



# THE ROYAL AIR FORCE CENTRAL FUND ANNUAL REPORT



# 2020



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## TRUSTEES

Dr E Molloy Chair

Warrant Officer J Crossley

Mr J C Michaelson

Mrs S Bridgeland

Mrs A Farmery

Group Captain M Williams

Air Vice-Marshal J Ellis

Group Captain C Baker

*appointed 17 April 2020*

## FINANCE AND RISK COMMITTEE MEMBERS

Group Captain M Williams

Chair & Trustee Member

Group Captain A Portlock

Squadron Leader K Tinkler

Mr B Cartledge

Wing Commander S Brewin

## GRANTS COMMITTEE MEMBERS

Warrant Officer J Crossley

Chair & Trustee Member

Group Captain J East

Mr M Nurse

Warrant Officer J Wall

Warrant Officer S Cotman

Squadron Leader G MacKay

Warrant Officer M Ratten

Warrant Officer J Alpert

Squadron Leader I Shepherd

*resigned 20 May 2020*

Warrant Officer S Pullar

*resigned 17 September 2020*

Warrant Officer L Simpson

*resigned 25 February 2020*

Warrant Officer B Milner

*resigned 6 March 2020*

Squadron Leader S Patterson

*appointed 25 February 2020, resigned 19 June 2020*

Squadron Leader P Lockett

*appointed 25 February 2020*

Warrant Officer T Buxton

*appointed 8 October 2020*

Squadron Leader C Spear

*appointed 8 October 2020*

Warrant Officer A Whitton

*appointed 8 October 2020*

Squadron Leader R Causer

*appointed 8 October 2020*

## REMUNERATION COMMITTEE MEMBERS

Mrs A Farmery  
Group Captain M Williams  
Warrant Officer J Crossley

Chair & Trustee Member  
Trustee Member  
Trustee Member

## INVESTMENT COMMITTEE MEMBERS

Mr J C Michaelson  
Mrs S Bridgeland  
Group Captain M Williams  
Mr J Brown

Chair & Trustee Member  
Trustee Member  
Trustee Member  
appointed 27 October 2020

## PRINCIPAL OFFICERS OF THE CHARITY

Mrs N Graske  
Mr R Perriam

Company Secretary  
Chief Executive Officer

## REGISTERED ADDRESS

Hurricane Block  
Headquarters Air Command  
RAF High Wycombe  
Buckinghamshire  
HP14 4UE

## PRINCIPAL OFFICE

Cournswood House  
Clappins Lane  
North Dean  
Buckinghamshire  
HP14 4NW



## PROFESSIONAL ADVISORS

### INVESTMENT ADVISORS

Allianz Global Investors Europe GmBH  
199 Bishopsgate  
London  
EC2M 3TY

Lane Clark & Peacock LLP  
95 Wigmore St  
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W1U 1DQ

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London  
EC4V 4LA

**INVESTMENT MANAGERS**  
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Savills Investment Management

### REGISTERED AUDITORS

Mazars LLP  
6 Sutton Plaza  
Sutton Court Road  
Sutton  
SM1 4FS

### LEGAL ADVISORS

Charles Russell LLP  
5 Fleet Place  
London  
EC4M 7RD

Russell-Cooke LLP  
2 Putney Hill  
London  
SW15 6AB

### BANKERS

Barclays Bank PLC  
4 Waterside Way  
The Lakes  
Bedford Road  
Northampton  
NN4 7XD

The Trustees, who are also directors of the Royal Air Force Central Fund for the purposes of company law, present their report and audited financial statements for the year ended 31 December 2020. The financial statements have been prepared in accordance with the provisions of the Statement of Recommended Practice "Accounting & Reporting by Charities" (FRS102) and in line with current statutory requirements, the Charity's Constitution and applicable Accounting Standards in the United Kingdom.







## A MESSAGE FROM THE CHAIR

2020 was an exceptional year for everyone due to the pandemic and, as such, our role as a charity required an exceptional response.

The team executed their business continuity plan quickly so that when the government instructed organisations to work from home, they were able to transition seamlessly to remote working without interrupting support to our beneficiaries.



The cessation of sport meant that the Fund needed to find other ways to ensure that the health and fitness of serving personnel was protected and, to that end, two new partnerships were established in the first month of lockdown. The first, with Les Mills International provided free online workouts which to date have been engaged with over 94,000 times. The second, with Myzone, provided significantly discounted heart monitors and Apps, which allowed personnel to train virtually with their colleagues and encourage each other to get or stay fit. Over 2000 of these have been distributed to date and the online community and challenges are proving to be great motivators.

The Fund's two main sources of income faced a challenging environment in 2020. Fortunately, both responded well and whilst the Lottery experienced a slower uptake in new tickets, attrition remained on track so that the decrease in income was manageable. Our second source of income, our investments, underwent a strategic review. This review has helped us weather the market volatility and I am pleased to say that the Fund continues to perform, ensuring that support continues for current and future personnel.

In addition to managing the income streams, the Fund have also set up several strategic alliances that are referenced in the following pages. These relationships help ensure that the monies we generate go further to support more personnel and provide more opportunities for accessing sport and physical activity.

We look forward to supporting the return to sport, RAF personnel and RAF Sports winning ways in 2021.

**Dr Eamonn Molloy**  
Chair, RAF Central Fund

## A MESSAGE FROM THE CEO

As the RAF charity for sport and physical activity, we appreciate the pre-habilitative benefits being active provides and were therefore disappointed that this had to be curtailed in 2020.

That said, the cessation of sport allowed us to pivot towards promoting 'lockdown friendly' physical activity and presented us with an opportunity to support serving personnel in new and novel ways.

As a direct result of our work, we know that personnel took part in well over a hundred thousand workouts in 2020 and the testimonials we received bear testament to the qualitative impact of those sessions. We also know that by creating the opportunity to connect and train virtually with colleagues, the Fund helped to reduce loneliness whilst promoting and motivating RAF personnel to remain active.

The Fund also continued to support Associations, Stations and individuals through our different funding streams and we are pleased to have been able to do that against a very challenging backdrop.

As an organisation, we have learned a lot during the last twelve months and, when restrictions are fully lifted, will be using that experience to continue to challenge our ways of working and those of our partners for the benefit of our beneficiaries.



A stylized, handwritten signature in black ink, likely belonging to Ross Perriam.

Ross Perriam  
CEO, RAF Central Fund









## TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

### HISTORY

The Royal Air Force Central Fund (the Fund) can trace its origins back to the early formative period of the Royal Air Force. During 1919 to 1922 the Air Council Central Fund was established to collate monies originally donated by both commissioned and non-commissioned RAF personnel to support the welfare of others in the RAF from disbanded RAF units.

The Fund was briefly separated into two central institute funds with objectives to provide non-public welfare support to both officers and other ranks prior to subsequent re-unification and amalgamation into the Air Ministry Non-Public Fund in 1923. The Air Ministry Non-Public Fund reiterated the original object of the Fund to 'improve the amenities of service life for the benefit of serving personnel'.

The Air Ministry Non-Public Fund was supplemented in 1937 by the creation of the RAF Central Reserve Fund. Following a reserves transfer from the Air Ministry Non-Public Fund in 1940, the RAF Central Reserve Fund's name was shortened to the RAF Central Fund in 1943. In 1945 the aims of the Fund were widened to include grant making to Command Central Funds and charitable organisations.

A subsequent comprehensive review of RAF charitable funds in 1959 resulted in the Command Central Funds being amalgamated into the Fund, which was then formally registered as a charity in 1963.

The RAF Sports Lottery was established by the Fund in 1993 to generate funding to support sporting activities and endeavours of RAF personnel.

The Mechanics Endowment Fund was amalgamated into the Fund in 2007, carrying the restriction that funds can only be utilised to provide benefit to RAF trainees, with an emphasis towards those trainees within the engineering disciplines where possible.





## AIMS AND OBJECTIVES

The Memorandum and Articles of Association defines the Fund's object as a charity that is:

*Specifically restricted to the general benefit of members or former members of the Royal Air Force and their dependants in such charitable ways as the Trustees think fit.*

This object presents the Trustees with wide powers, enabling them to provide charitable assistance to the RAF Community, primarily via charitable grants.

The core vision of the Fund, to provide support to those serving in the RAF today and on an enduring basis, continues to underpin the ethos and activities of the charity. From the Fund's origins back in 1919, through to the present day, the Fund has remained steadfast in its duty to support those who serve in the RAF. Working directly alongside those we support ensures the Fund is able to remain focused on and react quickly to their evolving needs through amenities and sports provisions.



The following Vision, Mission and strategic objectives for 2020-2022 were agreed:

## VISION

For all serving personnel to develop their full potential through sport and physical activity.

## MISSION

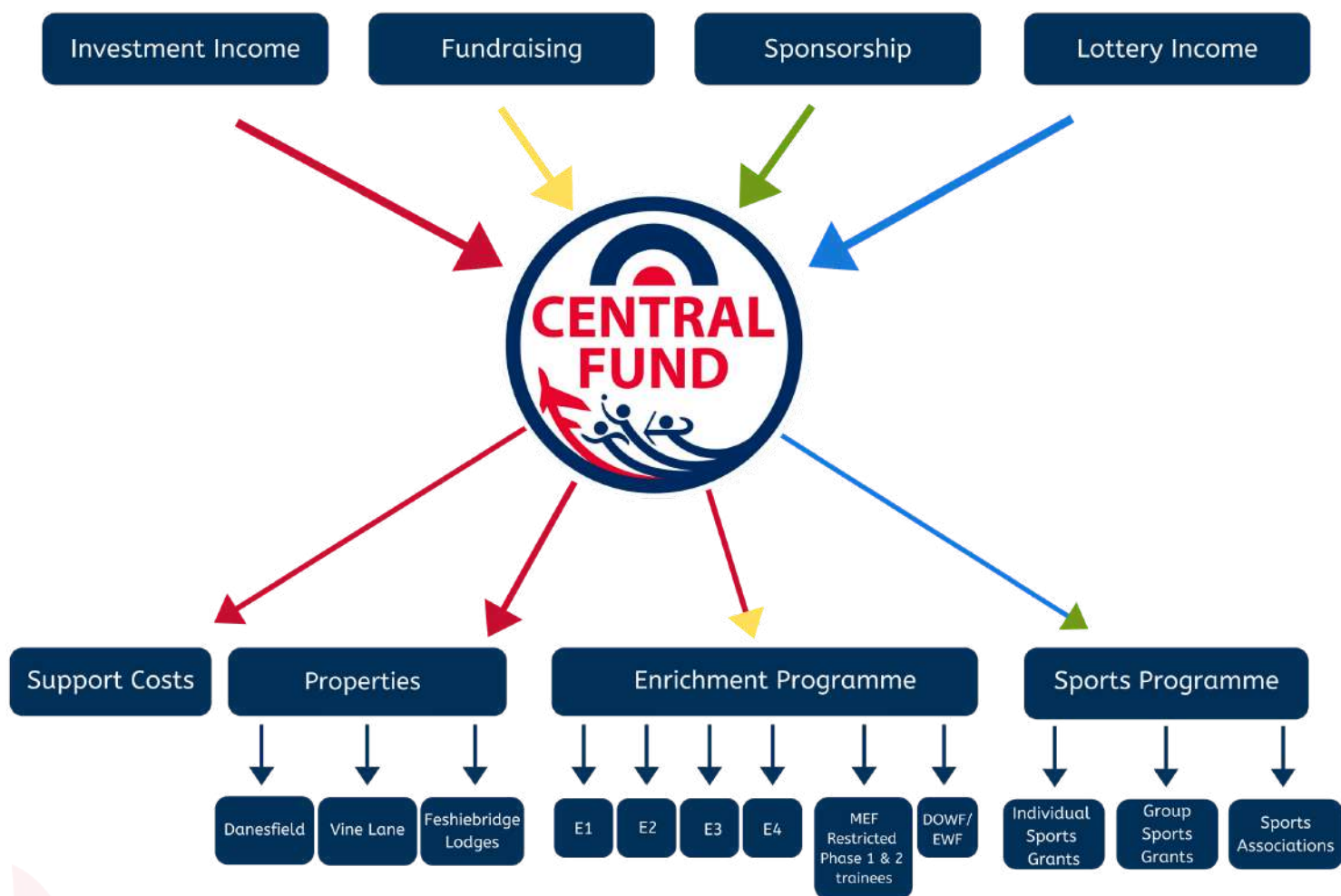
To enable all serving RAF personnel to access sporting opportunities and physical activities.

## STRATEGIC OBJECTIVES

- Broaden understanding of how the challenges of service life affect the RAF community with regards to health and fitness
- Develop and deliver flexible, accessible support programmes that reach those most in need
- Significantly increase awareness of its work within the RAF community
- Manage the charity as effectively and efficiently as possible
- Grow and sustain the resources required to meet the needs of its beneficiaries.

Success criteria were put in place to ensure that progress was made towards achieving the new mission.



**THE FUND'S INCOME AND FUNDING PROGRAMMES:**

## GRANT MAKING

As previously noted, the Fund seeks principally to meet its objectives through the provision of support as a grant making charity.

Stations, groups and individuals are encouraged to apply to the Fund for grants that meet the Fund's criteria to support, encourage and develop the serving RAF community. Details of current grants criteria, administrative guidance and bid forms are provided on approach to the Fund and in 2020 were also provided on the Fund's website ([www.rafcf.org.uk](http://www.rafcf.org.uk)) along with general guidance to support the enrichment grant programme. Work continued on automating the processing of grant applications and this work is expected to continue until there is a fully automated process in place.

Applications for support towards activities undertaken via the RAF Sports Associations are invited annually and are subject to an initial assessment by a committee of members of the Fund's senior leadership team, supported by the Directorate of RAF Sport and the RAF Sports Federation, prior to recommendation to the Board of Trustees for consideration. Applications are assessed against five principles which are outlined in the documentation and communicated to the Associations by their RAF Central Fund Ambassador.

Enrichment grant applications under £5,000 and meeting certain criteria are assessed by a committee of senior Fund managers whilst those over £5,000 are considered by the Grants Committee to ensure they meet the Fund's objectives and provide maximum benefits and value for our beneficiaries. The Grants Committee consists of a panel of serving personnel who are selected to ensure that all serving RAF personnel are fairly and appropriately represented.





The Grants Committee can approve grant applications up to £50,000. Grants in excess of £50,000 if approved in principle by the Committee will be referred to the Board of Trustees for consideration at the next meeting.

Applications for support towards individual sports grants are subject to a process of internal assessment prior to review by the Sports Grant Panel. The Sports Grant Panel consists of Fund senior managers, supported by a representative from the Directorate of RAF Sport and the RAF Sports Federation. The Panel has authority to approve grants to an individual maximum of £5,000. Grants in excess of £5,000 are recommended to the CEO and those in excess of £25,000 are recommended to the Grants Committee.

The Fund continues to work closely with its beneficiary community and the RAF Community Support team to help RAF stations and units strategically manage their sports and physical activity needs and to identify and prioritise key areas which will benefit from support.

The Fund currently assesses the impact of its funding through retrospective reporting on indicators such as the usage of facilities and new member engagement coupled with anecdotal feedback from supported Stations, projects and individuals. The Fund is seeking to establish more formalized impact assessment indicators and expects to have those ready in the near future.

The focus of the Fund in 2020 remained the same as 2019 but was challenged due to Covid-19. Whilst the central principle of funding applications that encourage serving personnel to participate in sporting activities remained, lockdowns and social distancing resulted in the need for the Fund to be more flexible and creative in their goal to promote physical and mental fitness and resilience.



## OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

The Trustees recognise the two principles of public benefit and believe that the objectives and activities of the Fund formally meet these principles by:

- assisting the promotion of military efficiency
- providing RAF personnel with the necessary skills to carry out the RAF contribution to the Defence of the United Kingdom and its interests.

As noted above, the Fund seeks to concentrate support around its current objective:

*For all serving personnel to develop their full potential through sport and physical activity.*

Working towards this vision assists in the promotion of military efficiency which underpins esprit de corps and team working, whilst additionally encouraging personnel to develop the character, spirit and attitude to face challenges and danger associated with military service. As a result, the Fund provides a benefit not only to our direct beneficiary group but additionally to the general public in helping to provide personnel who are motivated, have high morale and are willing to serve the needs of their country and that of its public, at all times.

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.



## STRATEGIC REPORT

The foci for the Fund for 2020 was agreed pre the Covid-19 pandemic and was set to operate closer to the cash flows provided by its income streams in order to preserve the Fund's longer term future. This aim remained in place however, there was an expectation that this goal may be challenging given the uncharted waters the Fund found itself in. Fortunately, the Fund's response to the pandemic resulted in not only the achievements documented in the following pages, but also the Fund delivering on its pre-Covid financial goals.



**WE SAID WE WOULD COMMISSION A SURVEY OF OUR BENEFICIARIES**

**THE SURVEY WAS COMMISSIONED AND RECEIVED OVER 3,300 RESPONSES**

**WE SAID WE WOULD REVIEW THE LOTTERY MODEL**

**THE MODEL WAS REVIEWED AND WE DOUBLED THE NUMBER OF PRIZES AND CREATED MORE MONEY FOR RAF SPORT**



**WE SAID WE WOULD DEVELOP COMMUNICATION NETWORKS AND DEVELOP ONLINE COMMUNITIES**

**WE ATTENDED OVER 120 MEETINGS WITH STAKEHOLDERS AND CREATED AN ONLINE COMMUNITY OF OVER 2,000 PERSONNEL WITH THE MYZONE APP**

**WE SAID WE WOULD REVIEW OUR FUNDING STRATEGY**

**WE CREATED A 3 YEAR FUNDING STRATEGY FOR LAUNCH IN 2021**





WE SAID WE WOULD STRENGTHEN THE BREADTH OF MEMBERSHIP, REPRESENTATION AND SKILLS BASE ACROSS THE BOARD AND COMMITTEES

**WE APPOINTED 7 NEW COMMITTEE MEMBERS**

WE SAID WE WOULD LAUNCH FESHIEBRIDGE LODGES

**FESHIEBRIDGE LODGES OPENED IN JANUARY 2020**



WE SAID WE WOULD REVIEW THE FUND'S INVESTMENT STRATEGY IN ORDER TO MAXIMISE RETURNS FOR ITS BENEFICIARIES

**WE LAUNCHED OUR NEW INVESTMENT STRATEGY IN SUMMER 2020**

WE SAID WE WOULD DELIVER A BALANCED BUDGET

**WE EXCEEDED THAT TARGET**



IN ADDITION TO DELIVERING ON OUR COMMITMENTS, WE ALSO PROVIDED THE FOLLOWING COVID-19 RESPONSE

**94,000 ONLINE WORK OUTS**

**2,000 JOINED OUR ONLINE MYZONE COMMUNITY TO WORKOUT WITH COLLEAGUES**

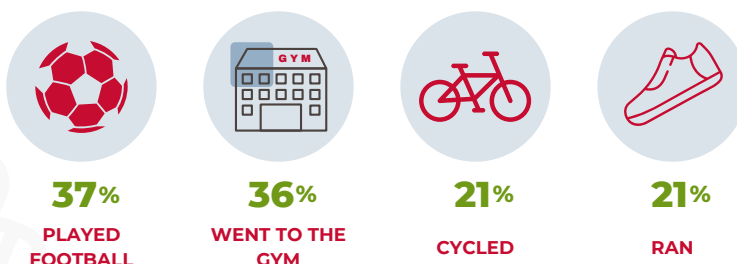


## BROADEN UNDERSTANDING OF HOW THE CHALLENGES OF SERVICE LIFE AFFECT THE RAF COMMUNITY WITH REGARDS TO HEALTH AND FITNESS

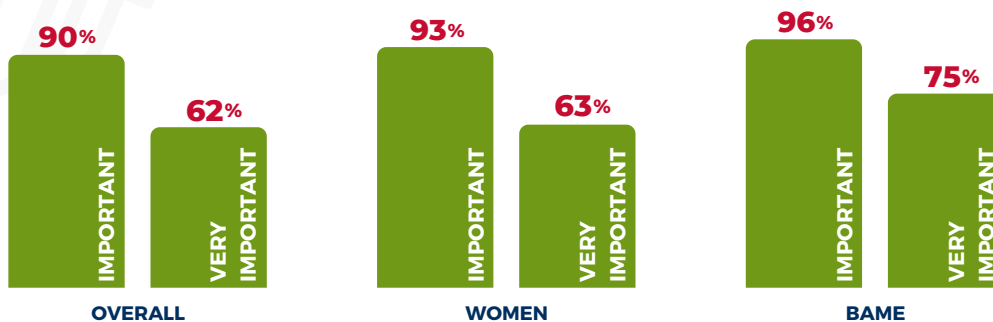
At the end of 2019, the Fund commissioned YouGov to undertake a survey of serving RAF personnel to establish their sporting and physical activity needs and challenges. The survey commenced in February 2020, ran for 6 weeks, had 3,381 respondents and the results (detailed below) will be used to inform future strategy.

### RECRUITMENT

#### BEFORE JOINING THE RAF

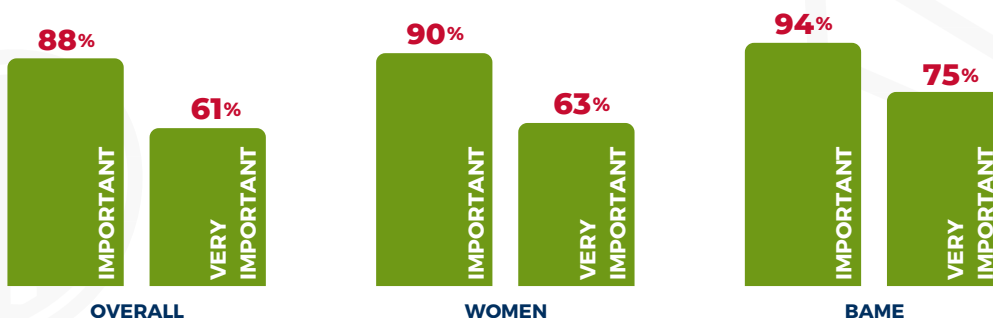


#### PEOPLE JOINING THE RAF SAW ACCESS TO SPORT AS



### RETENTION

#### HOW PERSONNEL SEE SPORT AS SOMETHING THAT KEEPS THEM IN THE RAF



## SPORT

TOP  
PARTICIPATED SPORTSCYCLING  
13%ALPINE/  
WINTER SPORTS  
12%FOOTBALL  
8%MOTORSPORTS  
8%REASONS FOR NOT JOINING A SPORT  
ASSOCIATION

LEVEL IS TOO HIGH / ONLY FOR ELITE 29%

DON'T KNOW HOW TO FIND  
OUT ABOUT ASSOCIATIONS 19%MOVE AROUND  
TOO MUCH 16%**BEGINNERS AND  
DEVELOPMENT LEVEL**  
LESS LIKELY TO PARTICIPATE  
THROUGH AN RAF ASSOCIATION

## TO IMPROVE TO THEIR FULL SPORTING POTENTIAL

54%  
NEED MORE  
TIME FOR  
SPORT41%  
NEED BETTER  
STATION  
FACILITIES34%  
NEED MORE  
ENCOURAGEMENT  
FROM SUPERVISORSHOW PERSONNEL REGULARLY PARTICIPATE IN  
SPORT OR PHYSICAL ACTIVITY

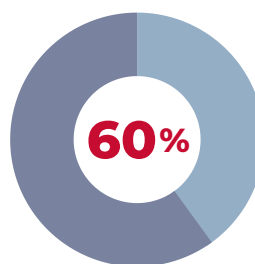
OUTSIDE RAF



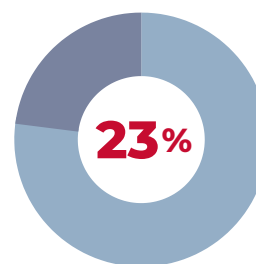
AT STATIONS

THROUGH RAF  
ASSOCIATIONS**BEGINNERS**  
ARE MORE LIKELY  
TO PARTICIPATE AT  
STATION LEVEL

## HEALTH

BARRIERS  
STOPPING  
PERSONNEL BEING  
MORE ACTIVE

TIME

LACK OF NEARBY  
FACILITIESTO INCREASE CURRENT  
ACTIVITY  
LEVELS

55% WOULD JOIN A STATION CLUB

54% WOULD DO SOMETHING ON THEIR OWN

43% WOULD JOIN AN ASSOCIATION

42% WOULD JOIN A CIVILIAN CLUB

THOSE WITH  
**LOWER FITNESS LEVELS**  
ARE SIGNIFICANTLY MORE LIKELY TO STATE  
THAT SPORTS AND PHYSICAL ACTIVITIES  
INCREASE **CONFIDENCE** AND HELP **COMBAT**  
**LONELINESS**



DEVELOP AND DELIVER FLEXIBLE ACCESSIBLE  
SUPPORT PROGRAMMES THAT REACH THOSE MOST  
IN NEED

## RAF SPORT ASSOCIATION SUPPORT

**50**

RAF SPORTS  
FUNDED



**761\***

NEW MEMBERS

**£1,018,416**

VALUE OF  
ASSOCIATION  
FUNDING



**13,500+\***

PERSONNEL SUPPORTED

## INDIVIDUAL SUPPORT

**1,548** TOTAL NUMBER OF  
GRANTS AWARDED

**1.8%\***  
2020  
INCREASE



\*Based on the average of 2018  
and 2019 grants awarded

TOTAL VALUE  
OF AWARDED  
GRANTS

**£424,999**

**712**  
RAF LEVEL  
GRANTS

**£291,213**  
VALUE OF  
RAF LEVEL  
GRANTS

**836**  
DEVELOPMENT  
LEVEL GRANTS

**£133,786**  
VALUE OF  
DEVELOPMENT  
LEVEL GRANTS

## STATION LEVEL SUPPORT

**26** NUMBER OF  
ENRICHMENT GRANTS

**18**

RAF STATIONS  
SUPPORTED

VALUE OF  
ENRICHMENT GRANTS

**£186,374**

**2**

Station Overseas Visits



**8,015** EST.

PERSONNEL SUPPORTED  
THROUGH ENRICHMENT GRANTS

## MECHANICS ENDOWMENT FUND

**2**

MEF GRANTS  
AWARDED

**£14,000**

VALUE OF  
MEF GRANTS



**258**

PERSONNEL SUPPORTED  
THROUGH MEF GRANTS

## SIGNIFICANTLY INCREASE AWARENESS OF ITS WORK WITHIN THE RAF COMMUNITY

The Fund continued to work hard in 2020 to grow new relationships and strengthen existing ones with its stakeholders in order to promote its work, build partnerships and ultimately benefit more serving RAF personnel.

**LES MILLS**  
ONDEMAND

**myzone**

**THE ARMED FORCES**  
COVENANT FUND TRUST

**YouGov**

**SPECIALIST**  
**SPORTS**

**fit****swarm**  
reach your potential

**adidas**

**SUNDRIED**

**SPORT**  
**ENGLAND**

**ENGLAND** ATHLETICS

**13**

COMMITTEE  
MEETINGS HELD

**5**

RAF SLT  
MEETINGS

**8**

STATIONS  
VISITED

**6**

MEETINGS WITH  
OTHER RAF CHARITIES



**13,500+**

BENEFICIARIES SUPPORTED



**690**

LOTTERY  
WINNERS

**EXTERNAL**  
**FUNDING**  
**SUPPORTED**

**600**

MYZONE BELTS ACROSS

**4**

STATIONS TO SUPPORT REHAB CENTRES  
THROUGH A GRANT PROVIDED BY THE  
ARMED FORCES COVENANT

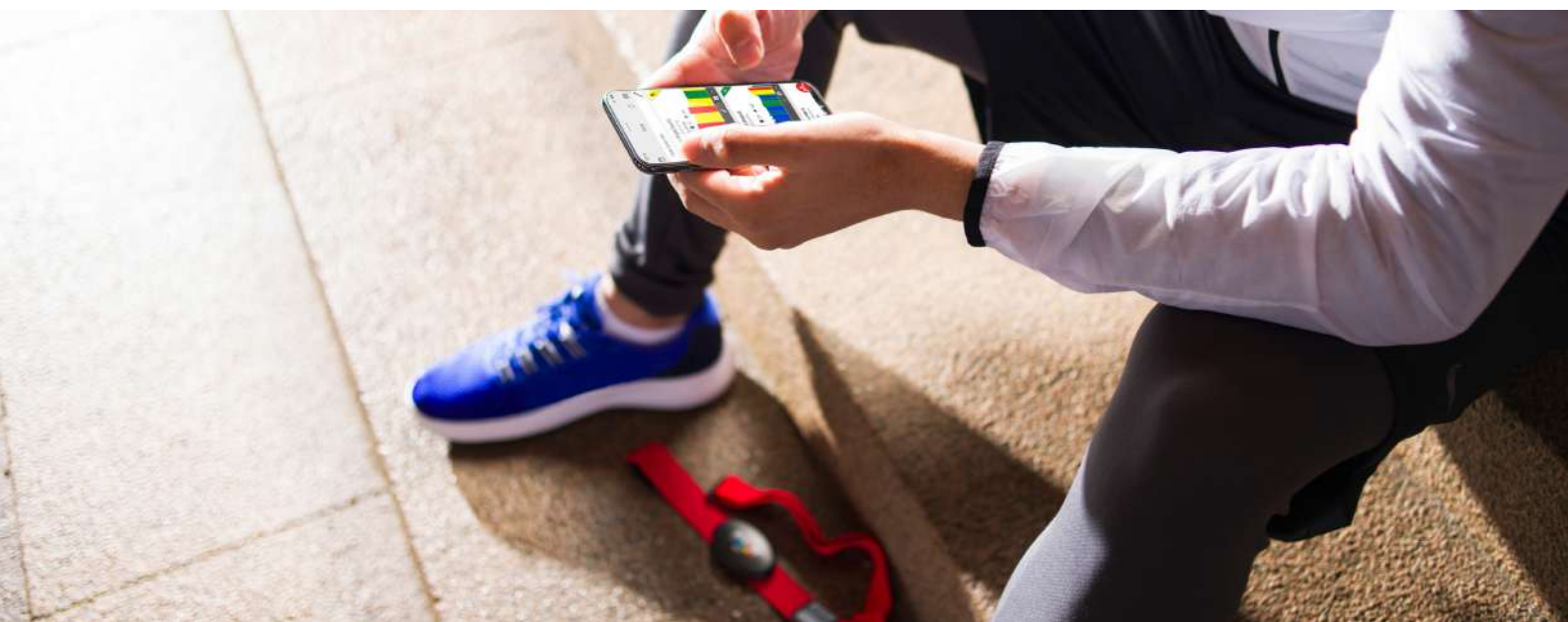


Following the rollout of the updated brand and brand guidelines and a new marketing strategy for the Fund in 2019, the focus in 2020 was to work on targeted campaigns to raise awareness of the RAF Central Fund and how the charity supports serving personnel.

The first opportunity came prior to the first Covid-19 national lockdown with the roll out of the YouGov survey into sport in the RAF. The campaign helped to consolidate the message that the Fund is the independent charity behind sport and physical activities across the Air Force. As well as issuing a press release and targeted email marketing, the survey was promoted digitally through social media and more traditional marketing resources (postcards) that were sent to Stations for placement in their communal areas and gyms. The campaign exceeded expectations with 3,381 personnel completing the survey.

A planned increase in presentations and Stations visits for 2020 had to be put on hold as a result of the pandemic and a digital marketing strategy became the main focus as homeworking became the new normal. The Myzone (heart rate monitor) initiative provided a perfect opportunity to reach out to beneficiaries and garner support for the Fund at a time when RAF sport was put on hold and Station gyms temporarily closed. The Myzone App that works alongside the belt has also provided a novel communication channel with which to engage with a new audience.

myzone®



Communicating the 2020 changes to the Sports Lottery enabled us to emphasise the vital role it plays as a fundraiser for our charity. It also highlighted delivery issues to MOD email addresses through the mass mailing system being utilised by the Fund. We are currently working with Defence Digital to try and get this issue resolved.

Sports Lottery presentations to new recruits were delivered through voiced over presentations and RTS trainers during the months when Fund staff were not able to get on Station. Needless to say Sports Lottery registrations were down amongst new recruits in 2020 both as a result of not being able to deliver presentations in person and a reduced number of cadets going through RTS.

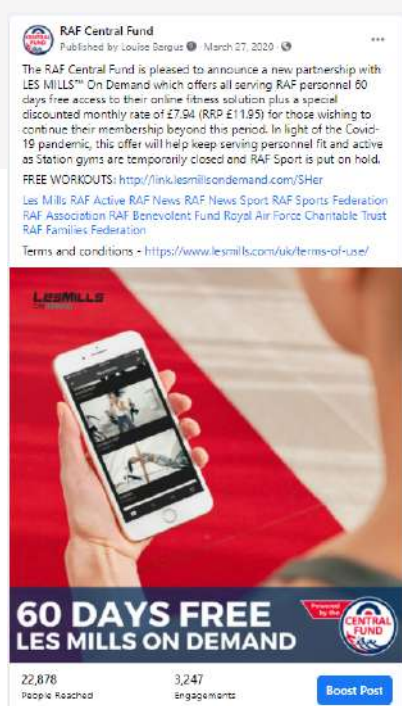


The Fund's fundraising campaigns planned for 2020 also had to change as a result of the pandemic due to the cancellation of mass participation fundraising events. The organisers of the London Marathon provided an alternative with the 2.6 Challenge which was launched on Sunday 26 April – what should have been the date of the 40th edition of the London Marathon. The organisers provided a digital marketing toolkit which we were able to utilise to encourage our supporters to take on the challenge. This resulted in 37 fundraising pages set up by individuals and Sports Association teams who collectively raised over £10,000 for the Fund.





2020 saw further steady growth for the Fund's social media channels. With the pandemic putting face to face presentations and Station visits on hold, social media became our primary way of communicating with our beneficiaries. A key focus was to provide support through lockdown with partnership offers and ways to stay active whilst raising awareness of the Fund, how the charity supports serving personnel and in turn, how to 'help us help you' by showing support through fundraising events or by playing the Sports Lottery.



Bringing partnership offers to support RAF serving personnel during lockdown.



Promotion and support of fundraising events.



Launching and promoting the Sports Lottery changes.

Facebook continues to be the Fund's highest performing social media channel.



## MANAGE ITS CHARITY AS EFFECTIVELY AND EFFICIENTLY AS POSSIBLE

As part of its commitment to manage the Charity as effectively as possible the Fund continued to work to the following published funding priorities for Sports Associations in 2020:

- ***Legal or Regulatory Requirement.*** Items or activities that are essential to allow each sport to continue; such elements would include insurance, affiliation fees and first aid requirements
- ***Recruitment Activity.*** Elements of funding that can be directly attributed to increasing participation in the sport, such as specifically including promoting diversity, RAF inter-Station championships or specific recruitment events
- ***Retention at Development Level.*** Such costs would include elements to support the development of individuals who have been recruited into an Association to ensure their continued development in order to encourage continued participation e.g. training events
- ***Retention at Representative Level.*** Such costs would include elements to support the development of individuals at representative (RAF/UKAF) level, e.g. team kit or representative level coaching
- ***Indirect Retention.*** Such costs would include items such as Overseas Visits and medals, which do not directly increase participation or improve performance.

In addition to the above priorities, the Fund also initiated partnerships with sports equipment and clothing manufacturers and suppliers in 2020 that would help the funding pot go further in the years to come. The aim is that from 2021 the Fund will be able to meet the needs of its beneficiaries whilst operating a balanced budget.

2020 also witnessed the continuation of improvements to the financial and charitable governance of the Fund. Virtual attendance by team members at Gambling Commission, Lottery Commission and Financial Seminars allowed for existing policies and processes to be reviewed and, where necessary, updated.

## GROW AND SUSTAIN THE RESOURCES REQUIRED TO MEET THE NEEDS OF ITS BENEFICIARIES

### PROPERTIES

# FESHIEBRIDGE



Feshiebridge Lodges, prioritised for serving RAF personnel to use for holidays, outward bound courses and decompression, opened in January 2020 and immediately proved popular amongst RAF personnel and the public. Although the site was required to close for 17 weeks and operate at reduced occupancy for an additional 8 weeks due to COVID-19 Leisure and Tourism restrictions, a total of 148 bookings took place resulting in a 70% occupancy for the weeks that the site was permitted to open. In accordance with the lockdown and tiered restrictions, 81 bookings were cancelled whilst 21 were postponed to 2021 and 2022.





## VINE LANE

The cricket ground and pavilion at Vine Lane are used by RAF cricket on an infrequent basis. The Fund are continuing to review how the site could be better utilised for the benefit of its beneficiaries whilst taking into consideration the requirements of RAF Sport. Discussions are in progress with the Local Council to identify possible opportunities for the site. The potential financial, reputational and environmental impacts of a change of use are being considered as part of the review.



## DANESFIELD

Outside of COVID-19 restrictions, RAF Central Fund Danesfield continues to be utilised on a daily basis by serving RAF personnel in order to take part in Force Development and team building activities. Danesfield is also the Home for Sport for RAF Rowing and RAF Canoeing Associations; regular training, club sessions and events. Due to the unique location of the site, the Fund is reviewing opportunities for future development.



## THE RAF SPORTS LOTTERY


The RAF Sports Lottery continues to be the number one source of income for the Fund with total players increasing by just over 3.5% during the year to 17,770. There were over 500 winners in 2019 and the work that started in November to review the operating model will result in more money for sport and even more winners from late 2020 onwards.

## OTHER OPPORTUNITIES

### FUNDRAISING

The nature of most fundraising is through sporting or physical activity challenges and therefore it was only fitting that a three year fundraising strategy was created in 2019 to start building an additional income stream for the Fund. The execution of the strategy began in 2020 to the following effect:

**£154,000**  
TOTAL  
FUNDRAISED



**50**  
JUSTGIVING  
CHALLENGES  
COMPLETED

DONATIONS FROM  
JUSTGIVING **£14,568**

**1** STATION  
DONATION

As previously highlighted, work was also started in 2019 to source partner suppliers of sports equipment and clothing. The first of these partnerships was launched in 2020 with Specialist Sport. Specialist Sports make a contribution to the Fund which allows our funding to reach more people. They also provide a mechanism for the Fund to reconcile grants given with grants spent which helps improve the Fund's financial governance.







## ORGANISATIONAL STRUCTURE AND GOVERNANCE

The Trustees Board is responsible for setting the strategic direction of the Fund whilst the day-to-day management of the Fund is the responsibility of the Chief Executive Officer.

The Chief Executive Officer has delegated authority to determine operating policies, manage operational planning, budgets, property and staffing resources to support the strategic and policy framework of the Board and is responsible for the effective and efficient management of the Fund.

Trustees delegate authority to the Chief Executive Officer and the Chief Operating Officer to authorise budgeted expenditure to a limit of £50,000 and to approve items of un-budgeted expenditure subject to an individual item maximum of £25,000 where this does not represent more than a 10% variance from approved financial forecasts. Details of significant un-budgeted expenditure approvals are presented to the Trustees at every Board meeting.

The Trustees of the Fund have constituted four Committees: the Finance and Risk Committee; the Grants Committee; the Investment Committee and the Remuneration Committee in accordance paragraph 11 of the Fund's Articles of Association. The Fund's Trustees set clear terms of reference for the Committees and receive regular reports on their activities. The Board recruited Group Captain C Baker in April 2020 as an additional serving Trustee to strengthen their skills base and ensure resilience for quorate decisions to be made.



## THE FINANCE AND RISK COMMITTEE

The Trustees delegate the oversight of the Fund's finance and risk governance and policies to the Finance and Risk Committee and to ensure these are aligned with the Fund's charitable and strategic objectives. The Committee are required to meet at least biannually and met three times during 2020 to implement the Fund's financial strategy.

The Trustees delegate authority to the Committee to approve budgeted expenditure in excess of £50,000 and major single items of unbudgeted expenditure to a maximum of £50,000, subject to an annual limit of £200,000. Details of all significant un-budgeted expenditure approvals are presented to the Trustees at every Board meeting.

## THE GRANTS COMMITTEE

The Trustees delegate the disbursement of grants to the Grants Committee. The Grants Committee is required to meet at least biannually and met virtually to consider awards on three occasions during 2020.

The Fund Trustees have delegated authority to award single grants up to £50,000 within the limits of their annual budget to the Committee. Details of Committee-considered grants are presented to the Trustees at every Trustee meeting.

Grants are awarded throughout the RAF to a diverse range of projects which support the serving RAF community and their immediate support networks. Where possible, a contribution is made by capital project applicants and all requests for funding must be supported by an application which includes details of project delivery, maintenance costs and a realistic business case where applicable.

The Fund seeks to work closely with other Service charities such as the Nuffield Trust, the RAF Benevolent Fund, the RAF Charitable Trust and the Royal Air Forces Association to provide maximised benefit to the serving RAF community. For projects that benefit personnel across multiple services, the Fund works closely with the Army and Navy charities to ensure inclusivity across Defence.

The Grants Committee continued to encourage serving RAF representation and following the resignations of Warrant Officer Pullar, Squadron Leader Shepherd, Warrant Officer Simpson and Warrant Officer Milner it appointed Warrant Officer Buxton, Warrant Officer Whitton, Squadron Leader Lockett, Squadron Leader Spear and Squadron Leader Causer to its membership.

## THE REMUNERATION COMMITTEE

The Remuneration Committee was constituted by the Board of Trustees to provide an oversight, review and advisory role to the Board with regards to the remuneration of the Fund's senior management and employees.

The Remuneration Committee provides recommendations to the Board of Trustees with regards to all employee remunerations, including key management personnel, based on annual review of sector benchmarks. The Committee remain cognisant of the Fund's intent to attract and retain talented and committed employees who can help the Fund realise its objectives to maximise support to RAF personnel both now and into the future. To achieve this, the Remuneration Committee seeks to ensure salaries reflect the appropriate market rate of pay for a comparable job in the relevant job market and are subject to regular review to ensure employee rewards remain appropriate.

## THE INVESTMENT COMMITTEE

The Investment Committee was constituted by the Board of Trustees to provide an oversight, review and advisory role to the Board with regards to the Funds' investments.

The Committee is established to oversee the Fund's investment governance, including philosophy, risk appetite and policies, and ensure these are aligned with the Fund's charitable and strategic objectives. The Trustees authorise the Committee to monitor the Fund's investments against the Fund's investment philosophy, risk appetite and policies.

In October 2020 Mr Julian Brown was appointed as an independent member of the committee in order to increase the skills and knowledge of the group.



## ROYAL AIR FORCE CENTRAL FUND TRADING LTD

The Fund has one wholly-owned subsidiary, RAF Central Fund Trading Ltd, which became active in 2018, details of which can be found at the back of this report.

## SENIOR LEADERSHIP TEAM

2020 was a year of consolidation for the senior leadership team with the team working exceptionally well together to ensure that the Fund continued to serve its beneficiaries in a changing and challenging environment.

The Fund's internal procedures and policies were reviewed and, where necessary, adapted to suit the new environment that beneficiaries and colleagues found themselves in during 2020. Following Government guidance, the team worked predominantly from home and the senior leadership team ensured that the conditions, culture and resources were available to ensure that this new way of working worked for both colleagues and beneficiaries. Consultations with the team and feedback from beneficiaries strongly indicates that needs from both parties were met.

The senior leadership team also worked well to bring the new initiatives and support programmes detailed in previous pages to the Fund's beneficiaries in a very short space of time. This resulted in more people being supported sooner.







## RISK MANAGEMENT

The Trustees reviewed the major risks facing the Fund within the annual business planning process. The Trustees continue to identify significant risks to the Fund and to implement procedures to both mitigate risk and to minimise potential impact should risks materialise. The Trustees identified the following as the significant potential risks facing the Fund for 2020/21:

- A significant fall in investment performance or value adversely affecting the ability of the Fund to provide support to its beneficiaries
- Reduction in Sports Lottery income
- Loss of key staff and inadequate working conditions. Staff lacking adequate leadership
- Inadequate resource for crisis
- Inadequate payment processes
- Unexpected change in demand from beneficiaries
- Health & Safety breach at one of the Fund's properties
- Failure to meet regulatory compliance standards (charitable / gambling)
- Failure of RAF leadership support.

Regular reviews of the progress of the Lottery are undertaken by both the Board and the Finance and Risk Committee, supported by a rolling re-forecast of budgets, marketing and regular scenario planning.

Professional Investment Managers were employed by the Trustees to advise and manage the Fund's investments. The performance of the investment portfolio and the Investment Managers were subject to review at each Investment Committee meeting. The investment strategy is considered at least annually by the Board of Trustees. The Investment Committee reviews the Fund's investments on a regular basis and in 2020 employed an investment consultant to execute the Fund's investment strategy and to help manage the Fund's investment risk.

The Investment Committee worked closely with the Investment Managers to ensure that the current series of investment disinvestments were timed to minimise the overall impact on the value of the portfolio and associated income generation. The Finance Manager received monthly updates from the Investment Managers and provided 'early warning' financial briefings to both the Finance and Risk Committee and Investment Committee at each meeting.



The Fund continued during 2020 to progress the ongoing process of ensuring that all key procedures were documented and made available. Key compliance and regulatory responsibilities and positions were duplicated wherever possible and training provided to support their continuance. Appropriate notice periods were employed to minimise the risk of unstaffed positions, with senior management and the Board seeking to ensure appropriate succession plans are developed and subject to regular reviews.

To assist with compliance being achieved with the Gambling Commission, the running of the Sports Lottery game was outsourced to a sector specialist External Lottery Manager (ELM). Whilst acknowledging that the selected ELM is subject to regulatory compliance review directly from the regulator, the Fund employ the services of an external sector specialist to assist in the preliminary and pre-draw assessment of the ELM on a biennial basis. This will take place in 2021.

Being cognisant of the enduring requirement for the Fund to remain best placed to support RAF personnel, the need for additional managerial and support staff is regularly reviewed so that the evolving core operational activity of the Fund can be achieved.

Trustees are satisfied that the arrangements for managing the potentially significant risks identified are adequate, mitigate the risks noted to an appropriate level and are subject to sufficiently rigorous monitoring and control. This is further demonstrated with no adjustments having been recommended by the Fund's auditors to the Financial Statements.



Additionally, the Charity operates systems of internal control which are designed to provide reasonable assurance against material misstatement or loss. They include:

- an annual operating budget which is approved and reviewed by the Trustees
- regular consideration by the Finance and Risk Committee and Trustees of financial results against the budget and other indicators
- regular consideration by the Trustees of Investment Management results against benchmarks
- delegation of day-to-day management authority and segregation of duties.

## BREXIT IMPACT

Whilst exiting from the EU has continued to contribute to market volatility it has yet to impact on the regulatory environment. The Fund reviewed its Investment Strategy to mitigate the effect on investments following the decision to leave the EU and will seek to keep up-to-date with the latest developments in the regulatory environment.

## COVID-19 IMPACT

The Trustees together with the Exec team considered the possible risks of Covid-19 and put in place measures to maintain income, examine new ways of supporting beneficiaries and protect the team. These steps include:

- a strategic review of the investments to firstly protect the portfolio and to also improve growth and income
- a digital campaign to promote the Lottery in the absence of station visits
- streamlining of overheads including a reduction in office space and rent
- adapting policies to reflect the changing needs of beneficiaries
- working with new agencies to provide lockdown compliant exercise opportunities
- providing the processes, resources and culture needed for the team to be comfortable, safe and supported whilst working from home.









## LEGAL STATUS AND ORGANISATION

### CONSTITUTION

The Fund is a registered charitable company limited by guarantee, a company registered in England and Wales 8555984, charity registered in England and Wales 1152560 and a charity registered in Scotland SC044299.

The Fund is governed by its Board of Trustees as established within its Memorandum and Articles of Association dated 4 June 2013 (as adopted by a special resolution passed as a written resolution on 29 March 2019). The Articles determine that the Board must consist of a minimum of three Trustees with a condition that a Serving Trustee cannot be appointed to the Board unless the number of Non-Serving Trustees is at least equal to the number of Serving Trustees subsequent to the appointment.

Trustees are appointed by election at a Board General Meeting for a three year term and can serve no more than three consecutive terms. A quorum of Trustees is required for the transaction of business which consists of at least two Non-Serving Trustees and two Serving Trustees unless there is only one Non-Serving Trustee appointed, whereby a quorum is one Non-Serving and one Serving Trustee.

Trustees have established a clear policy and procedures for dealing with conflicts and the authorisation thereof, in accordance with Charity Commission guidelines.



## TRUSTEE INDUCTION AND TRAINING

All new trustees receive a personalised induction programme. The programmes are designed to cover the key strategic aims of the Charity, its operational framework, its finances and future plans. The induction additionally provides details of the Charity's regulatory and statutory reporting requirements, including those of the Charity Commission, OSCR and Companies House.

The Trustees are invited to an annual 'Away-Day' during which they review any significant updates of regulatory or governance importance. Trustees are expected to have visited all of the Fund's properties within twelve months of appointment and are invited to attend a Grants Committee and Finance and Risk Committee meeting within the first year of appointment.

Trustees are additionally invited to attend internal and suitable external Trustee training courses to ensure an appropriate and on-going understanding is maintained within the Board with regards to significant issues such as: governance; the role and responsibilities of the Trustees; understanding charity finance and investments; identifying and managing risks and strategic planning.







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## FINANCIAL REVIEW

### LOTTERY

As previously highlighted, new lottery ticket numbers struggled to grow in 2020 although overall gross Lottery income for the year (£2.91 million) achieved 99% of its budget; up 1 % on 2019. The Lottery is now generating an income on par with pre-suspension levels.

The Lottery, operating as a weekly Society Lottery, awarded prizes totalling £25,000 each week until 1 September 2020, after which the weekly prizes were reduced to £18,000. The cost of awarding these prizes in 2020, together with External Lottery Manager Fees and overhead costs totalled £1,434,433 (2019: £1,595,222) for the twelve months of play. The Lottery generated a net surplus during 2020 which was utilised in-year within the sports grant programme.

### INVESTMENTS

The Fund's investment portfolio of £32.3 million (2019: £35.6million) is managed by Allianz Global Investors ('AGI') and is invested in Allianz pooled funds. AGI has permitted operating ranges for the investment categories of UK Equities, UK Gilts, UK Index Linked Trackers and UK Corporate bonds. The Fund divested £4.21million in December 2020 to support the new investment portfolio.

During the year, the AGI portfolio was moved to a care and maintenance model in advance of restructuring the investment portfolio. For 2020, AGI posted a return of 6.4% (2019: 18.9%) against the benchmark of 4.2% (2019: 16.3%).

The Trustees continue to invest in alternatives in order to diversify the nature of their investments.

In 2019 the Charity divested from its property investment fund managed by Cazenove Capital Management ('Cazenove') and invested in Insight Global ABS Fund.

The market value of the portfolio at 31 December 2020 stood at £5,363,394 (2019: £5,533,485) with income of £76,374. £467,211 (2019: £499,422) of the value of the invested portfolio at 31 December 2020 is deemed to represent restricted Mechanics Endowment Fund investments. In addition to the Mechanics Endowment Fund monies invested within the Insight portfolio £147,551 was held within an investment with CCLA.

In December 2020, the Fund invested £3,783,821 with Savills Charity Property Fund and £402,960 with Marathon: Distressed Credit Fund.

During 2020 AGI investment income delivered £555,103 (2019: £693,325). No target was set in year, as the Fund moved to care and maintenance in advance of restructuring the investment portfolio. The income was utilised to support the 2020 Grants programme.

The Fund also holds investments in the BlackRock Charinco Common Investment Fund with a market value at the 31 December 2020 of £15,327 (2019: £14,830). The investments are held to support the Feshiebridge Lodge Fund. The investment generated £388 income (2019: £837).

The Charity additionally holds £147,511 (2019: £147,551) of funds within the COIF Charities Deposit Fund which represents that element of the restricted Mechanics Endowment Fund not invested within the Insight Global ABS Fund. Interest earned on the deposits is automatically reinvested within the Fund.

Prior to the application of unrealised market movements on investments, the Fund showing a year-end surplus of £894,252 (2019: (£728,734). Following the application of £872,755 realised and unrealised investment market gains, the Fund noted a year-end surplus of £1,767,007 (2019: £4,195,225).

Following application of the unrealised market gains on investments, total funds increased from £43,002,590 in 2019 to £44,769,597 at 31 December 2020.

Lottery income, income from the investment portfolio and other minor income streams, supported total Fund income for the year of £5,137,842.



## LONG TERM INCOME PROTECTION

The investment strategy that has been put in place seeks to protect in real terms the value of the investment portfolio at a level that will be able to deliver the desired income stream in order to finance expected annual expenditure. This strategy is reviewed every three years against forecast yields and estimated income needs.

## DIRECT COSTS

Direct costs have routinely been met from unrestricted investment income generated in the year of application, therefore Trustees have been content to maintain zero unrestricted reserves. The balance of the expendable endowed fund at year-end was £40,374,922 (2019: £38,638,579), of which £39,574,193 (2019: £40,260,033) represented invested funds.

The Fund has the following designated funds:

- **RAF Central Fund Vine Lane, RAF Central Fund Danesfield and Feshiebridge Lodges.** Funding generated by activities at the three respective sites which is deemed by the Trustees as required to support their respective on-going maintenance and activities
- **Sports Lottery Fund.** Funds designated for future utilisation for the benefit of sport in the RAF
- **Contingency: RAF Sports Board Pension Fund.** At the 2020 year-end there is sufficient uncertainty with regards to the exact status of the Fund's pension situation to deem it inappropriate to recognise a provision for future payments in respect of past service of former employees.

The Fund has the following restricted fund: Mechanics Endowment Fund - Funds whereby expenditure is restricted for the benefit of RAF trainees, especially those in the engineering disciplines.



## FINANCIAL RESERVES

The application of the long term income protection policy has historically allowed the Fund to maintain the expendable endowment fund at a level whereby the Trustees have been able to apply a policy of meeting direct expenditure through application of the investment income generated.

To generate income to support the enrichment grants programme and Fund administrative, governance and support costs and being cognisant of specialist advice regarding investment income returns, the Board deem it appropriate and necessary to maintain invested reserves at a level of approximately £40 million within total reserves of approximately £42 million.

At the year-end the Fund held total reserves of £44,769,597 including invested reserves of £41,991,679. The Trustees are content that the closing 2020 reserves balance of £44,769,597 is appropriate, given the current fluidity in the investment markets.

The reserves policy is subject to annual review. The balance sheet confirms that the Fund has adequate working capital to meet any obligations as they fall due.



2020



## PLANS FOR FUTURE PERIODS

The core vision of the Fund, to support and enrich the lives of those serving in the RAF today and on an enduring basis, continues to underpin the strategic and operational direction of the Fund. As the Board of Trustees continue to refine and prioritise the direction of the Fund, our central mission and vision remains; to enable all serving RAF personnel to access sporting opportunities and physical activities with the aim of developing their full potential.

Within this wide reaching objective the following aims have been defined as the next steps of the Fund's strategy and fundamental for the period ending 2021:

- **EVALUATE THE IMPACT OF THE FUND'S PROGRAMMES AND PROCESSES ON SERVING PERSONNEL**

1. In 2020 we surveyed our beneficiaries to understand the challenges that service life poses on accessing sports and physical activity. As the next step, we will use the insight gained from that survey to inform the consultation and review of our Individual Sports Grant programme to ensure that it remains impactful, relevant and helps to address some of the challenges raised.
2. We will deliver a three year funding strategy that will allow the Sports Associations greater visibility of their funding over the medium term. The approach will also involve a closer working relationship with Directorate of RAF Sport of and the Sports Federation so that the three agencies are better aligned and speaking with 'one voice'. Administration will be reduced for all stakeholders and financial efficiencies will inevitably be found through smarter working practices.

- **INCREASE AWARENESS AND PARTICIPATION OF THE SPORTS LOTTERY**

The marketing activities for 2021 will be focused towards strategies and campaigns to reach new players from traditional and non-traditional markets.



- **PARTNER WITH OTHER CHARITIES TO IMPROVE THE FUND'S REACH AND CLOSE FUNDING GAPS THROUGH JOINT VENTURES**

We will explore opportunities to collaborate with other charities specifically in respect of our revenue generating assets (investments, Lottery and property) in order to create mutually beneficial outcomes.

- **DEVELOP CLOSER RELATIONSHIPS WITH STATIONS TO MAXIMISE AWARENESS OF THE AVAILABLE SUPPORT**

The Fund aims to launch a Station Ambassador programme that will strengthen ties and communication between the Fund and RAF stations. We will continue to fund stations through the enrichment programme and explore ways of increasing that funding pot. New initiatives that increase our reach to non-sporting personnel will also be examined.

- **INVESTIGATE ADDITIONAL REVENUE STREAMS**

The Fund will continue to develop its new fundraising stream whilst exploring new revenue opportunities that sit in line with its objectives.







2020



## TRUSTEES' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

Company law requires the Trustees (who are also directors of the Royal Air Force Central Fund for the purposes of company law) to prepare financial statements that give a true and fair view of the state of affairs of the charitable company at the end of the financial year and of its deficit for the financial year. In doing so the Trustees are required to:

- select suitable accounting policies and apply them consistently
- make sound judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and Statements of Recommended Practice have been followed subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Charity and enable them to ensure the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2015 and the Charities Accounts (Scotland) Regulations 2006.

The Trustees are also responsible for the safeguarding of the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.





In accordance with Company law, the Fund's Trustees certify:

- there is no relevant audit information of which the Fund's auditors are unaware
- the Trustees of the Fund have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Fund's auditors are aware of the information.

RAF Central Fund complies with the Fundraising Standards Board Requirements and only utilising agencies that are compliant with the Fundraising Regulations. We aim to meet the highest standards so that supporters and volunteers are able to give and fundraise for the Fund with confidence. No complaints have been received in respect of fundraising during 2020.

## AUDITORS

Mazars LLP acted as the Fund auditors during the year.

This report has been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies. The Trustees' and Strategic Report for the year ended 31 December 2020 was approved by the Trustees in their capacity as the Company Directors and signed on behalf of the Trustees:



**Group Captain M Williams**  
Trustee and Chair of the Finance and Risk Committee

Dated: 20 August 2021



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ROYAL AIR FORCE CENTRAL FUND  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**Opinion**

We have audited the financial statements of Royal Air Force Central Fund ('the parent charity') and its subsidiary ('the group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 group's and the parent charity's affairs as at 31 December 2020 and of the group's 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 charity 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 group's or the parent charity'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 other information comprises the information included in the Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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 course of 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 Report of the Trustees which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ROYAL AIR FORCE CENTRAL FUND  
FOR THE YEAR ENDED 31 DECEMBER 2020**

- the Directors' Report included within the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Report of the Trustees.

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 and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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**

As explained more fully in the trustees' responsibilities statement set out on page 52, the trustees (who are also the directors of the parent charity 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 group's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

**Auditor's 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 the 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. Based on our understanding of the charity and its activities, we identified that the principal risks of non-compliance with laws and regulations related to the Charities Act 2011, UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, 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 and the Charities Statement of Recommended Practice.

We evaluated the trustees' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to use of restricted funds, and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the trustees and management their policies and procedures regarding compliance with laws and regulations;

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ROYAL AIR FORCE CENTRAL FUND  
FOR THE YEAR ENDED 31 DECEMBER 2020**

- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the group and the parent charity which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the trustees and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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.

**Use of the audit report**

This report is made solely to the charity'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 charity'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 charity and the charity's members as a body for our audit work, for this report, or for the opinions we have formed.

Signed: 

**Nicola Wakefield (Senior Statutory Auditor)**

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

6 Sutton Plaza, Sutton Court Road, Sutton, Surrey SM1 4FS

Date: 17 September 2021

**The Royal Air Force Central Fund**  
Company No: 8555984

**Consolidated Statement of Financial Activities (incorporating the Income and Expenditure Account) for the year ended 31 December 2020**

		Unrestricted Fund	Designate d Fund	Expendable Endowment Fund	Restricted Fund	Total 2020	Total 2019
	Note	£	£	£	£	£	£
<b>Income</b>	<b>2</b>						<b>1</b>
<b>Donations</b>		104,889	40,060	-	29,665	<b>174,614</b>	66,769
<b>Charitable Activities</b>		729	524,615	-	-	<b>525,344</b>	170,970
<b>Trading Activities</b>		891,120	2,913,562	-	-	<b>3,804,682</b>	2,881,902
<b>Investment Income</b>		631,477	337	-	388	<b>632,202</b>	871,249
<b>Other Income</b>		1,000	-	-	-	<b>1,000</b>	126,339
<b>Total Income</b>		<b>1,629,215</b>	<b>3,478,574</b>	<b>-</b>	<b>30,053</b>	<b>5,137,842</b>	<b>4,117,229</b>
<b>Expenditure</b>	<b>3</b>						
<b>Charitable Activities</b>		464,775	1,861,535	-	43,664	<b>2,369,974</b>	2,994,655
<b>Raising Funds</b>							
Sports Lottery Operations & Fundraising Trading		-	1,434,443	-	-	<b>1,434,443</b>	1,595,222
Sports Lottery Redevelopment & Relaunch		99,976	-	-	-	<b>99,976</b>	13,330
Trading Activities		-	-	339,197	-	<b>339,197</b>	242,756
<b>Total Expenditure</b>		<b>564,751</b>	<b>3,295,978</b>	<b>339,197</b>	<b>43,664</b>	<b>4,243,590</b>	<b>4,845,963</b>
<b>Net Gains on Investments</b>		-	291	872,464	-	<b>872,755</b>	4,923,959
<b>Net Income/(Expenditure)</b>		<b>1,064,464</b>	<b>182,887</b>	<b>533,267</b>	<b>(13,611)</b>	<b>1,767,007</b>	<b>4,195,225</b>
<b>Transfers between Funds</b>		(1,064,464)	(138,612)	1,203,076	-	-	-
<b>Net Movement in Funds</b>		<b>-</b>	<b>44,275</b>	<b>1,736,343</b>	<b>(13,611)</b>	<b>1,767,007</b>	<b>4,195,225</b>
<b>Total Funds Bought Forward</b>		-	3,775,417	38,638,579	588,594	<b>43,002,590</b>	38,807,365
<b>Total Funds Carried Forward</b>		-	3,819,692	40,374,922	574,983	<b>44,769,597</b>	43,002,590

The Group has no recognised gains or losses for the year other than as detailed above.



**The Royal Air Force Central Fund**  
Company No: 8555984

**Consolidated and Charity Balance Sheets as at 31 December 2020**

	Note	Group Total 2020 £	Group Total 2019 £	Charity Total 2020 £	Charity Total 2019 £
<b>Fixed Assets:</b>					
Intangible Asset	8	30,601	29,411	30,601	29,411
Tangible Assets	9	1,805,499	1,764,517	1,805,499	1,764,517
Heritage Assets	9	47,016	47,016	47,016	47,016
Investments	10	41,991,679	41,302,658	41,991,679	41,302,658
<b>Total Fixed Assets</b>		<b>43,874,795</b>	<b>43,143,602</b>	<b>43,874,795</b>	<b>43,143,602</b>
<b>Current Assets:</b>					
Debtors	11	1,024,980	281,012	262,199	339,468
Cash at Bank and in Hand		1,607,795	1,390,490	1,536,093	1,344,226
Investments	10	-	-	-	-
<b>Total Current Assets</b>		<b>2,632,775</b>	<b>1,671,502</b>	<b>1,798,292</b>	<b>1,683,694</b>
<b>Creditors: Amounts Falling due Within One Year</b>	12	<b>1,737,973</b>	<b>1,812,514</b>	<b>1,644,527</b>	<b>1,790,456</b>
<b>Net Current Assets/(Liabilities)</b>		<b>894,802</b>	<b>(141,012)</b>	<b>153,765</b>	<b>(106,762)</b>
<b>Total Assets less Current Liabilities</b>		<b>44,769,597</b>	<b>43,002,590</b>	<b>44,028,560</b>	<b>43,036,840</b>
<b>Creditors: Amounts Falling due After One Year</b>	12	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Assets</b>		<b>44,769,597</b>	<b>43,002,590</b>	<b>44,028,560</b>	<b>43,036,840</b>
<b>Reserves</b>					
Expendable Endowment Fund	13	40,374,922	38,638,579	39,633,885	38,672,829
Designated Funds		3,819,692	3,775,417	3,819,692	3,775,417
Restricted Funds		574,983	588,594	574,983	588,594
<b>Total Funds</b>		<b>44,769,597</b>	<b>43,002,590</b>	<b>44,028,560</b>	<b>43,036,840</b>

The financial statements have been prepared in accordance with the special provisions of the Companies Act 2006 relating to small companies.

The financial statements on pages 55-75 were approved by the Board of Trustees on 20 August 2021 and were signed on their behalf by:



**Group Captain M Williams**  
Trustee and Chair of the Finance and Risk Committee

## **Consolidated Statement of Cash Flows for the year ended 31 December 2020**

	<b>2020</b> £	<b>2019</b> £
<b>Cash flow from Operating Activities</b>		
Net cash used in operating activities	(812,284)	(1,343,280)
<b>Cash flows from Investing Activities:</b>		
Dividend Receipts	632,202	854,250
Fixed asset additions	(114,912)	1,410,098
Intangible fixed asset additions	(10,631)	-
Proceeds from Sale of Investments	13,086,037	25,759,044
Payment to Purchase Investments	(12,563,107)	(28,486,726)
Net cash provided by / (used in) investing activities	1,029,589	( 445,500 )
<b>Change in Cash &amp; Cash Equivalents</b>	217,305	(1,788,780)
<b>Cash &amp; Cash Equivalents at 1 January</b>	1,390,490	3,179,270
<b>Cash &amp; Cash Equivalents as at 31 December</b>	<b>1,607,795</b>	<b>1,390,490</b>

### **Notes to the Cash Flow Statement**

<b>Reconciliation of net income to net cash flow from operating activities</b>	<b>2020</b> £	<b>2019</b> £
Net income for the period	1,767,007	4,195,225
Adjustment for:		
(Gains) on Investments	(872,755)	(4,923,959)
Investment income	(632,202)	(871,249)
Investment Management Fees	(339,197)	(242,756)
Depreciation / Amortisation	83,372	-
(Increase)/ Decrease in Debtors	(743,968)	9,339
Grants recognised in excess of payment	-	311,765
(Decrease)/Increase in Other Creditors	(74,541)	178,355
<b>Net Cash used in operating activities</b>	<b>(812,284)</b>	<b>(1,343,280)</b>

### **Analysis of Cash & Cash Equivalents**

	<b>31 December</b> <b>2019</b> £	<b>Cash flow</b> £	<b>31 December</b> <b>2020</b> £
Cash in hand	1,390,490	217,305	1,607,795
<b>Total Cash &amp; Cash Equivalents</b>	<b>1,390,490</b>	<b>217,305</b>	<b>1,607,795</b>

# Notes to the Financial Statements for the Year to 31 December 2020

## Principal Accounting Policies 2020

The financial statements have been prepared in accordance with the applicable Accounting Standards in the United Kingdom, the Accounting Regulations issued under the Charities Act 2011, the Statement of Recommended Practice: "Accounting and Reporting by Charities (FRS102)" and the Companies Act 2006. A summary of the significant accounting policies is set out below.

The RAF Central Fund 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 note(s). The Trustees consider it is appropriate for these accounts to be prepared on the going concern basis.

The trustees have reviewed detailed cash flow projections to 31 July 2022 and have agreed detailed budgets for the year ended 31 December 2021. Both sources of income and types of expenditure have been reviewed. Whilst one of the main charitable purposes of the Fund is to support current RAF personnel through individual grants and grants to the sports associations, the level of this necessary expenditure is at the discretion of the trustees and can be adjusted during the year. The trustees have also considered the Group's working capital and capital expenditure requirements. As a result of the foregoing the trustees are satisfied that it is appropriate to prepare the accounts on a going concern basis.

## Historical Cost Convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of investments to market values and are in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities (FRS102)", applicable Accounting Standards and the Charities Act 2011.

## Consolidation

The wholly owned trading subsidiary of the Royal Air Force Central Fund, the Royal Air Force Central Fund Trading Ltd (company number: 087475222) was taken out of dormancy in 2018. On this basis, the financial statements are consolidated.

## Income

Investment income is accounted for when received and comprises dividend income and interest on cash deposits. Income from Gilts is accounted for net of any previously incurred transaction costs.

Endowed grants are funds returned to the charity following the rare occurrence of a closure of an RAF station and are recognised as soon as receipt is probable and the value of the returned grant monies can be reliably measured.

Other income is recognised on an accruals basis in accordance with the income recognition requirements of FRS102.

The Fund received a government grant in 2020 from the Coronavirus Job Retention Scheme. This is recognised as a donation.

## Expenditure

All expenditure is accounted for on an accruals basis and is recognised when there is a legal or constructive obligation for the charity to make payment. All costs have been directly attributed to one of the functional categories of expenditure in the Statement of Financial Activities.

Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, where appropriate.



# Notes to the Financial Statements for the Year to 31 December 2020

## Principal Accounting Policies 2020 (continued)

Cost of raising funds includes investment managers' fees and the costs in running the RAF Sports Lottery, including prizes.

Charitable activities consists of grant awards and associated direct and indirectly allocated support costs. Grants payable are charged to the Statement of Financial Activities in the year in which the offer is conveyed to the recipient.

Support costs consist of salary and other expenditure incurred to facilitate the administration and governance of the charity. Support costs are directly attributed to activities where it is possible to allocate to the activity on a basis of use of resource. Where it is not possible to directly attribute support costs, these are apportioned by the estimated percentage of time utilised by employees on each activity.

## Taxation Status

The charity is exempt from corporation or income taxation based on the charity applying all of its income and gains for wholly charitable purposes.

## Intangible Fixed Assets

Intangible fixed assets are measured at cost less accumulated amortisation.

Software development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- How the software will generate probable future economic benefits;
- The availability of adequate resources to complete the development and use the software;
- The ability to measure reliably the expenditure attributable to the software during its development.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method.

The intangible assets are amortised over the following useful economic lives:

Software development costs	2 years
----------------------------	---------

Intangible assets are not subject to amortisation in the year of recognition, with a full year charged each period thereafter.

## Tangible Fixed Assets and Depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Due to the unique nature of the charity's properties, they are held at carrying value as there is no available market value or methodology to reliably measure their fair values. The Trustees consider that the realisable value of the property is well in excess of its carrying value and accordingly any depreciation charge is immaterial.

It is the Fund's policy to capitalise all assets with a combined purchase value in excess of £5,000.

Depreciation is calculated on a straight line basis across the expected useful life of the asset class:

Website Development	2 years
Computers and Information Technology	3 years
Fixtures & Fittings	10 years
Buildings	30 years

# Notes to the Financial Statements for the Year to 31 December 2020

## Principal Accounting Policies 2020 (continued)

Depreciation is not charged in the year of acquisition, with a full year charged in the year of disposal.

The Fund owns a number of items of heritage silverware, including the Fincastle Trophy and Gill Sword which are loaned to RAF Messes, units and individuals to promote and support esprit de corps. These items hold significant cultural importance to the Royal Air Force and are capitalised in the accounts in line with their insurance valuation and are not depreciated due to the enduring life scale. The Fund additionally owns two paintings which hang in the Ministry of Defence building in London.

## Investments and Gains and Losses on Investment Assets

Quoted investments and investment property are stated at market value at the balance sheet date.

Gains and losses arising on investment assets, both through sale and changes in valuation, are taken to the Statement of Financial Activity in the year they occur. Gains include a cash rebate received by the charity for retail investment management fees arising from holding in-house funds; the Fund pays institutional investment management fees that are based on the capital value of the Charity's investment portfolio.

## Funds Structure

The expendable endowment fund represents the original capital of the Charity. This is maintained wherever possible. Income from the endowment fund is unrestricted.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for a particular purpose. The aim and use of each designated fund is set out in the notes to the financial statements.

The restricted fund represents the Mechanics Fund. These funds may only be used for the benefit of trainees, especially those in the engineering disciplines.

## Pensions

The Fund operates a defined contribution workplace pension scheme for the benefit of all eligible employees. The assets of the scheme are administered by an independent pension provider, with employer pension payments recognised as an expense during the year of payment.

Prior to March 2014 the charity made contribution towards the cost of pensions being paid to previous past employees of a by analogy Principal Civil Service Pension Scheme (PCSPS). Entry to the scheme is closed to new employees of the charity. In line with HM Treasury guidance, the charity accounted for the contributions in the Statement of Financial Activity in the year in which they were incurred.

Following the transfer in March 2014, the obligation to meet these contributions as they fall due vests with the RAF Sports Federation (previously known as the RAF Sports Board).

# Notes to the Financial Statements for the Year to 31 December 2020

## Note 1 Statement of Financial Activities Analysis for the year-ended 31 December 2019

	Unrestricted Fund £	Designated Fund £	Expendable Endowment Fund £	Restricted Fund £	Total 2019 £
<b>Income</b>					
Donations	24,369	42,400	-	-	66,769
Charitable Activities	55,967	115,003	-	-	170,970
Trading Activities	-	2,881,902	-	-	2,881,902
Investment Income	868,950	1,462	-	837	871,249
Other Income	126,339	-	-	-	126,339
<b>Total Income</b>	<b>1,075,625</b>	<b>3,040,767</b>	<b>-</b>	<b>837</b>	<b>4,117,229</b>
<b>Expenditure</b>					
Charitable Activities	871,411	2,028,744	-	94,500	2,994,655
<b>Raising Funds</b>					
Sports Lottery Operations & Fundraising	-	1,595,222	-	-	1,595,222
Trading	-	-	-	-	-
Sports Lottery Redevelopment & Relaunch	-	-	-	-	-
Trading Activity	13,330	-	-	-	13,330
Investment Management Costs	-	-	242,756	-	242,756
<b>Total Expenditure</b>	<b>884,741</b>	<b>3,623,966</b>	<b>242,756</b>	<b>94,500</b>	<b>4,845,963</b>
<b>Net gains/(losses) on investments</b>	<b>-</b>	<b>319</b>	<b>4,936,347</b>	<b>(12,707)</b>	<b>4,923,959</b>
<b>Net Income/(Expenditure)</b>	<b>190,884</b>	<b>(582,880)</b>	<b>4,693,591</b>	<b>(106,370)</b>	<b>4,195,225</b>
<b>Transfers between Funds</b>	<b>(190,884)</b>	<b>(1,392,425)</b>	<b>1,583,309</b>	<b>-</b>	<b>-</b>
<b>Net Movement in Funds</b>	<b>-</b>	<b>(1,975,305)</b>	<b>6,276,900</b>	<b>(106,370)</b>	<b>4,195,225</b>
<b>Total Funds Bought Forward</b>	<b>-</b>	<b>5,750,722</b>	<b>32,361,679</b>	<b>694,964</b>	<b>38,807,365</b>
<b>Total Funds Carried Forward</b>	<b>-</b>	<b>3,775,417</b>	<b>38,638,579</b>	<b>588,594</b>	<b>43,002,590</b>



# Notes to the Financial Statements for the Year to 31 December 2020

## Note 2 Income

		2020 £	2019 £
<b>Donations</b>	Donations	<b>154,054</b>	66,769
	Government Grant	<b>20,560</b>	-
		<b>174,614</b>	66,769
<b>Charitable Activities</b>	Returned Grants	<b>525,344</b>	168,985
	Hire of Fund Welfare Facilities	-	1,985
		<b>525,344</b>	170,970
<b>Trading Activities</b>	Lottery Ticket Sales	<b>2,913,562</b>	2,881,682
	Other Trading Income	<b>891,120</b>	220
		<b>3,804,682</b>	2,881,902
<b>Investment Income</b>	Dividends on Investments	<b>632,202</b>	853,415
	Investment Dividend Tax Reclaims	-	17,834
		<b>632,202</b>	871,249
<b>Other Income</b>	Miscellaneous Receipts	1,000	500
	Creditor Write off	-	125,839
		<b>1,000</b>	126,339

All amounts relate to unrestricted income with the exception of £388 (2019: £837) of investment income which is allocated to restricted funds.

## Note 3 Expenditure

		2020 £	2019 £
<b>Raising Funds</b>	RAF Sports Lottery Operations	<b>1,434,443</b>	1,595,222
	Investment Management Fees	<b>339,197</b>	242,756
	Trading Company Activity	<b>99,976</b>	13,330
		<b>1,873,616</b>	1,851,308
<b>Charitable Activities*</b>	Enrichment Facilities and Projects	<b>176,723</b>	330,798
	Sports Association Grants	<b>1,167,113</b>	1,243,913
	Development Through Sports Grants	<b>711,127</b>	798,162
	Sports Facilities	<b>309,110</b>	615,335
	Grants to Service Support Charities	<b>5,901</b>	6,447
		<b>2,369,974</b>	2,994,655

\* See Note 4 for analysis of support costs

# Notes to the Financial Statements for the Year to 31 December 2020

## Note 4 Support Costs

	<b>Raising Funds</b>	<b>Charitable Activity</b>	<b>Total Cost 2020</b>	<b>Total Cost 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Staff Costs	104,056	362,433	<b>466,489</b>	373,755
Other Costs	44,368	136,385	<b>197,457</b>	296,094
	<b>148,424</b>	<b>498,818</b>	<b>663,946</b>	<b>669,849</b>

The support cost elements of staff and other expenses have been attributed on a basis consistent with the use of resources. Where costs cannot be allocated directly to activities, they are apportioned by the estimated percentage of time spent by each employee on each activity.

## Note 5 Audit Fees

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Auditors' Fees for Reporting on the Accounts - Charity	<b>15,914</b>	14,106
Auditors' Fees for Reporting on the Accounts - Trading Subsidiary	<b>3,650</b>	-
	<b>19,564</b>	<b>14,106</b>

## Note 6 Trustees & Employees

<b>6.1 Staff Costs</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Wages and Salaries	<b>420,479</b>	334,158
Employer's National Insurance Costs	<b>37,656</b>	30,053
Employer's Pension Costs	<b>8,354</b>	4,766
	<b>466,489</b>	<b>368,977</b>

Support costs are included in the overall expenditure totals for each activity at Note 3.

During 2020 the Fund continued to utilise the services of temporary members of staff to support its ongoing activities. These services were supplied under contract at a cost for the period of £20,347 (2019: £3,633).

These costs are not included as direct staff costs above, however are recognised within other support costs and allocated to activities as indicated within Note 4.

1 employee earned between £60,001 and £70,000 during the period (2019: 2, £60,001 and £70,000).

1 employee earned between £110,001 and £120,000 during the period (2019, 0).

The Fund made payment to its key management personnel of £178,063 during 2020 (2019: £146,045).

# Notes to the Financial Statements for the Year to 31 December 2020

## 6.2 Average Headcount

	2020 Average	2019 Average
Full-Time	10.30	8.80
Part-Time	2.00	2.70
	<b>12.30</b>	<b>11.50</b>

## 6.3 Payments to Trustees

Aside from the payment noted above, Trustees neither received nor waived any emoluments during 2020 (2019: £nil). Out of pocket expenses were reimbursed to Trustees as follows:

	2020	2020	2019	2019
	No	£	No	£
Travel	-	-	13	923

## Note 7 Grants

	Grants 2020 £	Support Costs 2020 £	Total Grants 2020 £	Total Grants 2019 £
Enrichment Facilities and Projects	39,239	137,485	<b>176,724</b>	344,128
Sports Association Grants	1,049,561	117,552	<b>1,167,113</b>	1,243,913
Development Through Sports Grants	587,888	123,238	<b>711,126</b>	798,161
Sports Facilities	194,468	114,642	<b>309,110</b>	615,336
Grants to Service Support Charities	-	5,901	<b>5,901</b>	6,448
	<b>1,871,156</b>	<b>498,818</b>	<b>2,369,974</b>	3,007,986



# Notes to the Financial Statements for the Year to 31 December 2020

## Note 7 Grants (continued)

### Grants made to Institutions

Grants with a value in excess of £25,000 are shown individually:

	<b>Grant Award 2020</b>	<b>Grant Award 2019</b>
	<b>£</b>	<b>£</b>
RAF Cosford	49,670	16,947
RAF Coningsby	49,670	42,374
RAF Video Games and Esports Association	-	243,500
RAF Akrotiri	3,864	67,990
RAF Odiham	-	39,424
RAF Halton	-	44,604
RAF Honington	7,170	77,506
RAF Northolt	20,000	26,760
RAF Cranwell	3,941	50,432
Deployed Forces	48,488	16,225
RAF Motor Sports Association	75,376	80,376
RAF Winter Sports Association	95,818	111,543
RAF Ski Championships	37,461	38,033
RAF Rugby Union Association	28,312	30,213
RAF Sailing Association	78,819	78,819
RAF Angling Association	46,193	37,968
RAF Bobsleigh, Luge and Skeleton Association	117,375	98,375
RAF Small Arms Association	49,536	68,036
RAF Golf Association	44,220	37,220
RAF Swimming Association	36,930	24,010
RAF Football Association	35,968	49,818
RAF Gliding & Soaring Association	26,779	32,779
RAF Waterski & Wakeboard Association	27,856	27,856
RAF Sports Parachuting Association	26,510	26,510
Others	477,687	507,866
	<b>1,387,643</b>	<b>1,875,184</b>

During the year 1,548 grants were made to individuals (2019: 2,291) at a value of £483,513 (2019: £639,096) to enable access to sport and physical activity.

# Notes to the Financial Statements for the Year to 31 December 2020

## Note 8 Intangible Fixed Assets

### Group and Charity

	Software development £	Total £
Cost bought forward at 1 Jan 20	83,893	83,893
Additions	10,631	10,631
Cost carried forward at 31 Dec 20	<b>94,524</b>	94,524
Amortisation bought forward at 1 Jan 20	54,482	54,482
Provision for Year	9,441	9,441
Amortisation carried forward at 31 Dec 20	<b>63,923</b>	63,923
Net Book Value bought forwards at 1 Jan 20	29,411	29,411
Net Book Value carried forwards at 31 Dec 20	<b>30,601</b>	<b>30,601</b>

## Note 9 Tangible Fixed Assets

### Group and Charity

	Freehold land & buildings £	Computers & Information Technology £	Fixtures & Fittings £	Heritage Assets £	Total £
Cost bought forward at 1 Jan 20	1,568,137	32,142	225,663	47,016	1,872,958
Additions	93,347	21,565	-	-	114,912
Cost carried forward at 31 Dec 20	<b>1,661,484</b>	<b>53,707</b>	<b>225,663</b>	<b>47,016</b>	<b>1,987,870</b>
Depreciation bought forwards at 1 Jan 20	-	21,924	39,501	-	61,425
Provision for year	46,553	4,784	22,594	-	73,931
Depreciation carried forwards at 31 Dec 20	<b>46,553</b>	<b>26,708</b>	<b>62,095</b>	-	135,356
Net Book Value bought forwards at 1 Jan 20	1,568,137	10,218	186,162	47,016	1,811,533
Net Book Value carried forwards at 31 Dec 20	<b>1,614,931</b>	<b>26,999</b>	<b>163,568</b>	<b>47,016</b>	<b>1,852,514</b>

Freehold land and buildings consists of the charity's properties at: Vine Lane, Danesfield and Feshiebridge Lodge.

# Notes to the Financial Statements for the Year to 31 December 2020

## Note 9 Tangible Fixed Assets (continued)

The Fund additionally owns the Halton Tennis Centre. In 2007 the Trustees signed a 999 year agreement to lease the Centre to the RAF Lawn Tennis Association. The agreement places the responsibilities for the maintenance, insurance and upkeep of the property with the Association as the tenant. In accordance with FRS102, the carrying value of the Halton Tennis Centre, being the cost of purchase of the Centre from the Secretary of State in 2007 of £255,200 is not recognised in the financial statements as the charity has no rights or responsibilities with regards to the property until the lease completes in 3006.

Vine Lane was donated to the Fund on 1 July 1964 and is currently utilised under licence from the Fund by the RAF Cricket Association as the Home for Sport for RAF Cricket.

The land at Danesfield was originally purchased in conjunction with the Nuffield Trust for the Forces of the Crown ('the Nuffield Trust'). The site was wholly made over to the Fund under a deed dated March 1982, with the Fund acquiring the totality of the site for a cost of £26,300. The site is currently utilised under licence from the Fund by the RAF Rowing and Canoeing Associations as the Homes for Sport for RAF Rowing and Canoeing and by 22 Group (RAF) to provide facilities for force development and adventurous training for RAF personnel.

Feshiebridge Lodge was purchased in 1989 for £139,187. The asset has been included in the balance sheet at £139,187. Originally purchased as an adventure training centre, the Lodge is now wholly focussed on providing an enrichment welfare and recreational centre for personnel and their families. Work was completed on the site in 2020. Costs incurred were £1,489,947.

## Note 10 Investments

### Group and Charity

#### 10.1 Fixed Assets Investments

	2020 £	2019 £
Carrying value bought forward	41,037,158	34,852,101
Additions to investments at cost	12,563,107	28,486,726
Disposals at carrying value	(12,481,340)	(27,225,628)
Realised (loss)/gain on sale	(710,114)	2,643,400
Unrealised revaluation movement	1,582,868	2,280,559
Carrying value carried forward	<b>41,991,679</b>	41,037,158
Historic cost as at 31 December	<b>41,763,456</b>	37,207,519

#### 10.2 Analysis of Investments

	Market Value 31 December 2020 £	Market Value 31 December 2019 £	Income from Investments 2020 £	Income from Investments 2019 £
Property Fund Investments	-	-	-	175,625
Allianz Portfolio Investments	<b>31,871,281</b>	35,341,292	<b>555,103</b>	693,326
Mechanics Fund Investments	<b>614,762</b>	646,974	<b>388</b>	837
Blackrock Charinco Common Investment Fund	<b>15,327</b>	14,830	<b>337</b>	1,461
Insight Global ABS Fund	<b>4,896,183</b>	5,034,062	<b>76,374</b>	-
Marathon - Distressed Credit Fund	<b>402,960</b>	-	-	-
Savills - Charities Property Fund	<b>3,783,821</b>	-	-	-
Cash held within Allianz Portfolio	<b>407,345</b>	265,500	-	-
Cash held as Part of the Property Portfolio	-	-	-	-
<b>Fixed Asset Investments</b>	<b>41,991,679</b>	41,302,658	<b>632,202</b>	871,249



# Notes to the Financial Statements for the Year to 31 December 2020

## Note 10 Investments (continued)

### 10.3 Material Investment Holdings

The following investments represent holdings in excess of 5% of the portfolio at the period end within the total investment portfolio (excluding direct property investments):

	Market Value £	Percentage of Portfolio
AGI UK Equity Income A	7,145,066	17%
AGI Global Equity	12,915,496	31%
AGI UK Gilt Yield I	2,281,660	5%
ISHARES Core GBP Corporate Bonds	6,069,115	14%
ISHARES II Plc	3,459,943	8%
Insight Global ABS Fund	5,363,005	13%
Marathon - Distressed Credit Fund	402,960	1%
Savills - Charities Property Fund	3,783,821	9%

## Note 11 Debtors and Prepayments

### Group

#### Analysis of Debtors

	2020 £	2019 £
Trade Debtors	61,286	18,107
Prepayments and Accrued Income	963,694	262,905
	<b>1,024,980</b>	<b>281,012</b>

### Charity

#### Analysis of Debtors

	2020 £	2019 £
Trade Debtors	12,801	8,270
Prepayments and Accrued Income	249,398	331,198
	<b>262,199</b>	<b>339,468</b>

Accrued income consists of monies collected by the charity's External Lottery Manager from RAF Sports Lottery players, not yet received by the Fund or utilised in play.

## Note 12 Creditors and Accruals

### 12.1 Analysis of Creditors falling due within one year

#### Group

	2020 £	2019 £
Committee Grant Creditors	142,923	283,814
Sports Grant Creditors	1,052,184	967,284
Tax and Social Security Creditors	14,507	18,375
Accruals and Deferred Income	461,050	401,407
Other Creditors	67,309	141,634
	<b>1,737,973</b>	<b>1,812,514</b>

# Notes to the Financial Statements for the Year to 31 December 2020

## Note 12 Creditors and Accruals (Continued)

### 12.1 Analysis of Creditors falling due within one year (Continued)

#### Charity

	2020 £	2019 £
Committee Grant Creditors	142,923	283,814
Sports Grant Creditors	1,052,184	967,284
Tax and Social Security Creditors	13,273	16,895
Accruals and Deferred Income	382,683	387,817
Other Creditors	53,464	134,646
	<b>1,644,527</b>	<b>1,790,456</b>

## Note 13 Funds

### 13.1 Funds Held

Fund Name	Type	Purpose and Restrictions
Expendable Endowment	Expendable Endowment	Expendable Endowment for RAF Central Fund. Monies transferred into the RAF Central Fund upon close of the Mechanics Endowment Fund. Restricted for the benefit of RAF trainees, especially those in the engineering disciplines.
Mechanics Fund	Restricted	
Vine Lane	Designated	Funds generated to support the ongoing maintenance and activities at Vine Lane.
Feshiebridge Lodge	Designated	Funds generated to support the ongoing maintenance and welfare activities at Feshiebridge Lodge.
Danesfield	Designated	Funds generated to support the ongoing maintenance and activities at Danesfield.
RAF Sports Board Pension Fund	Designated	Funds transferred from unrestricted funds to support potential future payments to RAF Sports Board pensioners (see additionally note 14).
Sports Lottery Fund	Designated	Income generated through the RAF Sports Lottery designated for distribution to benefit RAF sports related grants.

### 13.2 Movements of Major Funds

Fund Names	Fund balances bought forward £	Income £	Expenditure £	Transfers £	Gains and losses £	Group balances carried forward £	Charity balances carried forward £
General Reserves	-	1,629,215	(564,751)	(1,064,464)	-	-	-
Expendable Endowment Fund	38,638,579	-	(339,197)	1,203,076	872,464	40,374,922	39,633,885
Mechanics Endowment Fund	588,594	30,053	(43,664)	-	-	574,983	574,983
Vine Lane Fund	91,124	-	(22,469)	27,838	-	96,493	96,493
Feshiebridge Lodge Fund	1,571,914	337	(3,120)	(41,596)	291	1,527,826	1,527,826
Danesfield Fund	160,258	40,060	(34,921)	4,382	-	169,779	169,778
RAF Sports Board Pension Fund	380,822	-	-	24,477	-	405,299	405,299
Sports Lottery Fund	1,571,299	3,438,177	(3,235,468)	(153,713)	-	1,620,295	1,620,295
<b>Total Funds</b>	<b>43,002,590</b>	<b>5,137,842</b>	<b>(4,243,590)</b>	<b>-</b>	<b>872,755</b>	<b>44,769,597</b>	<b>44,028,560</b>

# Notes to the Financial Statements for the Year to 31 December 2020

## 13.3 Transfers Between Funds

From Fund (Name)	To Fund (Name)	Reason	Amount
General Reserves	Expendable Endowment Fund	Support 2020 Grant Awards	1,064,464
Sports Lottery Fund	Expendable Endowment Fund	Support 2020 Grant Awards	138,612
Expendable Endowment Fund	Vine Lane Fund	Support 2020 Activities Vine Lane	27,838
Feshiebridge Lodge Fund	Expendable Endowment Fund	Support 2020 Activities Feshiebridge Lodge	41,596
Expendable Endowment Fund	Danesfield Fund	Support 2020 Activities Danesfield	4,382
Expendable Endowment Fund	RAF Sports Board Pension Fund	Recognition of Adjustment to Potential Future Pensioner Expense	24,477

## 13.4 Analysis of Net Funds

	Expendable Endowment	Designated Funds	Restricted Funds	Total Funds
	£	£	£	£
Intangible Fixed Assets	-	30,601	-	30,601
Tangible Fixed Assets	280,057	1,572,458	-	1,852,515
Fixed Asset Investments	39,574,193	1,802,723	614,763	41,991,679
Net Current Assets/(Liabilities)	520,672	413,910	( 39,780 )	894,802
<b>Total Net Assets</b>	<b>40,374,922</b>	<b>3,819,692</b>	<b>574,983</b>	<b>44,769,597</b>

## Note 14 Commitments and Contingent Liabilities

Prior to March 2014, the Fund made contributions towards the costs of pensions being paid to these past employees under a by analogy Principal Civil Service Pension Scheme ('PCSPS'). Under the terms of the 2014 transfer agreement, the enduring commitment to meet these contributions were transferred to the RAF Sports Board (now the RAF Sports Federation) with effect from the date of the transfer. The Fund accounted for the scheme until March 2014 as if it were a defined contribution scheme in line with current HM Treasury guidance.

At the 2020 year-end there is sufficient uncertainty with regards to the exact status of the Fund's pension situation to deem it inappropriate to recognise a provision for future payments in respect of past service of former employees in the financial statements.

To ensure that optimal clarity is provided, the Trustees have designated funds at the year-end to a level they consider represent the best estimate of any potential constructive obligation relating to this matter.



# Notes to the Financial Statements for the Year to 31 December 2020

## **Note 15    Endowed Grants**

Historically the Fund has provided grant funding to support the introduction of any new Mess or Junior Rank Welfare Fund facilities. Grant funding has been provided on the basis that the unit has no power to convert the capital provided into income and that the grant funding provided is to be held indefinitely.

All entities granted these permanently endowed grant funds must invest and seek to maintain the grant at a value no less than the original endowed grant monies, subject to market value losses and deflation. Income generated from the invested funds are restricted to support the appropriate charitable activities of the associated Mess or Junior Ranks Welfare Fund.

Endowed grant funds are returned to the Fund only on the extremely rare occurrence of the closure of an RAF station and its associated Messes and Junior Rank Welfare Funds. Due to the expectation that funds will be retained indefinitely at the stations, the Fund considered these to represent contingent assets and hence no value is recognised in the financial statements.

The value of endowed grant funds held at units as at 31 December 2020 is deemed to be £2,291,660 (2019: £2,314,725).

## **Note 16    Transactions with Related Parties**

There are no outstanding related party transactions as at 31 December 2020.

# Notes to the Financial Statements for the Year to 31 December 2020

## Note 17 – Subsidiary Entities

The results of the Fund's wholly owned subsidiary elements are within the Consolidated SOFA as follows:

	2020 £	2019 £
<b>Income</b>		
Trading Activities	891,778	1,117,802
<b>Total Income</b>	<b>891,778</b>	<b>1,117,802</b>
<b>Expenditure</b>		
Trading Activities	133,453	1,135,347
<b>Total Expenditure</b>	<b>133,453</b>	<b>1,135,347</b>
<b>Net Result of Subsidiary</b>	<b>758,325</b>	<b>(17,545)</b>

### RAF Central Fund Trading Ltd

Company Number: 8747522

A company set up for the RAF Central Fund to conduct trading in supports of its charitable objectives. The inter-company balance owed to the Trading Company was £6,814 (2019: £11,487).

During the year the Trading Company was re-charged £35,391 and charged the Fund £24,910.

#### Directors:

Dr Eamon Molloy  
Gp Capt (Retd) Mark Williams  
Mr John Michaelson  
Mr Ross Perriam

## Note 18 - Outstanding Commitments

The Fund had no outstanding commitments as at 31 December 2020. (2019: £5,350).



**Principle Office**  
RAF Central Fund  
Cournswood House  
North Dean  
Buckinghamshire  
HP14 4NW  
01494 569068

**Registered Office**  
RAF Central Fund  
Hurricane Building  
HQ Air Command  
RAF High Wycombe  
Buckinghamshire  
HP14 4UE



RAFCentralFund [www.rafcf.org.uk](http://www.rafcf.org.uk)

The RAF Sports Lottery operates as a society lottery within the Royal Air Force Central Fund and is licensed and regulated by the Gambling Commission ([www.gamblingcommission.gov.uk](http://www.gamblingcommission.gov.uk)). The Royal Air Force Central Fund is a company registered in England and Wales 8555984, Charity registered in England and Wales 1152560, Charity registered in Scotland SC044299

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