

**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**

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#### **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 26<sup>th</sup> January 2022; appointed as a Trustee on 14<sup>th</sup> October 2021)

Air Marshal Sue Gray (Chairman until 26<sup>th</sup> January 2022; resigned as a trustee on 26<sup>th</sup> January 2022)

Mr John D Fisher (Vice-Chairman)

Air Commodore Adam Wardrope (Vice-Chairman; appointed 26<sup>th</sup> 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 0QS

##### **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 2021

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:

<b>Committees</b>	<b>Chaired by</b>	<b>Other Trustee members</b>
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



## **THE ROYAL AIR FORCE CLUB**

### **REPORT OF THE TRUSTEES (continued)**

**YEAR ENDED 31ST DECEMBER 2021**

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#### **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.

## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2021

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#### 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.

## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

#### YEAR ENDED 31ST DECEMBER 2021

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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).

## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

#### YEAR ENDED 31ST DECEMBER 2021

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- 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, Coronavirus 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.

## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

#### YEAR ENDED 31ST DECEMBER 2021

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- **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 2021 and 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.



## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2021

## COMMITTEE REPORTS FOR THE YEAR

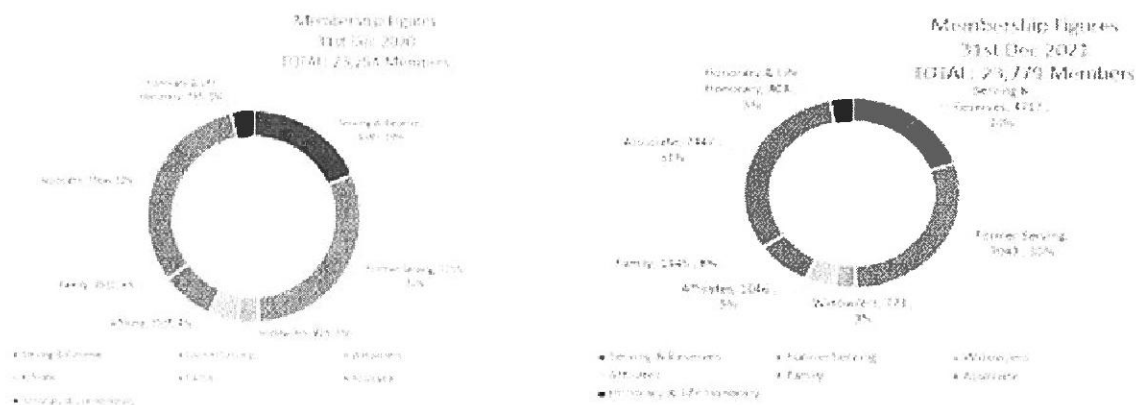
### Membership

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.

## **THE ROYAL AIR FORCE CLUB**

### **REPORT OF THE TRUSTEES (continued)**

#### **YEAR ENDED 31ST DECEMBER 2021**

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##### **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.

## **THE ROYAL AIR FORCE CLUB**

### **REPORT OF THE TRUSTEES (continued)**

#### **YEAR ENDED 31ST DECEMBER 2021**

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##### **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 21<sup>st</sup> 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 14<sup>th</sup> 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.



## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

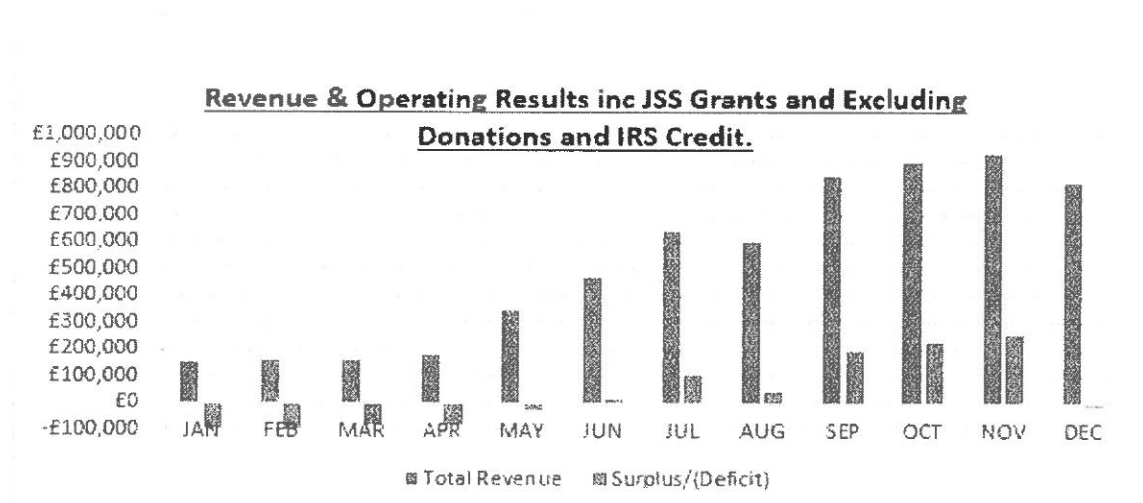
YEAR ENDED 31ST DECEMBER 2021

#### 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 31<sup>st</sup> 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.

## **THE ROYAL AIR FORCE CLUB**

### **REPORT OF THE TRUSTEES (continued)**

#### **YEAR ENDED 31ST DECEMBER 2021**

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##### **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.

## **THE ROYAL AIR FORCE CLUB**

### **REPORT OF THE TRUSTEES (continued)**

#### **YEAR ENDED 31ST DECEMBER 2021**

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##### **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 31<sup>st</sup> 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.

## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

#### YEAR ENDED 31ST DECEMBER 2021

#### 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.

## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

#### YEAR ENDED 31ST DECEMBER 2021

#### 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 2021 the 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
<ul style="list-style-type: none"><li>• 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.</li><li>• Recruit more Serving Members. Increase the overall number of serving members by 300.</li><li>• 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.</li><li>• Recruit more Former-Serving Members. Increase the overall number of former-serving members by 280.</li><li>• Recruit more eligible members of various airlines. Increase the overall number of 'airline members' by 50.</li><li>• Identify additional Reciprocal Clubs.</li></ul>
House
<ul style="list-style-type: none"><li>• Continue to develop the Masterplan for redevelopment of the premises over a 20 year period.</li><li>• Repair and paint the lightwell around the dome.</li><li>• Refurbish the Victoria Bar using donations made from a third party.</li></ul>
Events
<ul style="list-style-type: none"><li>• Continue to offer an active programme of events in response to members' demand.</li><li>• Encourage increased participation in events through enhanced promotion via the e-news, website and on social media.</li><li>• Encourage members to book other facilities such as bedrooms/Dining Room in conjunction with Social Event bookings, to increase overall revenue.</li><li>• Refreshed social event presence of the Club website for 2021 and encourage booking on-line.</li><li>• As a general rule review the financing of events to ensure that events are self-supporting.</li><li>• Develop the concept on online events to increase member participation from afar.</li><li>• Developing a programme of key events for Younger Members.</li></ul>
Arts
<ul style="list-style-type: none"><li>• Continue to seek art to fill remaining historical gaps in the collection.</li><li>• Maintain and update the catalogue of the Club's art collection.</li><li>• Prepare an 'Art evacuation' plan to be implemented in the event of an emergency.</li><li>• Exploit the Art collection for the benefit of the Club and its Members.</li></ul>
Archive
<ul style="list-style-type: none"><li>• Produce a summary of Club activities for 2021.</li><li>• To work with the Events Team to record representative items for inclusion in an annual photograph supplement to the annual Digest.</li></ul>
Library
<ul style="list-style-type: none"><li>• To acquire books that fill the gaps in the library history.</li><li>• To encourage Members to borrow the books.</li></ul>

## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2021

#### FUTURE PLANS (continued)

Nominations
<ul style="list-style-type: none"><li>• Continue to manage the Trustee length of tenure ensuring the skill gaps are replaced as Trustees leave the Board.</li><li>• Review Committee members and advertise within the membership for more Committee Members to fill the skill gaps required.</li></ul>
Finance, Audit and Risk Committee
<ul style="list-style-type: none"><li>• To monitor the monthly trading accounts, evaluate trends and advise appropriately.</li><li>• Review and enhance the IT/MIS infrastructure.</li><li>• To advise on the costs of refurbishment and renovation programmes, bedroom rates and subscriptions.</li><li>• To continue to enhance the analysis of risk and review mitigating factors and controls.</li><li>• To continue to evaluate the Club's internal control systems and recommend improvements.</li><li>• In order to provide additional reassurance develop a policy for an internal audit function deploying suitably qualified Member volunteers.</li><li>• To improve the communication of financial information to the Trustees.</li><li>• To ensure that the Trading Company continues to develop the non-charitable revenue in keeping with the Objectives of the Club.</li><li>• To oversee the continued compliance with the General Data Protection Regulation (GDPR).</li><li>• To build Club reserves in line with the Reserves policy thus achieving the Board Objective.</li><li>• To review the Business Recovery Plan.</li><li>• To monitor the cash flow forecast and planned repayment schedules for the Centenary Extension and Coronavirus Business Interruption loans.</li><li>• To provide support to the FD as he implements a fully integrated Purchase Order System.</li></ul>
Human Resources
<ul style="list-style-type: none"><li>• To continue to motivate, recognise and engage staff during challenging times.</li><li>• 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.</li><li>• To continue to share and uphold the Club's Vision, Mission and Core Values.</li><li>• To welcome staff back to the Club following periods of furlough leave.</li></ul>
Environmental & Sustainability
<ul style="list-style-type: none"><li>• Install sensor LED lighting as areas are refurbished.</li><li>• Plastic bedroom laundry bags replaced with reusable cotton bags.</li><li>• "Green" committee set up with staff to encourage sustainability.</li></ul>
Legacies & Donations
<ul style="list-style-type: none"><li>• Continue to develop the Friends of the RAF Club.</li><li>• Produce Bronze, Silver &amp; Gold Supporters pins.</li><li>• Organise the Silver &amp; Gold Friends' Receptions and the distribution of Bronze pins.</li><li>• Ensure all Friends are willing to have their name published in the 128 Magazine.</li><li>• Claim gift aid on all donations quarterly.</li><li>• Enhance fundraising communications with clear Case for Support, identifying new capital projects.</li><li>• Promote Legacies.</li><li>• Explore other fundraising initiative.</li></ul>



## THE ROYAL AIR FORCE CLUB

### REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2021

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#### 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.

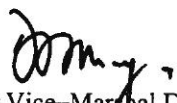
In managing the finances in this way, we have ensured that the Club is safely managed from a financial point of view.

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

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### 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.



## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF THE ROYAL AIR FORCE CLUB (continued)**

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### **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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.


## **INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF**

### **THE ROYAL AIR FORCE CLUB (continued)**

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#### **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 £
<b>INCOME FROM:</b>					
<b>Charitable activities</b>					
Club income	1	6,166,072	-	6,166,072	4,259,132
<b>Donations and legacies</b>					
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
<b>Other trading activities</b>					
Trading activities	7a	58,394	-	58,394	48,817
<b>Total income</b>		<u>7,058,301</u>	<u>91,250</u>	<u>7,149,551</u>	<u>6,049,738</u>
<b>EXPENDITURE ON:</b>					
<b>Charitable expenditure</b>					
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
<b>Other trading activities</b>					
Trading activities	7a	22,744	-	22,744	28,128
<b>Raising funds</b>					
Fundraising costs	2	15,574	-	15,574	-
<b>Total expenditure</b>	2	<u>6,244,479</u>	<u>-</u>	<u>6,244,479</u>	<u>6,724,244</u>
<b>Net income/(expenditure) before investment gains/(losses)</b>		813,822	91,250	905,072	(674,506)
Net gain/(loss) on investment of interest rate swap		130,505	-	130,505	(139,851)
<b>Net income/(expenditure)</b>		<u>944,327</u>	<u>91,250</u>	<u>1,035,577</u>	<u>(814,357)</u>
<b>Transfers between funds</b>	12	29,421	(29,421)	-	-
Balance brought forward		6,759,516	-	6,759,516	7,573,873
Balance carried forward		<u>£7,733,264</u>	<u>£61,829</u>	<u>£7,795,093</u>	<u>£6,759,516</u>

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	£	£	2020	£
<b>FIXED ASSETS</b>							
Tangible assets	6		11,334,866			12,217,096	
<b>CURRENT ASSETS</b>							
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		
<b>CREDITORS: amounts falling due within one year</b>	10	(1,738,391)			(1,624,454)		
<b>NET CURRENT ASSETS</b>			1,764,280			193,957	
<b>CREDITORS: amounts falling due after more than one year</b>	11		(5,304,053)			(5,651,537)	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>£7,795,093</u>			<u>£6,759,516</u>	
<b>FUNDS</b>							
Unrestricted funds							
- Designated funds	12		7,733,264			6,759,516	
- General fund	12		-			-	
Restricted funds	12		61,829			-	
			<u>£7,795,093</u>			<u>£6,759,516</u>	

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.

## CHARITY STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER 2021

	Note	2021	2020
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	6	11,334,866	12,217,096
Investments	7	100	100
		<u>11,334,966</u>	<u>12,217,196</u>
<b>CURRENT ASSETS</b>			
Stocks	8	99,623	66,556
Debtors	9	380,130	177,334
Cash at bank and in hand		3,011,273	1,572,955
		<u>3,491,026</u>	<u>1,816,845</u>
<b>CREDITORS : Amounts falling due within one year</b>	10	(1,726,846)	(1,622,988)
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		<u>1,764,180</u>	<u>193,857</u>
<b>CREDITORS: amounts falling due after more than one year</b>	11	(5,304,053)	(5,651,537)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>£7,795,093</u></u>	<u><u>£6,759,516</u></u>
<b>FUNDS</b>			
Unrestricted funds			
- Designated funds	12	7,733,264	6,759,516
- General fund	12	-	-
Restricted funds	12	61,829	-
		<u><u>£7,795,093</u></u>	<u><u>£6,759,516</u></u>

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**

	<b>2021 £</b>	<b>2020 £</b>
<b>Cash provided by operating activities</b>	<u>1,609,024</u>	<u>(202,620)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(29,421)	(487,698)
<b>Cash used in investing activities</b>	<u>(29,421)</u>	<u>(487,698)</u>
<b>Cash flows from financing activities</b>		
New secured loan	-	1,400,000
Loan repayments	(67,484)	(337,424)
<b>Cash provided by financing activities</b>	<u>(67,484)</u>	<u>1,062,576</u>
Increase/(decrease) in cash and cash equivalents in the year	<u>1,512,119</u>	<u>372,258</u>
Cash and cash equivalents at the beginning of the year	<u>1,574,011</u>	<u>1,201,753</u>
<b>Total cash and cash equivalents at the end of the year</b>	<u><u>£3,086,130</u></u>	<u><u>£1,574,011</u></u>

**ANALYSIS OF CHANGES IN NET DEBT**

	<b>At 1 January 2021 £</b>	<b>Cash Flows £</b>	<b>At 31 December 2021 £</b>
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)
<b>Net debt</b>	<u><u>(£4,482,430)</u></u>	<u><u>£1,579,523</u></u>	<u><u>(£2,902,907)</u></u>

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

	<b>2021 £</b>	<b>2020 £</b>
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)
<b>Net cash provided by operating activities</b>	<u><u>£1,609,024</u></u>	<u><u>(£202,620)</u></u>

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



# THE ROYAL AIR FORCE CLUB

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2021

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### 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.

## THE ROYAL AIR FORCE CLUB

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### YEAR ENDED 31ST DECEMBER 2021

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#### 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.



# THE ROYAL AIR FORCE CLUB

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2021

### 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
	<u>£6,196,119</u>	<u>£2,042</u>	<u>£8,000</u>	<u>£22,744</u>	<u>£15,574</u>	<u>£6,244,479</u>	<u>£6,724,244</u>

**THE ROYAL AIR FORCE CLUB**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 2021**

**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
	<u>£6,688,550</u>	<u>£6,454</u>	<u>£1,112</u>	<u>£28,128</u>	<u>£6,724,244</u>	<u>£9,391,208</u>

**3. NET EXPENDITURE**

The net expenditure is stated after charging :

	2021	2020
	£	£
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**

The average number of contracts for Full Time and Part Time staff

	2021	2020
	No.	No.
	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
	<u>£3,321,629</u>	<u>£4,203,949</u>

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).

# THE ROYAL AIR FORCE CLUB

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### YEAR ENDED 31ST DECEMBER 2021

#### 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

<b>GROUP AND CLUB</b>	<b>Freehold land and buildings and general improvements £</b>	<b>Bedrooms £</b>	<b>Function Rooms and Equipment £</b>	<b>Total £</b>
<b>Cost</b>				
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
<b>Depreciation</b>				
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
<b>Net book value</b>				
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.

# THE ROYAL AIR FORCE CLUB

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### YEAR ENDED 31ST DECEMBER 2021

#### 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 £
<b>Profit and Loss Account</b>		
Turnover	58,394	48,817
Cost of sales	(12,793)	(9,783)
<b>Gross profit</b>	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
<b>Balance sheet</b>		
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

**THE ROYAL AIR FORCE CLUB**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**YEAR ENDED 31ST DECEMBER 2021**

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
	<u>£1,738,391</u>	<u>£1,624,454</u>	<u>£1,726,846</u>	<u>£1,622,988</u>
11. CREDITORS : Amounts falling due after one year	Group		Club	
	2021 £	2020 £	2021 £	2020 £
Bank loan	<u>£5,304,053</u>	<u>£5,651,537</u>	<u>£5,304,053</u>	<u>£5,651,537</u>
<b>Analysis of bank loans:</b>				
Amounts falling due:				
Within one year	<u>684,904</u>	<u>404,904</u>	<u>684,904</u>	<u>404,904</u>
Amounts falling due:				
Between one and two years	<u>684,904</u>	<u>684,904</u>	<u>684,904</u>	<u>684,904</u>
Between two and five years	<u>2,054,712</u>	<u>2,054,712</u>	<u>2,054,712</u>	<u>2,054,712</u>
After five years	<u>2,564,437</u>	<u>2,911,921</u>	<u>2,564,437</u>	<u>2,911,921</u>
	<u>£5,304,053</u>	<u>£5,651,537</u>	<u>£5,304,053</u>	<u>£5,651,537</u>

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.

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2021

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
	£	£	£	£
<b>Unrestricted funds:</b>				
General fund	-	889,035	(889,035)	-
<i>Designated funds:</i>				
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
<b>Restricted funds:</b>				
601 Squadron – Victoria Bar refurbishment	-	91,250	(29,421)	61,829
<b>Total funds</b>	<b>£6,759,516</b>	<b>£1,035,577</b>	<b>£ -</b>	<b>£7,795,093</b>

	As at 1 January 2020	Net Income / expenditure	Transfers between funds	Balance at 31 December 2020
	£	£	£	£
<b>Unrestricted funds:</b>				
General fund	-	(808,403)	808,403	-
<i>Designated funds:</i>				
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
<b>Restricted funds</b>	-	-	-	-
<b>Total general funds</b>	<b>£7,573,873</b>	<b>(£814,357)</b>	<b>£ -</b>	<b>£6,759,516</b>

## THE ROYAL AIR FORCE CLUB

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### YEAR ENDED 31ST DECEMBER 2021

#### 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 include 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
	<u>£11,334,866</u>	<u>£1,764,280</u>	<u>(£5,304,053)</u>	<u>£7,795,093</u>

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2021

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

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £
<b>INCOME FROM:</b>				
<b>Charitable activities</b>				
Club income	1	4,259,132	-	4,259,132
<b>Donations and legacies</b>				
Legacies		500	-	500
Donations		-	-	-
Emergency appeal		400,600	-	400,600
Government grant income		1,340,689	-	1,340,689
<b>Other trading activities</b>				
Trading activities	7a	48,817	-	48,817
<b>Total income</b>		<u>6,049,738</u>	<u>-</u>	<u>6,049,738</u>
<b>EXPENDITURE ON:</b>				
<b>Charitable expenditure</b>				
Club operating costs	2	6,688,550	-	6,688,550
Fine Art	2	6,454	-	6,454
Donations made	2	1,112	-	1,112
<b>Raising funds</b>				
Trading activities	7a	28,128	-	28,128
<b>Total expenditure</b>	2	<u>6,724,244</u>	<u>-</u>	<u>6,724,244</u>
<b>Net income (expenditure) before investment gains/(losses)</b>		(674,506)	-	(674,506)
Net loss on investment of interest rate swap		(139,851)	-	(139,851)
<b>Net (expenditure)/ income</b>		(814,357)		(814,357)
<b>Transfers between funds</b>	12	-	-	-
Balance brought forward		<u>7,573,873</u>	<u>-</u>	<u>7,573,873</u>
Balance carried forward		<u>£6,759,516</u>	<u>-</u>	<u>£6,759,516</u>