



ROYAL AIR FORCE CLUB

FOUNDED 1918

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

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

Registered Address

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

Charity Details

Charity registration number ~ 1108295

Company Details

Company registration number ~ 05321353

A Company registered by Guarantee.

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Foreword – Chair of the Board of Trustees

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

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

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

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

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

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

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

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

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

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

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

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

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

Trustees, Officers and Advisors

Trustees

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

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

Officer

Mr Miles Pooley	Chief Executive Officer and Club Secretary
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Principle advisors

Auditors

Haysmacintyre LLP
10 Queen Place
London, EC4R 1AG

Solicitors – Charity legal advice

Farrer & Co
66 Lincoln's Inn Fields
London, WC2A 3LH

Bankers

Coutts & Company
440 The Strand
London, WC2R 0QS

Solicitors - Employment legal advice

Burges Salmon
One Glass Wharf
Bristol, BS2 0ZX

Registered Address

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

Reference and Administrative Information

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

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

Governance, Management and Risk

Financial Statements declaration

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

Governing Document

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

Trustee Recruitment and Training

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

Organisational Management

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

Ad-hoc Working-Groups

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

Risk Management

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

Risk Management Responsibilities

The Finance, Audit & Risk Committee & Board of Trustees ~ oversight of risk management

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

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

Group Structure

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

The Charity Governance Code

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

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

Charitable Objects and Club Operational Objectives

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

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

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

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

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

The Wider Royal Air Force Family

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

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

The Club's Mission, Vision and Core Values

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

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

The Club Strategy and Plans for the Future

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

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

Environmental Strategy

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

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

Fundraising Strategy

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

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

Club Committees

Committee Members

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

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

Art & Heritage Committee

Management of the Club Art collection

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

Events Committee

Planning and management of the events programme

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

Finance, Audit & Risk Committee (FAR)

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

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

House Committee

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

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

Fundraising and Legacies Committee

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

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

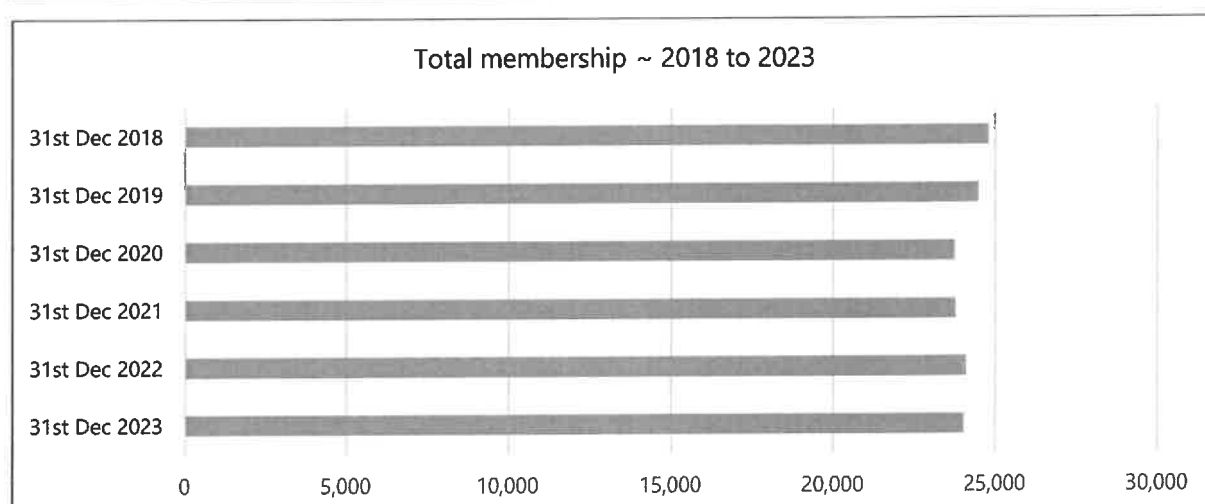
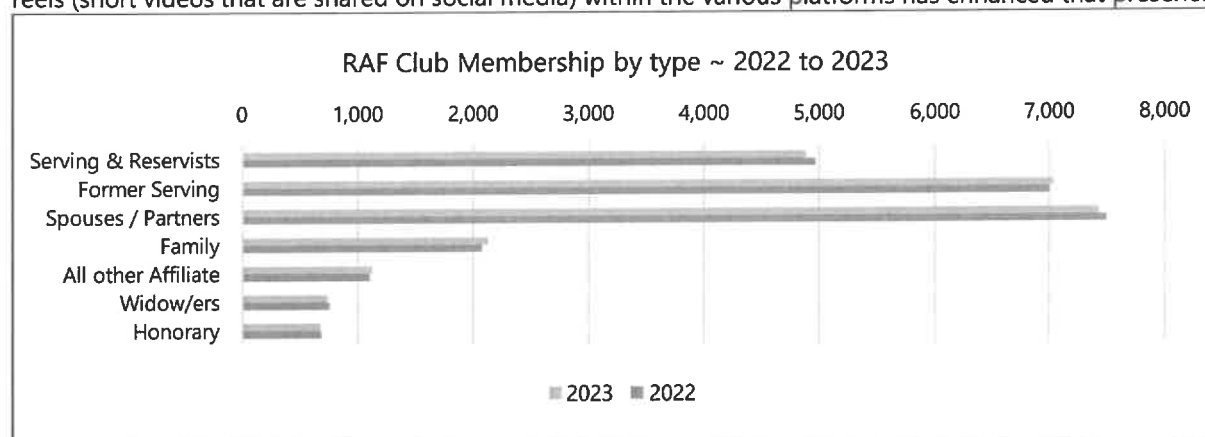
Additionally, funds from the Legacy fund were allocated to construct new sound-proof pods in the business centre for Members who are using the designated areas for remote working. Donations from the Chairman's Christmas Appeal and ad hoc gifts for staff totalled £34,016.

Membership Committee

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

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

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



The Systems and IT Working Group

Overseeing IT strategy and principles and the usage of data

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

Club Library and Archive

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

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

Contribution by Volunteers

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

Staff Engagement

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

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

Staff Awards

In 2023 we presented the following awards:

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

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

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

Staff Visits to RAF Stations

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

2023 Financial Review

Quarter 1

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

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

Quarter 2

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

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

Quarter 3

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

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

Quarter 4

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

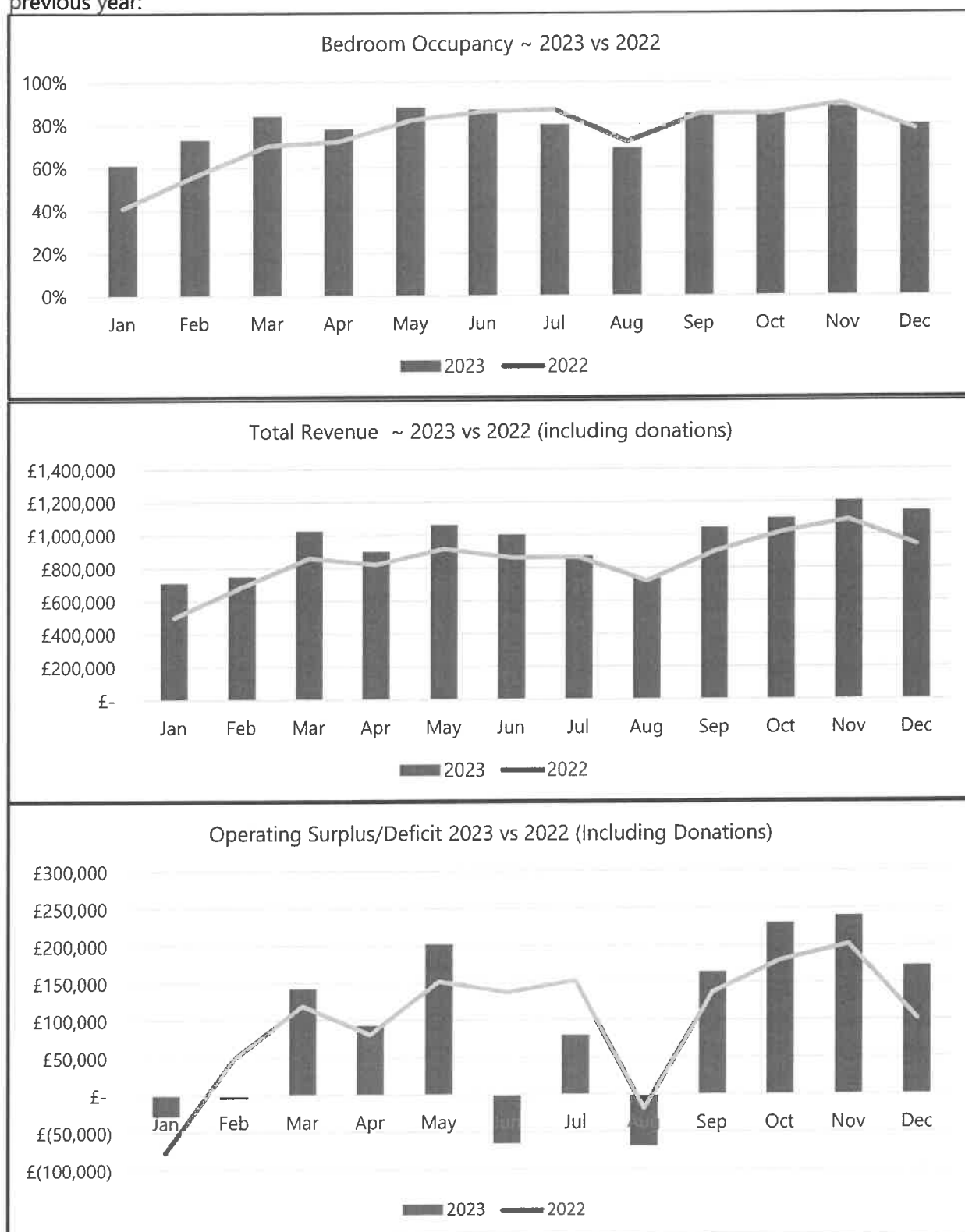
Quarter 4 was an extremely strong period with overall revenues exceeding Budget throughout October, November, and December by £64k.

Yearly Overview

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

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

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



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

Coutts Centenary Extension Loan and Covenants

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

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

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

2024 Outlook

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

Capital Improvements to the Club House

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

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

The Club as a Going Concern

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

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

Key Management Personnel and Remuneration

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

Reserves Policy

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

Investment Policy and Objectives

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

Accounting and Reporting Responsibilities

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

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

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

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

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

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

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

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

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



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

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

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

Use of our report

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



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

10 Queen Street Place
London
EC4R 1AG

DATE 2 May 2024.

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

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

All transactions are derived from continuing activities.

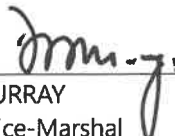
All gains and losses recognised in the year are included in the statement.


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

Consolidated Statement of Financial Position at 31st December 2023

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

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


D MURRAY
Air Vice-Marshal


I MELIA
Flight Lieutenant

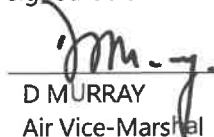
The notes on pages 29 to 39 form an integral part of these financial statements.

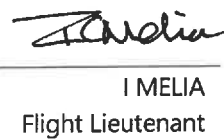
Charity Statement of Financial Position at 31st December 2023

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

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

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


D MURRAY
Air Vice-Marshal


I MELIA
Flight Lieutenant

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

**Consolidated Cash Flow Statement
Year Ended 31st December 2023**

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31st DECEMBER 2023

1. ACCOUNTING POLICIES

General information

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

Basis of preparation

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

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

Basis of consolidation

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

Going concern

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

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

Fund accounting

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

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

1. ACCOUNTING POLICIES (continued)

Income

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

Depreciation

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

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

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

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

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

Allocation of support costs

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

Staff costs

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

Stocks

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

Debtors

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

Cash at bank and in hand

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31st DECEMBER 2023

1. ACCOUNTING POLICIES (continued)

Land & Buildings

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

Creditors and provisions

Creditors and provisions are recognised where the Club has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Financial instruments

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

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

2. ANALYSIS OF TOTAL EXPENDITURE

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31st DECEMBER 2023

2. ANALYSIS OF TOTAL EXPENDITURE (continued)

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

3. NET EXPENDITURE

The net expenditure is stated after charging :

	2023 £	2022 £
Auditors' remuneration – audit	26,525	24,675
Auditors' remuneration – other services	12,630	1,100
Depreciation – on owned assets	890,631	881,078

4. EMPLOYEES AND STAFF COSTS

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

	2023 No.	2022 No.
	125	118
	<u>£</u>	<u>£</u>
Staff costs were as follows:		
Wages and salaries	4,699,440	4,017,303
Agency	169,287	161,288
Social security costs	418,338	371,718
Other pension costs	228,002	194,952
Termination payments	17,546	19,164
	<u>£5,532,613</u>	<u>£4,764,425</u>

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

£60,001 - £70,000	1	-
£80,001 - £90,000	2	1
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£130,001 - £140,000	-	1
£160,001 - £170,000	1	-

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

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

5. TRUSTEES' REMUNERATION, REIMBURSED EXPENSES AND RELATED PARTIES

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

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

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

6. TANGIBLE FIXED ASSETS

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

All the fixed assets are used for charitable activities.

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

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

7. INVESTMENTS

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

	2023	2022
	£	£
The Club's investment in the trading company was as follows:		
RAFCTC Limited	100	100
	<u>=====</u>	<u>=====</u>

7a. TRADING ACTIVITIES

Profit and Loss Account

Turnover	231,906	145,186
Cost of sales	(57,916)	(36,695)

Gross profit

Administration expenses (net of interest receivable)	173,991	108,491
	(77,211)	(76,256)

Profit for the financial year	<u>£96,780</u>	<u>£32,235</u>
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Amount payable under gift aid to the Club	<u>£96,780</u>	<u>£32,235</u>
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Balance sheet

Net current assets	<u>£100</u>	<u>£100</u>
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Share capital	<u>£100</u>	<u>£100</u>
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8. STOCKS

Group and Club

	2023	2022
	£	£
Goods for resale	<u>£92,196</u>	<u>£86,124</u>

9. DEBTORS : Amounts due within one year

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

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

10. CREDITORS : Amounts falling due within one year	Group		Club	
	2023 £	2022 £	2023 £	2022 £
Bank loans	3,779,140	404,908	3,779,140	404,908
Trade creditors	295,433	288,330	293,586	288,330
Other creditors	301,535	48,447	301,534	41,791
Amounts owed to subsidiary undertakings	-	-	-	-
Other taxes and social security	582,962	552,700	578,517	539,971
Accruals and deferred income	419,125	291,849	416,675	290,749
	<u>£5,378,195</u>	<u>£1,586,234</u>	<u>£5,369,452</u>	<u>£1,565,749</u>
11. CREDITORS : Amounts falling due after one year	Group		Club	
	2023 £	2022 £	2023 £	2022 £
Bank loan	-	£3,779,141	-	£3,779,141
Analysis of bank loans:				
Amounts falling due:				
Within one year	<u>3,779,140</u>	<u>404,908</u>	<u>3,779,140</u>	<u>404,908</u>
Amounts falling due:				
Between one and two years	-	404,908	-	404,908
Between two and five years	-	1,214,724	-	1,214,724
After five years	-	2,159,509	-	2,159,509
	<u>-</u>	<u>£3,779,141</u>	<u>-</u>	<u>£3,779,141</u>

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

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

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

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

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

12. FUNDS

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

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

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

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

12.FUNDS (continued)

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

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

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

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

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

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

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

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

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

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

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

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

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

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

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

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Ends

