registered Charity Number 1108295 in place of 252720.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document
The Charity is governed by its Memorandum and Articles of Association which were last revised at the Charity's Annual General Meeting in June 2015.

Trustee Recruitment and Training
The Charity's elected Trustees are appointed at the Annual General Meeting on the basis of applications received from the membership through the Nominations Committee. Candidates for election must satisfy the Board's specifications concerning personal competence, specialist skills and availability. New Trustees are inducted into the workings of the Charity, including Policy and Procedures, through a programme which is overseen by the Vice-Chairman.

Organisational Management
The Trustees of the Charity are legally responsible for the overall management, finances and control of the Club and meet at least six times a year. The work of implementing most of their policies is carried out by the following standing sub-committees which meet as required and whose chairmen report at each meeting of the Trustees:

Committees	Chaired by	Other Trustee members
Finance, Audit & Risk	Flight Lieutenant Ian Melia	Flight Lieutenant Haig Tyler
House	Hon.Group Captain Jo Salter	Air Commodore Barbara Cooper
Membership	Wing Commander James Hill	Wing Commander Paula Willmot
Arts	Wing Commander James Poynton	Group Captain Jim Beldon
Events	Air Commodore Dai Whittingham	Squadron Leader John Peters
Archive	Wing Commander Michael Gilbert (Former Trustee)	
Legacies, Donations & Fundraising	Air Commodore Barbara Cooper	Group Captain Al Lockwood

In addition, there are also the following ad hoc working groups:

- Covid 19 Working Group which is chaired by Air Marshal Sue Gray with support from the Vice-Chairman and the two Trustees sitting on the Finance, Audit and Risk Committee. This group is tasked with co-ordinating the Club's response to the pandemic and developing the business recovery plan.
- Nominations Working Group which is formed as and when necessary to select Trustees to fill vacancies on the Board of Trustees. This group did not meet in 2021.
- Remunerations Committee which meets normally at least once a year to consider the remuneration and benefit package for the CEO and comprises The Vice-Chairman, The Chairman of the Finance, Audit and Risk Committee, The Trustee with responsibility for Human Resources and an independent Hospitality professional who is not a Club member

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The day-to-day running of the Club is delegated to the CEO & Club Secretary, who is supported by an Executive Team. The Executive Team comprises 4 members of the team: Club Manager, Director of Finance, Head of Human Resources and the Executive Chef.

The CEO & Club Secretary, Club Manager and Director of Finance attend all meetings of the Trustees and some subordinate committees. Other members of the Executive Team also attend appropriate meetings of the subordinate committees.

The Royal Air Force Club actively promotes the highest standards in fulfilling its Objects, partly through maintaining strong links with the Royal Air Force, partly through good communication with its Members and partly through regular evaluation and improvements to the quality of service to its Members. We also co-operate with other charitable Clubs as part of the evaluation process.

The Trustees and Executive Team work together to maintain the Vision, Mission and Core Values. These are:

Vision:
To be the London Club of choice for serving and retired RAF Officers, their families and other Members

Mission:
To provide high quality and affordable facilities and services in Central London for Club Members, in order to preserve, promote and foster the traditions of the Royal Air Force

Core Values:

1. **Value, respect and support each other**
2. **Give personalised, warm and consistently exceptional service**
3. **Create positive, memorable experiences for every Member**
4. **Care about and give back to our local community**

Group Structure and Relationships

The Charity has a subsidiary trading company, RAFCTC Limited, registered number 6590556. The company is responsible for using the Charity's facilities and resources so as to increase the Charity's total income and hence improve its continuing ability to achieve its Objects. The company provides functions to persons supportive of, but not directly associated with, the Royal Air Force and therefore not able to join the Club. All trading profit is distributed by Gift Aid each year to the Charity. As the company does not have any premises and uses agency staff when required, it is not considered that its activities constitute any risk to the finances of the Charity itself, even during any economic uncertainties.

Corporate and Social Responsibility

The Club is fitted with an extensive Building Management System to reduce energy consumption to a minimum. Recycling is now fully established for used cooking fats, used light bulbs, bottles, used print cartridges, cardboard, batteries, bedroom toiletries and paper. The purchase of a food waste machine has reduced refuse bills and the number of collections required. The Club has 2 beehives installed on the roof and some honey was harvested in 2021 for use in cooking within the Club.

Risk Management

The Board is responsible for overseeing the risks faced by the Charity. The Finance, Audit & Risk Committee plays a key role in the oversight of risks. Continuous monitoring is used to identify new risks and to evaluate and assess both new and existing risks and controls. Appropriate controls are established and monitored to deal with risks.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Trustees undertake a formal review of the Charity's risk management process on an annual basis.

The key controls used by the Charity include:

- A Statement of Risk appetite and a Risk Management Schedule which is reviewed regularly by the Finance, Audit and Risk Committee;
- Formal agendas and minutes for all Board and Committee activity;
- Detailed Terms of Reference for all Trustees and Committees which are reviewed once a year;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels; and
- Operating as a Company Limited by Guarantee

Through the risk management process established for the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary, utilising insurance and control protocols. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Charity Governance Code

The Trustees confirm that the Club's structure, governance and management have been reviewed against the guidance set out in the Charity Governance Code for larger charities issued by the Charity Governance Code Steering Group. In particular, the Trustees have assessed the Board's performance against the following seven principles:

- Organisational purpose
- Leadership
- Integrity
- Decision-making, risk and control
- Board effectiveness
- Diversity
- Openness and accountability

CHARITABLE OBJECTS AND CLUB OPERATIONAL OBJECTIVES

Charitable Objects

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the general guidance issued by the Charity Commission on public benefit. In particular, the Trustees confirm that they have complied with the Commission's published specific guidance relating to fee-charging charities.

The charitable purpose of the Royal Air Force Club within the meaning of the Act is enshrined within its objects:

To promote the efficiency of the Royal Air Force by improving the condition of officers holding commissions therein and in other associated Services and by preserving and fostering among them the esprit de corps and traditions of those Services by every suitable means. In particular by '*Establishing, maintaining and conducting in London, a central residential and non-residential Club for the use and accommodation of Members and by making available to them such other services, recreational facilities and leisure time activities as may be desirable, at prices which, so far as is possible, can be afforded by all members of whatever commissioned rank*'.

Public Benefit is not just provided to the members of the Charity. During the year, the Club has hosted visits from like-minded organisations; with prior arrangement, the Club welcomes visitors to view the memorabilia and art collection who otherwise would be unable to enter the premises due to not being eligible to take up one of the categories of membership.

In fulfilling its primary charitable object of promoting the efficiency of the Royal Air Force the following specific membership policies are applied and are available to Serving and Former Serving Officers of the Royal Air Force:

- The membership subscription fee for the first five years following graduation from Initial Officer Training is low at **£12.00** per year including VAT.
- The membership subscription fee for the first five years following Commission into the Reserves is low at **£12.00** per year including VAT.
- Serving subscription rates after the first five years following Commission are based on a half a day's pay utilising the entry level for each rank plus VAT only (i.e. annual increments in pay are not included in the calculation of membership subscription fees).
- Reserve officer subscription rates after the first five years following Commission are based on a half a day's pay utilising the entry level for each rank plus VAT only (i.e. annual increments in pay are not included in the calculation of membership subscription fees).
- Serving officers' subscriptions continue to be collected in February each year.
- Former Serving officers are offered a 25% discount from their annual subscriptions once they reach state retirement age and have been a member for 25 years.
- Payment of subscriptions is also available by monthly direct debit, but with a monthly administrative fee charged.
- Families are welcome at all times.
- The Dress Code is relaxed in all except two areas of the Club at specified times in order to make the Club more attractive to families and younger officers.
- A 50% reduction in room rates (valid for one stay of no more than three days) is available to those returning from operations.
- Reduction of 50% for the first year of membership subscription fee when moving from Serving to Retired Member status.
- Running affordable promotions across the year for the benefit of Serving & former Serving Officers for overnight stays in quieter months of the year.
- Members receive complimentary Room Hire when booking private member functions.
- Bedrooms are available at the military London accommodation rate for military duty visits.
- Members are encouraged to use our fitness centre and business centre

Operational Objectives for the Year

The original detailed operational objectives for the financial year, as set out in the Strategic Plan and Budget, were derailed by the continuing impact of the Coronavirus pandemic and the primary focus of the Board and management has been to minimise the adverse financial consequences arising from the reduced activity levels. As Government restrictions were eased in the summer activity rapidly picked-up and peaked in November. The emergence of the Omicron variant in early December had a marked adverse impact on Member demand in a traditionally very busy month for social events.

Although the Club's plans were updated regularly to adjust to changed circumstances the core objectives were not forgotten and new objectives were devised to assist with the management of the impact of the Pandemic. The key objectives for 2021 included:

- **Membership**
  - To communicate with the Club's membership more frequently using the full range of communication and social media as so many have been unable to visit due to restrictions.
  - In particular, enhancing communication with serving and potential members by maintaining effective channels of communication through the Trustees, Committees, the RAF Stations, Reserves and University Air Squadrons to maximise membership levels in all categories.
  - To maintain and, if possible, improve membership numbers in all categories, especially serving officers and former serving officers.
  - To actively encourage Family Membership (being for siblings, sons, daughters, grandchildren, nieces, nephews and parents of full members).

- Continuing the Royal Air Force Club Award presented at the Initial and Reserve Officer Training graduations at RAF College Cranwell.
- Following up on Serving Officers who did not renew their subscriptions.

- **Members' Use of the Club**
  - Attempt to meet the aspirations of members in terms of facilities, functions and the adaptation of Club Rules, in order to ensure the optimum use of the Club within the historical context and ethos already set. This has included the setting up of online social events to maintain contact with Members.
  - Due to the pandemic refurbishment work did not take place for most of 2021 but routine redecoration was carried out using in-house staff and an external contractor. Towards year end work commenced on the refurbishment of the Victoria Bar.
  - To market the Club's facilities effectively.
  - To grow awareness of the Club on social media encouraging Member engagement.

- **Financial and Related Issues**
  - To continue to ensure that the Charity operates on a sound financial basis and remains a going concern.
  - To evaluate Government sponsored financial assistance schemes, to apply for relevant support and ensure compliance with applicable rules. The Club has gratefully benefitted from business rates support, temporary VAT reduction and deferral of settling liabilities, Coronovirus Business Interruption Loan scheme and other more limited assistance.
  - To maintain management information systems and to add to the existing installation of Opera and Concept so that the point-of-sale, bedroom booking and banqueting booking systems are fully up to date.
  - To develop systems to provide data so that the correct business decisions can be taken.
  - To ensure that all financial aspects of the Charity's business are diligently controlled so that the accounts continue to comply with legal requirements.
  - To oversee management's identification, assessment, management and reporting of risk, covering all aspects of the Club's governance, financial and operational management and regulatory compliance ensuring that Covid-19 is regularly reviewed.
  - Operating the Trading Company for the benefit of the Charity.

- **Staff**
  - To ensure effective communication and engagement with staff throughout a difficult year.
  - In challenging circumstances to monitor the welfare of staff.
  - To continue effective communication surrounding government initiatives such as the Coronavirus Job Retention Scheme.
  - To re-build the team to enable the Club to meet member demands ensuring at all times that staff numbers are within guidelines set down by the Trustees.

- **Events**
  - To arrange activities and events to promote an interest in all matters connected with aviation in general and with the Royal Air Force in particular and to develop these events so that they can be offered online whilst Members cannot visit the Club.
  - Tailoring of events to better reflect the objectives of the Club and the wishes of the membership.
  - Where possible to stream speeches as they take place at Club events.

- **Arts**
  - To consolidate the collection of works of art, in various media, which reflect the history of the Royal Air Force in particular, and when possible, its antecedents and associated air forces.
  - To commission works of art to fill gaps in the Club's collection in line with the approved collecting policy or replace low quality artwork, ideally by the commissioning of art through sponsors and donors.
  - To continue the ongoing work to maintain an up-to-date list of works of art which should be saved in the event of an emergency and to move these items around the Club to designated areas for evacuation purposes.
  - To manage and further improve the unique collection of squadron badges possessed by the RAF Club.
  - To create a management system for the control of all club artwork.

- **Library and Archive**
  - To maintain the Library book collection.
  - To arrange how best the Club might maintain its records.
  - To ensure the Club's records meet the needs of historians in the future.

Charitable Donations
The Club was pleased to be able to make its usual charitable donations to the Royal Air Force Benevolent Fund and the Royal Air Forces Association this year.

Volunteers
Trustees and members of the Committees gave many hours of their own time to provide governance, goodwill and professional advice during the year. The Board of Trustees would like to take this opportunity to record their appreciation for this continuing and valuable support.

OPERATIONAL AND FINANCIAL REVIEW OF THE YEAR

The Club's financial year started as the previous year had ended with government restrictions still in place. This continued until 12th April 2021 when outdoor hospitality was allowed to re-open and followed shortly afterwards with the re – opening on 17th May 2021 of all indoor hospitality venues.

Trading levels from January 2021 through to 17th May 2021 were as expected very low. The Club was effectively 'mothballed' with Key Workers and business travellers only permitted to stay. This led to single digit occupancy throughout this period.

Once the Club 'reopened' to our Members on 17th May 2021, occupancy increased dramatically as it was evident that there was lot of 'pent up demand' both in Rooms and in the Food & Beverage outlets.

Through the late spring and the summer months revenues exceeded the budget and this continued through the final quarter of the year. In fact, the month of November generated the highest monthly surplus in the Club's history and this exceeded the cumulative surplus for the previous 10 month period.

As a result of the positive results a decision was made by the Board to reinstate the Staff Christmas payment which was gratefully received by all. The level of the payment was linked to the accumulated surplus for the year and a full 3 weeks (pro-rated depending on start dates) paid out to all relevant employees in December 2021.

As we moved into December 2021, the outlook was promising for both Rooms revenue and Food and Beverage Revenue. The Club started to feel the negative effect of the Omicron variant in early December 2021and we started to receive heavy daily room cancellations, and this also impacted on the Food & Beverage outlets specifically in the Events department. Overall we received circa £90K of room's revenue cancellations and circa £5K of Food & Beverage cancellations due to Member and Guest reluctance to travel to Central London.

The Club's forecast for 2022 assumes a continuation of the positive performance witnessed throughout the majority of the 2nd half of 2021 with business levels returning to 2019 levels of trading by July 2022.

COMMITTEE REPORTS FOR THE YEAR

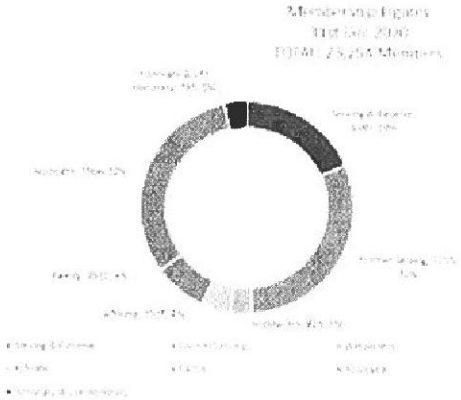
Membership

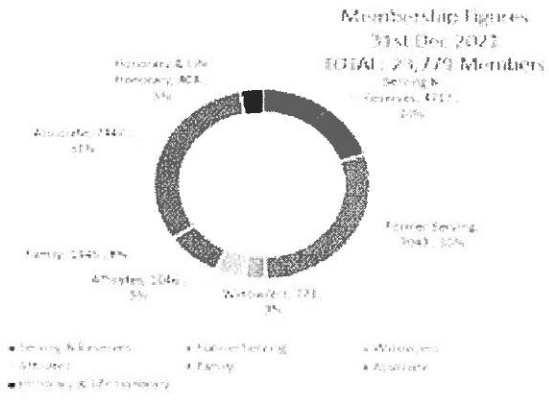
Membership held up remarkably well in 2021 despite a national lockdown and the impact of widespread restrictions on opportunities to use the Club. The committee's focus over the past year was to promote membership retention and encourage growth. Subscription rates were not increased from 2020 rates. In 2021 we elected 1,316 new members. At the end of December 2021, the Club had 23,779 members, compared with 23,754 members in 2020.

Sadly, in 2021 we lost 828 members due to resignations and 201 members due to death. The most frequently cited reason for resignation in 2021 was lack of opportunity to use the Club. This can be attributed in part to the pandemic, but it also reflects the fact that some members have found it increasingly difficult to visit London or have no plans to do so in the future. On a positive note, the Club welcomed many long-standing members to 50 Year Receptions in the summer.

It was pleasing to note the increase in both regular and reserve serving officers applying for membership. In 2021 644 new serving members joined the Club. After a pause in 2020, RAF College Cranwell graduations resumed at regular intervals. The Club gained 403 newly commissioned officers as members. Maintaining and strengthening our links with the RAF College remains an absolute priority, and Officer Commanding the Officer Training Academy retains a place on the membership committee. The Club continues to sponsor serving officer representatives on RAF stations and at joint units with a sizeable light blue presence. They play an important role promoting the Club and providing us with feedback.

A steady number of former serving officers have also applied for membership and applications for family and affiliate membership remain extremely positive. The Club has also welcomed a number of officers from allied and foreign air forces as new members. The new members' receptions and dinners remain popular and are an ideal occasion to welcome newly joined members to the Club.





Maintaining and strengthening our links with the RAF Officer Training Academy have been an absolute priority. Wg Cdr Louise Clark, OACTU at RAF Cranwell now sits on the Membership Committee and helps with the recruitment of IOTs and the Committee's focus remains on encouraging RAF Station Commanders to take up membership. In 2021 we have elected 1,316 new Members out of which 644 were Serving & Reservist Officers. This represents a 7.5% increase on 2020 and a 90% increase in overall new members figures compared to 2020. New Members' figures for 2021 were in line with 2019 figures and this shows a healthy growth and continued interest in membership. Airline business has been heavily affected by the pandemic and active recruitment from within the Airline pilots community has been on hold.

Events

The Events Committee continued efforts to cater for Members' interests by providing a comprehensive and varied programme of external visits and events, tailored to reflect the Members' needs.

The Club aimed to share the events that were held with Members who were unable to come to the Club so all Dinners that took place were streamed live. There were also events that were only held online. Our most successful event celebrated the Anniversary of the Battle of Britain.

Christmas events remained in the diary and proved popular for those Members able to attend.

Planning began in autumn 2020 for a series of online events for 2021. Total number of paid social events in 2021 were 12. Further online events were developed across the year for the benefit for those members who could not travel to London in 2021. This will remain a regular feature of the events programme going forward into 2022.

Arts

The Arts Committee has continued to meet both online and when permitted in person over the past 12 months.

In the autumn, the Club was pleased to be presented with 19 RAF Regiment Squadron Badges that were missing from the Club collection with special thanks to Club Member Wg Cdr Martin Hooker (rtd) for coordinating this project. Also in the autumn, the Club was presented with 12 Badges from the WWII RAF Polish Squadrons, which now hang outside the Battle of Britain Suite. There were also several individual squadron badges presented to the Club.

Club Member HRH Prince Bandar Bin Sultan attended the Club to present a very large (150cm x 196cm) painting by renowned Aviation Artist Michael Turner. The painting titled *The Few* is hung in the Churchill Bar.

Other artwork gifted to the Club in the last year include a portrait of AttaGirl Molly Rose and a WWII Silk Escaping Map.

A number of paintings have been commissioned by organisations and are being prepared for presentation during 2022.

During the year, the Committee was represented at the Memorial Service of Dr James Harper, former Head Librarian of the Royal Air Force Club, whose service and commitment to the Club will be fondly remembered.

The Fine Art and Stained Window Fund is used to purchase works of art that primarily cover historical gaps in the Club's collection. It has historically been classified as a restricted fund, but has been re-classified as a designated fund in 2020, following the board's decision to designate £15,000 a year to fine art from general funds, starting in 2022.

House Committee

The House Committee meetings were very different this year as many of them were held via zoom. However, the Rolling programme was developed and plans put in place for full refurbishment programmes to commence in 2023.

A Squadron has assisted financially with some donations to enable the Club to renovate the Victoria Bar and works commenced in November 2021.

The House Committee supported the maintenance department with internal works including redecoration of public areas and bedrooms.

Fundraising and Legacies Committee

Continuing donations in response to the two Covid Appeals in 2020, a major donor gift and Gift Aid tax reclaims raised £300,000 in 2021. Legacy receipts totalled £57,000. Restricted donations of £91,000 were received from 601 Squadron, Royal Auxiliary Air Force, to finance the refurbishment of the Victoria Bar.

A part-time Director of Fundraising was employed in June 2021 on a 2-day per week basis with shared administration support from the Communications & Membership Department. The "Friends of the RAF Club" initiative launched on 21st November via e-news, accompanied by a letter from Air Marshal Dame Sue Grey and the new Donations & Legacies leaflet. Its purpose is to encourage all Members, particularly those currently donating by standing order, to continue making regular donations within the three recognition levels: Bronze (£120-£499), Silver (£500-£2499) or Gold (£2500+). 500 of the original 850 supporters were continuing to make standing order donations in December 2021, with a number of donations resurrected/increased to be recognised as Friends.

Almost 100 Members have pledged their support to the Friends programme. Longer term plans include exploring a Corporate Friends package as well as a Cowdray 100 initiative. A suitable sponsor for the 128 magazine is also being sought.

Governance

Air Vice-Marshal the Hon David Murray was appointed a Trustee from 14th October 2021.

Archives

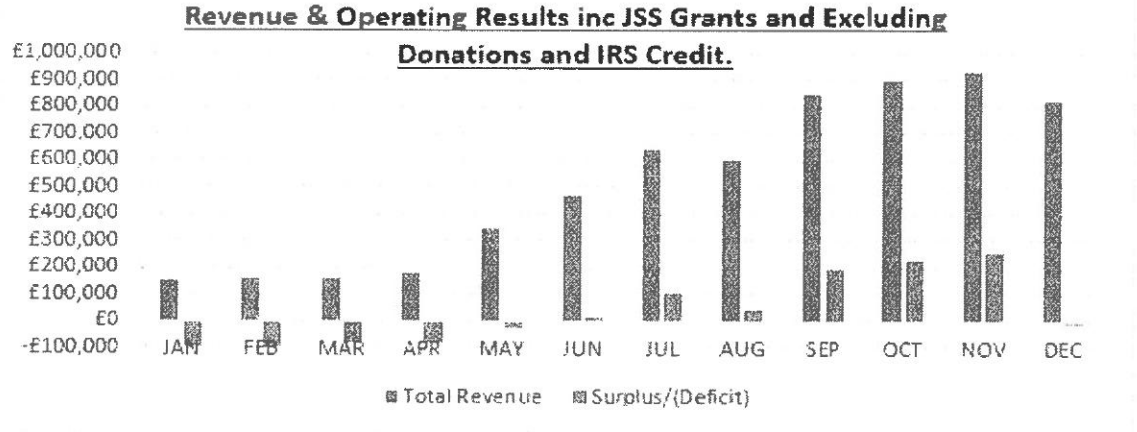
The Archive Committee worked remotely to review how best the Club might maintain its records so that they might meet the needs of historians in the future.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Overview

The year under review was transformational with a most welcome turnaround from the previous year's net loss of £0.8m to a net surplus of £1.0m.

In terms of operating performance (pure trading results including Job Support Scheme grants and excluding all donations and movements in the valuation of the Interest Rate Swap relating to the Centenary extension Loan) it was a year of two halves, with operating losses of almost £0.4m for the first half and an operating surplus of over £0.8m for the second half. The monthly operating performance is illustrated in the following chart.



In addition to the operating performance, the Club benefitted from the generosity of Members and Friends who donated £448k and an investment gain of £130k due to the reversal of last year's write-down of the value of the Interest Rate Swap on the Centenary Loan as interest rates increased

Total Income in 2021 was £7.1m, including Donations of £448k and Government Job Support Scheme grants of £0.5m, which was 18% higher than the previous year but well short of the £9.5m achieved in 2019. Operating expenditure was £6.2m and this resulted in an operating surplus of £0.9m.

Towards the end of 2021, due to uncertainty surrounding the course of the Covid 19 virus and derivatives during the winter months, a decision was made by the Board not to re-pay the £1.4m Government Coronavirus Business Interruption Loan, which was drawn down in December 2020, until at least the end of the first quarter of 2022. This provided a prudent working capital cushion over the winter.

In addition, the one year capital re-payment holiday on the Coutts Centenary Extension Loan expired in November 2021 with full monthly payment resuming thereafter. Our bankers, Coutts and Co, have remained supportive throughout the pandemic and this was reflected in the extension of the emergency loan covenant waivers through to 31st March 2022. From the final quarter of 2021 our financial performance has been compliant with the loan covenants and the full year budget for 2022 is in full compliance with the covenants.

The 2022 outlook indicates a continued improvement and as mentioned in the operational update a return to normal levels of business from July 2022. This is reflected in both the approved budget and cash flow forecasts.

Going Concern

In response to the second year of the Covid 19 pandemic the Club continued to manage costs tightly to reflect lower activity levels, particularly in the first half of the year, and again deferred capital expenditure. Members rallied to the Club's predicament and responded generously to the Chair's and President's Appeals. Thankfully, the Covid storm started to subside during the year and activity volumes began to increase towards normal levels until December when the Omicron variant appeared. This latest variant resulted in cancelled bookings in December and January 2022 but activity volumes started to rebound in February towards budgeted levels.

The combination of increasing revenues for the second half of 2021 and tight cost control resulted in an operating surplus of £0.9m for the year compared with a loss of £0.7m in the previous year – a turnaround of £1.6m. Cash flow from operating activities has been strong with £1.6m generated compared with an outflow of £0.2m in 2020. The Club's financial forecast for the next year out to April 2023 is based on activity volumes reaching pre-pandemic levels by the fourth quarter of 2022 with positive net income and cash generation. Our bankers, Coutts & Co, have been very supportive throughout the crisis and the latest financial outlook confirms that the Club will be fully compliant with the Centenary Loan covenant requirements over the coming year.

Continuing recovery could be affected by factors outside of the Club's control. In particular, economic and political uncertainties, with rapidly rising inflation and conflict in Ukraine, present challenges and complexities in assessing risks. However, as with the global pandemic, the Trustees are confident that the Club will continue to respond to adverse trends through managerial agility, adaptability and alacrity.

Having taken into account all available information about current circumstances and future trends, the Trustees have a reasonable expectation that the Club has adequate resources to continue to operate as a viable organisation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Staff and Remuneration

Following the release from lockdown and the cessation of the Government's job support schemes the Club welcomed back staff members, but not all staff returned to work at the Club and had either moved away from London or found new jobs or changed careers. The labour market for the hospitality sector has become very tight and even more competitive. Wage rates are rising steeply. In response, the Club has raised salaries for all staff and also ensured that they are fully compliant with the London Living Wage recommendations. It was imperative that the Club ensure all roles at the Club met London Living Wage to aid in the retention of the current team and the successful appointment of future team members.

The Club and the Finance, Audit and Risk Committee will continuously check salary levels within the market to ensure the Club's total rewards package remains competitive to ensure a competitive offering. This includes pay and benefit offerings. This will include benchmarking against similar organisations in the hospitality sector and will make recommendations for the Board to consider.

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the Chief Executive and the Executive Team together comprise the key management personnel of the Charity and, as such, are in charge of directing and controlling the Charity and running the Charity on a day to day basis.

Trustees give their time freely. Details of Trustee expenses and total emoluments of the key management personnel are disclosed in note 5 to the accounts.

Reserves Policy

The Trustees reviewed the Club's reserves policy in 2020 before the pandemic took hold. As a prudent reflection of the Club's financial situation, it was agreed to adopt a FREE General Reserve/Contingency Reserve target of £2m. This represents approximately three months income in normal circumstances. This is an objective and, given the current economic circumstances, is unlikely to be achieved for several years but, in the meantime, provides us with a benchmark against which to measure the Club's current level of reserves. At 31st December 2021 the General reserve was zero and Designated Funds, mainly the Fixed Asset Reserve, were £7.7m – an increase of £1.0m over the year.

Investment Policy and Objectives

It has been the policy of the Club to hold any surplus cash on short term deposits with financial institutions with high credit ratings. The Club benefits from an offset arrangement on its accounts with its bankers, Coutts & Co, whereby, for the purposes of calculating interest on the two bank loans, a credit balance on the current account earns a notional credit which is offset against the interest charged on the outstanding loan balances. Currently, this arrangement offers the best financial return for the Club on surplus operating cash and for the foreseeable future all cash holdings will be maintained at Coutts & Co.

Capital Improvements to Club House

Notwithstanding the constraints imposed on the organisation by the impact of the Coronavirus pandemic the Charity continued to carry out routine maintenance of the Club's facilities throughout 2021 but a number of major investment projects were deferred.

Risk Management

The preparation and management of the risk register is the responsibility of the Chief Executive Officer and his team. The responsibility for oversight of risk management lies with the Finance, Audit and Risk Committee and the Board of Trustees.

Both the impact and likelihood of risk are assessed on an 'inherent' basis (before the impact of controls), and a 'residual' basis (after the effectiveness of controls have been taken into account). A register of risks and controls assessment is maintained, discussed and challenged on a regular basis by the Finance, Audit and Risk Committee, and presented to the Board of Trustees.

The Trustees regularly review and set risk appetite statements against which the risks are measured.

The risk register also contains assessment of specific scenarios, such as:

- The post-Brexit impact on staff and costs of supplies
- The impact of the Coronavirus on the income and services of the Club

The 10 highest inherent risks are listed in the below table with a description of the mitigation controls in place.

	Inherent Risk	Mitigation
1	Loss of Key Staff: Reduction in quality of Executive team and loss of key staff through redundancy or other causes.	Regular review of recruitment procedures. Regular performance management for all relevant staff. Regular remuneration reviews including benchmarking. Succession planning. Constant review of staff establishment. Offering of flexible working, where practical.
2	Insufficient reserves, poor cash flow management.	Robust business plan. Detailed review of monthly management accounts and cash flows. Improved balance sheet reporting. Dashboard reports.
3	Membership Subscriptions: Impact on cash flow and budget of a dramatic decline in membership.	Analysis and forecasting through Twenty Year Plan. Subscription levels reviewed annually. Membership figures tracked and reviewed monthly. Membership offers.
4	Information Technology: Computer system failures, Cyber breach or loss/corruption of data.	Regular, external back-up procedures. Back-up power supply. Crisis Management plan. Regular penetration tests carried out by a 3rd party.
5	Business Disruption: Significant loss of Club facilities through fire or similar disaster.	Fire/security prevention measures. Health & Safety regulation adherence. Crisis Management plan. Business Interruption Insurance. Fire risk assessment. Use of Ansul fire suppression system.
6	Serious breach of security: Terrorist Activity	Appropriate security measures based on professional advice (House Committee experts, civil police and HQP&SS). Insurance Coverage. BCP in place to facilitate recovery.
7	Covid-19: Risk of downturn to operation and availability of staff.	Professional advice provided to staff and Members. Provision of antibacterial and PPE products throughout Club. Provision of lateral flow testing for staff. On-going vaccination programme in the country.
8	European Employees: Loss of European employees due to Brexit and associated legislation.	Identification of new recruitment sources. Assisting staff in obtaining visas/work permits,
9	UK Staffing: Reduced availability of UK staff.	Identification of new recruitment sources throughout the UK Hospitality industry.
10	Inflation	Regular review of supplier costs. Building a broadened base of suppliers. Adjustment of menus as items increase in price.

Club Shop

The range of merchandise sold in the Club Shop continues to be widened with the selection remaining in line with the Club's Charitable Objects. In 2021the Club has increased the number of RAF Club branded items with new products including: tote bags, fleeces, polo shirts, leather wallet and a new Club Gin. The Club has also widened the offer of Club wines being available for consumption at home to offer Members more value from their membership subscription.

FUTURE PLANS

The plans for the short to medium term were reviewed by the Trustees in 2021. The aim was to produce measures that would promote the charitable objectives of the Club whilst maintaining a membership base that was able both to enjoy and to support these objectives. Whilst the current over-riding objective is to recover from the pandemic in a safe, controlled and profitable manner most of the detailed objectives remain valid.

The following key objectives were established for 2022:

Membership
• Develop and maintain the Club's membership strategies in order to improve recruitment and retention of Full Members (serving and former serving officers) and to improve the use of the Club's facilities, including to increase the overall numbers set out below. • Recruit more Serving Members. Increase the overall number of serving members by 300. • Recruit more Reserve Officers and build key relations with RAF Reserve Organisations (FTRS, RAuxAF and VR). Increase the overall number of Reserve Officers by 100. • Recruit more Former-Serving Members. Increase the overall number of former-serving members by 280. • Recruit more eligible members of various airlines. Increase the overall number of 'airline members' by 50. • Identify additional Reciprocal Clubs.
House
• Continue to develop the Masterplan for redevelopment of the premises over a 20 year period. • Repair and paint the lightwell around the dome. • Refurbish the Victoria Bar using donations made from a third party.
Events
• Continue to offer an active programme of events in response to members' demand. • Encourage increased participation in events through enhanced promotion via the e-news, website and on social media. • Encourage members to book other facilities such as bedrooms/Dining Room in conjunction with Social Event bookings, to increase overall revenue. • Refreshed social event presence of the Club website for 2021 and encourage booking on-line. • As a general rule review the financing of events to ensure that events are self-supporting. • Develop the concept on online events to increase member participation from afar. • Developing a programme of key events for Younger Members.
Arts
• Continue to seek art to fill remaining historical gaps in the collection. • Maintain and update the catalogue of the Club's art collection. • Prepare an 'Art evacuation' plan to be implemented in the event of an emergency. • Exploit the Art collection for the benefit of the Club and its Members.
Archive
• Produce a summary of Club activities for 2021. • To work with the Events Team to record representative items for inclusion in an annual photograph supplement to the annual Digest.
Library
• To acquire books that fill the gaps in the library history. • To encourage Members to borrow the books.

FUTURE PLANS (continued)

Nominations
• Continue to manage the Trustee length of tenure ensuring the skill gaps are replaced as Trustees leave the Board. • Review Committee members and advertise within the membership for more Committee Members to fill the skill gaps required.
Finance, Audit and Risk Committee
• To monitor the monthly trading accounts, evaluate trends and advise appropriately. • Review and enhance the IT/MIS infrastructure. • To advise on the costs of refurbishment and renovation programmes, bedroom rates and subscriptions. • To continue to enhance the analysis of risk and review mitigating factors and controls. • To continue to evaluate the Club's internal control systems and recommend improvements. • In order to provide additional reassurance develop a policy for an internal audit function deploying suitably qualified Member volunteers. • To improve the communication of financial information to the Trustees. • To ensure that the Trading Company continues to develop the non-charitable revenue in keeping with the Objectives of the Club. • To oversee the continued compliance with the General Data Protection Regulation (GDPR). • To build Club reserves in line with the Reserves policy thus achieving the Board Objective. • To review the Business Recovery Plan. • To monitor the cash flow forecast and planned repayment schedules for the Centenary Extension and Coronavirus Business Interruption loans. • To provide support to the FD as he implements a fully integrated Purchase Order System.
Human Resources
• To continue to motivate, recognise and engage staff during challenging times. • To understand market trends in employment and recruitment and to continue to recruit staff of the highest calibre where required, within the parameters of the new EU Settlement Scheme. • To continue to share and uphold the Club's Vision, Mission and Core Values. • To welcome staff back to the Club following periods of furlough leave.
Environmental & Sustainability
• Install sensor LED lighting as areas are refurbished. • Plastic bedroom laundry bags replaced with reusable cotton bags. • "Green" committee set up with staff to encourage sustainability.
Legacies & Donations
• Continue to develop the Friends of the RAF Club. • Produce Bronze, Silver & Gold Supporters pins. • Organise the Silver & Gold Friends' Receptions and the distribution of Bronze pins. • Ensure all Friends are willing to have their name published in the 128 Magazine. • Claim gift aid on all donations quarterly. • Enhance fundraising communications with clear Case for Support, identifying new capital projects. • Promote Legacies. • Explore other fundraising initiative.

ACCOUNTING AND REPORTING RESPONSIBILITIES

The Companies Act 2006 requires the Trustees of the Charity to prepare accounts for each financial year, which give a true and fair view of its financial activities during the year, and of its financial position at the end of the year.

In preparing this report, the Trustees are mindful that whilst the Report and Accounts must meet the requirements of the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), there will be Members of the Club who will look to the report for assurances that the Club is being managed in a prudent and appropriate way, especially with regard to safeguarding the future of the Club and maintaining the standards of the facilities offered by the Club. In attempting to meet the requirements of the Charity Commission and the membership, the Trustees wish again to reinforce the following:

- That the Club is run as a Charity and that expenditure is in accordance with the Club's Charitable Purposes. These Charitable Purposes include the provision of a service to promote the efficiency of the RAF by establishing, maintaining and conducting in London, a central residential and non-residential Club for the use and accommodation of Members and by making available to them such other services, recreational facilities and leisure time activities as may be desirable, at prices which, so far as is possible, can be afforded by all Members of whatever rank.

- That our policy is not to build up substantial cash reserves in excess of the Board approved Reserves policy but rather to use income in pursuing the Club's Charitable Purposes, giving due regard to prudence, propriety and reasonableness in all expenditure and, in particular, ensuring that the Club's facilities are adequately maintained and protected.

- That in managing the finances of the Club, we have:
  - Selected suitable accounting practices, which we apply consistently;
  - Made judgements and estimates that are reasonable and prudent;
  - Followed applicable accounting standards and the Charities SORP;
  - Disclosed and explained any departures in these accounts;
  - Prepared the accounts on the 'going-concern' basis unless it is inappropriate to assume that the Charity will continue in operation; and
  - Sought advice from properly qualified experts on projects and the use of a related bank facility.

In managing the finances in this way, we have ensured that the Club is safely managed from a financial point of view.

The Board of Trustees is responsible for keeping accounting records, which are such as to disclose, with reasonable accuracy, the financial position of the Charity at any time, and to enable them to ensure that the accounts comply with charity law. The Board of Trustees is also responsible for safeguarding the Charity's assets and ensuring their proper application in accordance with Company law, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating the Strategic Report, was approved by the Board of Trustees and signed on their behalf by:

Air Vice-Marshal David Murray
Chairman of the Board of Trustees
16 March 2022

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF

THE ROYAL AIR FORCE CLUB

Opinion

We have audited the financial statements of The Royal Air Force Club for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Statements of Financial Position, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company and group's affairs as at 31 December 2021 and of the charitable company and group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company and group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which incorporates the Strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report, which are included in the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and group and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company and group; or
- the charitable company and group's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

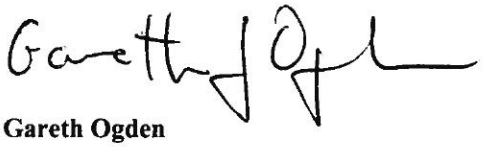
Based on our understanding of the group, we identified that the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to posting inappropriate journal entries to income and management override of internal controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators, including the Charity Commission and HMRC;
- Reviewing the minutes of meetings of those charged with governance;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect fraud;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Performing analytical procedures to identify any unusual or unexpected account entries; and
- Assessing assumptions and judgements made by the company in determining their critical accounting estimates

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Gareth Ogden
Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

16 March 2022

THE ROYAL AIR FORCE CLUB

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING THE INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
INCOME FROM:					
Charitable activities					
Club income	1	6,166,072	-	6,166,072	4,259,132
Donations and legacies					
Legacies		57,334	-	57,334	500
Restricted Donations		-	91,250	91,250	-
Donations from appeals and Friends of the Club		299,666	-	299,666	400,600
Government grant income		476,835	-	476,835	1,340,689
Other trading activities					
Trading activities	7a	58,394	-	58,394	48,817
Total income		7,058,301	91,250	7,149,551	6,049,738
EXPENDITURE ON:					
Charitable expenditure					
Club operating costs	2	6,196,119	-	6,196,119	6,688,550
Fine art	2	2,042	-	2,042	6,454
Donations made	2	8,000	-	8,000	1,112
Other trading activities					
Trading activities	7a	22,744	-	22,744	28,128
Raising funds					
Fundraising costs	2	15,574	-	15,574	-
Total expenditure	2	6,244,479	-	6,244,479	6,724,244
Net income/(expenditure) before investment gains/(losses)		813,822	91,250	905,072	(674,506)
Net gain/(loss) on investment of interest rate swap		130,505	-	130,505	(139,851)
Net income/(expenditure)		944,327	91,250	1,035,577	(814,357)
Transfers between funds	12	29,421	(29,421)	-	-
Balance brought forward		6,759,516	-	6,759,516	7,573,873
Balance carried forward		£7,733,264	£61,829	£7,795,093	£6,759,516

All transactions are derived from continuing activities.

All gains and losses recognised in the year are included in the statement.

The notes on pages 25 to 34 form an integral part of these financial statements.

ROYAL AIR FORCE CLUB

Company Number: 05321353
(a company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
FIXED ASSETS					
Tangible assets	6		11,334,866		12,217,096
CURRENT ASSETS					
Stocks	8	99,623		66,556	
Debtors	9	316,918		177,844	
Cash at bank and in hand		3,086,130		1,574,011	
		3,502,671		1,818,411	
CREDITORS: amounts falling due within one year	10	(1,738,391)		(1,624,454)	
NET CURRENT ASSETS			1,764,280		193,957
CREDITORS: amounts falling due after more than one year	11		(5,304,053)		(5,651,537)
TOTAL ASSETS LESS CURRENT LIABILITIES			£7,795,093		£6,759,516
FUNDS					
Unrestricted funds					
- Designated funds	12		7,733,264		6,759,516
- General fund	12		-		-
Restricted funds	12		61,829		-
			£7,795,093		£6,759,516

The financial statements were approved and authorised for issue by the Board on 16 March 2022 and were signed below on its behalf by:

D MURRAY
Air Vice-Marshal

I MELIA
Flight Lieutenant

The notes on pages 25 to 34 form an integral part of these financial statements.

THE ROYAL AIR FORCE CLUB

Company Number: 05321353
(a company limited by guarantee)

CHARITY STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER 2021

	Note	2021 £	2021 £	2020 £	2020 £
FIXED ASSETS					
Tangible assets	6		11,334,866		12,217,096
Investments	7		100		100
			11,334,966		12,217,196
CURRENT ASSETS					
Stocks	8	99,623		66,556	
Debtors	9	380,130		177,334	
Cash at bank and in hand		3,011,273		1,572,955	
		3,491,026		1,816,845	
CREDITORS : Amounts falling due within one year	10	(1,726,846)		(1,622,988)	
NET CURRENT ASSETS/ (LIABILITIES)			1,764,180		193,857
CREDITORS: amounts falling due after more than one year	11		(5,304,053)		(5,651,537)
TOTAL ASSETS LESS CURRENT LIABILITIES			£7,795,093		£6,759,516
FUNDS					
Unrestricted funds					
- Designated funds	12		7,733,264		6,759,516
- General fund	12		-		-
Restricted funds	12		61,829		-
			£7,795,093		£6,759,516

The parent undertaking's total income for the year before gift aid from RAFCTC Limited was £7,091,157 (2020: £6,000,921) and its net income for the year amounted to £905,072 (2020: net expenditure £674,506).

The financial statements were approved and authorised for issue by the Board on 16 March 2022 and were signed below on its behalf by:

D MURRAY
Air Vice-Marshal

I MELIA
Flight Lieutenant

The notes on pages 25 to 34 form an integral part of these financial statements.

THE ROYAL AIR FORCE CLUB

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2021

	2021 £	2020 £
Cash provided by operating activities	1,609,024	(202,620)
Cash flows from investing activities		
Purchase of tangible fixed assets	(29,421)	(487,698)
Cash used in investing activities	(29,421)	(487,698)
Cash flows from financing activities		
New secured loan	-	1,400,000
Loan repayments	(67,484)	(337,424)
Cash provided by financing activities	(67,484)	1,062,576
Increase/(decrease) in cash and cash equivalents in the year	1,512,119	372,258
Cash and cash equivalents at the beginning of the year	1,574,011	1,201,753
Total cash and cash equivalents at the end of the year	£3,086,130	£1,574,011

ANALYSIS OF CHANGES IN NET DEBT	At 1 January 2021 £	Cash Flows £	At 31 December 2021 £
Cash at bank and in hand	1,574,011	1,512,119	3,086,130
Bank loans due < 1 year	(404,904)	(280,080)	(684,984)
Bank loans due > 1 year	(5,651,537)	347,484	(5,304,053)
Net debt	(£4,482,430)	£1,579,523	(£2,902,907)

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021 £	2020 £
Net movement in funds	1,035,577	(814,357)
Add back depreciation charge	911,651	970,894
(Increase)/decrease in stock	(33,067)	33,754
(Increase)/decrease in debtors	(139,074)	129,984
(Decrease)/increase in creditors	(166,063)	(522,895)
Net cash provided by operating activities	£1,609,024	(£202,620)

The notes on pages 25 to 34 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

General information
The Royal Air Force Club is a charitable company, limited by guarantee, registered in England and Wales. Its registered office is 128 Piccadilly, London W1J 7PY. The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) (second edition effective 1 January 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Royal Air Force Club meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Basis of consolidation

These financial statements consolidate the results of The Royal Air Force Club and its subsidiary, The RAFCTC Limited (registered in England and Wales, registered number 06590556) on a line by line basis. As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities of the parent undertaking is not presented as part of these financial statements.

Going concern

In response to the second year of the Covid 19 pandemic the Club continued to manage costs tightly to reflect lower activity levels, particularly in the first half of the year, and again deferred capital expenditure. Members rallied to the Club's predicament and responded generously to the Chair's and President's Appeals. Thankfully, the Covid storm started to subside during the year and activity volumes began to increase towards normal levels until December when the Omicron variant appeared. This latest variant resulted in cancelled bookings in December and January 2022 but activity volumes started to rebound in February towards budgeted levels.

The combination of increasing revenues for the second half of 2021 and tight cost control resulted in an operating surplus of £0.9m for the year compared with a loss of £0.7m in the previous year – a turnaround of £1.6m. Cash flow from operating activities has been strong with £1.6m generated compared with an outflow of £0.2m in 2020. The Club's financial forecast for the next year out to April 2023 is based on activity volumes reaching pre-pandemic levels by the fourth quarter of 2022 with positive net income and cash generation. Our bankers, Coutts & Co, have been very supportive throughout the crisis and the latest financial outlook confirms that the Club will be fully compliant with the Centenary Loan covenant requirements over the coming year.

Continuing recovery could be affected by factors outside of the Club's control. In particular, economic and political uncertainties, with rapidly rising inflation and conflict in Ukraine, present challenges and complexities in assessing risks. However, as with the global pandemic, the Trustees are confident that the Club will continue to respond to adverse trends through managerial agility, adaptability and alacrity.

Having taken into account all available information about current circumstances and future trends, the Trustees have a reasonable expectation that the Club has adequate resources to continue to operate as a viable organisation for the foreseeable future and consider that there are currently no material uncertainties that could cast significant doubt on the charity's ability to continue as a going concern. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives. Designated funds are amounts that have been set aside at the discretion of the Trustees. Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

1. ACCOUNTING POLICIES (continued)

Income

Income represents the total income receivable during the year comprising government grants, donations, subscriptions, entrance fees, bedroom receipts, food, beverages and investment income.

Depreciation

The original freehold buildings are maintained to a standard that preserves likely residual value at a level at least equal to the book value. Accordingly no provision has been made for depreciation as the amount involved would not be material. Building improvements related to the Centenary Extension project are depreciated over 50 years.

Major improvements to Club premises are written off on a straight line basis over six to fifteen years from the date of completion of the refurbishment.

Computer equipment is written off on a straight line basis over three years.

Minor additions to the furniture, fittings, equipment and other improvements to the Club premises have been written off directly against revenue. The amount expensed in the year was £15,513 (2020: £16,147).

The Club does not capitalise donated assets principally comprising works of art.

Allocation of support costs

Support costs include back office costs, finance, personnel, payroll and governance costs which support the Club's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The allocations of support costs are set out in note 2.

Staff costs

The Club operates a Group Personal Pension Plan with Legal and General. Contributions to the Plan are charged to the income and expenditure account. Redundancy and termination payments are included in the income and expenditure account within the relevant activity line on an accruals basis.

Stocks

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying its accounting policies, the Club is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Club evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraph details the estimate and judgement the Club believes to have the most significant impact on the annual results under FRS 102.

1. ACCOUNTING POLICIES (continued)

Land & Buildings
The original land and buildings are recorded at cost within the financial statements. Management have considered depreciation to be immaterial due to the estimated useful economic life of the building being greater than 50 years and the estimated residual value of the building is greater than the carrying value in the accounts.

Creditors and provisions

Creditors and provisions are recognised where the Club 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.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised as unrealised gains/losses in the Statement of Financial Activities, unless they are included in a hedging arrangement. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2. ANALYSIS OF TOTAL EXPENDITURE

	Charitable expenditure					2021	2020
	Club operating costs	Fine art	Donations made	Trading activities	Raising funds	Total	Total
	£	£	£	£	£	£	£
Staff costs	3,306,055	-	-	-	15,574	3,321,629	4,203,949
Depreciation	911,651	-	-	-	-	911,651	970,894
Repairs and maintenance	204,236	-	-	-	-	204,236	183,222
House supplies	92,805	-	-	-	-	92,805	60,857
Fine art	-	2,042	-	-	-	2,042	6,454
Donations made	-	-	8,000	-	-	8,000	1,112
Trading activities	-	-	-	22,744	-	22,744	28,128
Bank interest	135,093	-	-	-	-	135,093	133,924
Support and other costs	1,527,888	-	-	-	-	1,527,888	1,096,715
Governance costs	18,391	-	-	-	-	18,391	38,989
	£6,196,119	£2,042	£8,000	£22,744	£15,574	£6,244,479	£6,724,244

2. ANALYSIS OF TOTAL EXPENDITURE (continued)

2020	Charitable expenditure				2020	2019
	Club operating costs	Fine art	Donations made	Trading activities	Total	Total
	£	£	£	£	£	£
Staff costs	4,203,949	-	-	-	4,203,949	4,832,934
Depreciation	970,894	-	-	-	970,894	1,026,899
Repairs and maintenance	183,222	-	-	-	183,222	338,612
House supplies	60,857	-	-	-	60,857	170,914
Fine art	-	6,454	-	-	6,454	17,267
Donations made	-	-	1,112	-	1,112	8,000
Trading activities	-	-	-	28,128	28,128	125,615
Bank interest	133,924	-	-	-	133,924	154,189
Support and other costs	1,096,715	-	-	-	1,096,715	2,682,298
Governance costs	38,989	-	-	-	38,989	34,480
	£6,688,550	£6,454	£1,112	£28,128	£6,724,244	£9,391,208

3. NET EXPENDITURE

	2021	2020
	£	£
The net expenditure is stated after charging :		
Auditors' remuneration – audit	20,400	19,500
Auditors' remuneration – other services	1,050	1,000
Depreciation – on owned assets	911,651	970,894

4. EMPLOYEES AND STAFF COSTS

	2021	2020
	No.	No.
The average number of contracts for Full Time and Part Time staff	95	140
	£	£
Staff costs were as follows:		
Wages and salaries	2,833,459	3,576,964
Agency	72,768	53,481
Social security costs	261,717	257,594
Other pension costs	153,685	182,886
Termination payments	-	133,024
	£3,321,629	£4,203,949
The number of staff who fell within the following bands were:		
£60,001 - £70,000	2	2
£70,001 - £80,000	1	1
£80,001 - £90,000	1	-
£130,001 - £140,000	1	-
£140,001 - £150,000	-	1

The trading subsidiary, RAF CTC, incurred £7,629 in staff costs (2020: £14,091) which are included within Trading Activities expenditure. During the year, the Club received a total of £476,835 from the Government's Coronavirus Job Retention Scheme (2020: £1,340,689).

5. TRUSTEES' REMUNERATION, REIMBURSED EXPENSES AND RELATED PARTIES

The key management personnel of the parent charity, the Club, comprise the Trustees and the Executive Team. The total employee benefits of the key management personnel of the Club were £507,998 (2020: £828,484).

No Trustees received remuneration for their services during the year. The charity trustees were not paid from employment with the Club or its subsidiary in the year (2020: Nil). No Club trustee received payment for professional or other services supplied to the Club (2020: Nil). During the year 9 trustees (2020: 15 trustees) were reimbursed expenses totalling £2,900 (2020: £3,857).

There were no related party transactions during the year (2020: Nil)

6. TANGIBLE FIXED ASSETS

GROUP AND CLUB	Freehold land and buildings and general improvements £	Bedrooms £	Function Rooms and Equipment £	Total £
Cost				
At 1st January 2021	17,969,317	7,693,438	2,266,825	27,929,580
Additions	-	-	29,421	29,421
At 31st December 2021	17,969,317	7,693,438	2,296,246	27,959,001
Depreciation				
At 1st January 2021	7,258,787	7,045,684	1,408,013	15,712,484
Charge for the year	616,198	139,703	155,750	911,651
At 31st December 2021	7,874,985	7,185,387	1,563,763	16,624,135
Net book value				
At 31st December 2021	£10,094,332	£508,051	£732,483	£11,334,866
At 31st December 2020	£10,710,530	£647,754	£858,812	£12,217,096

All the fixed assets are used for charitable activities.
In addition to the capitalised fixed assets, the Club has an extensive collection of paintings, sculptures and bronzes, other objects d'art and books and documents, either purchased by or donated or loaned to the Club. These represent a history of both aircraft and those who served in or were associated with the RAF. The cost of those items, and especially paintings, purchased by the Club is insignificant in terms of the value of the whole collection, which is irreplaceable. The Trustees do not believe that the significant cost involved in valuing the whole collection for accounting purposes would derive significant additional benefit to the user of the accounts in terms of assessing the Trustees' stewardship of the assets. Consequently these assets have not been capitalised in the financial statements. A full inventory is kept for insurance purposes.

7. INVESTMENTS

The Club has a wholly owned subsidiary, RAFCTC Limited, which operates the trading activity of the Club and gift aids its surplus to the Club. The subsidiary is registered in England and Wales (registration number 06590556).

	2021 £	2020 £
The Club's investment in the trading company was as follows:		
RAFCTC Limited	100	100

7a. TRADING ACTIVITIES

	2021 £	2020 £
Profit and Loss Account		
Turnover	58,394	48,817
Cost of sales	(12,793)	(9,783)
Gross profit	45,601	39,034
Administration expenses (net of interest receivable)	(9,951)	(18,345)
Profit for the financial year	£35,650	£20,689
Amount payable under gift aid to the Club	£35,650	£20,689
Balance sheet		
Net current assets	£100	£100
Share capital	£100	£100

8. STOCKS

	Group and Club	
	2021 £	2020 £
Goods for resale	£99,623	£66,556

9. DEBTORS : Amounts due within one year

	Group		Club	
	2021 £	2020 £	2021 £	2020 £
Trade debtors	204,196	10,281	185,908	9,771
Other debtors	7,298	19,746	7,298	19,746
Amounts owed by subsidiary undertakings	-	-	81,522	-
Prepayments and accrued income	105,424	147,817	105,402	147,817
	£316,918	£177,844	£380,130	£177,334

10. CREDITORS : Amounts falling due within one year	Group		Club	
	2021	2020	2021	2020
	£	£	£	£
Bank loans	684,904	404,904	684,904	404,904
Trade creditors	304,186	196,140	304,133	196,100
Other creditors	93,148	168,524	88,356	167,776
Amounts owed to subsidiary undertakings	-	-	-	4,157
Other taxes and social security	381,474	500,071	375,824	500,071
Accruals and deferred income	265,333	214,964	264,283	210,129
Interest rate swap	9,346	139,851	9,346	139,851
	£1,738,391	£1,624,454	£1,726,846	£1,622,988

11. CREDITORS : Amounts falling due after one year	Group		Club	
	2021	2020	2021	2020
	£	£	£	£
Bank loan	£5,304,053	£5,651,537	£5,304,053	£5,651,537
Analysis of bank loans:				
Amounts falling due:				
Within one year	684,904	404,904	684,904	404,904
Amounts falling due:				
Between one and two years	684,904	684,904	684,904	684,904
Between two and five years	2,054,712	2,054,712	2,054,712	2,054,712
After five years	2,564,437	2,911,921	2,564,437	2,911,921
	£5,304,053	£5,651,537	£5,304,053	£5,651,537

The bank facility comprises of two loans: a business term loan of £4,588,957 (2020: £4,656,441) and a Coronavirus Business Interruption Loan of £1,400,000 (2020: £1,400,000). Both are secured by a first legal charge over the freehold land and buildings at The Royal Air Force Club. The business loan repayable profile is for a 15 year term following a capital holiday period of 18 months from the date of the last drawdown. The loan is subject to a bank review 7 years after the loan amount was drawn down. The bank has granted a capital repayment holiday for a period of 12 months from 1 November 2021. Interest is charged at 2.45% p.a. above the bank base rate. The Coronavirus Business Interruption Loan was drawn down in December 2021. It is repayable over 6 years after the loan amount was drawn down. Interest is charged at 3.25% over base rate. No interest will be charged in the first year.

In relation to the bank facility, the Club also holds an interest rate swap, with a liability value of £9,346 at 31 December 2021 (2020: £139,851). This has been included in the financial statements within creditors.

12. FUNDS

The income funds of the Club include unrestricted and restricted funds comprising of the following:

	As at 1 January 2021	Net Income / expenditure	Transfers between funds	Balance at 31 December 2021
	£	£	£	£
Unrestricted funds:				
General fund	-	889,035	(889,035)	-
Designated funds:				
Fixed asset fund	6,693,785	-	894,456	7,588,241
Legacy fund	57,185	57,334	-	114,519
Fine art and stained window fund	8,546	(2,042)	-	6,504
Staff welfare	-	-	24,000	24,000
Total designated funds	6,759,516	55,292	918,456	7,733,264
Total unrestricted funds	6,759,516	944,327	29,421	7,733,264
Restricted funds:				
601 Squadron – Victoria Bar refurbishment	-	91,250	(29,421)	61,829
Total funds	£6,759,516	£1,035,577	£ -	£7,795,093

	As at 1 January 2020	Net Income / expenditure	Transfers between funds	Balance at 31 December 2020
	£	£	£	£
Unrestricted funds:				
General fund	-	(808,403)	808,403	-
Designated funds:				
Fixed asset fund	7,517,188	-	(823,403)	6,693,785
Legacy fund	56,685	500	-	57,185
Fine art and stained window fund	-	(6,454)	15,000	8,546
Total designated funds	7,573,873	(5,954)	(808,403)	6,759,516
Total unrestricted funds	7,573,873	(814,357)	-	6,759,516
Restricted funds	-	-	-	-
Total general funds	£7,573,873	(£814,357)	£ -	£6,759,516

12. FUNDS (continued)

The income funds of the Club comprise Restricted and Unrestricted Funds. The Unrestricted Funds include the following designated funds which have been set aside out of the unrestricted funds by the Trustees for specific purposes.

The Fixed Assets fund represents the net book value of fixed assets held by the group at the year end to the extent that it does not render the unrestricted funds negative. Due to the Centenary Extension project the net book value of fixed assets exceeds the total unrestricted funds.

The Legacy Fund was created to receive monies specifically left to the Club in Members' wills. The Board authorises expenditure against the fund for the benefit of the Club.

The Fine Art and Stained Window Fund, which resulted from an appeal, is used to purchase works of art that primarily cover historical gaps in the Club's collection.

The Staff Welfare Fund has been set up to support employees and their families who are in short-term need, hardship or stress.

One new Restricted Fund was established in 2021 to includes donations from members of 601 Squadron, Royal Auxiliary Air Force, specifically raised to fund the refurbishment of the Victoria Bar for the benefit of all Members. The refurbishment commenced in the final quarter of 2021 and is due to complete in the first half of 2022. During the year £29,421 has been capitalised in respect of expenditure incurred and a transfer from the Restricted Fund has therefore been made for this amount.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP AND CLUB	Fixed assets £	Current assets £	Non-current Assets/ liabilities £	Total £
Restricted funds	-	61,829	-	61,829
General fund	-	-	-	-
Designated funds – fixed assets	11,334,866	1,557,428	(5,304,053)	7,588,241
Designated funds - other	-	145,023	-	145,023
	£11,334,866	£1,764,280	(£5,304,053)	£7,795,093

Comparative consolidated statement of financial activities including the income and expenditure account

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £
INCOME FROM:				
Charitable activities				
Club income	1	4,259,132	-	4,259,132
Donations and legacies				
Legacies		500	-	500
Donations		-	-	-
Emergency appeal		400,600	-	400,600
Government grant income		1,340,689	-	1,340,689
Other trading activities				
Trading activities	7a	48,817	-	48,817
Total income		6,049,738	-	6,049,738
EXPENDITURE ON:				
Charitable expenditure				
Club operating costs	2	6,688,550	-	6,688,550
Fine Art	2	6,454	-	6,454
Donations made	2	1,112	-	1,112
Raising funds				
Trading activities	7a	28,128	-	28,128
Total expenditure	2	6,724,244	-	6,724,244
Net income (expenditure) before investment gains/(losses)		(674,506)	-	(674,506)
Net loss on investment of interest rate swap		(139,851)	-	(139,851)
Net (expenditure)/ income		(814,357)		(814,357)
Transfers between funds	12	-	-	-
Balance brought forward		7,573,873	-	7,573,873
Balance carried forward		£6,759,516	-	£6,759,516

THE ROYAL AIR FORCE CLUB

England & Wales - Charity number 1108295

Accounts

THE ROYAL AIR FORCE CLUB
(a company limited by guarantee)

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31ST DECEMBER 2020

Charity registered number: 1108295

Company registered number: 05321353

THE ROYAL AIR FORCE CLUB

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2020

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THE ROYAL AIR FORCE CLUB

LEGAL AND ADMINISTRATIVE DETAILS

YEAR ENDED 31ST DECEMBER 2020

TRUSTEES, OFFICERS AND ADVISORS

TRUSTEES

The Royal Air Force Club Trustees are the Charity Trustees of the Royal Air Force Club Charity ("the Charity"). The Trustees, all of whom have served in office throughout the year, are as follows:

Air Marshal Sue Gray (Chairman)
Mr John D Fisher (Vice-Chairman)
Air Commodore Barbara Cooper
Air Commodore Dai Whittingham
Group Captain James Beldon
Group Captain Al Lockwood
Hon.Group Captain Jo Salter
Wing Commander James Hill
Wing Commander James Poynton
Wing Commander Paula Willmot
Squadron Leader Sean O'Brien
Squadron Leader John Peters
Flight Lieutenant Ian Melia
Flight Lieutenant Haig Tyler

OFFICER

Chief Executive Officer & Club Secretary - Mr Miles Pooley

AUDITORS

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

BANKERS

Coutts & Co
440 The Strand
London WC2R OQS

SOLICITORS & LEGAL ADVISORS

Charity legal advice
Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

Employment Lawyers:
Burges – Salmon
One Glass Wharf
Bristol
BS2 0ZX

REGISTERED ADDRESS

128 Piccadilly
London W1J 7PY

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES

YEAR ENDED 31ST DECEMBER 2020

The Board of Trustees presents its report for the year ended 31 December 2020.

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including the Statement of Recommended Practice, Accounting and Reporting by Charities (Second Edition, effective 1 January 2019), and the Companies Act 2006.

REFERENCE AND ADMINISTRATIVE INFORMATION

The Royal Air Force Club was founded in 1918 and became registered with the Charity Commission in 1965 under charity number 252720. The Trustees and Executive Officer of the Charity are listed on page 1. The principal address and advisors are also listed on page 1. The Club became incorporated on 24 December 2004 and received a new Registered Charity Number 1108295 in place of 252720.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document
The Charity is governed by its Memorandum and Articles of Association which were last revised at the Charity's Annual General Meeting in June 2015.

Trustee Recruitment and Training
The Charity's elected Trustees are appointed at the Annual General Meeting on the basis of applications received from the membership through the Nominations Committee. Candidates for election must satisfy the Board's specifications concerning personal competence, specialist skills and availability. New Trustees are inducted into the workings of the Charity, including Policy and Procedures, through a programme which is overseen by the Vice-Chairman.

Organisational Management
The Trustees of the Charity are legally responsible for the overall management, finances and control of the Club and meet at least six times a year. The work of implementing most of their policies is carried out by the following standing sub-committees which meet as required and whose chairmen report at each meeting of the Trustees:

Committees	Chaired by	Other Trustee members
Finance, Audit & Risk	Flight Lieutenant Ian Melia	Flight Lieutenant Haig Tyler
House	Hon.Group Captain Jo Salter	Air Commodore Barbara Cooper
Membership	Wing Commander James Hill	Wing Commander Paula Willmot
Arts	Wing Commander James Poynton	Group Captain Jim Beldon
Events	Air Commodore Dai Whittingham	Squadron Leader John Peters
Archive	Wing Commander Michael Gilbert (Former Trustee)	
Legacies, Donations & Fundraising	Air Commodore Barbara Cooper	Group Captain Al Lockwood

In addition, there are also the following ad hoc working groups:

- Covid 19 Working Group which is chaired by Air Marshal Sue Gray with support from the Vice-Chairman and the two Trustees sitting on the Finance, Audit and Risk Committee. This group is tasked with co-ordinating the Club's response to the pandemic and developing the business recovery plan.
- Nominations Working Group which is formed as and when necessary to select Trustees to fill vacancies on the Board of Trustees. Due to higher priority demands, however, this group did not meet in 2020.
- Remunerations Committee which meets normally at least once a year to consider the remuneration and benefit package for the CEO and comprises The Vice-Chairman, The Chairman of the Finance, Audit and Risk Committee, The Trustee with responsibility for Human Resources and an independent Hospitality professional who is not a Club member. However, this group did not meet in 2020.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The day-to-day running of the Club is delegated to the CEO & Club Secretary, who is supported by an Executive Team. The Executive Team has developed over the last few years and averaged 12 members for the year. An organisational review is underway to deliver a more streamlined and cost effective senior management team.

The CEO & Club Secretary, Club Manager and Director of Finance attend all meetings of the Trustees and some subordinate committees. Other members of the Executive Team also attend appropriate meetings of the subordinate committees.

The Royal Air Force Club actively promotes the highest standards in fulfilling its Objects, partly through maintaining strong links with the Royal Air Force, partly through good communication with its Members and partly through regular evaluation and improvements to the quality of service to its Members. We also co-operate with other charitable Clubs as part of the evaluation process.

The Trustees and Executive Team work together to maintain the Vision, Mission and Core Values. These are:

Vision:
To be the London Club of choice for serving and retired RAF Officers, their families and other Members

Mission:
To provide high quality and affordable facilities and services in Central London for Club Members, in order to preserve, promote and foster the traditions of the Royal Air Force

Core Values:
1. **Value, respect and support each other**
2. **Give personalised, warm and consistently exceptional service**
3. **Create positive, memorable experiences for every Member**
4. **Care about and give back to our local community**

Group Structure and Relationships

The Charity has a subsidiary trading company, RAFCTC Limited, registered number 6590556. The company is responsible for using the Charity's facilities and resources so as to increase the Charity's total income and hence improve its continuing ability to achieve its Objects. The company provides functions to persons supportive of, but not directly associated with, the Royal Air Force and therefore not able to join the Club. All trading profit is distributed by Gift Aid each year to the Charity. As the company does not have any premises and uses agency staff when required, it is not considered that its activities constitute any risk to the finances of the Charity itself, even during any economic uncertainties.

Corporate and Social Responsibility

The Club is fitted with an extensive Building Management System to reduce energy consumption to a minimum. Recycling is now fully established for used cooking fats, used light bulbs, bottles, used print cartridges, cardboard, batteries, bedroom toiletries and paper. The Club commenced a plan to remove all individual toiletries from bedrooms and this will continue through 2020. The purchase of a food waste machine has reduced refuse bills and the number of collections required. The Club had 2 beehives installed on the roof in early 2020 and some honey was harvested. The honey was used for cooking and it is hoped that there will be sufficient for sale to Club members in 2021.

Risk Management

The Board is responsible for overseeing the risks faced by the Charity. The Finance, Audit & Risk Committee plays a key role in the oversight of risks. Continuous monitoring is used to identify new risks and to evaluate and assess both new and existing risks and controls. Appropriate controls are established and monitored to deal with risks.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Trustees undertake a formal review of the Charity's risk management process on an annual basis.

The key controls used by the Charity include:

- A Statement of Risk appetite and a Risk Management Schedule which is reviewed regularly by the Finance, Audit and Risk Committee;
- Formal agendas and minutes for all Board and Committee activity;
- Detailed Terms of Reference for all Trustees and Committees which are reviewed once a year;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels; and
- Operating as a Company Limited by Guarantee

Through the risk management process established for the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary, utilising insurance and control protocols. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

The Charity Governance Code
The Trustees confirm that the Club's structure, governance and management have been reviewed against the guidance set out in the Charity Governance Code for larger charities issued by the Charity Governance Code Steering Group. In particular, the Trustees have assessed the Board's performance against the following seven principles:

- Organisational purpose
- Leadership
- Integrity
- Decision-making, risk and control
- Board effectiveness
- Diversity
- Openness and accountability

CHARITABLE OBJECTS AND CLUB OPERATIONAL OBJECTIVES

Charitable Objects
The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the general guidance issued by the Charity Commission on public benefit. In particular, the Trustees confirm that they have complied with the Commission's published specific guidance relating to fee-charging charities.

The charitable purpose of the Royal Air Force Club within the meaning of the Act is enshrined within its objects:

To promote the efficiency of the Royal Air Force by improving the condition of officers holding commissions therein and in other associated Services and by preserving and fostering among them the esprit de corps and traditions of those Services by every suitable means. In particular by '*Establishing, maintaining and conducting in London, a central residential and non-residential Club for the use and accommodation of Members and by making available to them such other services, recreational facilities and leisure time activities as may be desirable, at prices which, so far as is possible, can be afforded by all members of whatever commissioned rank'.*

Public Benefit is not just provided to the members of the Charity. During the year, the Club has hosted visits from like-minded organisations; with prior arrangement, the Club welcomes visitors to view the memorabilia and art collection who otherwise would be unable to enter the premises due to not being eligible to take up one of the categories of membership. During the Covid-19 pandemic, the Trustees have also offered accommodation to keyworkers assisting with the control of the Covid-19 pandemic. These keyworkers have included NHS staff, Army and Navy personnel, Officers from the British Transport Police and Cabinet Ministers.

In fulfilling its primary charitable object of promoting the efficiency of the Royal Air Force the following specific membership policies are applied and are available to Serving and Former Serving Officers of the Royal Air Force:

- The membership subscription fee for the first five years following graduation from Initial Officer Training is low at **£12.00** per year including VAT.
- The membership subscription fee for the first five years following Commission into the Reserves is low at **£12.00** per year including VAT.
- Serving subscription rates after the first five years following Commission are based on a half a day's pay utilising the entry level for each rank plus VAT only (i.e. annual increments in pay are not included in the calculation of membership subscription fees).
- Reserve officer subscription rates after the first five years following Commission are based on a half a day's pay utilising the entry level for each rank plus VAT only (i.e. annual increments in pay are not included in the calculation of membership subscription fees).
- Serving officers' subscriptions continue to be collected in February each year.
- Former Serving officers are offered a 25% discount from their annual subscriptions once they reach state retirement age and have been a member for 25 years.
- Payment of subscriptions is also available by monthly direct debit, but with a monthly administrative fee charged.
- Families are welcome at all times. Extended family members have also been welcome at the Club during 2020
- The Dress Code is relaxed in all except two areas of the Club at specified times in order to make the Club more attractive to families and younger officers.
- A 50% reduction in room rates (valid for one stay of no more than three days) is available to those returning from operations.
- Reduction of 50% for the first year of membership subscription fee when moving from Serving to Retired Member status.
- Running affordable promotions across the year for the benefit of Serving & former Serving Officers for overnight stays in quieter months of the year.
- Members receive complimentary Room Hire when booking private member functions.
- Bedrooms are available at the military London accommodation rate for military duty visits.
- Members are encouraged to use our fitness centre.

Operational Objectives for the Year

The original detailed operational objectives for the financial year, as set out in the Strategic Plan and Budget, were derailed by the impact of the Coronavirus pandemic and the primary focus of the Board and management has been to minimise the adverse financial consequences arising from the reduced activity levels.

Although the Club's plans were updated regularly to adjust to changed circumstances the core objectives were not forgotten and new objectives were devised to assist with the management of the impact of the Pandemic. The key objectives for 2020 included:

- **Membership**
  - To communicate with the Club's membership more frequently using the full range of communication and social media as so many have been unable to visit due to restrictions.
  - In particular, enhancing communication with serving and potential members by maintaining effective channels of communication through the Trustees, Committees, the RAF Stations, Reserves and University Air Squadrons to maximise membership levels in all categories.
  - To maintain and, if possible, improve membership numbers in all categories, especially serving officers and former serving officers.
  - To actively encourage Family Membership (being for siblings, sons, daughters, grandchildren, nieces, nephews and parents of full members).

- Continuing the Royal Air Force Club Award presented at the Initial and Reserve Officer Training graduations at RAF College Cranwell.
- Following up on Serving Officers who did not renew their subscriptions.
- Offering accommodation to families of Members who may be working as key workers during the pandemic.

- **Members' Use of the Club**
  - Attempt to meet the aspirations of members in terms of facilities, functions and the adaptation of Club Rules, in order to ensure the optimum use of the Club within the historical context and ethos already set. This has included the setting up of online social events to maintain contact with Members.
  - Within the constraints of tight spending controls to maintain the Club premises to an appropriately high standard – at the beginning of the year a contractually committed refurbishment of a group of bedrooms on the fourth floor and a new pastry kitchen were completed and a worn-out passenger lift was replaced. In addition, routine redecoration was carried out using in-house staff.
  - To market the Club's facilities effectively.

- **Financial and Related Issues**
  - To continue to ensure that the Charity operates on a sound financial basis and remains a going concern.
  - To evaluate Government sponsored financial assistance schemes, to apply for relevant support and ensure compliance with applicable rules. The Club has gratefully benefitted from the Coronavirus Job Retention Scheme ("furlough"), business rates support, temporary VAT reduction and deferral of settling liabilities, Coronovirus Business Interruption Loan scheme and other more limited assistance.
  - To maintain management information systems and to add to the existing installation of Opera and Concept so that the point-of-sale, bedroom booking and banqueting booking systems are fully up to date.
  - To ensure that all financial aspects of the Charity's business are diligently controlled so that the accounts continue to comply with legal requirements.
  - To oversee management's identification, assessment, management and reporting of risk, covering all aspects of the Club's governance, financial and operational management and regulatory compliance ensuring that Covid-19 is regularly reviewed as it is a new risk.
  - Operating the Trading Company for the benefit of the Charity.

- **Staff**
  - To ensure effective communication and engagement with staff throughout a difficult year with particular emphasis on keeping in touch with staff on furlough.
  - In challenging circumstances to monitor the welfare of staff – both working and at home on furlough - through regular contact.
  - To put in place online learning programmes to ensure continued career development for all staff – particularly valuable for staff on furlough.
  - To effectively manage the redundancy programme in accordance with the law and good employment practice.
  - To put in place effective communication surrounding government initiatives such as the Coronavirus Job Retention Scheme.

- **Events**
  - To arrange activities and events to promote an interest in all matters connected with aviation in general and with the Royal Air Force in particular and to develop these events so that they can be offered online whilst Members cannot visit the Club.
  - Tailoring of events to better reflect the objectives of the Club and the wishes of the membership.

- **Arts**
  - To improve the collection of paintings and objets d'art which reflect the history of the Royal Air Force in particular, and aviation in general.
  - To commission works of art to fill gaps in the history of aviation art within the Club.
  - To develop a list of works of art which should be saved in the event of an emergency and to move these items around the Club to one specific area.

- **Library and Archive**
  - To maintain the Library book collection.
  - To arrange how best the Club might maintain its records.
  - To ensure the Club's records meet the needs of historians in the future.

Charitable Donations
Due to the deteriorating financial position, the Club was not able to make its usual charitable donations to the Royal Air Force Benevolent Fund and the Royal Air Forces Association this year. It is hoped that these will be reinstated in future years.

Volunteers
Trustees and members of the Committees gave many hours of their own time to provide governance, goodwill and professional advice during the year. The Board of Trustees would like to take this opportunity to record their appreciation for this continuing and valuable support.

OPERATIONAL AND FINANCIAL REVIEW OF THE YEAR

Operational Overview

The Club's financial year started strongly with positive bedroom occupancy and vibrant food and beverage and private event bookings for the year and a team of 152 full time and part time staff. The first two months of the year delivered favourable variances against budgeted activity volumes and profitability. However, as reports began to proliferate of Coronavirus spreading across the world, bookings started to decline in February. When National lockdown was announced on 23rd March, the Club Trustees approved the request from the Chief Executive Officer that the Club should remain open specifically for Key workers and Government Officials. Those taking advantage of our facilities included those from all three services of the Armed Forces who were working to support the Government in their fight against Covid-19. The Club was also able to offer accommodation and services to Club Members who had to be in London for their own work purposes and for those who had medical appointments. We were extremely proud to support Army personnel who were building the Nightingale Hospital in London and those leading the Test and Trace initiative. The Club Dining Room was converted to a military style canteen offering limited but welcome meals. Although the Club remained open as many staff as possible were put on to the furlough scheme and parts of the Club not in use were closed down to reduce operating costs. Keyworkers continued to be accommodated in April and May but from June their bookings started to decline.

In June 2020, the Club Chairman launched a donation appeal to Club Members to assist with operating costs and staff welfare. Members responded in a positive manner. A further appeal later in the year by the Club President encouraged Members to also set up standing orders which again received a positive response.

On 4th July, hospitality re-opened and Members started to re-visit the Club in small numbers. It was clear that many members were extremely cautious about visiting London with concerns about using the public transport network. At the end of July, with the short term future for the hospitality sector looking very bleak, the Club was compelled to make redundancies and started the compulsory consultation process. The redundancy programme was complete by the end of September with 45 staff members leaving the Club's employment.

The Government scheme, "Eat out to help out" helped to generate extra business in the Club especially in the Dining Room as Members and their guests felt encouraged to support the Government and their Club.

On October 17th, new national restrictions were announced by the Government and London was placed in Tier 2 - Local COVID Alert Level of High. In quick succession another National Lockdown started on 6th November, Tier 3 – Very High Alert Level from 16th December and finally another National Lockdown again on 30th December. Inevitably the restrictions had a severe impact on the Club's activities. However, throughout this difficult period the Club still remained open to support keyworkers, those requiring accommodation for business reasons and those meeting other specific requirements.

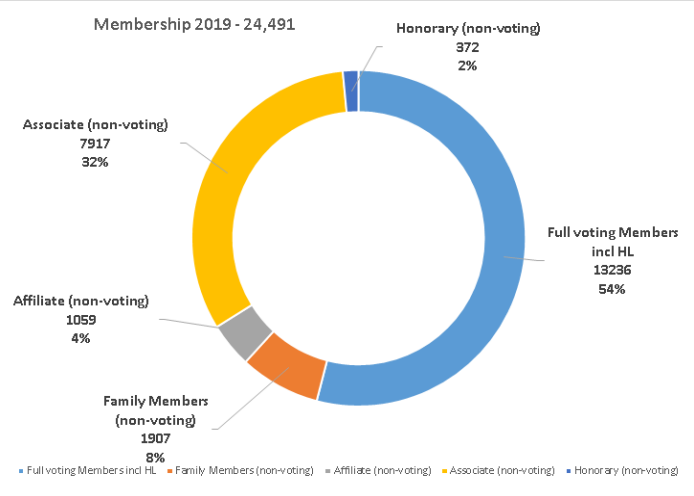
At 31 December the Club had 84 full time equivalent employees – a sad low point but we expect to be rehiring in the coming year as Members return to the Club and business improves. Despite the difficult year, Trustees and the Club's management and staff have worked closely together to secure the financial future of the Club. With the initial success of the vaccination programme the outlook for 2021 is looking more favourable.

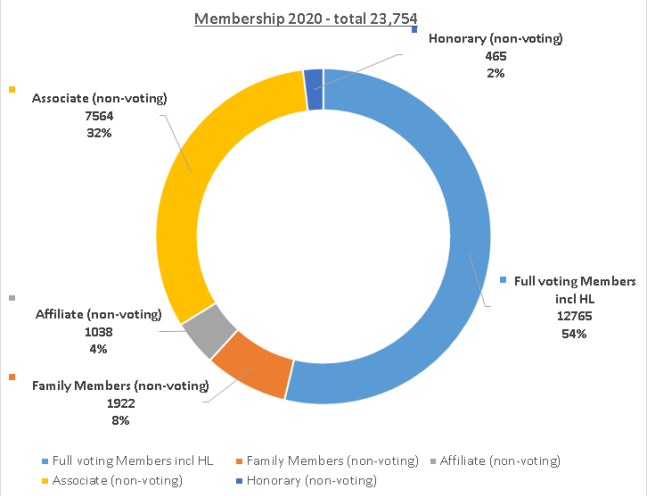
The Club's forecast for 2021 assumes a rebound in activity with trading at lower levels than previous years but a return to profitability and positive cash generation. Sensible and prudent financial management will help to secure the long term operational and financial success of the Club. In 2021, capital project work will be limited to essential work on the light-well above the main staircase but routine maintenance and small projects carried out by our onsite maintenance team will continue to maintain the building to its high standard. The Club's plans assume that "normalised" levels of activities, investment and financial performance will be achieved in 2022.We remain optimistic about the future and look forward to welcoming all members back into the Club in the coming months.

COMMITTEE REPORTS FOR THE YEAR

Membership

The steadfast support, loyalty and commitment of our members has meant Club membership has held up remarkably well over the past year. At the end of December 2020 the Club had 23,754 members, compared with 24,491 a year earlier. Sadly, in 2020 we lost 737 members. The most frequently cited reason for resignation is lack of opportunity to use the Club, but this has been a common trend over several years and is not specifically attributable to the pandemic.





The committee's focus over the past year has been to promote membership retention and encourage growth. This has been challenging, especially with the pause in Cranwell graduations from last summer. The first of the new Modular Initial Officer Training Courses graduated In February 2021 with a very positive take up of Club membership. Maintaining and strengthening our links with the RAF Officer Training Academy are an absolute priority.

We continue to promote the Club through our station representatives, but with much of the serving population working from home, engagement opportunities are limited. The committee is investigating how best to target serving officers.

In spite of the restrictions on access to the Club, there has been a healthy level of interest in affiliate and family membership. This year family membership has been extended to include nieces and nephews of full members. The committee has also reviewed the general criteria for family membership and with the agreement of trustees introduced a new policy which allows the children and grandchildren of former members who are deceased to apply to join the Club. We had received a number of requests, often from family members whose parents had proposed them and they wished now to include their children, maintaining a strong sense of tradition and community.

Over the next year, the committee intends addressing the fall in membership numbers with renewed engagement with the serving officer corps, a commitment to promote the Club to the newly graduating officers at Cranwell and renewed focus on the membership offer across all member categories.

Events

The Events Committee continued efforts to cater for Members' interests by providing a comprehensive and varied programme of external visits and events, tailored to reflect the Members' needs.

The 2020 social events programme had 45 events confirmed at the start of the year, with 1,037 bookings made by January 2020. Planned highlights were the Club's VE Day 75 celebrations with the D-Day Darlings, VE Day Gala at the Royal Albert Hall and Battle of Britain 80th Anniversary.

Due to the Covid-19 pandemic striking in March, only 5 of these planned events went ahead in January and February of 2020.

Burns Night Supper with the Adastral Burns Society 24/01/2020

Club Dinner & Cirque du Soleil at The Royal Albert Hall 04/02/2020

Club Dinner with Capt Richard de Crespigny 10/02/2020

New Members' Reception & Club Dinner 18/02/2020

Club Dinner with ACM Sir Dick Johns 20/02/2020

During the spring and summer, the team focussed on refunding cancelled events, with some members kindly donating their ticket costs to the Club's Covid-19 Appeal.

Christmas and New Year events remained in the diary, as we were hopeful these might still have been able go ahead, with over 100 bookings gained, however these were unable to run as London has entered into Tier 4 by this stage of the year.

Planning began in autumn 2020 for a series of online events for 2021, with 4 confirmed to date for Q1. Further online events to be developed across the year, as a benefit for those members who cannot travel to London in 2021 and will remain a regular feature of the events programme going forward.

Arts

The Arts Committee has managed to maintain a reduced schedule of meetings in order to ensure works, commissioned and paid for prior to Covid-19, were seen through to completion. This included receiving an additional Mal Grosse miniature painting compilation of notable RAF buildings, in addition to the aircraft types previously commissioned. Alongside this the committee has managed to complete a valuation exercise, instigated work to devise a precious art fire evacuation plan, as well as considering more routine matters such as donations and new commissions. During the year, the committee were saddened to hear of the death of Dr James Harper, former Head Librarian of the Royal Air Force Club, whose service and commitment to the Club will be fondly remembered.

Considering the financial impacts of Covid-19, the committee made an early decision to delay all but the most essential restoration works and not to commission any new works. A number of projects were paused including art relocations and squadron badge presentations (including the entire RAF Regiment Squadron set). The Committee is hopefully these will be able to take place in 2021.

The Fine Art and Stained Window Fund, which resulted from an appeal in 2020, is used to purchase works of art that primarily cover historical gaps in the Club's collection. It has historically been classified as a restricted fund, but has been re-classified as a designated fund in 2020, following the board's decision to designate £15,000 a year to fine art from general funds.

House Committee

The House Committee meetings were very different this year. The committee members were updated regularly on the COVID-19 situation and an early decision was to keep the Club open to provide emergency accommodation to non-member and member key workers. Our discussions also covered various other items of interest such as furloughing staff, cancelling all Club events and introducing safety videos for our membership. The committee chair briefed on outcomes from the Trustee away-day and shared the brainstormed suggestions from the various scenarios on revenue opportunities and income generation; a number of further suggestions were made by committee members which were factored into Club planning. With some changes to House Committee membership, we have recently carried out a skills audit.

Whilst we took the decision to significantly reduce the rolling programme. Contractual commitments entered into prior to lockdown were completed: 7 bedrooms on the fourth floor were refurbished, renovation of the public bathrooms (removing the baths and replacing them with showers) on the 2nd and 3rd floor bedroom corridors and the planned installation of a Pastry Kitchen were completed. Also, the Club continued with the environmental project to install motion detection timers on the bedroom corridor lighting. Taking advantage of the enforced lockdown a few projects planned for later years were undertaken which will minimise inconvenience to members in the future: the unreliable and old small passenger lift by the Churchill Bar was replaced and the Dining Room, Lobby, Cowdray Lounge, Sovereigns' Room and other public areas have been redecorated. The front desk has been re-laminated and the grills that cover the air conditioning units have been resprayed. All other planned rolling programme work has been stopped.

Finally, we are delighted to report that the two beehives installed on the roof have already started producing honey.

Fundraising and Legacies Committee

For many years the Club has quietly encouraged members to donate and to leave a gift in their will to the Club. The result has been a very modest annual income, with one or two spectacular exceptions that have helped the Club achieve major projects, such as part financing the development of the Centenary Wing in 2019. Seeing that it was necessary to make a stronger case to members the erstwhile Legacy Group became the Fundraising and Legacy Working Group in 2019. This group worked under the guidance of the House Committee, as its intended aim was to help fund future projects, including refurbishment of the lobby area, and occasional unplanned maintenance.

Then, of course, Covid-19 arrived in Spring 2020 and in common with all other areas in the Club, our focus changed dramatically to ameliorating an anticipated operating loss for the year in the range of £0.8m - £1.0m. Two appeals were launched consecutively. The first was headed by the Chair of the Board of Trustees, in which she sought donations to help with funding the operating losses and for staff welfare. The second appeal was initiated by the Club President and was a call to arms seeking member support by using the Club when it was safe to do so, setting up regular periodic donations through standing orders and leaving a legacy in their wills. Overall, the appeals raised £400k by the end of the financial year and donations continue to be received.

The Fundraising and Legacies Committee has recognised that professional support in meeting the Club's fundraising objectives is desirable and is considering employing to two part-time fundraising specialists: one to assist with Corporate fundraising and the other to focus on increasing legacies and general fundraising. Recruitment will start later in 2021 when

Government regulations allow the reopening of the Club. These posts will be self-funding and will help to ensure our long-term financial health.

Governance
There were no changes to the Board of Trustees in 2020.

Archives
The Archive Committee worked remotely to review how best the Club might maintain its records so that they might meet the needs of historians in the future.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Overview

Responding to the impact of Coronavirus has been the dominant theme of the year – reacting to the decline in activities and revenues, stabilising the cash position and planning for the recovery. A comprehensive and dynamic financial planning tool was developed which integrated profitability and cash flow forecasting for different scenarios and was updated quarterly in the response to a rapidly changing situation.

Cash flow management was key. All non-essential capital and revenue expenditure was rapidly curtailed and with the magnificent support from Member donations, Government grants and VAT deferral schemes the operating cash balance at year end was in the black. Although this was most welcome, the Board decided in November, in the light of continuing uncertainty, to apply for a Government Coronavirus Business Interruption Loan of £1.4m to provide a working capital cushion in the event of further deterioration in the economic outlook. This loan was drawn down in December. No interest will be payable on the loan for the first year. Also, a decision was taken to request a one-year capital repayment holiday on the Centenary Bank Loan. Our bankers, Coutts & Co, have remained supportive throughout the period and have granted covenant waivers through to March 2022.

Trading income in 2020 was £4.3m - less than half of the previous year's £9.5m. Trading income was supplemented by £0.4m of Member Donations and Government Grant Income of £1.3m making the Total Income for the year £6.0m. Operating expenditure was £6.7m which resulted in an operational loss of £0.7m. As a result of the Bank of England reducing Base Rate to a record low of 0.1% the annual revaluation of the Interest Rate Swap related to the Centenary Extension Loan resulted in a charge of £140k. The related accrual will unwind over the remaining 4 years of the Swap. The Club's overall deficit for the year was £0.8m which compares with a surplus of £0.2m last year.

At 31st December 2020 the General reserve was zero and Designated Funds, mainly the Fixed Asset Reserve, were £6.8m.

The latest outlook indicates that the current financial year will be profitable and cash generative with an improving financial performance in the following year.

Going Concern

In response to the pandemic the Club has been compelled to reduce costs significantly, defer capital expenditure and has availed itself of all of the appropriate Government support measures. Members rallied to the Club's predicament and responded generously to the Chair's and President's Appeals. Despite all best endeavours the Club has incurred an operating loss of £675k for the year. Recovery will depend on factors outside of our control such as relaxation of Government guidelines, rebuilding of Members' confidence and easing of travel restrictions. Inevitably it will take time for the Club's finances to recover. Our bankers, Coutts & Co, have been very supportive throughout the crisis and approved a short term Coronavirus Business Interruption Loan of £1.4m to provide a working capital underpin. The latest outlook indicates that the current financial year will be profitable and cash generative with an improving financial performance in the following year.

The Trustees have taken into account all available information about current circumstances and future trends and have a reasonable expectation that the Club has adequate resources to continue to operate as a viable organisation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Staff and Remuneration

The pay of the Chief Executive, Executive team and all staff are reviewed annually but a decision was made for 2021 that there would not be an annual increase to reflect a cost of living adjustment. Seventeen members of the Executive and Operations team agreed to a salary reduction in 2020 and these temporary reductions will continue in to 2021. In view of the nature of the Charity, the Trustees, on the recommendation of the Finance, Audit and Risk Committee (in its role as the committee tasked with reviewing salary levels), aim to benchmark salaries against pay levels in similar organisations in the hospitality sector.

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the Chief Executive and the Executive Team together comprise the key management personnel of the Charity and, as such, are in charge of directing and controlling the Charity and running the Charity on a day to day basis.

Trustees give their time freely. Details of Trustee expenses and total emoluments of the key management personnel are disclosed in note 5 to the accounts.

Reserves Policy

The Trustees reviewed the Club's reserves policy in 2020 before the pandemic took hold. As a prudent reflection of the Club's financial situation, it was agreed to adopt a General Reserve/Contingency Reserve target of £2.5m. This represents approximately four months income in normal circumstances. This is an objective and, given the current economic circumstances, is unlikely to be achieved for several years but, in the meantime, provides us with a benchmark against which to measure the Club's current level of reserves. At 31st December 2020 the General reserve was zero and Designated Funds, mainly the Fixed Asset Reserve, were £6.8m.

Investment Policy and Objectives

It has been the policy of the Club to hold any surplus cash on short term deposits with financial institutions with high credit ratings. The Club benefits from an offset arrangement on its accounts with its bankers, Coutts & Co, whereby, for the purposes of calculating interest on the two bank loans, a credit balance on the current account earns a notional credit which is offset against the interest charged on the outstanding loan balances. Currently, this arrangement offers the best financial return for the Club on surplus operating cash and for the foreseeable future all cash holdings will be maintained at Coutts & Co.

Capital Improvements to Club House

Notwithstanding the constraints imposed on the organisation by the impact of the Coronavirus pandemic the Charity continued to carry out routine maintenance of the Club's facilities throughout 2020 but a number of major investment projects were deferred. However, taking advantage of the unusually low number of users, two key renovations were undertaken: creation of a pastry kitchen to improve the offering of pastries and desserts for the Dining Room and for Afternoon tea in the Cowdray Lounge and replacement of the old passenger lift at the end of the ground floor corridor.

Risk Management

The preparation and management of the risk register is the responsibility of the Chief Executive Officer and his team. The responsibility for oversight of risk management lies with the Finance, Audit and Risk Committee and the Board of Trustees.

Both the impact and likelihood of risk are assessed on an 'inherent' basis (before the impact of controls), and a 'residual' basis (after the effectiveness of controls have been taken into account). A register of risks and controls assessment is maintained, discussed and challenged on a regular basis by the Finance, Audit and Risk Committee, and presented to the Board of Trustees.

The Trustees regularly review and set risk appetite statements against which the risks are measured.

The risk register also contains assessment of specific scenarios, such as:

- The post-Brexit impact on staff and costs of supplies
- The impact of the Coronavirus on the income and services of the Club

The 10 highest inherent risks are listed in the below table with a description of the mitigation controls in place.

Risk	**Mitigation**
Loss of key staff.	Regular review of recruitment procedures. Performance management and appraisals. Compensation reviews. Succession planning.
Control of income and expenditure.	Budgetary control system: annual budgets; monthly management accounts, including variance analysis and control procedures. Dashboard reports. Decisive management action
Control of capital expenditure and its effect on cash flow	Rolling programme Schedule of Project Costs. Project management.
Computer system failures/Cyber Security Breach, or loss/corruption of data.	Firewalls & anti-virus software, External back-up & daily back-up procedures, Back-up power supply, Crisis Management plan. Daily review by systems manager. Work with CISP to keep up to date with cyber security issues. Internal Controls & Anti-fraud Training. Insurance.
Continuing Covid-19 Virus risk of downturn to operation and availability of staff through Government restriction	Covid-19 Working group. Business Recovery Plan. Cost base adjustment Professional advice to staff and Members, Provision of antibacterial and PPE products throughout the Club.
Significant loss of Club facilities through fire or similar disaster.	Fire/security prevention measures. H&S Regulation adherence. Crisis Management plan. Business Interruption Insurance. Fire risk assessment, Ansul fire suppression system.
Terrorist Activity	Appropriate security measures based on professional advice (House Committee experts, civil police and HQP&SS). Disrupting hostile recon. Insurance Cover pay-outs significantly reduce monetary impact of attack.
Reserves, borrowing policy & cash flow giving lack of liquidity to respond to new needs or requirements and inability to meet commitments of planned objectives	Business plan, Rolling programme, Monthly management accounts. Monthly cashflow. Project committee, improved bank statement reporting, Dashboard, adjusting cost base
Membership subscriptions dropping due to dramatic decline in membership impacting cash flow	Analysis and forecasting through 20 year plan. Review of subscriptions annually. Tracking and review of membership figures on a monthly basis. Review of reasons for resignations.
Increase in the cost of supplies due to pandemic	Build a suppliers' Database. Sales performance monitoring. Adaptability - adjust menus as items increase in price. Constantly review suppliers' contract costs.

Club Shop

The range of merchandise sold in the Club Shop continues to be widened with the selection remaining in line with the Club's Charitable Objects. Items added in 2020 include a lanyard depicting the stained glass window and several leather goods which have been included whilst the Club works in conjunction with a new company who sell bespoke items. The Club has also widened the offer of Club wines being available for consumption at home to offer Members more value from their membership subscription.

FUTURE PLANS

The plans for the short to medium term were reviewed by the Trustees in 2020 before the full impact of the pandemic manifested itself. The aim was to produce measures that would promote the charitable objectives of the Club whilst maintaining a membership base that was able both to enjoy and to support these objectives. Whilst the current over-riding objective is to recover from the pandemic in a safe, controlled and profitable manner most of the detailed objectives remain valid.

The following key objectives were established for 2021:

Membership
• Develop and maintain the Club's membership strategies in order to improve recruitment and retention of Full Members (serving and former serving officers) and to improve the use of the Club's facilities, including to increase the overall numbers set out below. • Recruit more Serving Members. Increase the overall number of serving members by 300. • Recruit more Reserve Officers and build key relations with RAF Reserve Organisations (FTRS, RAuxAF and VR). Increase the overall number of Reserve Officers by 100. • Recruit more Former-Serving Members. Increase the overall number of former-serving members by 280. • Recruit more eligible members of various airlines. Increase the overall number of 'airline members' by 50. • Identify additional Reciprocal Clubs.
House
• Continue to develop the Masterplan for redevelopment of the premises over a 20 year period. • Repair and paint the lightwell around the dome. • Develop an IT strategy for the next 3 years.
Events
• Continue to offer an active programme of events in response to members' demand. • Encourage increased participation in events through enhanced promotion. • Refreshed social event presence of the Club website for 2021 and encourage booking on-line. • As a general rule review the financing of events to ensure that events are self-supporting. • Develop the concept on online events to increase member participation from afar.
Arts
• Continue to seek art to fill remaining historical gaps in the collection. • Maintain and update the catalogue of the Club's art collection. • Explore means to exploit the Art collection for the benefit of the Club and its Members.
Archive
• Produce a summary of Club activities for 2020. • To work with the Events Team to record representative items for inclusion in an annual photograph supplement to the annual Digest.
Library
• To acquire books that fill the gaps in the library history.
Nominations
• Continue to manage the Trustee length of tenure ensuring the skill gaps are replaced as Trustees leave the Board. • Review Committee members and advertise within the membership for more Committee Members to fill the skill gaps required.

FUTURE PLANS (continued)

Finance, Audit and Risk Committee
• To monitor the monthly trading accounts, evaluate trends and advise appropriately. • To advise on the costs of refurbishment and renovation programmes, bedroom rates and subscriptions. • To continue to enhance the analysis of risk and review mitigating factors and controls. • To evaluate the Club's internal control systems and recommend improvements. • In order to provide additional reassurance evaluate the feasibility of developing an internal audit function deploying suitably qualified Member volunteers. • To improve the communication of financial information to the Trustees. • To ensure that the Trading Company continues to develop the non-charitable revenue in keeping with the Objectives of the Club. • To oversee the continued compliance with the General Data Protection Regulation (GDPR). • To review the reserves policy and progress in achieving the Board Objective. • To review monitoring of the furlough scheme. • To review control of the Business Recovery Plan. • To monitor the cashflow forecast and planned repayment schedules for the Centenary Extension and Coronavirus Business Interruption loans.
Human Resources
• After full restoration of normal activity levels to become one of the Country's top 20 employers in the Sunday Times "Not for Profit" Best Companies to Work for listing. • To understand market trends in employment and recruitment and to continue to recruit staff of the highest calibre where required, within the parameters of the new EU Settlement Scheme. • To continue to share and uphold the Club's Vision, Mission and Core Values. • To continue to motivate, recognise and engage staff during challenging times.
Environmental & Sustainability
• Install sensor LED lighting as areas are refurbished. • Replace the single use bathroom amenities with larger refillable bottles. • Plastic bedroom laundry bags replaced with reusable cotton bags. • Purchase a glass crusher to significantly reduce the carbon footprint required for the current glass collections.
Legacies & Donations
• Develop and introduce a strong legacy and donations scheme, including the engagement of 2 part-time members of staff, to support the long term-future of the Club.

ACCOUNTING AND REPORTING RESPONSIBILITIES

The Companies Act 2006 requires the Trustees of the Charity to prepare accounts for each financial year, which give a true and fair view of its financial activities during the year, and of its financial position at the end of the year.

In preparing this report, the Trustees are mindful that whilst the Report and Accounts must meet the requirements of the applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), there will be Members of the Club who will look to the report for assurances that the Club is being managed in a prudent and appropriate way, especially with regard to safeguarding the future of the Club and maintaining the standards of the facilities offered by the Club. In attempting to meet the requirements of the Charity Commission and the membership, the Trustees wish again to reinforce the following:

- That the Club is run as a Charity and that expenditure is in accordance with the Club's Charitable Purposes. These Charitable Purposes include the provision of a service to promote the efficiency of the RAF by establishing, maintaining and conducting in London, a central residential and non-residential Club for the use and accommodation of Members and by making available to them such other services, recreational facilities and leisure time activities as may be desirable, at prices which, so far as is possible, can be afforded by all Members of whatever rank.

- That our policy is not to build up substantial cash reserves in excess of the Board approved Reserves policy but rather to use income in pursuing the Club's Charitable Purposes, giving due regard to prudence, propriety and reasonableness in all expenditure and, in particular, ensuring that the Club's facilities are adequately maintained and protected.

- That in managing the finances of the Club, we have:
  - Selected suitable accounting practices, which we apply consistently;
  - Made judgements and estimates that are reasonable and prudent;
  - Followed applicable accounting standards and the Charities SORP;
  - Disclosed and explained any departures in these accounts;
  - Prepared the accounts on the 'going-concern' basis unless it is inappropriate to assume that the Charity will continue in operation; and
  - Sought advice from properly qualified experts on projects and the use of a related bank facility.

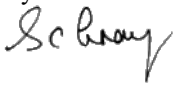
In managing the finances in this way, we have ensured that the Club is safely managed from a financial point of view.

The Board of Trustees is responsible for keeping accounting records, which are such as to disclose, with reasonable accuracy, the financial position of the Charity at any time, and to enable them to ensure that the accounts comply with charity law. The Board of Trustees is also responsible for safeguarding the Charity's assets and ensuring their proper application in accordance with Company law, and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

So far as each of the Trustees is aware at the time the report is approved:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees' report, incorporating the Strategic Report, was approved by the Board of Trustees and signed on their behalf by:



Air Marshal S Gray
(Chairman of the Board of Trustees)
10 March 2021

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF

THE ROYAL AIR FORCE CLUB

Opinion

We have audited the financial statements of The Royal Air Force Club for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company and group's affairs as at 31 December 2020 and of the charitable company and group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company and group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which incorporates the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and group and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company and group; or
- the charitable company and group's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Responsibilities of trustees for the financial statements
As explained more fully in the trustees' responsibilities statement on page 16, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group, we identified that the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006, the Charities Act 2011 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks were related to posting inappropriate journal entries to income and management override of internal controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators, including the Charity Commission and HMRC;
- Reviewing the minutes of meetings of those charged with governance;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect fraud;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions;
- Performing analytical procedures to identify any unusual or unexpected account entries; and
- Assessing assumptions and judgements made by the company in determining their critical accounting estimates

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Bennett
Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

10 March 2021

haysmacintyre is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

THE ROYAL AIR FORCE CLUB

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING THE INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
INCOME FROM:					
Charitable activities					
Club income	1	4,259,132	-	4,259,132	9,326,144
Donations and legacies					
Legacies		500	-	500	4,244
Donations		-	-	-	15,200
Emergency appeal		400,600	-	400,600	-
Government grant income		1,340,689	-	1,340,689	-
Other trading activities					
Trading activities	7a	48,817	-	48,817	208,057
Total income		6,049,738	-	6,049,738	9,553,645
EXPENDITURE ON:					
Charitable expenditure					
Club operating costs	2	6,688,550	-	6,688,550	9,239,376
Fine Art	2	6,454	-	6,454	17,267
Donations made	2	1,112	-	1,112	8,000
Raising funds					
Trading activities	7a	28,128	-	28,128	126,565
Total expenditure	2	6,724,244	-	6,724,244	9,391,208
Net income (expenditure) before investment gains/(losses)		(674,506)	-	(674,506)	162,437
Net loss on investment of interest rate swap		(139,851)	-	(139,851)	-
Net (expenditure)/ income		(814,357)		(814,357)	162,437
Transfers between funds	12	-	-	-	-
Balance brought forward		7,573,873	-	7,573,873	7,411,436
Balance carried forward		£6,759,516	-	£6,759,516	£7,573,873

All transactions are derived from continuing activities.

All gains and losses recognised in the year are included in the statement.

The notes on pages 24 to 32 form an integral part of these financial statements.

ROYAL AIR FORCE CLUB **Company Number: 05321353**
(a company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible assets	6		12,217,096		12,700,292
CURRENT ASSETS					
Stocks	8	66,556		100,310	
Debtors	9	177,844		307,828	
Cash at bank and in hand		1,574,011		1,201,753	
		1,818,411		1,609,891	
CREDITORS: amounts falling due within one year	10	(1,624,454)		(2,147,349)	
NET CURRENT ASSETS / (LIABILITIES)			193,957		(537,458)
CREDITORS: amounts falling due after more than one year	11		(5,651,537)		(4,588,961)
TOTAL ASSETS LESS CURRENT LIABILITIES			£6,759,516		£7,573,873
FUNDS					
Unrestricted funds					
- Designated funds	12		6,759,516		7,573,873
- General fund	12		-		-
Restricted funds	13		-		-
			£6,759,516		£7,573,873

The parent undertaking's total income for the year before gift aid from RAFCTC Limited was £6,000,921 (2019: £9,345,588) and its net expenditure for the year amounted to £674,506 (2019: net income £80,945).

The financial statements were approved and authorised for issue by the Board on 10 March 2021 and were signed below on its behalf by:

S GRAY
Air Marshal

I MELIA
Flight Lieutenant

The notes on pages 24 to 32 form an integral part of these financial statements.

THE ROYAL AIR FORCE CLUB

Company Number: 05321353
(a company limited by guarantee)

CHARITY STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible assets	6		12,217,096		12,700,292
Investments	7		100		100
			12,217,196		12,700,392
CURRENT ASSETS					
Stocks	8	66,556		100,310	
Debtors	9	177,334		332,595	
Cash at bank and in hand		1,572,955		1,156,531	
		1,816,845		1,589,436	
CREDITORS : Amounts falling due within one year	10	(1,622,988)		(2,126,994)	
NET CURRENT ASSETS/ (LIABILITIES)			193,857		(537,558)
CREDITORS: amounts falling due after more than one year	11		(5,651,537)		(4,588,961)
TOTAL ASSETS LESS CURRENT LIABILITIES			£6,759,516		£7,573,873
FUNDS					
Unrestricted funds					
- Designated funds	12		6,759,516		7,573,873
- General fund	12		-		-
Restricted funds	13		-		-
			£6,759,516		£7,573,873

The financial statements were approved and authorised for issue by the Board on 10 March 2021 and were signed below on its behalf by:

S GRAY
Air Marshal

Ian Melia

I MELIA
Flight Lieutenant

The notes on pages 24 to 32 form an integral part of these financial statements.

THE ROYAL AIR FORCE CLUB

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2020

	2020 £	2019 £
Cash provided by operating activities	(202,620)	1,751,312
Cash flows from investing activities		
Purchase of tangible fixed assets	(487,698)	(835,959)
Cash used in investing activities	(487,698)	(835,959)
Cash flows from financing activities		
New secured loan	1,400,000	-
Loan repayments	(337,424)	(404,908)
Cash provided by financing activities	1,062,576	(404,908)
Increase/(decrease) in cash and cash equivalents in the year	372,258	510,445
Cash and cash equivalents at the beginning of the year	1,201,753	691,308
Total cash and cash equivalents at the end of the year	£1,574,011	1,201,753

ANALYSIS OF CHANGES IN NET FUNDS	**At 1 January 2020 £**	**Cash Flows £**	**At 31 December 2020 £**
Cash at bank and in hand	1,201,753	372,258	1,574,011
	£1,201,753	£372,258	£1,574,011

RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net movement in funds	(814,357)	162,437
Add back depreciation charge	970,894	1,026,899
Decrease in stock	33,754	5,772
Decrease/(increase) in debtors	129,984	5,729
(Decrease)/increase in creditors	(522,895)	550,475
Net cash provided by operating activities	(£202,620)	£1,751,312

The notes on pages 24 to 32 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

General information
The Royal Air Force Club is a charitable company, limited by guarantee, registered in England and Wales. Its registered office is 128 Piccadilly, London W1J 7PY. The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: 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) (second edition effective 1 January 2019) - (Charities SORP (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Royal Air Force Club meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

Basis of consolidation

These financial statements consolidate the results of The Royal Air Force Club and its subsidiary, The RAFCTC Limited (registered in England and Wales, registered number 06590556) on a line by line basis. As permitted by Section 408 of the Companies Act 2006, the Statement of Financial Activities of the parent undertaking is not presented as part of these financial statements.

Going concern

As explained in the Trustees' Report the Covid 19 pandemic and resultant Government lockdown and social distancing measures have had a significant impact on the Club's operations and financial results. In response the Club has been compelled to reduce costs significantly, defer capital expenditure and has availed itself of all of the appropriate Government support measures.

Members rallied to the Club's predicament and responded generously to the Chair's and President's Appeals. Despite all best endeavours the Club has incurred an operating loss of £675,000 for the year. Our bankers, Coutts & Co, have been very supportive throughout the crisis and approved a short term Coronavirus Business Interruption Loan of £1.4m to provide a working capital underpin. The Club has developed a rolling financial forecasting tool with a two year financial planning horizon and this is regularly updated to incorporate latest assessments and assumptions and to generate sensitivities for changed circumstances. The latest outlook indicates that the current financial year will be profitable and cash generative with an improving financial performance in the following year.

The Trustees have taken into account all available information about current circumstances and future trends and have a reasonable expectation that the Club has adequate resources to continue to operate as a viable organisation for the foreseeable future. No material uncertainties regarding the going concern status of the Club have been identified and thus Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Fund accounting

Unrestricted funds comprise accumulated surpluses and deficits on general funds. They are available for use at the discretion of the Trustees in furtherance of the general charitable objectives.

Designated funds are amounts that have been set aside at the discretion of the Trustees.

Restricted funds are funds that are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes.

Income

Income represents the total income receivable during the year comprising government grants, subscriptions, entrance fees, bedroom receipts, food, liquor and investment income.

1. ACCOUNTING POLICIES (continued)

Depreciation

The original freehold buildings are maintained to a standard that preserves likely residual value at a level at least equal to the book value. Accordingly no provision has been made for depreciation as the amount involved would not be material. Building improvements related to the Centenary project are depreciated over 50 years.

Major improvements to Club premises are written off on a straight line basis over six to fifteen years from the date of completion of the refurbishment.

Computer equipment is written off on a straight line basis over three years.

Minor additions to the furniture, fittings, equipment and other improvements to the Club premises have been written off directly against revenue. The amount expensed in the year was £16,147 (2019: £49,715).

The Club does not capitalise donated assets principally comprising works of art.

Allocation of support costs

Support costs include back office costs, finance, personnel, payroll and governance costs which support the Club's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The allocations of support costs are set out in note 2.

Staff costs

The Club operates a Group Personal Pension Plan with Legal and General. Contributions to the Plan are charged to the income and expenditure account.

Redundancy and termination payments are included in the income and expenditure account within the relevant activity line on an accruals basis.

Stocks

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors and provisions

Creditors and provisions are recognised where the Club 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.

Financial instruments

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised as unrealised gains/losses in the Statement of Financial Activities, unless they are included in a hedging arrangement. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

1. ACCOUNTING POLICIES (continued)

Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying its accounting policies, the Club is required to make certain estimates, judgements and assumptions that it believes are reasonable based on the information available. These judgements, estimates and assumptions affect the amounts of assets and liabilities at the date of the financial statements and the amounts of revenues and expenses recognised during the reporting periods presented.

On an ongoing basis, the Club evaluates its estimates using historical experience, consultation with experts and other methods considered reasonable in the particular circumstances. Actual results may differ significantly from the estimates, the effect of which is recognised in the period in which the facts that give rise to the revision become known. The following paragraph details the estimate and judgement the Club believes to have the most significant impact on the annual results under FRS 102.

Land & Buildings
The original land and buildings are recorded at cost within the financial statements. Management have considered depreciation to be immaterial due to the estimated useful economic life of the building being greater than 50 years and the estimated residual value of the building is greater than the carrying value in the accounts.

2. ANALYSIS OF TOTAL EXPENDITURE

	Charitable expenditure			Raising funds	2020	2019
	Club operating costs	Fine art	Donations made	Trading activities	Total	Total
	£	£	£	£	£	£
Staff costs	4,203,949	-	-	-	4,203,949	4,832,934
Depreciation	970,894	-	-	-	970,894	1,026,899
Repairs and maintenance	183,222	-	-	-	183,222	338,612
House supplies	60,857	-	-	-	60,857	170,914
Fine art	-	6,454	-	-	6,454	17,267
Donations made	-	-	1,112	-	1,112	8,000
Trading activities	-	-	-	28,128	28,128	125,615
Bank interest	133,924	-	-	-	133,924	154,189
Support and other costs	1,096,715	-	-	-	1,096,715	2,682,298
Governance costs	38,989	-	-	-	38,989	34,480
	£6,688,550	£6,454	£1,112	£28,128	£6,724,244	£9,391,208

2. ANALYSIS OF TOTAL EXPENDITURE (continued)

2019	Charitable expenditure			Raising funds	2019	2018
	Club operating costs	Fine art	Donations made	Trading activities	Total	Total
	£	£	£	£	£	£
Staff costs	4,832,934	-	-	-	4,832,934	4,474,054
Depreciation	1,026,899	-	-	-	1,026,899	662,933
Repairs and maintenance	338,612	-	-	-	338,612	282,007
House supplies	170,914	-	-	-	170,914	256,169
Fine art	-	17,267	-	-	17,267	114,426
Donations made	-	-	8,000	-	8,000	13,362
Trading activities	-	-	-	125,615	125,615	167,975
Bank interest	154,189				154,189	113,677
Support and other costs	2,682,298	-	-	-	2,682,298	2,643,963
Governance costs	33,530	-	-	950	34,480	35,519
	£9,239,376	£17,267	£8,000	£126,565	£9,391,208	£8,764,085

3. NET EXPENDITURE

	2020	2019
	£	£
The net expenditure is stated after charging :		
Auditors' remuneration – audit	22,750	17,950
Auditors' remuneration – other services	1,000	1,000
Depreciation – on owned assets	970,894	1,026,899

4. EMPLOYEES AND STAFF COSTS

	2020	2019
	No.	No.
The average number of contracts for Full Time and Part Time staff	140	149
	£	£
Staff costs were as follows:		
Wages and salaries	3,576,964	3,839,668
Agency	53,481	448,384
Social security costs	257,594	353,199
Other pension costs	182,886	191,683
Termination payments	133,024	-
	£4,203,949	£4,832,934
The number of staff who fell within the following bands were:		
£60,001 - £70,000	2	1
£70,001 - £80,000	1	3
£140,001 - £150,000	1	-
£150,001 - £160,000	-	1

The trading subsidiary, RAF CTC, incurred £14,091 in staff costs (2019: £84,472) which are included within Trading Activities expenditure.

During the year, the Club received a total of £1,340,689 from the Government's Coronavirus Job Retention Scheme (2019: £nil).

5. TRUSTEES' REMUNERATION, REIMBURSED EXPENSES AND RELATED PARTIES

The key management personnel of the parent charity, the Club, comprise the Trustees and the Executive Team. The total employee benefits of the key management personnel of the Club were £828,484 (2019: £866,499). Some members of the key management team commenced employment part way through the year.

No Trustees received remuneration for their services during the year. The charity trustees were not paid from employment with the Club or its subsidiary in the year (2019: Nil). No Club trustee received payment for professional or other services supplied to the Club (2019: Nil).

There were no related party transactions during the year (2019: Nil)

6. TANGIBLE FIXED ASSETS

GROUP AND CLUB	Freehold land and buildings and general improvements £	Bedrooms £	Function Rooms and Equipment £	Total £
Cost				
At 1st January 2020	17,648,884	7,653,279	2,139,719	27,441,882
Additions	320,433	40,159	127,106	487,698
At 31st December 2020	17,969,317	7,693,438	2,266,825	27,929,580
Depreciation				
At 1st January 2020	6,609,761	6,876,584	1,255,245	14,741,590
Charge for the year	649,026	169,100	152,768	970,894
At 31st December 2020	7,258,787	7,045,684	1,408,013	15,712,484
Net book value				
At 31st December 2020	£10,710,530	£647,754	£858,812	£12,217,096
At 31st December 2019	£11,039,123	£776,695	£884,474	£12,700,292

All the fixed assets are used for charitable activities.

In addition to the capitalised fixed assets, the Club has an extensive collection of paintings, sculptures and bronzes, other objects d'art and books and documents, either purchased by or donated or loaned to the Club. These represent a history of both aircraft and those who served in or were associated with the RAF. The cost of those items, and especially paintings, purchased by the Club is insignificant in terms of the value of the whole collection, which is irreplaceable. The Trustees do not believe that the significant cost involved in valuing the whole collection for accounting purposes would derive significant additional benefit to the user of the accounts in terms of assessing the Trustees' stewardship of the assets. Consequently these assets have not been capitalised in the financial statements. A full inventory is kept for insurance purposes.

7. INVESTMENTS

The Club has a wholly owned subsidiary, RAFCTC Limited, which operates the trading activity of the Club and gift aids its surplus to the Club. The subsidiary is registered in England and Wales (registration number 06590556).

	2020 £	2019 £
The Club's investment in the trading company was as follows:		
RAFCTC Limited	100	100

7a. TRADING ACTIVITIES

	2020 £	2019 £
Profit and Loss Account		
Turnover	48,817	208,057
Cost of sales	(9,783)	(53,198)
Gross profit	39,034	154,859
Administration expenses (net of interest receivable)	(18,345)	(73,367)
Profit for the financial year	£20,689	£81,492
Amount payable under gift aid to the Club	£20,689	£81,492
Balance sheet		
Net current assets	£100	£100
Share capital	£100	£100

8. STOCKS

	Group and Club	
	2020 £	2019 £
Goods for resale	£66,556	£100,310

9. DEBTORS : Amounts due within one year

	Group		Club	
	2020 £	2019 £	2020 £	2019 £
Trade debtors	10,281	198,273	9,771	187,831
Other debtors	19,746	17,712	19,746	17,712
Amounts owed by subsidiary undertakings	-	-	-	35,209
Prepayments and accrued income	147,817	91,843	147,817	91,843
	£177,844	£307,828	£177,334	£332,595

10. CREDITORS : Amounts falling due within one year

	Group		Club	
	2020 £	2019 £	2020 £	2019 £
Bank loans	404,904	404,904	404,904	404,904
Trade creditors	196,140	713,293	196,100	709,018
Other creditors	168,524	134,089	167,776	134,089
Amounts owed to subsidiary undertakings	-	-	4,157	-
Other taxes and social security	500,071	535,952	500,071	521,872
Accruals and deferred income	214,964	359,111	210,129	357,111
Interest rate swap	139,851	-	139,851	-
	£1,624,454	£2,147,349	£1,622,988	£2,126,994

11. CREDITORS : Amounts falling due after one year	Group 2020 £	Group 2019 £	Club 2020 £	Club 2019 £
Bank loan	£5,651,537	£4,588,961	£5,651,537	£4,588,961
Analysis of bank loans:				
Amounts falling due:				
Within one year	404,904	404,904	404,904	404,904
Amounts falling due:				
Between one and two years	684,904	404,904	684,904	404,904
Between two and five years	2,054,712	1,214,712	2,054,712	1,214,712
After five years	2,911,921	2,969,345	2,911,921	2,969,345
	£5,651,537	£4,588,961	£5,651,537	£4,588,961

The bank facility comprises of two loans: a business term loan of £4,656,441 (2019: £4,993,865) and a Coronavirus Business Interruption Loan (2020: £1,400,000). Both are secured by a first legal charge over the freehold land and buildings at The Royal Air Force Club. The business loan repayable profile is for a 15 year term following a capital holiday period of 18 months from the date of the last drawdown. The loan is subject to a bank review 7 years after the loan amount was drawn down. The bank has granted a capital repayment holiday for a period of 12 months from 1 November 2020. Interest is charged at 2.45% p.a. above the bank base rate. The Coronavirus Business Interruption Loan was drawn down in December 2020. It is repayable over 6 years after the loan amount was drawn down. Interest is charged at 3.25% over base rate. No interest will be charged in the first year.

In relation to the bank facility, the Club also holds an interest rate swap, with a liability value of £139,851 at 31 December 2020 (2019: £74,657). This has been included in the financial statements within creditors for the first time because the valuation has become material as a result of the Bank of England reducing the base rate from 0.75% to 0.1% in March 2020. This is the lowest ever level in the Bank's 325 year history.

12. UNRESTRICTED FUNDS

The income funds of the Club include unrestricted funds comprising of the following:

	As at 1 January 2020 £	Net Income / expenditure £	Transfers between funds £	Balance at 31 December 2020 £
General fund	-	(808,403)	808,403	-
Designated funds				
Fixed asset fund	7,517,188	-	(823,403)	6,693,785
Centenary fund	-	-	-	-
Legacy fund	56,685	500	-	57,185
Fine art and stained window fund	-	(6,454)	15,000	8,546
	7,573,873	(£814,357)	-	6,759,516
Total general funds	£7,573,873	(£814,357)	-	£6,759,516

12. UNRESTRICTED FUNDS (continued)

2019	As at 1 January 2019 £	Net income £	Transfers between funds £	Balance at 31 December 2019 £
General fund	-	160,840	(160,840)	-
Designated funds				
Fixed asset fund	7,254,840	-	262,348	7,517,188
Centenary fund	34,155	(580)	(33,575)	-
Legacy fund	122,441	4,244	(70,000)	56,685
	7,411,436	3,664	158,773	7,573,873
Total general funds	£7,411,436	£164,504	£(2,067)	£7,573,873

The income funds of the Club include the following designated funds which have been set aside out of the unrestricted funds by the Trustees for specific purposes.

The fixed assets fund represents the net book value of fixed assets held by the group at the year end, less the loan secured on the freehold building to the extent that it does not render the unrestricted funds negative. Due to the centenary project the net book value of fixed assets exceeds the total unrestricted funds.

The Centenary Fund was established so that the Royal Air Force Club would be in a position to mark both the centenary of the Royal Air Force and that of the Club in 2019.

The Fine Art and Stained Window Fund, which resulted from an appeal, is used to purchase works of art that primarily cover historical gaps in the Club's collection. It has historically been classified as a restricted fund, but has been re-classified as a designated fund in 2020, following the board's decision to designate £15,000 a year to fine art from general funds.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP AND CLUB	Fixed assets £	Current assets/ (liabilities) £	Non-current assets/ (liabilities) £	Total £
Restricted funds	-	-	-	-
General fund	-	-	-	-
Designated funds – fixed assets	12,217,096	128,226	(5,651,537)	6,693,785
Designated funds - other	-	65,731	-	65,731
	£12,217,096	£193,957	£(5,651,537)	£6,759,516

Comparative consolidated statement of financial activities including the income and expenditure account

	Unrestricted Funds £	Restricted Funds £	Total 2019 £
INCOME FROM:			
Charitable activities			
Club income	9,326,144	-	9,326,144
Donations and legacies			
Legacies	4,244	-	4,244
Donations	-	15,200	15,200
Other trading activities			
Trading activities	208,057	-	208,057
Total income	9,538,445	15,200	9,553,645
EXPENDITURE ON:			
Charitable expenditure			
Club operating costs	9,239,376	-	9,239,376
Fine Art	-	17,267	17,267
Donations made	8,000	-	8,000
Raising funds			
Trading activities	126,565	-	126,565
Total expenditure	9,373,941	17,267	9,391,208
Net income and net movement in funds	164,504	(2,067)	162,437
Transfers between funds	(2,067)	2,067	-
Balance brought forward	7,411,436	-	7,411,436
Balance carried forward	£7,573,873	£-	£7,573,873