RAFA KIDZONE LIMITED

England & Wales · Charity number 1154822

Details

Other names	KIDZONE CRANWELL LTD, RAF CRANWELL KIDZONE
Status	Registered
Legal form	Charitable company
Company number	08418367
Registered	2013-12-02
Register	View on the Charity Commission register

Contact

Address	Atlas House 41 Wembley Road Leicester LE3 1UT
Phone	0800 0182361
Email	enquiries@rafa.org.uk

Activities

Objects: TO ENHANCE THE DEVELOPMENT AND EDUCATION OF CHILDREN AND PROVIDE FOR THEIR INDIVIDUAL NEEDS.THIS IS DONE BY OFFERING INCLUSIVE AND APPROPRIATE PLAY AND LEARNING FACILITIES THAT MEET THE NEEDSOF ALL CHILDREN REGARDLESS OF FAMILY STATUS,DISABILITY,COLOUR,ETHNIC ORIGIN,RELIGION AND BELIEF.

Activities: RAFA Kizone Limited provides full and part time childcare for children aged between 6 months to 12 years old, 0730-1730 50 weeks a year. We deliver our service via a nursery, toddler room, 2 preschool rooms as well as a breakfast, afterschool & holiday club for school age children.

Classification

- **How:** Other Charitable Activities
- **What:** Education/training
- **Who:** Children/young People

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Geography

- Isle Of Anglesey
- Throughout England

Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£242,263	£165,387	-	-
2023-12-31	£243,630	£206,515	-	-
2022-12-31	£897,919	£839,871	£214,340	43
2021-12-31	£683,709	£704,686	£158,078	38
2020-12-31	£670,947	£617,187	£179,055	35

Trustees

Name	Role	Appointed
Denitsa Pavlinova Raynova		2025-03-01
Philip John Sherwin		2024-03-01
Ruth Brutnall		2022-11-15

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RAFA KIDZONE LIMITED

England & Wales - Charity number 1154822

Accounts

Company Registration No: 08418367 (England and Wales)
Charity Registration No. 1154822

RAFA KIDZONE LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2024

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RAFA KIDZONE LIMITED
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RAFA KIDZONE LIMITED
REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 DECEMBER 2024

Registered charity number	1154822 (England and Wales)
Registered company number	08418367 (England and Wales)
Registered office	Atlas House Wembley Road Leicester England LE3 1UT
Trustees	R Brutnall P Sherwin (appointed 1 March 2024) D P Raynova (from 1 March 2025)
Secretary	R Brutnall
Principal Office	Atlas House Wembley Road Leicester LE3 1UT
Auditor	UHY Hacker Young Chartered Accountants 14 Park Row Nottingham NG1 6GR
Investment Managers	Rothschild & Co New Court St Swithin's Lane London EC4N 8AL

COMMITTEES' REPORT
YEAR ENDED 31 DECEMBER 2024

The Trustees of RAFA Kidzone Limited (the Charity) present this report and the financial statements of the Charity for the period ended 31 December 2024. The financial statements have been prepared based on the accounting policies set out in note 2 to the financial statements.

Aims and Objects

The object of the Charity is to enhance the development and education of children and provide for their individual needs. This is done by offering inclusive and appropriate play and learning facilities that meet the needs of all children regardless of family status, disability, colour, ethnic origin, religion or belief.

Activities

The Charity meets it object by the holding and investing funds for the benefit of children attending the nursery settings at specific stations to benefit RAF personnel.

Achievements

The Charity donated £160,203 (2023: £203,074) to nurseries from its Restricted and Designated Funds during the year to fund improvements at the nursery settings.

Public benefit

Whilst the Charity has in the past provided childcare for the children of serving personnel, civil servants and contractors working at RAF Cranwell, its services are available to families in the wider community as well. The charity does not currently have any nursery settings (RAF Cranwell having transferred to RAF Kidz Limited in 2022), it still holds and attracts funding and donations for the purpose of supporting childcare and developing nursery settings.

In drafting the above statements, the Trustees have complied with the duty in the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission.

Financial Review

In the twelve months to 31 December 2024, the Charity's income was £242,263 (2023: £243,630). The Charity's expenditure was £165,387 (2023: £206,515), and investment gains of £17,510 (2023; £15,388) resulting in a surplus of £94,386 (2023: £52,503). The capital and reserves of the Charity at the end of the year were £361,229 (2023: £266,843).

Reserves policy

Trustees have reviewed the Reserves Policy and have affirmed the restricted and designated funds as set out in note 8, which exist to ensure that the Charity can continue to invest in projects which support the achievement of its charitable object and improve the experience of children attending the specific nursery settings. As of 31 December 2024, total funds are £361,229 of which free, unrestricted reserves are £13,498.

Structure and Governance

The Charity is a company limited by guarantee and a registered charity governed by its Articles of Association. The Charity is registered with the Charity Commission.

The Charity is a wholly owned subsidiary of RAFA Kidz Limited, which is a wholly owned subsidiary of the Royal Air Forces Association (registered charity number 226686 and SC037673).

The Board of Trustees is collectively accountable for the long-term success of the Charity and Trustees act in accordance with their duties under charity law. Trustees are also company directors and subject to the directors' duties set out in sections 170-177 Companies Act 2006.

The Board is responsible for the Charity's compliance with all relevant legislative and regulatory requirements. It is responsible for determining the strategy and values of the Charity, its performance, standards of conduct and corporate governance. The Board reviews the position of the Charity and receives reports from the Management Team led by the Manager. The Board is responsible for approving the annual business plan and a range of supporting strategies. The Board believes that good governance is key to the ongoing success of the organisation. In terms of maintaining high standards of governance and has adopted of the Charity Governance Code for smaller charities.

Composition of the Board of Trustees

The Trustees who served in the year to 31 December 2024 are listed below.

R Huxford MBE (until 1 March 2025)
R Brutnall
P Sherwin (appointed 1 March 2024)
D Pavlinova Raynova (from 1 March 2025)

All Trustees give their time voluntarily and receive no benefits from the Charity. No expenses were reclaimed from the Charity. R Huxford, R Brutnall and P Sherwin are employees of the Royal Air Forces Association.

In accordance with the Charity's Articles of Association, Trustees are appointed by the Charity's sole member, RAFA Kidz Limited. When recruiting new Trustees appropriate due diligence is carried out to ensure that candidates have a valid DBS check, are eligible to act as charity trustees and company directors in accordance with the Articles of Association, Charities Act 2011 (as amended by Charities (Protection and Social Investment) Act 2016) and Companies Act 2006 and are fit and proper persons as defined under the management condition in Finance Act 2010.

Each Trustee is provided with a briefing pack, and an individual induction programme is agreed and implemented covering all aspects of the role and the work of the Charity as required. Trustees also receive ongoing briefings and training from subject-matter experts and external advisers in critical areas such as Ofsted regulation, safeguarding, health and safety, data protection, risk management and reserves.

Risk Management

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise, to provide reasonable assurance that its assets are safeguarded against unauthorised use or disposal, that proper records are maintained, and information is reliable and that relevant laws and regulations are complied with.

As a member of the Royal Air Forces Association group, the Charity is subject to the Association's Risk Management Policy and Trustees have reviewed their risk appetite during the year. In terms of priorities, Trustees have agreed that the need to avoid reputational, compliance and excessive financial risk will take priority over other factors, whilst recognising a balanced assessment has to be taken as, in many cases, there are risks attached to both doing something and doing nothing.

The risk management process set out in the policy is designed to identify and assess risks and so that appropriate risk management strategies are implemented, and their effectiveness monitored. Trustees have identified the following as its key risks:

- Regulatory compliance. Mitigation includes employment of professionally qualified staff and mandatory training, the support of relevant subject matter experts employed by other group companies and regular reviews of policies:
- Long-term financial sustainability and short-term cash flow failure. Mitigation plans include financial planning and performance monitoring, both in terms of annual budgets and reserves and investments: and
- Loss of operational capability. Plans include a range of processes to ensure recruitment and retention of appropriately qualified and trained employees.

Plans for the future

The Trustees are committed to supporting the delivery of affordable and nurturing early years' childcare in welcoming and safe environments and ensuring the long-term sustainability of the Charity. The Charity is seeking to carefully apply its fund in support of the provision of high-quality childcare.

The Trustees have considered the Charity's performance during 2024 and have reviewed the 2025 full year forecast and the assumptions on which the forecasts were based and are satisfied that the Charity remains a going concern, is financially viable for at least the next twelve months and has a charitable purpose to meet which it is able to deliver.

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Trustees' responsibilities in relation to financial statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial period, which give a true and fair view of the Charity and of the incoming resources and application of resources, including the income and expenditure of the Charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement of Recommended Practice;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

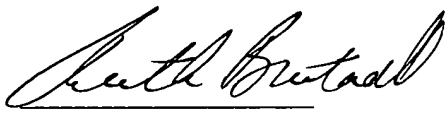
Trustees' responsibilities in relation to financial statements (continued)

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

In so far as the Trustees are aware:

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

This report was approved by the Trustees on 22 April 2025 and signed on its behalf by:



R Brutnall
Chair

UHY Hacker Young LLP
14 Park Row
Nottingham NG1 6GR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED

Opinion
We have audited the financial statements of RAFA Kidzone Limited (the 'charitable company') for the year ended 31 December 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cashflows and notes to the financial statements, including 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 charitable company's affairs as at 31 December 2024 and of its incoming resources and application of resources, including its 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 Trustees' report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

- the information given in the Trustees' Report, which 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
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception.
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' included within the Trustees' Report.

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

- adequate 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report in preparing the Trustees' Report.

Responsibilities of trustees
As explained more fully in the Statement of Trustees' responsibilities set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud.
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP, Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Keeping Children Safe in Education under section 175 of the Education Act 2002, the Childcare Act 2006 and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

Use of our report

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

Chris McKain

Chris McKain
Senior Statutory Auditor

For and on behalf of UHY Hacker Young
Chartered Accountants and Statutory Auditor

16 MAY 2025

RAFA KIDZONE LIMITED
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	Unrestricted	Designated	Restricted	Total 2024	Total 2023
		£	£		£	£
INCOME FROM						
Donations	3	324	-	241,939	242,263	243,630
Total Income		**324**	**-**	**241,939**	**242,263**	**243,630**
EXPENDITURE ON						
Charitable Activities	4	(5,184)	-	(160,203)	(165,387)	(206,515)
Total Expenditure		**(5,184)**	**-**	**(160,203)**	**(165,387)**	**(206,515)**
Net (Expenditure)/Income and net movement in funds for the year		(4,860)	-	81,736	76,876	37,115
Gain on Investments	6	5,000	1,418	11,092	17,510	15,388
Net movement in funds		**140**	**1,418**	**92,828**	**94,386**	**52,503**
Reconciliation of Funds						
Total Funds Brought Forward		13,358	38,000	215,485	266,843	214,340
Total Funds Carried Forward		**13,498**	**39,418**	**308,313**	**361,229**	**266,843**

RAFA KIDZONE LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2024

	Notes	£	2024 £	£	2023 £
FIXED ASSETS					
Investments	6		231,112		213,602
CURRENT ASSETS					
Cash as bank and in hand		134,794		55,278	
		134,794		55,278	
CREDITORS					
Amounts falling due within one year	7	(4,677)		(2,037)	
NET CURRENT ASSETS			130,117		53,241
TOTAL ASSETS LESS CURRENT LIABILITIES			**361,229**		**266,843**
FUNDS					
Restricted funds:					
Brize Norton Nursery Fund	8		101,047		48,583
Digby Nursery Fund	8		103,133		99,422
Leeming Nursery Fund	8		86,953		67,480
Boulmer Nursery Fund	8		17,180		-
Designated:	8				-
Cranwell Nursery Fund	8		39,418		38,000
General	8		13,498		13,358
TOTAL FUNDS			**361,229**		**266,843**

Approved by the Trustees and signed on their behalf on 22 April 2025

R Brutnall

RAFA KIDZONE LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

Cash flows from operating activities

	Notes	2024	2023
		£	£
Net cash from operating activities	below	79,516	14,433
Cash flow from investing activities			
Purchase of investments		-	(100,000)
Net cash used in investment activities		-	(100,000)
Changed in cash and cash equivalents in the year		79,516	(85,567)
Cash and cash equivalents at the beginning of the year		55,278	140,845
Cash and cash equivalents at the end of the year		**134,794**	**55,278**

Reconciliation of net movements in funds to net cash flows from operating activities

	Notes	2024	2023
		£	£
Net movement in funds for the reporting period		94,386	52,503
Adjustments for:			
Fair value movement on investments		(17,510)	(15,388)
Decrease in debtors		-	20,671
Increase/(decrease) in creditors		2,640	(43,353)
Net cash generated from operating activities	above	79,516	14,433

Analysis of cash and cash equivalent	2024	2023
	£	£
Cash in hand		
Bank accounts	134,794	55,278
	134,794	**55,278**

1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting estimates and areas of judgement to note.

2. PRINCIPAL ACCOUNTING POLICIES

General information

RAFA Kidzone Limited is an incorporated private company (registered number 08418367) and a registered charity at the Charity Commission (charity registration no. 1154822) in England and Wales. The charity is a company limited by guarantee.

The address of the charity's registered office is Atlas House, Wembley Road, Leicester, England LE3 1UT. The nature of the charity's activities is set out in the Trustees Report.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the requirements of the Companies Act 2006.

RAFA Kidzone Limited meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

Monetary amounts in the financial statements are rounded to the nearest £1. The financial statements are presented in sterling which is also the functional currency of the Charity.

Going concern

Based on the company's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the company's cash flows and related assumptions and in accordance with the Guidance published by the UK Financial Reporting Council.

The Company's accounts and cash flow forecasts take all the above factors into account and indicate that the Company will have sufficient funds to operate as a going concern for the foreseeable future.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds that have been set aside by the Trustees for particular purposes. These funds are reviewed annually.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. Expenditure is charged to the Statement of Financial Activities when incurred

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Income

All income is included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably. The following specific policies are applied to particular categories of income.

Income in the form of donations is included when receivable.

Fundraising income is included in income in the period in which the Charity becomes entitled to receipt.

Investment income is included when receivable.

Income from charitable activities including grants receivable is included in income in the period in which the charity becomes entitled to receipt.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Expenditure

All expenditure is accounted for on an accruals basis as a liability is incurred or when the Charity is deemed to have a legal or constructive obligation which will result in a probable transfer of economic benefits. Expenditure has been classified under headings that aggregate all costs related to the category. Expenditure includes irrecoverable VAT.

Costs of raising funds include fundraising trading costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities.

Charitable activities expenditure enables the Charity to meet its charitable aims and objectives and include both direct and support costs relating to the activity.

Support costs have been allocated to cost of raising funds and charitable activities on a basis of direct costs where appropriate and for salaries on a proportionate percentage of time.

Donations of goods and services

Donations were made during the year to RAFA Kidz Limited, for the purpose of achieving the objects of the charity and supporting the nurseries at RAF Brize Norton, RAF High Wycombe, RAF Leeming, RAF Walter's Ash and RAF Worthy Down.

Investments

Long term investments are classified as fixed assets. Short term investments are classified as current assets.

Listed investments are stated at fair value at the balance sheet date. Realised and unrealised gains and losses are shown in the Statement of Financial Activities. The fair value of the investments quoted on a recognised stock exchange is the quoted bid price.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

3 DONATIONS

	Unrestricted	Restricted	2024 Total	2023 Total
	£	£	£	£
Donation	324	-	324	1,000
Armed Forces Covenant Fund Trust	-	241,939	241,939	242,630
	324	241,939	**242,263**	**243,630**

4 CHARITABLE ACTIVITIES

	Expenditure	2024 Total	2023 Total
		£	£
General Funds:			
Direct Costs	144	144	-
Allocated support costs	5,040	5,040	2,442
Donation to RAFA Kidz Limited	-	-	1,000
Total Unrestricted Funds	**5,184**	**5,184**	**3,442**

Included within total expenditure is a charge for auditors' remuneration of £2,100 for the current year (2023: £2,260)

Designated Funds:			
Cranwell Nursery Setting	-	-	4,600
Total Designated Funds	**-**	**-**	**4,600**
Restricted Funds:			
Donation to RAFA Kidz Limited for RAFAKidz Digby	-	-	3,793
Donation to RAFA Kidz Limited for RAFAKidz Brize Norton	36,324	36,324	152,680
Donation to RAFA Kidz Limited for RAFAKidz High Wycombe	39,764	39,764	42,000
Donation to RAFA Kidz Limited for RAFAKidz Leeming	18,161	18,161	-
Donation to RAFA Kidz Limited for RAFAKidz Walter's Ash	29,850	29,850	-
Donation to RAFA Kidz Limited for RAFAKidz Worthy Down	36,104	36,104	-
Total Restricted Funds	**160,203**	**160,203**	**198,473**
Total	**165,387**	**165,387**	**206,515**

ALLOCATED SUPPORT COSTS	2024	2023
	£	£
Group agreement	2,400	-
Other expenditure	2,605	2,442
Governance costs	35	-
	5,040	**2,442**

5. TRUSTEES REMUNERATION

No remuneration or expenses were paid to the Trustees during the current year or prior year. The trustees were remunerated for their services to the group by the ultimate parent undertaking, The Royal Air Forces Association.

Professional indemnity insurance to cover the Trustees was paid by the charity during the year.

6. INVESTMENTS

	Total 2024
	£
Market Value	
at 1 January 2024	213,602
Fair value movement on Investment	17,510
Market Value as at 31 December 2024	**231,112**
Historical cost as at 31 December 2024	200,000

RAFA Kidzone Limited invested funds in the year with Rothschild & Co into their pooled New Court Fund. All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The investment funds held are wholly within Rothschild & Co. New Court Fund, in multi asset and hybrid instruments (99.99%) or cash (0.01%), where there are no holdings in excess of 5% of the total market value.

7. CREDITORS

	2024	2023
Amounts falling due within one year	£	£
Amounts owed to group undertakings	2,567	177
Accruals	2,110	1,860
	4,677	**2,037**

8. ANALYSIS OF FUNDS

	Balances as at 1 January 2024	Income	Expenditure	Transfers – Investment Gains allocation	Balances as at 31 December 2024
	£	£	£	£	£
Restricted Funds:					
Brize Nursery Fund	48,583	85,153	(36,324)	3,635	101,047
Boulmer Nursery Fund	-	16,562	-	618	17,180
Digby Nursery Fund	99,422	-	-	3,711	103,133
High Wycombe Nursery Fund	-	39,764	(39,764)	-	-
Leeming Nursery Fund	67,480	34,506	(18,161)	3,128	86,953
Walter's Ash Nursery Fund	-	29,850	(29,850)	-	-
Worthy Down Nursery Fund	-	36,104	(36,104)	-	-
TOTAL	**215,485**	**241,939**	**(160,203)**	**11,092**	**308,313**
Unrestricted Funds:					
Designated Funds:					
Cranwell Nursery Fund	38,000	-	-	1,418	39,418
TOTAL Designated	**38,000**	**-**	**-**	**1,418**	**39,418**
General Reserve	**13,358**	**324**	**(5,184)**	**5,000**	**13,498**
TOTAL	**266,843**	**242,263**	**(165,387)**	**17,510**	**361,229**

Restricted funds

This restricted fund is to enable the future development of those nurseries. New Restricted funds were created in the year for Walter's Ash, Worthy Down and Boulmer Nursery Funds, as funds were received for the purpose of development and support of those nurseries. Investment gains of £5,000 (2023: £8,000) are allocated to the General Fund towards the costs of running the organisation, and the residual amounts are proportionality across the restricted and designated funds year end balances. Total restricted funds at 31 December 2024 are £308,313 (2023: £215,485).

Designated funds

Total Designated funds at 31 December 2024 are £39,418 (2023: £38,000).

9. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Designated Funds	Restricted Funds	Total
	£	£	£	£
Investments	-	26,198	204,914	231,112
Current Assets	18,175	13,220	103,399	134,794
Current Liabilities	(4,677)	-	-	(4,677)
Total Net Asset	**13,498**	**39,418**	**308,313**	**361,229**

Prior Year	Unrestricted funds	Designated Funds	Restricted Funds	Total
	£	£	£	£
Investments	-	-	213,602	213,602
Current Assets	15,395	38,000	1,883	55,278
Current Liabilities	(2,037)	-	-	(2,037)
Total Net Asset	**13,358**	**38,000**	**215,485**	**266,843**

10. RELATED PARTY TRANSACTIONS

At the year end the Charity owed £2,400 (2023: £Nil) to The Royal Air Forces Association and £167 (2023: £177) to RAFA Kidz Limited.

11. PARENT COMPANY

RAFA Kidzone Limited is a wholly owned subsidiary of RAFA Kidz Limited (Company number 11927027, registered in England and Wales). This is the Charity's immediate parent undertaking. The registered office is the same as its ultimate parent undertaking. The principal activity of RAFA Kidz Limited is that of running a children's nursery.

RAFA Kidz Limited is a wholly owned subsidiary of the Royal Air Forces Association, a charity registered in England and Wales (registration number 226686) and Scotland (registered number SC037673). Purpose of Association is to promote the welfare by charitable means of all serving and former members of the Air Forces. This is the Charity's ultimate parent undertaking. The Charity is only included in the consolidated accounts of The Royal Air Force Association. Their accounts are available from the registered office being Atlas House, Wembley Road, Leicester, England LE3 1UT.

12. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2023

	Unrestricted Funds	Designated Funds	Restricted Funds	Total 2023
	£	£	£	£
INCOME FROM				
Donations	1,000	-	242,630	243,630
Total Income	**1,000**	**-**	**242,630**	**243,630**
EXPENDITURE ON				
Charitable Activities	(3,442)	(4,600)	(198,473)	(206,515)
Investment				
Total Expenditure	**(3,442)**	**(4,600)**	**(198,473)**	**(206,515)**
Net Income/(Expenditure) and net movement in funds *for the year*	(2,442)	(4,600)	44,157	37,115
Loss on Investment	-	-	15,388	15,388
Net movement in funds	**(2,442)**	**(4,600)**	**59,545**	**52,503**
Reconciliation of Funds				
Total Funds Brought Forward	50,400	-	163,940	214,340
Transfer between funds	(34,600)	42,600	(8,000)	-
Total Funds Carried Forward	**13,358**	**38,000**	**215,485**	**266,843**

13. EMPLOYEE NUMBERS

There are no employees in RAFA Kidzone Limited.

RAFA KIDZONE LIMITED

England & Wales - Charity number 1154822

Accounts

Company Registration No: 08418367 (England and Wales)
Charity Registration No. 1154822

RAFA KIDZONE LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

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RAFA KIDZONE LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 DECEMBER 2023

Registered charity number	1154822 (England and Wales)
Registered company number	08418367 (England and Wales)
Registered office	Atlas House Wembley Road Leicester England LE3 1UT
Trustees	R Huxford MBE R Brutnall P Sherwin (appointed 1 March 2024)
Secretary	R Brutnall
Principal Office	Atlas House Wembley Road Leicester LE3 1UT
Auditor	UHY Hacker Young Chartered Accountants 14 Park Row Nottingham NG1 6GR
Bankers	Barclays Barclays Business Park Leicester LE87 2BD
Investment Managers	Rothschild & Co New Court St Swithin's Lane London EC4N 8AL

RAFA KIDZONE LIMITED

TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2023

The Trustees of RAFA Kidzone Limited (the Charity) present this report and the financial statements of the Charity for the period ended 31 December 2023. The financial statements have been prepared based on the accounting policies set out in note 2 to the financial statements.

Aims and Objects

The object of the Charity is to enhance the development and education of children and provide for their individual needs. This is done by offering inclusive and appropriate play and learning facilities that meet the needs of all children regardless of family status, disability, colour, ethnic origin, religion or belief.

Activities

The Charity meets it object by the holding and investing funds for the benefit of children attending the nursery settings at specific stations to benefit RAF personnel.

Achievements

The Charity donated £203,074 to nurseries its Restricted and Designated Funds during the year to fund improvements at the nursery settings.

Public benefit

Whilst the Charity has in the past provided childcare for the children of serving personnel, civil servants and contractors working at RAF Cranwell, its services are available to families in the wider community as well. The charity does not currently have any nursery settings (RAF Cranwell having transferred to RAF Kidz Limited in 2022), it still holds and attracts funding and donations for the purpose of supporting childcare and developing nursery settings.

In drafting the above statements, the Trustees have complied with the duty in the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission.

Financial Review

In the twelve months to 31 December 2023, the Charity's income was £243,630 (2022: £897,919). The Charity's expenditure were £206,515 (2022: £839,871), resulting in a surplus of £52,503 (2022: £56,262). The capital and reserves of the Charity at the end of the year were £266,843 (2022: £214,230).

Reserves policy

Trustees have reviewed the Reserves Policy and have affirmed the restricted and designated funds as set out in note 10, which exist to ensure that the Charity can continue to invest in projects which support the achievement of its charitable object and improve the experience of children attending the specific nursery settings. The designated fund of £38,000 has been created to allocate accumulated funds from when the company had RAF Cranwell Nursery for future application at that nursery. As of 31 December 2023, total funds are £266,843 of which free, unrestricted reserves are £13,358.

TRUSTEES' REPORT (continued)
YEAR ENDED 31 DECEMBER 2023

Structure and Governance

The Charity is a company limited by guarantee and a registered charity governed by its Articles of Association. The Charity is registered with the Charity Commission and with Ofsted.

The Charity is a wholly owned subsidiary of RAFA Kidz Limited, which is a wholly owned subsidiary of the Royal Air Forces Association (registered charity number 226686 and SC037673).

The Board of Trustees is collectively accountable for the long-term success of the Charity and Trustees act in accordance with their duties under charity law. Trustees are also company directors and subject to the directors' duties set out in sections 170-177 Companies Act 2006.

The Board is responsible for the Charity's compliance with all relevant legislative and regulatory requirements. It is responsible for determining the strategy and values of the Charity, its performance, standards of conduct and corporate governance. The Board reviews the position of the Charity and receives reports from the Management Team led by the Manager. The Board is responsible for approving the annual business plan and a range of supporting strategies. The Board believes that good governance is key to the ongoing success of the organisation. In terms of maintaining high standards of governance and has adopted of the Charity Governance Code for smaller charities.

Composition of the Board of Trustees

The Trustees who served in the year to 31 December 2023 are listed below.

R P O'Connor (resigned 1 March 2023)
R Huxford MBE
R Brutnall
P Sherwin (appointed 1 March 2024)

All Trustees give their time voluntarily and receive no benefits from the Charity. No expenses were reclaimed from the Charity. RP O'Connor, R Huxford, R Brutnall and P Sherwin are employees of the Royal Air Forces Association. R P O'Connor is a director of RAFA Kidz Limited.

In accordance with the Charity's Articles of Association, Trustees are appointed by the Charity's sole member, RAFA Kidz Limited. When recruiting new Trustees appropriate due diligence is carried out to ensure that candidates have a valid DBS check, are eligible to act as charity trustees and company directors in accordance with the Articles of Association, Charities Act 2011 (as amended by Charities (Protection and Social Investment) Act 2016) and Companies Act 2006 and are fit and proper persons as defined under the management condition in Finance Act 2010.

Each Trustee is provided with a briefing pack and an individual induction programme is agreed and implemented covering all aspects of the role and the work of the Charity as required. Trustees also receive ongoing briefings and training from subject-matter experts and external advisers in critical areas such as Ofsted regulation, safeguarding, health and safety, data protection, risk management and reserves.

Risk Management

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise, to provide reasonable assurance that its assets are safeguarded against unauthorised use or disposal, that proper records are maintained, and information is reliable and that relevant laws and regulations are complied with.

As a member of the Royal Air Forces Association group, the Charity is subject to the Association's Risk Management Policy and Trustees have reviewed their risk appetite during the year. In terms of priorities, Trustees have agreed that the need to avoid reputational, compliance and excessive financial risk will take priority over other factors, whilst recognising a balanced assessment has to be taken as, in many cases, there are risks attached to both doing something and doing nothing.

The risk management process set out in the policy is designed to identify and assess risks and so that appropriate risk management strategies are implemented, and their effectiveness monitored. Trustees have identified the following as its key risks:

- Regulatory compliance. Mitigation includes employment of professionally qualified staff and mandatory training, the support of relevant subject matter experts employed by other group companies and regular reviews of policies:
- Long-term financial sustainability and short-term cash flow failure. Mitigation plans include financial planning and performance monitoring, both in terms of annual budgets and reserves and investments: and
- Loss of operational capability. Plans include a range of processes to ensure recruitment and retention of appropriately qualified and trained employees.

Plans for the future

The Trustees are committed to supporting the delivery of affordable and nurturing early years' childcare in welcoming and safe environments and ensuring the long-term sustainability of the Charity. The Charity is seeking to carefully apply its fund in support of the provision of high-quality childcare.

The Trustees have considered the Charity's performance during 2023 and have reviewed the 2024 full year forecast and the assumptions on which the forecasts were based and are satisfied that the Charity remains a going concern, is financially viable for at least the next twelve months and has a charitable purpose to meet which it is able to deliver.

Auditor

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Trustees' responsibilities in relation to financial statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial period, which give a true and fair view of the Charity and of the incoming resources and application of resources, including the income and expenditure of the Charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement of Recommended Practice;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

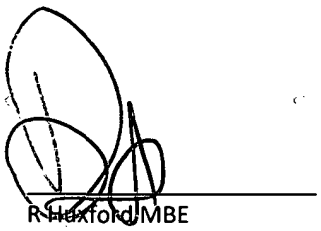
Trustees' responsibilities in relation to financial statements (continued)

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

In so far as the Trustees are aware:

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

This report was approved by the Trustees on 16 April 2024 and signed on its behalf by:



R Huxford MBE
Trustee

UHY Hacker Young LLP
14 Park Row
Nottingham NG1 6GR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED

Opinion

We have audited the financial statements of RAFA Kidzone Limited (the 'charitable company') for the year ended 31 December 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cashflows and notes to the financial statements, including 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 charitable company's affairs as at 31 December 2023 and of its incoming resources and application of resources, including its 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern.

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 Trustees' report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which 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
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED

Matters on which we are required to report by exception.
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' included within the Trustees' Report.

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

- adequate 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report in preparing the Trustees' Report.

Responsibilities of trustees
As explained more fully in the Statement of Trustees' responsibilities set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud.
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP, Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Keeping Children Safe in Education under section 175 of the Education Act 2002, the Childcare Act 2006 and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

Use of our report

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

Chris McKain

Chris McKain
Senior Statutory Auditor

Date 23 APRIL 2024

For and on behalf of UHY Hacker Young
Chartered Accountants and Statutory Auditor

RAFA KIDZONE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Unrestricted	Designated	Restricted	Total 2023	Total 2022
		£	£		£	£
INCOME FROM						
Donations		1,000	-	242,630	243,630	85,218
Charitable Activities						
Fees		-	-	-	-	650,277
Grants	3	-	-	-	-	133,486
Miscellaneous		-	-	-	-	28,938
Total Income		**1,000**	**-**	**242,630**	**243,630**	**897,919**
EXPENDITURE ON						
Charitable Activities	4	(3,442)	(4,600)	(198,473)	(206,515)	(839,871)
Total Expenditure		**(3,442)**	**(4,600)**	**(198,473)**	**(206,515)**	**(839,871)**
Net Income/(Expenditure) and net movement in funds for the year		(2,442)	(4,600)	44,157	37,115	58,048
Gain / (Loss) on Investment		-	-	15,388	15,388	(1,786)
Net movement in funds		**(2,442)**	**(4,600)**	**59,545**	**52,503**	**56,262**
Reconciliation of Funds						
Total Funds Brought Forward		50,400	-	163,940	214,340	158,078
Transfer between Funds		(34,600)	42,600	(8,000)	-	-
Total Funds Carried Forward		**13,358**	**38,000**	**215,485**	**266,843**	**214,340**

RAFA KIDZONE LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2023

	Notes	£	2023 £	£	2022 £
FIXED ASSETS					
Investments	7		213,602		98,214
CURRENT ASSETS					
Debtors	8	-		20,671	
Cash as bank and in hand		55,278		140,845	
		55,278		161,516	
CREDITORS					
Amounts falling due within one year	9	(2,037)		(45,390)	
NET CURRENT ASSETS			53,241		116,126
TOTAL ASSETS LESS CURRENT LIABILITIES			**266,843**		**214,340**
FUNDS					
Restricted funds:					
Brize Norton Nursery Fund	10		48,583		
Digby Nursery Fund	10		99,422		100,000
Leeming Nursery Fund	10		67,480		65,726
Designated:					
Cranwell Nursery Fund	10		38,000		
General	10		13,358		48,614
TOTAL FUNDS			**266,843**		**214,340**

Approved by the Trustees and signed on their behalf on 16 April 2024

R Huxford MBE
Trustee

RAFA KIDZONE LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

Cash flows from operating activities

	Notes	2023	2022
		£	£
Net cash from/ (used in) operating activities	**below**	14,433	58,514
Cash flow from investing activities			
Purchase of fixed assets		-	(3,041)
Purchase of investments		(100,000)	(100,000)
Proceeds from sale of fixed assets		-	15,420
Net cash used in investment activities		(100,000)	(87,621)
Changed in cash and cash equivalents in the year		(85,567)	29,107
Cash and cash equivalents at the beginning of the year		140,845	169,952
Cash and cash equivalents at the end of the year		**55,278**	**140,845**

Reconciliation of net movements in funds to net cash flows from operating activities

	Notes	2023	2022
		£	£
Net movement in funds for the reporting period		52,503	56,262
Adjustments for:			
Depreciation on tangible fixed assets		-	5,656
Fair value movement on investments		(15,388)	1,786
(Increase)/ decrease in debtors		20,671	(18,922)
(Decrease)/ increase in creditors		(43,353)	13,732
Net cash generated from operating activities	**above**	14,433	58,514

Analysis of cash and cash equivalent

	2023	2022
	£	£
Cash in hand		
Bank accounts	55,278	140,845
	55,278	**140,845**

1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting estimates and areas of judgement to note.

2. PRINCIPAL ACCOUNTING POLICIES

General information

RAFA Kidzone Limited is an incorporated private company (registered number 08418367) and a registered charity at the Charity Commission (charity registration no. 1154822) in England and Wales. The charity is a company limited by guarantee.

The address of the charity's registered office is Atlas House, Wembley Road, Leicester, England LE3 1UT. The nature of the charity's activities are set out in the Trustees Report.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the requirements of the Companies Act 2006.

RAFA Kidzone Limited meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

Monetary amounts in the financial statements are rounded to the nearest £1. The financial statements are presented in sterling which is also the functional currency of the Charity.

Going concern

Based on the company's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the company's cash flows and related assumptions and in accordance with the Guidance published by the UK Financial Reporting Council.

The Company's accounts and cash flow forecasts take all the above factors into account and indicate that the Company will have sufficient funds to operate as a going concern for the foreseeable future.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds that have been set aside by the Trustees for particular purposes. These funds are reviewed annually.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. Expenditure is charged to the Statement of Financial Activities when incurred.

2. **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

Income

All income is included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably. The following specific policies are applied to particular categories of income.

Income in the form of donations is included when receivable.

Fundraising income is included in income in the period in which the Charity becomes entitled to receipt.

Investment income is included when receivable.

Income from charitable activities including grants receivable is included in income in the period in which the charity becomes entitled to receipt.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Expenditure

All expenditure is accounted for on an accruals basis as a liability is incurred or when the Charity is deemed to have a legal or constructive obligation which will result in a probable transfer of economic benefits. Expenditure has been classified under headings that aggregate all costs related to the category. Expenditure includes irrecoverable VAT.

Costs of raising funds include fundraising trading costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities.

Charitable activities expenditure enables the Charity to meet its charitable aims and objectives and include both direct and support costs relating to the activity.

Support costs have been allocated to cost of raising funds and charitable activities on a basis of direct costs where appropriate and for salaries on a proportionate percentage of time.

Tangible fixed assets

It is RAFA Kidzone Limited policy that all items either purchased by or donated to RAFA Kidzone Limited for use within the childcare sessions shall not be capitalised due to the expected heavy use and wear and tear within such an environment. These items shall be treated as immediate expenditure with no depreciation. The capitalisation limit for all other items is set at £1,000.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets (continued)

Tangible fixed assets are initially recorded at cost and subsequently measure at cost or valuation net of depreciation and any impairment loss. Depreciation is provided for on all tangible fixed assets at rates calculated to write each asset down to its estimated value evenly over its expected useful economic life as follows:

- Office equipment	25% straight line
- Furniture & fixtures	25% straight line
- Nursery equipment	25% straight line
- Motor vehicles	25% on net book value

Impairment reviews are carried out where there are indications that recoverable amounts of fixed assets are below their carrying values.

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairment losses in the Statement of Financial Activities.

Donations of goods and services

Donations were made during the year to RAFA Kidz Limited, for the purpose of achieving the objects of the charity and supporting the nurseries at RAF Leeming and RAF Cranwell.

Investments

Long term investments are classified as fixed assets. Short term investments are classified as current assets.

Listed investments are stated at fair value at the balance sheet date. Realised and unrealised gains and losses are shown in the Statement of Financial Activities. The fair value of the investments quoted on a recognised stock exchange is the quoted bid price.

Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Retirement benefits

For defined contribution schemes the amount charged to the Statement of Financial Activities is the contribution payable in the year. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

3 GRANTS

	2023	2022
	£	£
Local Authority	-	133,486
Welfare	-	55
	-	**133,541**

All grant income is unrestricted in the current year and prior period.

4 CHARITABLE ACTIVITIES

	Expenditure	2023 Total	2022 Total
		£	£
General Funds:			
Direct Costs	-	-	541,238
Allocated support costs	2,442	2,442	280,359
Donation to RAFA Kidz	1,000	1,000	-
Total Unrestricted Funds	**3,442**	**3,442**	**821,597**

Included within total expenditure is a charge for auditors' remuneration of £2,260 for the current year (2022: £2,000)

Designated Funds:			
Cranwell Nursery Setting	4,600	4,600	-
Total Designated Funds	**4,600**	**4,600**	**-**
Restricted Funds:			
Donation to RAFA Kidz Limited for Digby Nursery	3,793	3,793	-
Donation to RAFA Kidz Limited for Brize Norton Nursery	152,680	152,680	-
Donation to RAFA Kidz Limited for RAF High Wycombe Nursery	42,000	42,000	-
Donation to RAFA Kidz Limited for RAF Leeming Nursery	-	-	18,274
Total Restricted Funds	**198,473**	**198,473**	**18,274**
Total	**206,515**	**206,515**	**839,871**

ALLOCATED SUPPORT COSTS	2023	2022
	£	£
Other site costs	-	1,195
Advertising and promotion	-	312
Printing and stationery	-	2,354
Telephone	-	2,766
Insurance	-	8,335
Repairs	-	1,575
Depreciation	-	5,656
Management fee	-	68,881
Other expenditure	2,442	33,622
Staff costs	-	142,766
Governance costs	-	12,896
	2,442	**280,359**

5 STAFF COSTS

	2023	2022
	£	£
Total staff costs for the charity comprised:		
Gross salaries	-	592,743
Employer's National Insurance	-	39,255
Employer's pension	-	10,196
	-	**642,194**

The average number of staff employed by the charity during the year ended 31 December 2023 was Nil (2022: 43).
All key management personnel are paid through the parent charity and disclosed in their financial statements.

No employee was paid £60,000 or more in the current year or prior period.

6. TRUSTEES REMUNERATION

No remuneration or expenses were paid to the Trustees during the current year or prior year. The trustees were remunerated for their services to the group by the ultimate parent undertaking, The Royal Air Forces Association.

Professional indemnity insurance to cover the Trustees was paid by the charity during the year.

7. INVESTMENTS

	Total 2023
	£
Market Value as at 1 January 2023	
at 1 January 2023	98,214
Additions	100,000
Fair value movement on Investment	15,388
Market Value as at 31 December 2023	**213,602**
Historical cost as at 31 December 2023	200,000

RAFA Kidzone Limited invested funds in the year with Rothschild & Co into their pooled New Court Fund. All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The investment funds held are wholly within Rothschild & Co. New Court Fund, in multi asset and hybrid instruments (99.99%) or cash (0.01%), where there are no holdings in excess of 5% of the total market value.

8. DEBTORS

	2023	2022
	£	£
Trade debtors	-	5,251
Amounts owed from group undertakings	-	15,420
	-	20,671

9. CREDITORS

	2023	2022
Amounts falling due within one year	£	£
Trade creditors	-	8,625
Amounts owed to group undertakings	177	29,500
Accruals	1,860	2,000
Other creditors	-	5,265
	2,037	45,390

10. ANALYSIS OF FUNDS

	Balances as at 1 January 2023	Income	Expenditure	Transfers	Balances as at 31 December 2023
	£	£	£	£	£
Restricted Funds:					
Brize Nursery Fund		200,000	(152,680)	1,263	48,583
Digby Nursery Fund	100,000	630	(3,793)	2,585	99,422
High Wycombe Nursery Fund		42,000	(42,000)	-	-
Leeming Nursery Fund	65,726	-	-	1,754	67,480
Gain / (Loss) on investment	(1,786)	15,388		(13,602)	-
TOTAL	**163,940**	**258,018**	**(198,473)**	**(8,000)**	**215,485**
Unrestricted Funds:					
Designated Funds:					
Cranwell Nursery Fund	-	-	(4,600)	42,600	38,000
TOTAL Designated	-	-	**(4,600)**	**42,600**	**38,000**
General Reserve	**50,400**	**1,000**	**(3,442)**	**(34,600)**	**13,358**
TOTAL	**214,340**	**259,018**	**(206,515)**	-	**266,843**

Restricted funds

This restricted fund is to enable the future development of those nurseries. New Restricted funds were created in the year as funds were received for the purpose of development and support of the Nurseries. Investment gains of £8,000 (2022: £Nil) are allocated to the General Fund towards the costs of running the organisation, and the residual amounts are proportionality across the restricted funds balances at the end of the year. Total restricted funds at 31 December 2023 are £215,485 (2022: £163,940).

Designated funds

The Trustees created a designated fund from Cranwell accumulated reserves for the future development of Cranwell nursery. Total Designated funds at 31 December 2023 are £38,000 (2022: £Nil).

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Designated Funds	Restricted Funds	Total
	£	£	£	£
Investments	-	-	213,602	213,602
Current Assets	15,395	38,000	1,883	55,278
Current Liabilities	(2,037)	-	-	(2,037)
Total Net Asset	**13,358**	**38,000**	**215,485**	**266,843**

Prior Year	Unrestricted funds		Restricted Funds	Total
	£		£	£
Investments	-	-	98,214	98,214
Current Assets	161,516	-	-	161,516
Current Liabilities	(45,390)	-	-	(45,390)
Total Net Asset	**116,126**	**-**	**98,214**	**214,340**

12. RELATED PARTY TRANSACTIONS

During the year the Charity paid management fees of £Nil (2022: £38,848) to RAFA Kidz Limited, the immediate parent undertaking. At the year end the Charity owed £177 (2022: £29,500) to RAFA Kidz Limited. RAFA Kidz Limited owes £Nil (2022: £15,240) to RAFA Kidzone Limited at the end of the year.

During the year the Charity made purchases of £Nil (2022: £3,156) from RAFATrad Limited, a company owned by the ultimate parent undertaking, the Royal Air Forces Association.

13. PARENT COMPANY

RAFA Kidzone Limited is a wholly owned subsidiary of RAFA Kidz Limited (Company number 11927027, registered in England and Wales). This is the Charity's immediate parent undertaking. The registered office is the same as its ultimate parent undertaking. The principal activity of RAFA Kidz Limited is that of running a children's nursery.

RAFA Kidz Limited is a wholly owned subsidiary of the Royal Air Forces Association, a charity registered in England and Wales (registration number 226686) and Scotland (registered number SC037673). Purpose of Association is to promote the welfare by charitable means of all serving and former members of the Air Forces. This is the Charity's ultimate parent undertaking. The Charity is only included in the consolidated accounts of The Royal Air Force Association. Their accounts are available from the registered office being Atlas House, Wembley Road, Leicester, England LE3 1UT.

14. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2022

	Continuing operations at 31 December 2022		Discontinued operations at 31 December 2022		Total
	Unrestricted	Restricted	Unrestricted	Restricted	2022
	£	£	£	£	£
INCOME FROM					
Donations	-	84,000	1,218	-	85,218
Charitable Activities					
Fees	-	-	650,277	-	650,277
Grants	-	-	133,486	-	133,486
Miscellaneous	-	-	28,938	-	28,938
Total Income	**-**	**84,000**	**813,919**	**-**	**897,919**
EXPENDITURE ON					
Charitable Activities	(10,000)	(18,274)	(811,597)	-	(839,871)
Investment					
Total Expenditure	**(10,000)**	**(18,274)**	**(811,597)**	**-**	**(839,871)**
Net Income/(Expenditure) and net movement in funds for the year	(10,000)	65,726	2,322	-	58,048
Loss on Investment		(1,786)	-	-	(1,786)
Net movement in funds	**(10,000)**	**63,940**	**2,322**	**-**	**56,262**

RAFA KIDZONE LIMITED

England & Wales - Charity number 1154822

Accounts

Company Registration No: 08418367 (England and Wales)
Charity Registration No. 1154822

RAFA KIDZONE LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022

RAFA KIDZONE LIMITED

REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 DECEMBER 2022

Registered charity number	1154822 (England and Wales)
Registered company number	08418367 (England and Wales)
Registered office	Atlas House Wembley Road Leicester England LE3 1UT
Trustees	R Huxford MBE (appointed 15 November 2022) R Brutnall (appointed 15 November 2022) R P O'Connor
Secretary	R Brutnall (appointed 10 January 2022)
Principal Office	Atlas House Wembley Road Leicester LE3 1UT
Auditor	UHY Hacker Young Chartered Accountants 14 Park Row Nottingham NG1 6GR
Bankers	Barclays Barclays Business Park Leicester LE87 2BD
Investment Managers	Rothschild & Co New Court St Swithin's Lane London EC4N 8AL

RAFA KIDZONE LIMITED

TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2022

The Trustees of RAFA Kidzone Limited (the Charity) present this report and the financial statements of the Charity for the period ended 31 December 2022. The financial statements have been prepared based on the accounting policies set out in note 2 to the financial statements.

Aims and Objects

The object of the Charity is to enhance the development and education of children and provide for their individual needs. This is done by offering inclusive and appropriate play and learning facilities that meet the needs of all children regardless of family status, disability, colour, ethnic origin, religion or belief.

Activities

The Charity meets it object by the holding and investing funds for the benefit of children attending the nursery settings at specific RAF Stations.

During 2022 the Charity also provided full and part time childcare for children aged between 6 months to 12 years old, five days a week for 50 weeks a year at the nursery setting at RAF Cranwell. The Charity delivered this service via a nursery, toddler room and two preschool rooms where it followed the Early Years Foundation Stage framework.

The Charity provided funded early education for two-, three- and four-year-old children. The Charity also operated as a breakfast, after school and holiday club for school age children.

The Trustees of the Charity took the decision to transfer the right to operate the setting at RAF Cranwell to RAFA Kidz Limited. This decision was informed by consideration of the financial value of the setting to the Charity, the experience of RAFA Kidz in operating similar settings elsewhere, and the desirability of enabling the Charity to focus on its grant making activities, which more directly furthered its charitable objects. The transfer happened on the 31st December 2022. The assets and liabilities transferred were those relating to Cranwell nursery setting and excluded the investments, restricted funds and the accompanying cash balance held within RAFA Kidzone.

Achievements

The Charity donated £18,274 to RAF Leeming from its Leeming Restricted Fund during the year to fund improvements at the Leeming nursery setting.

Public benefit

Whilst the Charity primarily caters for the children of serving personnel, civil servants and contractors working at RAF Cranwell, its services are available to families in the wider community as well. In setting fees, Trustees have considered the Charity Commission's guidance on charging for services and balanced the need to ensure the long-term sustainability of the Charity with the maintenance of affordable high-quality early years and childcare provision. The Charity accepts childcare vouchers and early years funding from the local authority.

In drafting the above statements, the Trustees have complied with the duty in the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission.

Financial Review

In the twelve months to 31 December 2022, the Charity's income was £897,919 (2021: £683,709). The Charity's expenditure and losses were £839,871 (2021: £704,686), resulting in a surplus of £56,262 (2021: deficit of £20,977). The capital and reserves of the Charity at the end of the year were £214,340 (2021: £158,078).

Reserves policy

Trustees have reviewed the Reserves Policy and have affirmed the restricted and designated funds as set out in note 12, which exist to ensure that the Charity can continue to invest in projects which support the achievement of its charitable object and improve the experience of children attending the specific nursery settings. The designated fund of £18,000 has been rolled into the General Reserve during the year in order to separate the accumulated funds for future application to appropriate nursery settings. As of 31 December 2022 total funds are £214,340 of which free, unrestricted reserves are £48,614.

Structure and Governance

The Charity is a company limited by guarantee and a registered charity governed by its Articles of Association. The Charity is registered with the Charity Commission and with Ofsted.

The Charity is a wholly owned subsidiary of RAFA Kidz Limited, which is a wholly owned subsidiary of the Royal Air Forces Association (registered charity number 226686 and SC037673).

The Board of Trustees is collectively accountable for the long-term success of the Charity and Trustees act in accordance with their duties under charity law. Trustees are also company directors and subject to the directors' duties set out in sections 170-177 Companies Act 2006.

The Board is responsible for the Charity's compliance with all relevant legislative and regulatory requirements. It is responsible for determining the strategy and values of the Charity, its performance, standards of conduct and corporate governance. The Board reviews the position of the Charity and receives reports from the Management Team led by the Manager. The Board is responsible for approving the annual business plan and a range of supporting strategies. The Board believes that good governance is key to the ongoing success of the organisation. In terms of maintaining high standards of governance and has adopted of the Charity Governance Code for smaller charities.

Composition of the Board of Trustees

The Trustees who served in the year to 31 December 2022 are listed below.

R P O'Connor
N J Bunting OBE (resigned 15 November 2022)
K H Parkin (resigned 15 November 2022)
R Huxford MBE (appointed 15 November 2022)
R Brutnall (appointed 15 November 2022)

All Trustees give their time voluntarily and receive no benefits from the Charity. No expenses were reclaimed from the Charity. N J Bunting, RP O'Connor, K H Parkin, R Huxford and R Brutnall are employees of the Royal Air Forces Association. N J Bunting, R P O'Connor and K H Parkin are directors of RAFA Kidz Limited.

In accordance with the Charity's Articles of Association, Trustees are appointed by the Charity's sole member, RAFA Kidz Limited. When recruiting new Trustees appropriate due diligence is carried out to ensure that candidates have a valid DBS check, are eligible to act as charity trustees and company directors in accordance with the Articles of Association, Charities Act 2011 (as amended by Charities (Protection and Social Investment) Act 2016) and Companies Act 2006 and are fit and proper persons as defined under the management condition in Finance Act 2010.

Each Trustee is provided with a briefing pack and an individual induction programme is agreed and implemented covering all aspects of the role and the work of the Charity as required. Trustees also receive ongoing briefings and training from subject-matter experts and external advisers in critical areas such as Ofsted regulation, safeguarding, health and safety, data protection, risk management and reserves.

Risk Management

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise, to provide reasonable assurance that its assets are safeguarded against unauthorised use or disposal, that proper records are maintained and information is reliable and that relevant laws and regulations are complied with.

As a member of the Royal Air Forces Association group, the Charity is subject to the Association's Risk Management Policy and Trustees have reviewed their risk appetite during the year. In terms of priorities, Trustees have agreed that the need to avoid reputational, compliance and excessive financial risk will take priority over other factors, whilst recognising a balanced assessment has to be taken as, in many cases, there are risks attached to both doing something and doing nothing.

The risk management process set out in the policy is designed to identify and assess risks and so that appropriate risk management strategies are implemented, and their effectiveness monitored. Trustees have identified the following as its key risks:

- Regulatory compliance. Mitigation includes employment of professionally qualified staff and mandatory training, the support of relevant subject matter experts employed by other group companies and regular reviews of policies:
- Long-term financial sustainability and short-term cash flow failure. Mitigation plans include financial planning and performance monitoring, both in terms of annual budgets and reserves and investments: and
- Loss of operational capability. Plans include a range of processes to ensure recruitment and retention of appropriately qualified and trained employees.

Plans for the future

The Trustees are committed to supporting the delivery of affordable and nurturing early years' childcare in welcoming and safe environments and ensuring the long-term sustainability of the Charity. The Charity is seeking to carefully apply its fund in support of the provision of high quality childcare.

The Trustees have considered the Charity's performance during 2022 and have reviewed the 2023 full year forecast and the assumptions on which the forecasts were based and are satisfied that the Charity remains a going concern, is financially viable for at least the next twelve months and has a charitable purpose to meet which it is able to deliver.

Auditor

UHY Hacker Young have been appointed as Auditors of the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put to a General meeting.

Trustees' responsibilities in relation to financial statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial period, which give a true and fair view of the Charity and of the incoming resources and application of resources, including the income and expenditure of the Charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities Statement of Recommended Practice;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

TRUSTEES' REPORT (continued)
YEAR ENDED 31 DECEMBER 2022

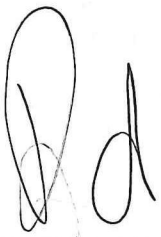
Trustees' responsibilities in relation to financial statements (continued)

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

In so far as the Trustees are aware:

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

This report was approved by the Trustees on 17 April 2023 and signed on its behalf by:



R Huxford MBE
Trustee

UHY Hacker Young LLP
14 Park Row
Nottingham NG1 6GR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED

Opinion

We have audited the financial statements of RAFA Kidzone Limited (the 'charitable company') for the year ended 31 December 2022 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of cashflows and notes to the financial statements, including 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 charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 Trustees' report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which 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
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' included within the Trustees' Report.

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

- adequate 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report in preparing the Trustees' Report.

Responsibilities of trustees
As explained more fully in the Statement of Trustees' responsibilities set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud; and
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP, Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Keeping Children Safe in Education under section 175 of the Education Act 2002, the Childcare Act 2006 and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

Use of our report

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

Roger Merchant
Senior Statutory Auditor

Date 30 MAY 2023

For and on behalf of UHY Hacker Young
Chartered Accountants and Statutory Auditor

RAFA KIDZONE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

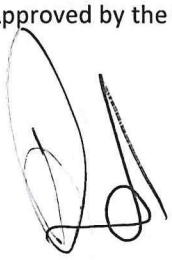
	Notes	Continuing operations at 31 December 2022		Discontinued operations at 31 December 2022		Total	Total
		Unrestricted	Restricted	Unrestricted	Restricted	2022	2021
		£	£	£	£	£	£
INCOME FROM							
Donations		-	84,000	1,218	-	85,218	18,050
Charitable Activities							
Fees		-	-	650,277	-	650,277	535,132
Grants	3	-	-	133,486	-	133,486	129,513
Miscellaneous		-	-	28,938	-	28,938	1,013
Total Income		**-**	**84,000**	**813,919**	**-**	**897,919**	**683,708**
EXPENDITURE ON							
Charitable Activities	4	(10,000)	(18,274)	(811,597)	-	(839,871)	(704,686)
Investment							
Total Expenditure		**(10,000)**	**(18,274)**	**(811,597)**	**-**	**(839,871)**	**(704,686)**
Net Income/(Expenditure) and net movement in funds for the year		(10,000)	65,726	2,322	-	58,048	(20,977)
Loss on Investment			(1,786)	-	-	(1,786)	-
Net movement in funds		**(10,000)**	**63,940**	**2,322**	**-**	**56,262**	**(20,977)**
Reconciliation of Funds							
Total Funds Brought Forward		58,078	100,000	-	-	158,078	179,055
Total Funds Carried Forward		**48,078**	**163,940**	**2,322**	**-**	**214,340**	**158,078**

RAFA KIDZONE LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2022

	Notes	£	2022 £	£	2021 £
FIXED ASSETS					
Tangible fixed assets	**8**		-		18,035
Investments	**9**		98,214		-
CURRENT ASSETS					
Debtors	**10**	20,671		1,749	
Cash as bank and in hand		140,845		169,952	
		161,516		171,701	
CREDITORS					
Amounts falling due within one year	**11**	(45,390)		(31,658)	
NET CURRENT ASSETS			116,126		140,043
TOTAL ASSETS LESS CURRENT LIABILITIES			214,340		158,078
FUNDS					
Restricted funds:					
Digby	**12**		100,000		100,000
Leeming	**12**		65,726		-
Designated	**12**		-		18,000
General	**12**		48,614		40,078
TOTAL FUNDS			**214,340**		**158,078**

Approved by the Trustees and signed on their behalf on 17 April 2023



R Huxford MBE

Trustee

RAFA KIDZONE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

Cash flows from operating activities

	Notes	2022	2021
		£	£
Net cash from/ (used in) operating activities	below	58,514	39,720
Cash flow from investing activities			
Purchase of fixed assets		(3,041)	(19,096)
Purchase of investments		(100,000)	-
Proceeds from sale of fixed assets		15,420	-
Net cash used in investment activities		(87,621)	(19,096)
Changed in cash and cash equivalents in the year		(29,107)	20,624
Cash and cash equivalents at the beginning of the year		169,952	149,328
Cash and cash equivalents at the end of the year		140,845	169,952

Reconciliation of net movements in funds to net cash flows from operating activities

	Notes	2022	2021
		£	£
Net movement in funds for the reporting period		56,262	(20,977)
Adjustments for:			
Interest received			
Depreciation on tangible fixed assets		5,656	4,696
Fair value movement on investments		1,786	-
(Increase)/ decrease in debtors		(18,922)	53,177
Increase in creditors		13,732	2,824
Net cash generated from operating activities	above	58,514	39,720

Analysis of cash and cash equivalent	2022	2021
	£	£
Cash in hand		
Bank accounts	140,845	169,952
	140,845	169,952

1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting estimates and areas of judgement to note.

2. PRINCIPAL ACCOUNTING POLICIES

General information

RAFA Kidzone Limited is an incorporated private company (registered number 08418367) and a registered charity at the Charity Commission (charity registration no. 1154822) in England and Wales. The charity is a company limited by guarantee.

The address of the charity's registered office is Atlas House, Wembley Road, Leicester, England LE3 1UT. The nature of the charity's activities are set out in the Trustees Report.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and the requirements of the Companies Act 2006.

RAFA Kidzone Limited meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

Monetary amounts in the financial statements are rounded to the nearest £1. The financial statements are presented in sterling which is also the functional currency of the Charity.

Going concern

Based on the company's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the company's cash flows and related assumptions and in accordance with the Guidance published by the UK Financial Reporting Council.

The Company's accounts and cash flow forecasts take all the above factors into account and indicate that the Company will have sufficient funds to operate as a going concern for the foreseeable future.

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds that have been set aside by the Trustees for particular purposes. These funds are reviewed annually.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. Expenditure is charged to the Statement of Financial Activities when incurred.

2. **PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

Income

All income is included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably. The following specific policies are applied to particular categories of income.

Income in the form of donations is included when receivable.

Fundraising income is included in income in the period in which the Charity becomes entitled to receipt.

Investment income is included when receivable.

Income from charitable activities including grants receivable is included in income in the period in which the charity becomes entitled to receipt.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Expenditure

All expenditure is accounted for on an accruals basis as a liability is incurred or when the Charity is deemed to have a legal or constructive obligation which will result in a probable transfer of economic benefits. Expenditure has been classified under headings that aggregate all costs related to the category. Expenditure includes irrecoverable VAT.

Costs of raising funds include fundraising trading costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities.

Charitable activities expenditure enables the Charity to meet its charitable aims and objectives and include both direct and support costs relating to the activity.

Support costs have been allocated to cost of raising funds and charitable activities on a basis of direct costs where appropriate and for salaries on a proportionate percentage of time.

Tangible fixed assets

It is RAFA Kidzone Limited policy that all items either purchased by or donated to RAFA Kidzone Limited for use within the childcare sessions shall not be capitalised due to the expected heavy use and wear and tear within such an environment. These items shall be treated as immediate expenditure with no depreciation. The capitalisation limit for all other items is set at £1,000.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Tangible fixed assets (continued)

Tangible fixed assets are initially recorded at cost and subsequently measure at cost or valuation net of depreciation and any impairment loss. Depreciation is provided for on all tangible fixed assets at rates calculated to write each asset down to its estimated value evenly over its expected useful economic life as follows:

- Office equipment	25% straight line
- Furniture & fixtures	25% straight line
- Nursery equipment	25% straight line
- Motor vehicles	25% on net book value

Impairment reviews are carried out where there are indications that recoverable amounts of fixed assets are below their carrying values.

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairment losses in the Statement of Financial Activities.

Donations of goods and services

Donations were made during the year to RAFA Kidz Limited, for the purpose of achieving the objects of the charity and supporting the nurseries at RAF Leeming and RAF Cranwell.

Investments

Long term investments are classified as fixed assets. Short term investments are classified as current assets.

Listed investments are stated at fair value at the balance sheet date. Realised and unrealised gains and losses are shown in the Statement of Financial Activities. The fair value of the investments quoted on a recognised stock exchange is the quoted bid price.

Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Retirement benefits

For defined contribution schemes the amount charged to the Statement of Financial Activities is the contribution payable in the year. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

3 GRANTS

	2022	2021
	£	£
Local Authority	133,486	122,858
UK Government coronavirus job retention scheme	-	6,395
Welfare	55	260
	133,541	129,513

All grant income is unrestricted in the current year and prior period.

4 CHARITABLE ACTIVITIES

	Employee & related costs	Depreciation	Other costs	2022 Total	2021 Total
	£	£	£	£	£
General Funds:					
Direct Costs	499,428	-	51,810	551,238	460,977
Allocated support costs	142,766	5,656	131,937	280,359	243,709
	642,194	5,656	173,747	821,597	704,686

Included within total expenditure is a charge for auditors' remuneration of £2,000 for the current year (2021: £9,400 of which £5,500 related to that year and the remainder to 2020)

Restricted Funds:					
Donation to RAFA Kidz Limited for RAF Leeming			18,274	18,274	-
Total	642,194	5,656	192,021	839,871	704,868

5 ALLOCATED SUPPORT COSTS

	2022	2021
	£	£
Other site costs	1,195	11,317
Advertising and promotion	312	-
Printing and stationery	2,354	1,099
Telephone	2,766	3,119
Insurance	8,335	7,656
Repairs	1,575	1,097
Depreciation	5,656	4,696
Management fee	68,881	56,886
Other expenditure	33,622	29,081
Staff costs	142,766	118,605
Governance costs	12,896	10,153
	280,359	243,709

6 STAFF COSTS

	2022	2021
	£	£
Total staff costs for the charity comprised:		
Gross salaries	592,743	497,684
Employer's National Insurance	39,255	27,704
Employer's pension	10,196	8,749
	642,194	534,137

6. STAFF COSTS (continued)

The average number of staff employed by the charity during the year ended 31 December 2022 was 43 (2021: 38).
All key management personnel are paid through the parent charity and disclosed in their financial statements.

No employee was paid £60,000 or more in the current year or prior period.

7. TRUSTEES REMUNERATION

No remuneration or expenses were paid to the Trustees during the current year or prior year. The trustees were remunerated for their services to the group by the ultimate parent undertaking, The Royal Air Forces Association.

Professional indemnity insurance to cover the Trustees was paid by the charity during the year.

8. TANGIBLE FIXED ASSETS

	Fixtures & Fittings	Office Equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
at 1 January 2022	12,670	9,107	17,825	39,602
Additions	-	3,041	-	3,041
Disposals	(12,670)	(12,148)	(17,825)	(42,643)
at 31 December 2022	-	-	-	-
Depreciation				
at 1 January 2022	12,670	5,555	3,342	21,567
Charge for the year	-	2,035	3,621	5,656
Disposals	(12,670)	(7,590)	(6,963)	(27,223)
at 31 December 2022	-	-	-	-
Net book value				
at 31 December 2022	-	-	-	-
at 31 December 2021	-	3,552	14,483	18,035

9. INVESTMENTS

	Total 2022
	£
Market Value as at 1 January 2022	
at 1 January 2022	-
Additions	100,000
Fair value movement on Investment	(1,786)
Market Value as at 31 December 2022	**98,214**
Historical cost as at 31 December 2022	100,000

RAFA Kidzone Limited invested funds in the year with Rothschild & Co into their pooled New Court Fund. All investments are carried at their fair value. Investment in equities and fixed interest securities are all traded in quoted public markets. The basis of fair value for quoted investments is equivalent to the market value, using the bid price. Asset sales and purchases are recognised at the date of trade at cost (that is their transaction value).

The investment funds held are wholly within Rothschild & Co. New Court Fund, in multi asset and hybrid instruments (99.99%) or cash (0.01%), where there are no holdings in excess of 5% of the total market value.

10. DEBTORS

	2022	2021
	£	£
Trade debtors	5,251	-
Other debtors	-	203
Amounts owed from group undertakings	15,420	-
Prepayments	-	1,546
	20,671	1,749

11. CREDITORS

	2022	2021
Amounts falling due within one year	£	£
Trade creditors	8,625	7,489
Amounts owed to group undertakings	29,500	972
Accruals	2,000	5,500
Other taxation and social security	-	6,695
Other creditors	5,265	11,002
	45,390	31,658

Included within other creditors are pension contributions payable of £15 (2021: £1,601).

12. ANALYSIS OF FUNDS

	Balance at 1 January 2022	Income	Expenditure	Transfer of Funds	Balance at 31 December 2022
	£	£	£	£	£
Restricted funds:					
Digby Nursery fund	100,000	-	-	-	100,000
Leeming Nursery Fund	-	84,000	(18,274)	-	65,726
Loss on investment			(1,786)		(1,786)
Unrestricted funds:					
Designated funds:					
Business continuity reserve	-	-	-	-	-
White goods reserve	4,000	-	-	(4,000)	-
Project reserve	10,000	-	-	(10,000)	-
IT reserve	2,000	-	-	(2,000)	-
Decoration reserve	2,000	-	-	(2,000)	-
Total	118,000	84,000	(20,060)	(18,000)	163,940
General reserve	40,078	813,919	(821,597)	18,000	50,400
	158,078	897,919	(841,657)	-	214,340

Restricted funds
This restricted fund is to enable the future development of Digby Nursery. Funds were received in the year for the purpose of development and support of Leeming Nursery and so a new restricted fund was created. Total restricted funds at 31 December 2022 are £165,726 (2021: £100,000).

Designated funds
The Trustees have released the designated funds of £18,000 into the general reserve as they have been sourced from accumulated surpluses from Cranwell operations. This will enable the visibility and separation of the funds for future application to appropriate nursery settings. Total Designated funds at 31 December 2022 are £nil (2021: £18,000).

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds	Restricted funds	Total
	£	£	£
Investments	-	98,214	98,214
Current assets	161,516		161,516
Current liabilities	-45,390	-	-45,390
Total net assets	116,126	98,214	214,340

Prior year	Unrestricted funds	Restricted funds	Total
	£	£	£
Tangible fixed assets	18,035	-	18,035
Current assets	71,701	100,000	171,701
Current liabilities	-31,658	-	-31,658
Total net assets	58,078	100,000	158,078

14. RELATED PARTY TRANSACTIONS

During the year the Charity paid management fees of £38,848 (2021: £56,886) to RAFA Kidz Limited, the immediate parent undertaking. At the year end the Charity owed £29,500 (2021: £972 owed by) to RAFA Kidz Limited. RAFA Kidz Limited owes £15,420 (2021: £nil) to RAFA Kidzone Limited at the end of the year.

During the year the Charity made purchases of £3,156 (2021: £nil) from RAFATrad Limited, a company owned by the ultimate parent undertaking, the Royal Air Forces Association.

15. PARENT COMPANY

RAFA Kidzone Limited is a wholly owned subsidiary of RAFA Kidz Limited (Company number 11927027, registered in England and Wales). This is the Charity's immediate parent undertaking. The registered office is the same as its ultimate parent undertaking. The principal activity of RAFA Kidz Limited is that of running a children's nursery.

RAFA Kidz Limited is a wholly owned subsidiary of the Royal Air Forces Association, a charity registered in England and Wales (registration number 226686) and Scotland (registered number SC037673). Purpose of Association is to promote the welfare by charitable means of all serving and former members of the Air Forces. This is the Charity's ultimate parent undertaking. The Charity is only included in the consolidated accounts of The Royal Air Force Association. Their accounts are available from the registered office being Atlas House, Wembley Road, Leicester, England LE3 1UT.

16. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2021

	Unrestricted funds £	Restricted funds £	Total 2021 £
INCOME FROM			
Donations	18,050	-	18,050
Charitable activities			
Fees	535,132	-	535,132
Grants	129,513	-	129,513
Miscellaneous	1,014	-	1,014
		-	-
TOTAL	683,709	-	683,709
EXPENDITURE ON			
Charitable activities	(697,182)	(7,504)	(704,686)
TOTAL	(697,182)	(7,504)	(704,686)
Net movement in funds	(13,473)	(7,504)	(20,977)

RAFA KIDZONE LIMITED

England & Wales - Charity number 1154822

Accounts

Company Registration No: 08418367 (England and Wales)
Charity Registration No. 1154822

RAFA KIDZONE LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 DECEMBER 2021

Registered charity number	1154822 (England and Wales)
Registered company number	08418367 (England and Wales)
OFSTED registered number	EY475959
Registered office	Atlas House Wembley Road Leicester LE3 1UT England
Trustees	N J Bunting OBE R P O'Connor A Wilkinson-Sharpe (Resigned 19 March 2021) K Parkin (Appointed 19 April 2021)
Secretary	R Brutnall (Appointed 10 January 2022)
Principal Office	86C & 87 Wellesby Way RAF College Cranwell Sleaford Lincolnshire NG34 8HB
Auditor	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham West Midlands B2 5AF
Bankers	Barclays Barclays Business Park Leicester LE87 2BD

TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2021

The Trustees of RAFA Kidzone Limited (the Charity) present this report and the financial statements of the Charity for the period ended 31 December 2021. The financial statements have been prepared based on the accounting policies set out in note 2 to the financial statements.

Aims and Objects

The object of the Charity is to enhance the development and education of children and provide for their individual needs. This is done by offering inclusive and appropriate play and learning facilities that meet the needs of all children regardless of family status, disability, colour, ethnic origin, religion and belief.

Activities

The Charity provides full and part time childcare for children aged between 6 months to 12 years old, between 07:30 – 17:30 five days a week for 50 weeks a year. The Charity delivers its services via a nursery, toddler room and two preschool rooms where it follows the Early Years Foundation Stage framework.

The Charity provides funded early education for two-, three- and four-year-old children. The Charity also operates as a breakfast, afterschool and holiday club for school age children. The Charity operates on a site leased from the Ministry of Defence comprising two buildings; the nursery building which can accommodate up to 70 children and the wrap-around care building which can accommodate up to 40 children.

Achievements

The Early Years Foundation Stage Framework enables all young children to have access to an integrated learning and care experience that will ensure they achieve the best outcomes. This is a learning through play curriculum and the Charity provides a range of adult directed and child initiated activities within a rich and enabling environment. In addition, the Charity supports the families of children with a comprehensive parent events program throughout the year, providing a range of activities and events to promote parent partnerships.

The Charity provides a flexible care setting for local families by providing a wrap-around and holiday club service for school age children. The Charity operates a minibus enabling it to provide transport to and from the local primary school.

Despite the on-going pandemic the Charity continued to operate the nursery for the children of critical workers. The Charity made appropriate use of the Government's Coronavirus Job Retention Scheme and furloughed a number of its employees to manage the Charity's cost base whilst ensuring employee: child ratios are met. Measures were implemented to ensure that the premises were COVID-secure for children, parents and employees. Occupancy levels during the year were higher than in 2020, when the national lockdown measures heavily restricted the activities of the Charity.

Public benefit

Whilst the Charity primarily caters for the children of serving personnel, civil servants and contractors working at RAF Cranwell, its services are available to families in the wider community as well. In setting fees, Trustees have considered the Charity Commission's guidance on charging for services and balanced the need to ensure the long-term sustainability of the Charity with the maintenance of affordable high-quality early years and childcare provision. The Charity accepts childcare vouchers and early years funding from the local authority.

In drafting the above statements, the Trustees have complied with the duty in the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission.

Financial Review

Financial Review In the twelve months to 31 December 2021, the Charity's income was £683,709 (2020 was £670,947). The Charity's expenditure was £704,686 (2020, £617,187), resulting in a deficit of £20,977 (2020, surplus of £53,760). The capital and reserves of the Charity at the end of the year were £158,078 (31 December 2020, £179,055).

TRUSTEES' REPORT (continued)
YEAR ENDED 31 DECEMBER 2021

Reserves policy

Trustees have reviewed the Reserves Policy and have affirmed the designated funds as set out in note 10, which exist to ensure that the Charity is able to refresh and renew the setting from time to time and to enable business continuity in the event of unforeseen occurrence. A designated fund of £18,000 has been set aside to ensure that essential equipment can be replaced or maintained as and when required. As at 31 December 2021 total funds are £158,078 of which free, unrestricted reserves are £58,078.

Structure and Governance

The Charity is a company limited by guarantee and a registered charity governed by its Articles of Association. The Charity is registered with the Charity Commission and with Ofsted.

The Charity is a wholly owned subsidiary of RAFA Kidz Limited, which is a wholly owned subsidiary of the Royal Air Forces Association (registered charity number 226686 and SC037673).

The Board of Trustees is collectively accountable for the long-term success of the Charity and Trustees act in accordance with their duties under charity law. Trustees are also company directors and subject to the directors' duties set out in sections 170-177 Companies Act 2006.

The Board is responsible for the Charity's compliance with all relevant legislative and regulatory requirements. It is responsible for determining the strategy and values of the Charity, its performance, standards of conduct and corporate governance. The Board reviews the position of the Charity and receives reports from the Management Team led by the Manager. The Board is responsible for approving the annual business plan and a range of supporting strategies. The Board believes that good governance is key to the ongoing success of the organisation. In terms of maintaining high standards of governance and has adopted of the Charity Governance Code for smaller charities.

Composition of the Board of Trustees

The Trustees who served in the year to 31 December 2021 are listed below.

R P O'Connor
N J Bunting OBE
A Wilkinson-Sharpe (Resigned 19 March 2021)
K Parkin was appointed as a trustee on 19 April 2021.

All Trustees give their time voluntarily and receive no benefits from the Charity. No expenses were reclaimed from the Charity. N. Bunting, R. O'Connor, and K Parkin are employees of the Royal Air Forces Association and directors of RAFA Kidz Limited.

In accordance with the Charity's Articles of Association, Trustees are appointed by the Charity's sole member, RAFA Kidz Limited. When recruiting new Trustees appropriate due diligence is carried out to ensure that candidates have a valid DBS check, are eligible to act as charity trustees and company directors in accordance with the Articles of Association, Charities Act 2011 (as amended by Charities (Protection and Social Investment) Act 2016) and Companies Act 2006 and are fit and proper persons as defined under the management condition in Finance Act 2010.

Each Trustee is provided with a briefing pack and an individual induction programme is agreed and implemented covering all aspects of the role and the work of the Charity as required. Trustees also receive ongoing briefings and training from subject-matter experts and external advisers in critical areas such as Ofsted regulation, safeguarding, health and safety, data protection, risk management and reserves.

TRUSTEES' REPORT (continued)
YEAR ENDED 31 DECEMBER 2021

Risk Management

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise, to provide reasonable assurance that its assets are safeguarded against unauthorised use or disposal, that proper records are maintained and information is reliable and that relevant laws and regulations are complied with.

As a member of the Royal Air Forces Association group, the Charity is subject to the Association's Risk Management Policy and Trustees have reviewed their risk appetite during the year. In terms of priorities, Trustees have agreed that the need to avoid reputational, compliance and excessive financial risk will take priority over other factors, whilst recognising a balanced assessment has to be taken as, in many cases, there are risks attached to both doing something and doing nothing.

The risk management process set out in the policy is designed to identify and assess risks and so that appropriate risk management strategies are implemented, and their effectiveness monitored. Trustees have identified the following as its key risks.

- Regulatory compliance. Mitigation includes employment of professionally qualified staff and mandatory training, the support of relevant subject matter experts employed by other group companies and regular reviews of policies.
- Long-term financial sustainability and short-term cash flow failure. Mitigation plans include financial planning and performance monitoring, both in terms of annual budgets and reserves and investments.
- Loss of operational capability. Plans include a range of processes to ensure recruitment and retention of appropriately qualified and trained employees.

Plans for the future

The Trustees are committed to delivering affordable and nurturing early years' childcare in a welcoming and safe environment and ensuring the long-term sustainability of the Charity. The Charity is seeking to consolidate its financial position by increasing occupancy levels and carefully managing its expenditure whilst continuing to provide high quality childcare.

The Trustees have considered the Charity's performance during 2021 and have reviewed the 2022 full year forecast and the assumptions on which the forecasts were based and are satisfied that the Charity remains a going concern, is financially viable for at least the next twelve months and has a charitable purpose to meet which it is able to deliver.

Auditor

Following the completion of the current auditor's term of engagement, RSM UK Audit LLP will resign as auditors at the completion of the 2021 audit and a resolution to appoint new auditors will be proposed at the Annual General Meeting.

Trustees' responsibilities in relation to financial statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial period, which give a true and fair view of the Charity and of the incoming resources and application of resources, including the income and expenditure of the Charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities Statement of Recommended Practice
- Make judgments and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business

TRUSTEES' REPORT (continued)
YEAR ENDED 31 DECEMBER 2021

Trustees' responsibilities in relation to financial statements (continued)

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

In so far as the Trustees are aware:

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

This report was approved by the Trustees on 18 July 2022 and signed on its behalf by:

Nick Bradley

Chair of Trustees

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED

Opinion

We have audited the financial statements of RAFA Kidzone Limited (the 'charitable company') for the year ended 31 December 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including 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 charitable company's affairs as at 31 December 2021 and of its incoming resources and application of resources, including its 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company'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 Trustees' report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED (continued)

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

- the information given in the Trustees' Report, which 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
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' included within the Trustees' Report.

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

- adequate 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report in preparing the Trustees' Report.

Responsibilities of trustees
As explained more fully in the Statement of Trustees' responsibilities set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP, Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Keeping Children Safe in Education under section 175 of the Education Act 2002, the Childcare Act 2006 and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

Use of our report

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

RSM UK Audit LLP

Keith Ward (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Phillips Point
Temple Row
Birmingham
West Midlands
B2 5AF

Date 19.08.22

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Unrestricted Funds £	Restricted Funds £	2021 Total £	2020 Total £
INCOME FROM					
Donations		18,050	-	18,050	107,504
Charitable activities					
Fees		535,132	-	535,132	381,379
Grants	3	129,513	-	129,513	181,104
Miscellaneous		1,014	-	1,014	882
Investment income		-	-	-	78
TOTAL		683,709	-	683,709	670,947
EXPENDITURE ON Charitable activities	4	(697,182)	(7,504)	(704,686)	(617,187)
NET (EXPENDITURE) /INCOME		(13,473)	(7,504)	(20,977)	53,760
NET MOVEMENT IN FUNDS		(13,473)	(7,504)	(20,977)	53,760
Reconciliation of funds					
Total funds balances brought forward		71,551	107,504	179,055	125,295
Total funds balances carried forward		58,078	100,000	158,078	179,055

All amounts relate to continuing operations.

BALANCE SHEET
AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
FIXED ASSETS					
Tangible fixed assets	7		18,035		3,635
CURRENT ASSETS					
Debtors	8	1,749		54,926	
Cash as bank and in hand		169,952		149,328	
		171,701		204,254	
CREDITORS					
Amounts falling due within one year	9	(31,658)		(28,834)	
NET CURRENT ASSETS			140,043		175,420
TOTAL ASSETS LESS CURRENT LIABILITIES			158,078		179,055
FUNDS					
Restricted funds	10		100,000		107,504
Unrestricted funds:	10				
Designated			18,000		133,215
General			40,078		(61,664)
TOTAL FUNDS			158,078		179,055

Approved by the Trustees and signed on their behalf on 18 July 2022

N J Bunting OBE
Trustee

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Cash flows from operating activities:		
Net cash from/(used in) operating activities	39,720	(6,684)
Cash flows from investing activities:		
Interest received	-	78
Purchase of fixed assets	(19,096)	-
Net cash (used in)/from investing activities	(19,096)	78
Change in cash and cash equivalents in the year	20,624	(6,606)
Cash and cash equivalents at the beginning of the year	149,328	155,934
Cash and cash equivalents at the end of the year	169,952	149,328

Reconciliation of net movements in funds to net cashflow from operating activities

	2021 £	2020 £
Net movement in funds for the reporting period	(20,977)	53,760
Adjustments for:		
Interest received	-	(78)
Depreciation on tangible fixed assets	4,696	1,211
Decrease/(increase) in debtors	53,177	(51,974)
Increase/(decrease) in creditors	2,824	(9,603)
Net cash generated from/(used) in operating activities	39,720	(6,684)

Analysis of cash and cash equivalents

	2021 £	2020 £
Cash in hand	-	141
Bank accounts	169,952	149,187
Net cash	169,952	149,328

1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting estimates and areas of judgement to note.

2. PRINCIPAL ACCOUNTING POLICIES

General information

RAFA Kidzone Limited is an incorporated private company (registered number 08418367) and a registered charity at the Charity Commission (charity registration no. 1154822) in England and Wales. The charity is a company limited by guarantee.

The address of the charity's registered office is Atlas House, Wembley Road, Leicester LE3 1UT. The nature of the charity's activities are set out in the Trustees Report.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland including the adoption of the amendments issued in December 2017 (FRS102), the Charities Act 2011 and the requirements of the Companies Act 2006.

RAFA Kidzone Limited meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

Monetary amounts in the financial statements are rounded to the nearest £1. The financial statements are presented in sterling which is also the functional currency of the Charity.

Going concern

Based on the company's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the company's cashflows and related assumptions and in accordance with the Guidance published by the UK Financial Reporting Council.

In assessing the going concern the Directors have given careful consideration to the potential impact of the COVID-19 pandemic on the cashflows and operational forecasts over at least the next 12 months. Despite income forecasts reducing against our pre-COVID-19 targets, measures we have taken to reduce costs allow us to offset the impact of COVID-19.

The Company's accounts and cashflow forecasts take all the above factors into account and indicate that the Company will have sufficient funds to operate as a going concern for the foreseeable future.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds that have been set aside by the Trustees for particular purposes. These funds are reviewed annually.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. Expenditure is charged to the Statement of Financial Activities when incurred.

Income

All income is included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably. The following specific policies are applied to particular categories of income.

Income in the form of donations is included when receivable.

Fundraising income is included in income in the period in which the Charity becomes entitled to receipt.

Investment income is included when receivable.

Income from charitable activities including grants receivable is included in income in the period in which the charity becomes entitled to receipt.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Expenditure

All expenditure is accounted for on an accruals basis as a liability is incurred or when the Charity is deemed to have a legal or constructive obligation which will result in a probable transfer of economic benefits. Expenditure has been classified under headings that aggregate all costs related to the category. Expenditure includes irrecoverable VAT.

Costs of raising funds include fundraising trading costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities.

Charitable activities expenditure enables the Charity to meet its charitable aims and objectives and include both direct and support costs relating to the activity.

Support costs have been allocated to cost of raising funds and charitable activities on a basis of direct costs where appropriate and for salaries on a proportionate percentage of time.

Tangible fixed assets

It is RAFA Kidzone Limited policy that all items either purchased by or donated to RAFA Kidzone Limited for use within the childcare sessions shall not be capitalised due to the expected heavy use and wear and tear within such an environment. These items shall be treated as immediate expenditure with no depreciation. The capitalisation limit for all other items is set at £500.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

Tangible fixed assets are initially recorded at cost and subsequently measure at cost or valuation net of depreciation and any impairment loss. Depreciation is provided for on all tangible fixed assets at rates calculated to write each asset down to its estimated value evenly over its expected useful economic life as follows:

- Office equipment	25% straight line
- Furniture & fixtures	25% straight line
- Nursery equipment	15% straight line
- Motor vehicles	25% on net book value

Impairment reviews are carried out where there are indications that recoverable amounts of fixed assets are below their carrying values.

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairment losses in the Statement of Financial Activities.

Donations of goods and services

A vehicle was donated to RAFA Kidzone during the year from the Royal Air Forces Association.

Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Financial assets, which include other debtors and cash and bank balances, are initially measured at the transaction price including transaction costs and are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Financial liabilities

Financial liabilities, which includes trade and other creditors (including accruals) payable and amounts owed to group undertakings within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Retirement benefits

For defined contribution schemes the amount charged to the Statement of Financial Activities is the contribution payable in the year. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

3. GRANTS

	2021 £	2020 £
Local authority	122,858	113,354
UK Government coronavirus job retention scheme	6,395	67,714
Welfare	260	36
	129,513	181,104

All grant income is unrestricted in the current year and prior period.

4. CHARITABLE ACTIVITIES

	Employee & related costs	Depreciation £	Other costs £	2021 Total £	2020 Total £
Direct costs	415,532	-	45,445	460,977	409,516
Allocated support costs	118,605	4,696	120,408	243,709	207,671
	534,137	4,696	165,853	704,686	617,187

Included within total expenditure is a charge for auditors' remuneration of £9,400 for the current year, of which £5,500 relates to year ended 31 December 2021 and £3,900 relates to charge for 2020. In year ended 31 December 2020 the audit fees were paid and accounted for by the ultimate parent undertaking, The Royal Air Force Association.

Allocated support costs

	2021	2020
Other site costs	11,317	14,124
Advertising and promotion	-	3,314
Printing and stationery	1,099	1,193
Telephone	3,119	-
Insurance	7,656	2,245
Repairs	1,097	2,609
Depreciation	4,696	1,211
Management fee	56,886	52,689
Other expenditure	29,081	21,252
Staff costs	118,605	109,034
Governance costs	10,153	-
	243,709	207,671

5. STAFF COSTS

	2021 £	2020 £
Total staff costs for the charity comprised:		
Gross salaries	497,684	454,324
Employer's National Insurance	27,704	28,492
Employer's pension	8,749	7,838
	534,137	490,654

The average number of staff employed by the charity during the year ended 31 December 2021 was 38 (period ended 31 December 2020: 35).

All key management personnel are paid through the parent charity and disclosed in their financial statements.

No employee was paid £60,000 or more in the current year or prior period.

6. TRUSTEES REMUNERATION

No remuneration or expenses were paid to the Trustees during the current year or prior year. The trustees were remunerated for their services to the group by the ultimate parent undertaking, The Royal Air Forces Association.

Professional indemnity insurance to cover the Trustees was paid by the charity during the year.

7. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Office Equipment £	Motor Vehicles £	Total £
Cost				
At 1 January 2021	12,670	7,836	-	20,506
Additions	-	1,271	17,825	19,096
At 31 December 2021	12,670	9,107	17,825	39,602
Depreciation				
At 1 January 2021	12,670	4,201	-	16,871
Charge for the year	-	1,354	3,342	4,696
At 31 December 2021	12,670	5,555	3,342	21,567
Net book value				
At 31 December 2021	-	3,552	14,483	18,035
At 31 December 2020	-	3,635	-	3,635

8. DEBTORS

	2021	2020
	£	£
Other debtors	203	185
Amounts owed from group undertakings	-	54,741
Prepayments	1,546	-
	1,749	54,926

9. CREDITORS

	2021	2020
	£	£
Amounts falling due within one year		
Trade creditors	7,489	1,203
Amounts owed to group undertakings	972	-
Accruals	5,500	-
Other taxation and social security	6,695	4,517
Other creditors	11,002	23,114
	31,658	28,834

Included within other creditors are pension contributions payable of £1,601 (2020: £3,164).

10. ANALYSIS OF FUNDS

	Balance at 1 January 2021	Income	Expenditure	Transfer Funds	Balance at 31 December 2021
	£	£	£	£	£
Restricted funds:					
Digby Nursery fund	107,504	-	(7,504)	-	100,000
Unrestricted funds:					
Designated funds:					
Business continuity reserve	115,215	-	-	(115,215)	-
White goods reserve	4,000	-	-	-	4,000
Project reserve	10,000	-	-	-	10,000
IT reserve	2,000	-	-	-	2,000
Decoration reserve	2,000	-	-	-	2,000
	133,215	-	-	(115,215)	18,000
General reserve	(61,664)	683,709	(697,182)	115,215	40,078
	71,551	683,709	(697,182)	-	58,078
Total	179,055	683,709	(704,686)	-	158,078

10. ANALYSIS OF FUNDS (continued)

Restricted funds

This restricted fund is to enable the future development of Digby Nursery.

Designated funds

The Trustees have established a number of designated funds designed to ensure that the setting can continue to provide a high quality and modern service whilst at the same time being able to continue to operate and provide an essential childcare service during a period of difficulty, created by either internal or external factors. The Business Continuity designated fund has been released during the year to align it to a reasonable level for its purpose.

11. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	18,033	-	18,033
Current assets	71,703	100,000	171,703
Current liabilities	(31,658)	-	(31,658)
Total net assets	58,078	100,000	158,078

Prior year	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	3,635	-	3,635
Current assets	96,750	107,504	204,254
Current liabilities	(28,834)	-	(28,834)
Total net assets	71,551	107,504	179,055

12. RELATED PARTY TRANSACTIONS

During the year the Charity made purchases of £nil (2020: £22,834) from, and paid management fees of £56,886 (2020: £52,689) to RAFA Kidz Limited, the immediate parent undertaking. At the year end the Charity owed £972 (2020: £54,741 owed by) to RAFA Kidz Limited.

During the year the Charity made purchases of £nil (2020: £411) from Rafatrad Limited, a company owned by the ultimate parent undertaking, The Royal Air Forces Association.

13. PARENT COMPANY

RAFA Kidzone Limited is a wholly owned subsidiary of RAFA Kidz Limited (Company number 11927027, registered in England and Wales). This is the Charity's immediate parent undertaking. The registered office is the same as its ultimate parent undertaking. The principal activity of RAFA Kidz Limited is that of running a children's nursery.

RAFA Kidz Limited is a wholly owned subsidiary of The Royal Air Forces Association, a charity registered in England and Wales (registration number 226686) and Scotland (registered number SC037673). Purpose of Association is to promote the welfare by charitable means of all serving and former members of the Air Forces. This is the Charity's ultimate parent undertaking. The Charity is only included in the consolidated accounts of The Royal Air Force Association. Their accounts are available from the registered office being Atlas House, Wembley Road, Leicester LE3 1UT England.

14. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 DECEMBER 2020

	Unrestricted funds £	Restricted funds £	Total 2020 £
INCOME FROM			
Donations	-	107,504	107,504
Charitable activities			
Fees	381,379	-	381,379
Grants	181,104	-	181,104
Miscellaneous	882	-	822
Activities for fund raising	-	-	-
Investment income	78	-	78
TOTAL	563,443	107,504	670,947
EXPENDITURE ON			
Raising funds	-	-	-
Charitable activities	(617,187)	-	(617,187)
TOTAL	(617,187)	-	(617,187)
Net income/(expenditure)	(53,744)	107,504	53,760
Net movement in funds	(53,744)	107,504	53,760

RAFA KIDZONE LIMITED

England & Wales - Charity number 1154822

Accounts

Company Registration No: 08418367 (England and Wales)
Charity Registration No. 1154822

RAFA KIDZONE LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2020

REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 DECEMBER 2020

Registered charity number	1154822 (England and Wales)
Registered company number	08418367 (England and Wales)
OFSTED registered number	EY475959
Registered office	Atlas House Wembley Road Leicester LE3 1UT England
Trustees	N J Bunting OBE R P O'Connor K Parkin
Principal Office	86C & 87 Wellesby Way RAF College Cranwell Sleaford Lincolnshire NG34 8HB
Auditor	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham West Midlands B2 5AF
Bankers	Barclays Barclays Business Park Leicester LE87 2BD

TRUSTEES' REPORT
YEAR ENDED 31 DECEMBER 2020

The Trustees of RAFA Kidzone Limited (the Charity) present this report and the financial statements of the Charity for the year ended 31 December 2020. The financial statements have been prepared based on the accounting policies set out in note 2 to the financial statements.

Aims and Objects

The object of the Charity is to enhance the development and education of children and provide for their individual needs. This is done by offering inclusive and appropriate play and learning facilities that meet the needs of all children regardless of family status, disability, colour, ethnic origin, religion and belief.

Activities

The Charity provides full and part time childcare for children aged between 6 months to 12 years old, between 07:30 – 17:30 five days a week for 50 weeks a year. The Charity delivers its service via a nursery, toddler room and two preschool rooms where it follows the Early Years Foundation Stage framework.

The Charity provides funded early education for two-, three- and four-year-old children. The Charity also operates as a breakfast, afterschool and holiday club for school age children. The Charity operates on a site leased from the Ministry of Defence comprising two buildings; the nursery building which can accommodate up to 70 children and the wrap-around care building which can accommodate up to 40 children.

Achievements

The Early Years Foundation Stage Framework enables all young children to have access to an integrated learning and care experience that will ensure they achieve the best outcomes. This is a learning through play curriculum and the Charity provides a range of adult directed and child initiated activities within a rich and enabling environment. In addition, the Charity supports the families of children with a comprehensive parent events program throughout the year, providing a range of activities and events to promote parent partnerships. The Charity provides a flexible care setting for local families by providing a wrap-around and holiday club service for school age children. The Charity operates a minibus enabling it to provide transport to and from the local primary school.

Following the Government's decision to close schools and nurseries in response to the COVID-19 pandemic, the Charity continued to operate the nursery for the children of critical workers and supported the national emergency by welcoming children of key workers in the locality whose usual nurseries had closed, including children from RAF Digby. The Charity made appropriate use of the Government's Coronavirus Job Retention Scheme and furloughed a number of its employees to manage the Charity's cost base whilst ensuring employee: child ratios are met. Measures were implemented to ensure that the premises were COVID-secure for children, parents and employees. Occupancy levels have started to increase since September 2020 and the wraparound service is at full capacity.

Public benefit

Whilst the Charity primarily caters for the children of serving personnel, civil servants and contractors working at RAF Cranwell, its services are available to families in the wider community as well. In setting fees, Trustees have considered the Charity Commission's guidance on charging for services and balanced the need to ensure the long-term sustainability of the Charity with the maintenance of affordable high-quality early years and childcare provision. The Charity accepts childcare vouchers and early years funding from the local authority.

In drafting the above statements, the Trustees have complied with the duty in the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission.

TRUSTEES' REPORT (continued)
YEAR ENDED 31 DECEMBER 2020

Financial Review

In the twelve months to 31 December 2020, the Charity's income was £670,947 (9 months income to 31 December 2019 was £449,831). The Charity's expenditure was £617,187 (9 months expenditure to 31 December 2019 was £461,048), resulting in a surplus of £53,760 (compared to a 9 months deficit as at 31 December 2019 of £11,217).

The total funds of the Charity at the end of the year were £179,055 (31 December 2019 - £125,295).

In May 2020, the assets of Maple Leaf Day Care, a registered charity, were transferred to the Charity. Maple Leaf Day Care previously operated the nursery at RAF Digby which is now operated by the Charity's parent company, RAFA Kidz Limited. The assets transferred are restricted to support activities at RAFA Kidz Digby. The assets included £107,504 in cash together with all nursery equipment owned by Maple Leaf Day Care. The assets transferred from Maple Leaf Day Care do not have a value to the Charity and so have been included at nil value within the financial statements.

Reserves policy

Trustees have reviewed the Reserves Policy and have affirmed the designated funds as set out in note 12, which exist to ensure that the Charity is able to refresh and renew the setting from time to time and to enable business continuity in the event of unforeseen occurrence. A designated fund of £115,215 has been created to deal with such an unforeseen event and this ensure the setting continues to be a going concern, and a further £18,000 has been set aside to ensure that essential equipment can be replaced or maintained as and when required.

As at 31 December 2020 total funds are £179,055 of which unrestricted reserves are £61,664 in deficit.

Structure and Governance

The Charity is a company limited by guarantee and a registered charity governed by its Articles of Association. The Charity is registered with the Charity Commission and with Ofsted.

The Charity is a wholly owned subsidiary of RAFA Kidz Limited, which is a wholly owned subsidiary of the Royal Air Forces Association (registered charity number 226686 and SC037673).

The Board of Trustees is collectively accountable for the long-term success of the Charity and Trustees act in accordance with their duties under charity law. Trustees are also company directors and subject to the directors' duties set out in sections 170-177 Companies Act 2006

The Board is responsible for the Charity's compliance with all relevant legislative and regulatory requirements. It is responsible for determining the strategy and values of the Charity, its performance, standards of conduct and corporate governance. The Board reviews the position of the Charity and receives reports from the Management Team led by the Manager. The Board is responsible for approving the annual business plan and a range of supporting strategies. The Board believes that good governance is key to the ongoing success of the organisation. In terms of maintaining high standards of governance and has adopted of the Charity Governance Code for smaller charities.

Structure and Governance *(continued)*

Composition of the Board of Trustees

The Trustees who served in the year to 31 December 2020 and up to the date of signature of the financial statements are listed below.

R P O'Connor
N J Bunting OBE
A Wilkinson-Sharpe (resigned 19 March 2021)

K Parkin was appointed as a trustee on 19 April 2021.

All Trustees give their time voluntarily and receive no benefits from the Charity. No expenses were reclaimed from the Charity. N. Bunting, R. O'Connor, A. Wilkinson-Sharpe and K Parkin are employees of the Royal Air Forces Association and directors of RAFA Kidz Limited.

In accordance with the Charity's Articles of Association, Trustees are appointed by the Charity's sole member, RAFA Kidz Limited. When recruiting new Trustees appropriate due diligence is carried out to ensure that candidates have a valid DBS check, are eligible to act as charity trustees and company directors in accordance with the Articles of Association, Charities Act 2011 (as amended by Charities (Protection and Social Investment) Act 2016) and Companies Act 2006 and are fit and proper persons as defined under the management condition in Finance Act 2010.

Each Trustee is provided with a briefing pack and an individual induction programme is agreed and implemented covering all aspects of the role and the work of the Charity as required. Trustees also receive ongoing briefings and training from subject-matter experts and external advisers in critical areas such as Ofsted regulation, safeguarding, health and safety, data protection, risk management and reserves.

Risk Management

The Trustees have overall responsibility for ensuring that the Charity has an appropriate system of controls, financial and otherwise, to provide reasonable assurance that its assets are safeguarded against unauthorised use or disposal, that proper records are maintained and information is reliable and that relevant laws and regulations are complied with.

As a member of the Royal Air Forces Association group, the Charity is subject to the Association's Risk Management Policy and Trustees have reviewed their risk appetite during the year. In terms of priorities, Trustees have agreed that the need to avoid reputational, compliance and excessive financial risk will take priority over other factors, whilst recognising a balanced assessment has to be taken as, in many cases, there are risks attached to both doing something and doing nothing.

The risk management process set out in the policy is designed to identify and assess risks and so that appropriate risk management strategies are implemented, and their effectiveness monitored. Trustees have identified the following as its key risks.

- Regulatory compliance. Mitigation includes employment of professionally qualified staff and mandatory training, the support of relevant subject matter experts employed by other group companies and regular reviews of policies.

TRUSTEES' REPORT (continued)
YEAR ENDED 31 DECEMBER 2020

Risk Management *(continued)*

- Long-term financial sustainability and short-term cash flow failure. Mitigation plans include financial planning and performance monitoring, both in terms of annual budgets and reserves and investments,
- Loss of operational capability. Plans include a range of processes to ensure recruitment and retention of appropriately qualified and trained employees.

Plans for the future

The Trustees are committed to delivering affordable and nurturing early years' childcare in a welcoming and safe environment and ensuring the long-term sustainability of the Charity. The Charity is seeking to consolidate its financial position by increasing occupancy levels and carefully managing its expenditure whilst continuing to provide high quality childcare.

The Trustees have considered the Charity's performance during 2020 and have reviewed the 2021 full year forecast and the assumptions on which the forecasts were based and are satisfied that the Charity remains a going concern, is financially viable for at least the next twelve months and has a charitable purpose to meet which it is able to deliver.

Trustees' responsibilities in relation to financial statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial period, which give a true and fair view of the Charity and of the incoming resources and application of resources, including the income and expenditure of the Charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities Statement of Recommended Practice
- Make judgments and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business

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

In so far as the Trustees are aware:

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

This report was approved by the Trustees on 8/9/21 and signed on its behalf by:

Nick Bunting

N J Bunting OBE - Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED

Opinion

We have audited the financial statements of RAFA Kidzone Limited (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including 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 charitable company's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a year 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 Trustees' report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the Trustees' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which 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
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report in preparing the Trustees' Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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 these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED (continued)

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation and Charities (Protection and Social Investment) Act 2016. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities and evaluating advice received from internal/external advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are Keeping Children Safe in Education under section 175 of the Education Act 2002, the Childcare Act 2006 and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire of whether the charitable company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, and unusual transactions and transactions entered into outside the normal course of business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED (continued)

Use of our report

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



Keith Ward (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
St Philips Point
Temple Row
Birmingham
West Midlands
B2 5AF

Date 21st September 2021

RAFA KIDZONE LIMITED

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Year ended 31 December 2020 Total £	Period ended 31 December 2019 Total £
INCOME FROM					
Donations		-	107,504	107,504	10
Charitable activities					
Fees		381,379	-	381,379	367,415
Grants	3	181,104	-	181,104	78,633
Miscellaneous		882	-	882	3,039
Activities for fund raising	4	-	-	-	343
Investment income		78	-	78	391
TOTAL		563,443	107,504	670,947	449,831
EXPENDITURE ON					
Raising funds	5	-	-	-	(243)
Charitable activities	6	(617,187)	-	(617,187)	(460,805)
TOTAL		(617,187)	-	(617,187)	(461,048)
NET INCOME/(EXPENDITURE)		(53,744)	107,504	53,760	(11,217)
NET MOVEMENT IN FUNDS		(53,744)	107,504	53,760	(11,217)
Reconciliation of funds					
Total funds balances brought forward		125,295	-	125,295	136,512
Total funds balances carried forward		71,551	107,504	179,055	125,295

All amounts relate to continuing operations.

BALANCE SHEET
AT 31 DECEMBER 2020

	Notes	£	2020 £	£	2019 £
FIXED ASSETS					
Tangible fixed assets	9		3,635		4,846
CURRENT ASSETS					
Debtors	10	54,926		2,952	
Cash at bank and in hand		149,328		155,934	
		204,254		158,886	
CREDITORS					
Amounts falling due within one year	11	(28,834)		(38,437)	
NET CURRENT ASSETS			175,420		120,449
TOTAL ASSETS LESS CURRENT LIABILITIES			179,055		125,295
FUNDS					
Restricted funds			107,504		-
Unrestricted funds:	12				
Designated			133,215		133,215
General			(61,664)		(7,920)
TOTAL FUNDS			179,055		125,295

Approved by the Trustees and signed on their behalf on 8 SEPTEMBER 2021

Nick Bunting

N J Bunting OBE
Trustee

RAFA KIDZONE LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Cash flows from operating activities:		
Net cash used in operating activities	(6,684)	(15,473)
Cash flows from investing activities:		
Interest received	78	391
Purchase of fixed assets	-	(4,846)
Net cash from/(used in) investing activities	78	(4,455)
Change in cash and cash equivalents in the year	(6,606)	(19,928)
Cash and cash equivalents at the beginning of the year	155,934	175,862
Cash and cash equivalents at the end of the year	149,328	155,934

Reconciliation of net movements in funds to net cashflow from operating activities

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Net movement in funds for the reporting period	53,760	(11,217)
Adjustments for:		
Interest received	(78)	(391)
Depreciation on tangible fixed assets	1,211	-
Increase in debtors	(51,974)	(172)
Decrease in creditors	(9,603)	(3,693)
Net cash used in operating activities	(6,684)	(15,473)

Analysis of cash and cash equivalents

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Cash in hand	141	685
Bank accounts	149,187	155,249
Total cash and cash equivalents	149,328	155,934

1. CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting estimates and areas of judgement to note.

2. PRINCIPAL ACCOUNTING POLICIES

General information

RAFA Kidzone Limited is an incorporated private company (registered number 08418367) and a registered charity at the Charity Commission (charity registration no. 1154822) in England and Wales. The charity is a company limited by guarantee.

The address of the charity's registered office is Atlas House, Wembley Road, Leicester LE3 1UT. The nature of the charity's activities are set out in the Trustees Report.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the United Kingdom and Republic or Ireland including the adoption of the amendments issued in December 2017 (FRS102), the Charities Act 2011 and the requirements of the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 April 2015.

RAFA Kidzone Limited meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

Monetary amounts in the financial statements are rounded to the nearest £1. The financial statements are presented in sterling which is also the functional currency of the Charity.

Going concern

Based on the company's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the company's cashflows and related assumptions and in accordance with the Guidance published by the UK Financial Reporting Council.

In assessing the going concern the Directors have given careful consideration to the potential impact of the COVID-19 pandemic on the cashflows and liquidity over the next 12-month period. Despite income forecasts reducing against our pre-COVID-19 targets, measures we have taken to reduce costs allow us to offset the impact of COVID-19.

The Company's accounts and cashflow forecasts take all the above factors into account and indicate that the Company will have sufficient funds to operate as a going concern for the foreseeable future.

Reporting period

The current financial statements are for the year ended 31 December 2020. The comparative financial statements are for the period from 1 April 2019 to 31 December 2019. As the current and prior periods are different lengths, the comparative figures are not entirely comparable.

2. **PRINCIPAL ACCOUNTING POLICIES (continued)**

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the objectives of the Charity and which have not been designated for other purposes.

Designated funds are unrestricted funds that have been set aside by the Trustees for particular purposes. These funds are reviewed annually.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. Expenditure is charged to the Statement of Financial Activities when incurred.

Income

All income is included in the Statement of Financial Activities when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably. The following specific policies are applied to particular categories of income.

Income in the form of donations is included when receivable.

Fundraising income is included in income in the period in which the Charity becomes entitled to receipt.

Investment income is included when receivable.

Income from charitable activities including grants receivable is included in income in the period in which the charity becomes entitled to receipt.

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

Expenditure

All expenditure is accounted for on an accruals basis as a liability is incurred or when the Charity is deemed to have a legal or constructive obligation which will result in a probable transfer of economic benefits. Expenditure has been classified under headings that aggregate all costs related to the category. Expenditure includes irrecoverable VAT.

Costs of raising funds include fundraising trading costs. These costs are regarded as necessary to generate funds that are needed to finance charitable activities.

Charitable activities expenditure enables the Charity to meet its charitable aims and objectives and include both direct and support costs relating to the activity.

Support costs have been allocated to cost of raising funds and charitable activities on the most appropriate basis.

Tangible fixed assets

It is RAFA Kidzone Limited policy that all items either purchased by or donated to RAFA Kidzone Limited for use within the childcare sessions shall not be capitalised due to the heavy use and unusually high wear and tear expected within such an environment. These items shall be treated as immediate expenditure with no depreciation. The capitalisation limit for all other items is set at £500.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Tangible fixed assets (continued)

Tangible fixed assets are initially recorded at cost and subsequently measure at cost or valuation net of depreciation and any impairment loss. Depreciation is provided for on all tangle fixed assets at rates calculated to write each asset down to its estimated value evenly over its expected useful economic lives as follows:

- Office equipment 25% straight line
- Furniture & fixtures 25% straight line

Impairment reviews are carried out where there are indications that recoverable amounts of fixed assets are below their carrying values.

Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairment losses in the Statement of Financial Activities.

Donations of good and services

Kidzone received donated goods and services during the year which has enabled it to operate at the present scale. These donations are not valued in the accounts.

Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Charity becomes a party to the contractual provisions of the instrument and are offset only when the Charity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Trade debtors

Trade debtors, which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Financial Activities.

Financial liabilities and equity

Financial instruments are classified as liabilities and equity instruments according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Charity after deducting all of its liabilities.

Trade and other creditors and accruals

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets and liabilities

At financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Retirement benefits

For defined contribution schemes the amount charged to the Statement of Financial Activities is the contribution payable in the year. Difference between contributions payable in the year and contributions actually paid are shown as either accruals or pre prepayments.

3. GRANTS

	Year ended 31 December 2020 Total £	Period ended 31 December 2019 Total £
Local authority	113,354	78,633
UK Government coronavirus job retention scheme	67,714	-
Welfare	36	-
	181,104	78,633

All grant income is unrestricted in the current year and prior period.

4. ACTIVITIES FOR FUNDRAISING

	Year ended 31 December 2020 Total £	Period ended 31 December 2019 Total £
Income		
Summer gathering	-	83
Christmas market	-	260
	-	343

All income from raising funds was unrestricted in the prior period.

5. RAISING FUNDS

	Year ended 31 December 2020 Total £	Period ended 31 December 2019 Total £
Expenditure:		
Summer gathering	-	70
Christmas market	-	173
	-	243

All expenditure for raising funds was unrestricted in the prior period.

6. CHARITABLE ACTIVITIES

	Employee & related costs £	Depreciation £	Other costs £	Year ended 31 December 2020 Total £	Period ended 31 December 2019 Total £
Direct costs	381,620	-	27,896	409,516	343,344
Allocated support costs	109,034	1,211	97,426	207,671	117,461
	490,654	1,211	125,322	617,187	460,805

Audit fees for the period ended 31 December 2019 and for the year ended 31 December 2020 have been paid by the ultimate parent undertaking, The Royal Air Force Association.

Allocated support costs

	2020	2019
Other site costs	14,124	7,613
Advertising and promotion	3,314	66
Printing and stationery	1,193	1,320
Insurance	2,245	3,812
Repairs	2,609	877
Depreciation	1,211	-
Management fee	52,689	-
Other expenditure	21,252	17,315
Staff costs	109,034	84,928
Governance costs	-	1,530
	207,671	117,461

7. STAFF COSTS

Total staff costs for the charity comprised:	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Gross salaries	454,324	360,146
Employer's National Insurance	28,492	19,323
Employer's pension	7,838	6,592
	490,654	386,061

The average number of staff employed by the charity during the year ended 31 December 2020 was 35 (period ended 31 December 2019 – 35).

All key management personnel are paid through the parent charity and disclosed in their financial statements.

No employees was paid £60,000 or more in the current year or prior period.

8. TRUSTEES REMUNERATION

No remuneration or expenses were paid to the Trustees during the year and prior period.
Professional indemnity insurance to cover the Trustees was paid by the charity during the year.

9. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Office Equipment £	Total £
Cost			
At 1 January 2020 and 31 December 2020	12,670	7,836	20,506
Depreciation			
At 1 January 2020	12,670	2,990	15,660
Charge for the year	-	1,211	1,211
At 31 December 2020	12,670	4,201	16,871
Net book value			
At 31 December 2020	-	3,635	3,635
At 31 December 2019	-	4,846	4,846

10. DEBTORS

	2020 £	2019 £
Trade debtors	-	606
Other debtors	185	-
Amounts owed from group undertakings	54,741	-
Prepayments	-	2,346
	54,926	2,952

11. CREDITORS

	2020 £	2019 £
Amounts falling due within one year		
Trade creditors	1,203	2,521
Accruals	-	13,935
Other taxation and social security	4,517	4,258
Other creditors	23,114	17,723
	28,834	38,437

Included within other creditors are pension contributions payable of £3,164 (2019: £1,472).

12. ANALYSIS OF FUNDS

	Balance at 1 January 2020 £	Income £	Expenditure £	Transfer Funds £	Balance at 31 December 2020 £
Restricted funds:					
Digby Nursery fund	-	107,504	-	-	107,504
Unrestricted funds:					
Designated funds:					
Business continuity reserve	115,215	-	-	-	115,215
White goods reserve	4,000	-	-	-	4,000
Project reserve	10,000	-	-	-	10,000
IT reserve	2,000	-	-	-	2,000
Decoration reserve	2,000	-	-	-	2,000
	133,215	-	-	-	133,215
General reserve	(7,920)	563,443	(617,187)	-	(61,664)
	125,295	563,443	(617,187)	-	71,551
Total	125,295	670,947	(617,187)	-	179,055

Restricted funds

This restricted fund is to enable the future development of Digby Nursery.

Designated funds

The Trustees have established a number of designated funds designed to ensure that the setting can continue to provide a high quality and modern service whilst at the same time being able to continue to operate and provide an essential childcare service during a period of difficulty, created by either internal or external factors. To this end a Business Continuity Reserve of £115,215 has been created together with other reserves of £18,000 to cover the cost of either replacing or maintaining essential equipment and/or furnishings.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Current year	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	3,635	-	3,635
Current assets	96,750	107,504	204,254
Current liabilities	(28,834)	-	(28,834)
Total net assets	71,551	107,504	179,055

Prior year	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	4,846	-	4,846
Current assets	158,886	-	158,886
Current liabilities	(38,437)	-	(38,437)
Total net assets	125,295	-	125,295

14. RELATED PARTY TRANSACTIONS

During the year the Charity made purchases of £22,834 (period ended 31 December 2019 : £nil) from, and paid management fees of £52,689 (period ended 31 December 2019: £nil) to RAFA Kidz Limited, the immediate parent undertaking. At the year end the Charity was owed £54,741 (2019: £nil) by RAFA Kidz Limited.

During the year the Charity made purchases of £411 (period ended 31 December 2019 : £nil) from Rafatrad Limited, a company owned by the ultimate parent undertaking, The Royal Air Forces Association.

15. PARENT COMPANY

RAFA Kidzone Limited is a wholly owned subsidiary of RAFA Kidz Limited (Company number 11927027, registered in England and Wales). This is the Charity's immediate parent undertaking. The registered office is the same as its ultimate parent undertaking. The principal activity of RAFA Kidz Limited is that of running a children's nursery.

RAFA Kidz Limited is a wholly owned subsidiary of The Royal Air Forces Association, a charity registered in England and Wales (registration number 226686) and Scotland (registered number SC037673). Purpose of Association is to promote the welfare by charitable means of all serving and former members of the Air Forces. This is the Charity's ultimate parent undertaking. The Charity is only included in the consolidated accounts of The Royal Air Force Association. Their accounts are available from the registered office being Atlas House, Wembley Road, Leicester LE3 1UT England.

16. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES FOR THE PERIOD ENDED 31 DECEMBER 2019

	Unrestricted funds £	Restricted funds £	Total 2019 £
INCOME FROM			
Donations	10	-	10
CHARITABLE ACTIVITIES			
Fees	367,415	-	367,415
Grants	-	78,633	78,633
Miscellaneous	3,039	-	3,039
Activities for fundraising	343	-	343
Investment income	391	-	391
TOTAL	371,198	78,633	449,831
EXPENDITURE ON			
Raising funds	(243)	-	(243)
Charitable activities	(322,150)	(138,655)	(460,805)
TOTAL	(322,393)	(60,022)	(461,048)
Net income/(expenditure)	48,805	(60,022)	(11,217)
Transfers between funds	(60,022)	60,022	-
Net movement in funds	(11,217)	-	(11,217)