

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 its 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).

TRUSTEES' REPORT (continued) YEAR ENDED 31 DECEMBER 2022

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 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, R P 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.

TRUSTEES' REPORT (continued)
YEAR ENDED 31 DECEMBER 2022

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

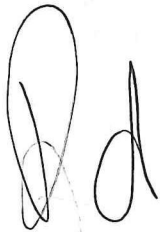
Trustees' responsibilities in relation to financial statements (continued)

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:

A handwritten signature in black ink, appearing to be 'R Huxford', written over a horizontal line.

R Huxford MBE
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 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.

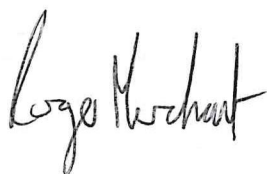
The most significant laws and regulations that have an indirect impact on the financial statements are Keeping Children Safe in Education under section 175 of the Education Act 2002, the Childcare Act 2006 and the UK General Data Protection Regulation (UK GDPR). We performed audit procedures to inquire 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

		Continuing operations at 31 December 2022		Discontinued operations at 31 December 2022		Total	Total
	Notes	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

RAFA KIDZONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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.

RAFA KIDZONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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.

RAFA KIDZONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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
	<u>133,541</u>	<u>129,513</u>

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

RAFA KIDZONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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
		<u>642,194</u>	<u>5,656</u>	<u>173,747</u>	<u>821,597</u>	<u>704,686</u>

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	<u>642,194</u>	<u>5,656</u>	<u>192,021</u>	<u>839,871</u>	<u>704,868</u>

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
		<u>280,359</u>	<u>243,709</u>

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
		<u>642,194</u>	<u>534,137</u>

RAFA KIDZONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

RAFA KIDZONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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	<u>98,214</u>
Historical cost as at 31 December 2022	<u>100,000</u>

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
	<u>20,671</u>	<u>1,749</u>

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
	<u>45,390</u>	<u>31,658</u>

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

RAFA KIDZONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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
	Unrestricted funds	Restricted funds	Total
	£	£	£
Prior year			
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

RAFA KIDZONE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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)