

Report and Financial Statements

Year ended 31 December 2023



Patron: His Majesty The King
Registered Charity 226686 (England & Wales).
SC037673 (Scotland).

THE ROYAL AIR FORCES ASSOCIATION
REFERENCE AND ADMINISTRATIVE DETAILS
YEAR ENDED 31 DECEMBER 2023

REGISTERED CHARITY NUMBERS	226686 (England and Wales), SC037673 (Scotland)
PRINCIPAL OFFICE	Atlas House, 41 Wembley Road, Leicester, LE3 1UT
LIFE VICE-PRESIDENTS	<p>Marshal of the Royal Air Force The Lord Stirrup KG GCB AFC FRAeS FCMI</p> <p>Air Chief Marshal Sir Stephen Dalton KCB ADC BSc FRAeS CCMI</p> <p>Air Chief Marshal Sir Joseph Gilbert KCB CBE LLD (hc)</p> <p>Air Chief Marshal Sir Glenn Torpy GCB CBE DSO ADC BSc (Eng) FRAeS</p> <p>Air Chief Marshal Sir Andrew Pulford GCB CBE ADC</p> <p>Air Chief Marshal Sir Stephen Hillier GCB CBE DFC ADC MA</p> <p>Air Marshal Sir Dusty Miller KBE</p> <p>Air Marshal P O Sturley CB MBE BSc FRAeS</p> <p>Air Vice-Marshal J Cliffe CB OBE</p> <p>Air Vice-Marshal P Liddell CB BSc CEng FIET FRAeS</p> <p>Air Vice-Marshal N Bairsto CB MBE</p> <p>Air Commodore A H Vaughan OBE BA FIMgt</p> <p>Dr B Pattison, OBE</p> <p>Mr J Tisbury MBE MRAeS MCMI</p>
TRUSTEE MEMBERS OF THE COUNCIL	
President	Air Marshal Sir Baz North KCB OBE MA FRAeS
Chairman	Air Vice-Marshal A N C Reid CB OSTJ MBChB MSc DRCOG DAvMed FFOM
Vice Chairman	Air Vice-Marshal M Neal OBE CEng FIET
Honorary Treasurer	<p>Mr P Tagg (to October 2023)</p> <p>Mrs S Munday FCA (from October 2023)</p>
Area Elected Members	<p>Flt Lt S Arnett RAF (Wales, Midlands and South-West) (from October 2023)</p> <p>Mr R Blunden (South-East and Eastern)</p> <p>Sqn Ldr M Greer RAFAC (Scotland, Northern Ireland and Northern England)</p> <p>Mr G Overton (European and Overseas)</p> <p>Mr A P Rees (Wales, Midlands and South-West) (to October 2023)</p> <p>Mr M Watkins (Central)</p>

THE ROYAL AIR FORCES ASSOCIATION
REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

Members appointed by the Royal Air Force Air Commodore G A Opie CBE MDA MA BSc FCIPD RAF
Squadron Leader K Roachford RAF (to November 2023)
Squadron Leader M Aopare RAF (from February 2024)
Warrant Officer M Rees-Martin

Appointed Member Mrs S Bailey (from February 2024)
Ms F Barber
Ms S Barber (to October 2023)
Mrs P Bearblock

SENIOR MANAGEMENT TEAM

Secretary General Mr N Bunting OBE CDir FIOD MCMI

Deputy CEO Ms R Huxford MBE MInstF

Charity Director Mr R O'Connor MA

Chief Finance Officer Mrs K Parkin JP BSc (Hons) ACMA CGMA MCIPP

Chief Information Officer Mr P Sherwin BSc (Hons) MBCS

Group Company Secretary Mrs R Brutnall BA (Hons) ACG

RAFAKidz Operations Director Ms Nicola Davis FdA

PROFESSIONAL ADVISORS

Auditors UHY Hacker Young LLP, 14 Park Row, Nottingham, NG1 6GR

Bankers Lloyds Bank plc, Law Courts Branch, 222 Strand, London, WC2R 1BB

Investment Managers Rathbones Investment Management Limited, 1 Curzon Street, London, W1J 5FB
Rothschild & Co, New Court, St Swithin's Lane, London, EC4N 8AL

Solicitors Freeths LLP, One Colton Square, Leicester, LE1 1QH
Bates Wells & Braithwaite London LLP, 10 Queen Street Place, London, EC4R 1BE

THE ROYAL AIR FORCES ASSOCIATION

TRUSTEES' REPORT

YEAR ENDED 31 DECEMBER 2023

The Trustees of The Royal Air Forces Association (the Association), are pleased to present this report and the consolidated financial statements of the Association for the year ended 31 December 2023. The financial statements have been prepared based on the accounting policies set out in Note 2 to the financial statements and comply with the Royal Charter, the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005, and the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS 102) (effective 1 January 2019).

Our charitable object and activities for the public benefit

The Association is a public benefit entity. The Trustees have given due consideration to the Charity Commission's published guidance on the operation of the Public Benefit requirement, and confirm that the objects of the Association, as established and incorporated, are to relieve the need, suffering and distress of all those who are serving or have served in Our Air Forces, and their families and dependants.

This has been distilled into our vision: an RAF community which is connected, empowered and resilient. To achieve our vision, we are committed to a simple yet important mission: to support and enable the RAF community to meet the challenges of everyday life. There are only two criteria for assistance: eligibility and need.

We believe that we are at our strongest when we work together. Crucial to the successful delivery of all our charitable activities is our committed global network of over 66,000 members, supporters, volunteers and employees, all committed to making lives better. It is impossible to definitively quantify the value of their contribution in monetary terms, and therefore this is not recorded in the financial statements.

Delivering against our 2023 aims and objectives

For more than 90 years, the RAF Association's role has been that of a central, coalescing force, one that brings together individuals and communities to improve the lives of those who serve and have served on our behalf, their families and loved ones. It serves a community of around one million people, providing support to those who need practical, emotional or financial assistance.

In 2023, we continued to support the RAF community as it responded to the challenges of the cost-of-living crisis. Our welfare and wellbeing programmes (designed to meet the specific needs of RAF community) and our membership network formed the core of our outputs and outcomes.

In 2023:

- Our staff and volunteers made outreach calls to 9,700 people to check on their wellbeing and offer support if required. Almost 500 of those who received a call were subsequently helped by one of our welfare services.
- We continued to be the primary casework provider to the RAF community, supporting 2,728 people and managing 47% of all RAF cases recorded on the military charity sector-wide case management system.
- We reduced loneliness and isolation by making nearly 20,000 regular friendship calls to over 1,300 people through our RAFA Connections for Life service.
- 470 people completed our 'Finding it Tough?' mental wellbeing training. 94 per cent reported improved knowledge and 90% felt their confidence to talk about mental health had improved.
- We supported nearly 300 individuals in Armed Forces Compensation Scheme/War Pension claims, securing over £4.8 million in lifetime awards.
- 99 people were resident in our four retirement living complexes, giving them the opportunity to live independent lives with support available if needed.
- Our three holiday accommodation locations welcomed 372 people, 37% of whom were from serving families.
- More than 1,000 children received high-quality and affordable childcare in a welcoming and safe environment at our ten RAFAKidz nurseries in RAF/MOD locations.
- Over 3,000 new members joined our community, bringing the total membership number to over 65,500 in 109 countries.

THE ROYAL AIR FORCES ASSOCIATION
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

Connected

As a membership organisation, we have always recognised the value of strong social connections. Building and sustaining meaningful connections is at the heart of our work. We support all generations to sustain strong relationships and remain connected with the Royal Air Force.

Since our foundation, our members have been at the heart of all we do: building connections, volunteering to support the community and raising funds. At the end of 2023, we had 65,538 members (of whom, over 3,000 joined during the year) in 109 countries.

The Association's 229 branches played a unique role, providing a link between the charity and local RAF communities around the world. They provided outreach and wellbeing support, support volunteers, raise funds and support local commemorative events. They are each charities in their own right, managed by their branch committees but subject to the Association's Royal Charter, Rules, Byelaws and Standard Regulations.

Our global outreach programme, supported by branches, volunteers and corporate partners, called nearly 10,000 individual members of the RAF community during 2023 to check on their wellbeing and identify whether they required any support. Almost 500 of those who received a call were subsequently helped by one of our welfare services.

During 2023, our 774 trained friendship volunteers supported 1,367 individuals through our RAFA Connections for Life service. The circa 20,000 regular friendship calls they made resulted in 92 per cent of those called reporting improved wellbeing and reduced feelings of loneliness.

Our four retirement living locations provided 99 individuals connected to the RAF with the opportunity to live independent lives, with the confidence that support was available if needed. These facilities are located in England (Storrington in West Sussex; Melton Mowbray in Leicestershire; Rothbury in Northumberland) and in Scotland (Moffat in Dumfriesshire). During 2023, work began to enlarge our provision in Rothbury by creating an additional nine rooms.

Service life places unique pressures on families, and periods of separation due to postings or deployments can be difficult for parents and children alike. Our support for those families saw over 600 separation resources (Doodle Packs and Storybook Wings stories) provided to families to help them prepare for separation and maintain connections during these difficult times. 96 per cent of those who received Doodle packs reported a positive impact on child wellbeing. We also supported the refurbishment of six RAF contact houses, enabling those serving away from their family to enjoy time together, and provided free Wi-Fi in 27 RAF/MOD locations.

Empowered

We empower our community by giving them the tools they need to live dignified, fulfilled and independent lives. In 2023 the cost-of-living crisis continued to adversely impact many within the RAF community.

The Association played a leading role in supporting the welfare needs of the RAF community, as the primary provider of casework. In 2023 we managed 47% of all RAF cases recorded on the military charity sector-wide case management system. We supported 2,728 people aged from 19 to 105, through 4,053 new welfare cases (16 per cent greater than in 2022). 32 per cent of beneficiaries were aged under 66, an increase from 29 per cent in 2022.

The average number of needs per beneficiary increased to 2.8, from 2.1 in 2022, an indication of the complexity of the cases we supported. Of the new welfare cases opened, around half (2,070) involved a crisis need (support with emergency financial assistance, debt or homelessness). In total, we sourced over £3 million for those in need from grant-giving charities, the majority of which was provided by the RAF Benevolent Fund.

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YEAR ENDED 31 DECEMBER 2023

All casework beneficiaries were contacted within two days of their initial enquiry, and 97 per cent were satisfied with the support they received (an increase from 95 per cent in 2022). Crucially, 92 per cent reported that the assistance from they received improved their wellbeing.

We were also proud of the specialist support we provided to serving, recently medically discharged and veteran personnel and family members to secure awards under the War Pensions and Armed Forces Compensation Scheme. In 2023 we supported 298 beneficiaries to secure £4.8million in lifetime awards. The quality of our support was noted by the Tribunal panel.

We continued to manage the RAF Families Federation Service contract on behalf of the RAF. In 2023, the RAF Families Federation continued to play a key role in capturing evidence on issues which concern serving RAF personnel and their families – and in sharing this with military and Government decision-makers. During the year, the Federation identified 550 cases. The nature of these reflected the wider pressures on serving families: accommodation (36 per cent), financial (17 per cent) and education (12 per cent).

Resilient

Being part of the RAF community can present unique challenges. We help our RAF community to overcome the challenges of everyday life by increasing resilience and wellbeing.

Being able to access affordable, high-quality childcare is vital to serving families, and is one of the eight core workstreams in the UK Armed Forces Families Strategy 2022-32. The strategy outlines the MOD's commitment to ensuring "families have access to good quality, enriching and safe childcare that meets their needs. This allows service personnel to fully engage with their duties, and the greater flexibility gives the family more opportunities, improving general wellbeing". RAFAKidz was established in 2019 to as a direct response to that need, providing not-for-profit nursery day care and wraparound care that gives the flexibility needed for the unique working patterns of serving families.

In 2023, RAFAKidz enlarged its provision from five to ten nurseries at RAF and MOD locations in England. This enabled over 1,000 children to benefit from high quality childcare focused on the needs of military children, at affordable prices. 93 per cent of parents/carers reported that attending a RAFAKidz nursery had improved their child or children's wellbeing, and 86 per cent of children agreed that RAFAKidz make them feel happy or very happy. RAFAKidz also provided employment opportunities for members of the RAF community: 33 per cent of RAFAKidz's 217 employees were partners or dependants of serving or recently retired RAF personnel.

Our bespoke mental wellbeing training, 'Finding It Tough?' was attended by 470 members of the wider RAF community (family members of serving personnel, contractors, veterans and their families). The course recognises the unique challenges which being part of the RAF community can present, and that everyone may struggle with mental health from time to time. 94 per cent of those who attended reported that they felt they had an improved knowledge of mental health issues, and 90 per cent felt their confidence to talk about mental health had improved.

RAF OP UNITE, a partnership with the RAF Benevolent Fund funded by the Armed Forces Covenant Fund Trust, ran a series of pilot events during 2023 to support veterans of the recent conflicts in Iraq and Afghanistan. The next phases of this project in 2024 will provide targeted support to veterans of these campaigns to support mental health and resilience.

Our Navigating Dementia service helps those who are supporting people living with dementia, recognising the additional challenges related to current or past RAF service (such as distance caring responsibilities). We continued to develop our online information hub and delivered 17 training sessions to 142 serving and ex-serving individuals and their family members. 98 per cent of attendees reported improved confidence to talk about dementia and 100 per cent would recommend the training to family and friends.

372 people stayed in our holiday accommodation in Scotland (Dunbar), Norfolk (Hemsby) and West Sussex (Selsey), enjoying time with family and friends. 37% of our guests were from serving families.

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YEAR ENDED 31 DECEMBER 2023

Resources

We are only able to provide the support we do through the commitment and time given by our committed global force of almost 6,000 volunteers. The Association remains the only military charity to train its volunteers to nationally-accredited standards. Course subjects include Safeguarding, Casework, Equality/Diversity/Inclusion, Prevent and Grief Awareness, as well as those aimed at supporting branch Trustees with their governance responsibilities. In 2023, over 1,200 courses were completed by our volunteers, equipping them with the skills and support they needed. In November 2023 we were recognised by the AIM Awards for quality.

The Association also relies on fundraising to support its activities now and in the years to come, ensuring that it can continue to support future generations of the RAF community.

We are committed to the highest possible standards of fundraising. During 2023 we continued to work to ensure that all our activities were compliant with legislative, regulatory and best practice standards. We have been registered with the Fundraising Regulator since its inception in 2016, demonstrating our commitment to the Code of Fundraising Practice and the Fundraising Promise.

In 2023, continued pressures on householder budgets caused by cost-of-living pressures meant that fundraising remained challenging. The main sources of fundraised income were donations and fundraising by individuals, branches and RAF stations, gifts in wills and donations from trusts and corporate partners. The Association is grateful for the support given to its work by all those who funded it during 2023. Some trusts, foundations, corporate partners and individuals who supported us with major gifts wish to remain anonymous; others included:

AeroSuperBatics Ltd	Little Brown
Amrik Sandhu	Lockheed Martin Corporation
Andrew Blair	Lockheed Martin UK
Anne Jane Green Trust	Lonestar Analysis
April Fools Club	Lotus
Armed Forces Covenant Fund Trust	Lord Naseby
Aviation Focus Group	Maud Elkington Charitable Trust
Babcock	MBDA Missile Systems
BAE Systems plc	Moondance Foundation
Beryl Doreen (BD) Thomas Charitable Trust	Musketeer Solutions
Boeing	PF Charitable Trust
CAE	Plexys
CGI	QinetiQ
City Bridge Foundation	Queen Mary's Roehampton Trust
Clarion Events Ltd	RAF Club
Collins Aerospace	The Rare Tea Company
Davis-Rubens Charitable Trust	Raytheon
The Digital Line	Red Arrows Trust
Duncan Barber OBE	Roger Raymond Charitable Trust
East Coast Community Fund	Scottish Veterans Fund
Ecomnova	Sir Donald and Lady Edna Wilson Charitable Trust
Edward Gostling Foundation	Sir Jeremiah Colman Gift Trust
Fujitsu	Stratford Charity
Gerlad Bentall Charitable Trust	Verizon
IMLD Forde Charitable Settlement	Wilkin & Sons
Inzpire	Wolf Brewery
Lillie C Johnson Charitable Trust	Zedra Trust Company
KBR	ZVM Rangoonwala Foundation
Leonardo UK	

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During 2023, all our interactions with the general public were carried out by our employees and volunteers, except for one supplier whose services we employed to interact directly with the public to administer our Wings Lotto. We ensured that the contract with the supplier included fundraising compliance clauses. As part of our work to ensure compliance with fundraising regulation and best practice, we monitor our supplier to ensure they continue to meet the same high standards we expected of our own fundraisers. In a similar vein, we also have contracts in place with all corporate partners who raised funds or donated to us.

The Association has a Fundraising Complaints Policy and has processes in place to protect vulnerable donors. During 2023 we received no complaints about our fundraising, whether carried out by us directly or in relation to the Lotto.

Governance

The Association is committed to meeting the highest standards of governance in all its activities and to ensuring that everyone who acts in the name of the Association – volunteers, employees, and members – meets the highest standards of conduct and probity. The Association has adopted the Charity Governance Code (for larger charities) and conducts an annual review against the Code to support continuous improvement. Further details are provided later in this report. The Association also conforms to the Cobseo governance framework for military charities.

Public benefit

When reviewing the Association's aims and objectives and in planning activities and policies, the Trustees have considered the Charity Commission's general guidance on public benefit and to its supplementary guidance on public benefit and fee charging. All services are either free or heavily subsidised. Where fees are charged, for occupying a residential property, the beneficiary's means are always considered so that no eligible member of the RAF community is prevented from accessing the services of the Association because they cannot afford the full cost. The Association also provides a public benefit as it promotes efficiency in the RAF, by underpinning a spirit of pride and mutual loyalty, and so contributing to the defence of the United Kingdom and its interests.

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

Income

During the year, the consolidated income raised from members, volunteers, the general public, and investments was £16,231k (2022, £12,558k). In 2023 legacy income was £1,358k (2022, £986k).

2023 saw a recovery in the performance of the investments held by the Association, with net investment performance gains of 5.2% (2022, a fall of 9.6%). Investment income contributed £564k to the Association's overall income (£622k, 2022).

Expenditure

In 2023 expenditure was £17,695k an increase of 11 per cent from £15,913k spent in 2022. This reflects the Trustee's commitment to increase services for our beneficiaries in terms of welfare, activities and services. In 2023 £15,608k (£13,941k in 2022) was spent on charitable activities. 88p of every pound raised was spent on welfare activities.

Investment policy and performance

The Trustees have the power to invest any of the Association's funds not immediately required for the purposes of the charity in accordance with the provisions of the Trustee Act 2000. The Trustee-appointed investment managers, Rathbones Investment Management Limited and Rothschild & Co, are managed by the Council's Finance and Audit Committee, assisted with independent oversight provided by Asset Risk Consultants.

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YEAR ENDED 31 DECEMBER 2023

The investment portfolio comprises three elements managed by Rathbones: (1) an unrestricted fund, (2) the Formby Branch Deposit fund, and (3) the Branch Deposit Fund (a pooled fund of monies held in trust for and invested in respect of the Association's branches holdings within the Association. The Rothschild Fund is also a pooled fund held in trust for and invested in and also on behalf of the Association's branches.

The Association's investments were reviewed at quarterly committee meetings in 2023 and performance reported to Council. The Association's investment portfolio was valued at £21,152k at the close of 2023 (2022: £21,472k).

Trustees agreed a strategy to draw on the Association's investment reserves in a managed way where required to ensure continued provision of welfare services. In addition, the Association receives the dividend income from some of its investments to support its charitable activities. The charity's medium term financial plan (a rolling plan looking forward five years) takes both factors into account. A net £1,298k of capital was withdrawn from investments to support the operation of the charity.

The Association continues to employ the services of Asset Risk Consultants to provide analysis and evaluation of investment performance, which serves to enhance the decision-making capability of the Finance and Audit Committee.

Reserves policy

The reserves policy was reviewed by the Council in November 2023. Trustees have adopted a pragmatic approach to ensure that the Association holds sufficient reserves to respond to current and future welfare needs quickly and effectively. Reserves planning is a key component of the Association's strategic planning process, the Council regularly review the level of reserves to ensure that funds are available to deliver our welfare services and programmes and to secure the long-term sustainability of the Association. The charity's research undertaken in recent years, the Association is aware of a growing need among all generations and this need is likely to grow. Linked to this uncertainty is a trend of cuts in social welfare budgets across the UK and there is evidence of increasing levels of social isolation and loneliness amongst all ages – all of which was considered when reviewing the policy.

The Association adopts a forward-looking strategic risk-based outlook on the needs of the RAF community and consequently does not use short-term measures focusing on a limited number of months' operating costs. The Finance and Audit Committee reviews the Medium-Term Financial Plan at each of its meetings and makes recommendations to the Council on the management of financial risks.

The Association is heavily reliant on voluntary income from fundraising, legacies and donations, which is not guaranteed. The increased cost of living has adversely affected voluntary income generation. The Trustees have therefore agreed to aim for a level of unrestricted free reserves of £15m to cover the costs associated with normal operations over a 12-month period to address the risks to our services and programmes to beneficiaries, members and employees. A medium-term financial plan expects this to be achieved in 2027 following a strategic, planned and actively managed investment of reserves into the welfare provision for beneficiaries.

At the end of December 2023, consolidated unrestricted reserves totalled £13,304k (2022: £9,419k). In addition, designated reserves are held of £12,151k (2022: £15,734k) which are intended to maintain welfare services, reaching more of the RAF community, and support plans to increase and diversify income in the long-term.

The closing balance of the restricted reserves, funds received for specific activity, decreased to £1,619k (2022: £2,234k).

Pensions

The value of the defined benefit pension scheme at 31 December 2023 has been calculated in accordance with FRS102 regulations. The valuation resulted in an increase in value to a surplus of £149k in 2023, against a surplus of £33k at the end of 2022. The Association continued to make payments into the Scheme in 2023 of £100k, as agreed with the pension Trustees. In accordance with FRS 102, the increase in valuation is not included in the balance sheet as contributes toward an existing unrecognised surplus.

Risk Management

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

The Association does not generally have an appetite for high exposure risks; nevertheless, the Trustees recognise that delivering the ambitious strategic aims and objectives outlined in the Strategic Plan to 2030 will involve a degree of risk-taking and uncertainty. As such, there is an appetite for higher levels of risk where appropriate to deliver against strategic aims, objectives and targets provided there is a comprehensive understanding of the exposures involved and potential benefits arising, and subject to there being appropriate controls and approval processes in place. In terms of priorities, Trustees have agreed that the need to avoid safeguarding, reputational, compliance and excessive financial risk will take priority over other factors, recognising balanced assessments must be made and that some risk must be accepted when introducing change or new ways of working.

The Association's risk management and assurance process is designed to identify and assess risks such that appropriate risk management and mitigation strategies are implemented, and their effectiveness monitored. Trustees are supported in this by the Council Committees, which each scrutinise risk, mitigations and performance against linked KPIs at every meeting. These assessments inform the risk report presented to Council each quarterly.

Trustees have identified the following as its key risks and the strategic risk register is reviewed at each Council meeting.

- *Failure to deliver quality and safe services.* Ensuring the safety of those who access our services is fundamental to the work of the Association. Council is supported in its management of this risk by the Safeguarding Committee. The Independent Chair provides constructive challenge to the work of the Association. The Safeguarding Policy is reviewed annually. The Safeguarding Committee reviews progress against a comprehensive action plan, and a specific safeguarding risk register, quarterly.
- *Failure to sustain a large and engaged membership.* Membership numbers are monitored and reported to Council quarterly. Mitigating actions include member recruitment, retention and reengagement activities and work by the charity and branches to engage with members.
- *Long term financial sustainability and short-term cash flow failure.* The Association, like many charities, continues to experience challenges in raising funds, as donors adjust to the cost-of-living pressures. Council has an agreed strategy to draw upon reserves to ensure that welfare output can be sustained, while income streams recover. This requires close consideration of financial performance. It is supported in this by the Finance and Audit Committee which meets quarterly to review financial performance, cash flow and performance against the Medium-Term Financial Plan, which includes assumptions regarding the required draw on investment funds. The Committee and Council provide oversight to ensure that performance remains within the parameters agreed in this Plan.
- *Branch and Club governance and compliance failure.* The Council has identified regulatory compliance at branch level as a strategic risk, with concerns about the wider reputational risk that the Association faces from its decentralised structure where branches are separate charities but operate under a shared name and constitution. Considerable progress has been made by branches in meeting the compliance requirements established under charity law and the Association's own constitution. The Association continues to provide dedicated support from subject matter experts on branch governance and wider regulatory matters such as fundraising, safeguarding and property.
- *External threats.* Mitigation plans include collaboration with other charities and organisations, the use of research to inform our ability to anticipate the changing needs of the RAF community, informing the development of policy, developing unique service propositions and the diversification of service provision.
- *Loss of operational capability.* Plans include development of business continuity plans, which are tested regularly, provision to work remotely in the event of disruption to our ability to access key premises, cyber security, and a range of measures to ensure that the charity is able to recruit and retain appropriately qualified and trained employees and volunteers.

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TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

- *Significant change management projects.* Council recognises the need for change and adaptation of services and ways of working as the Association responds positively to changes in the needs of the RAF community and the external environment. Mitigation plans include the implementation of defined project management methodology and documentation. Oversight is provided by a project governance board, Senior Management Team and committees to enable prioritisation of work.
- *Information risk.* Data and information are recognised as a strategic asset and protected accordingly. The Association employs professionally qualified staff who regularly review cyber and data policies and processes. During 2023 it maintained its Cyber Essentials Plus certification.
- *Corporate governance failure and Group legislative / regulatory failure.* Mitigation includes regular reviews of policies, Council, Committee and / or subsidiary Board oversight, employment of professionally qualified staff and mandatory training.

Operational risk registers are also subject to regular review by the appropriate Council Committee so that assurance is provided to the Council that operational risks are being effectively managed. Each Committee has been charged with reviewing each of its relevant policies to ensure that the risk tolerance of each policy is within the overall risk tolerance set by the Council.

The Council is satisfied that all risks are being appropriately addressed.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal Air Forces Association, which was established in 1930, was incorporated by Royal Charter in 1953. The Association is a registered charity governed by the Royal Charter, its Rules and Byelaws. The charity is also known as the RAF Association and RAFA. The Association is registered with the Charity Commission and with the Office of the Scottish Charity Regulator. It is also registered with the Fundraising Regulator and Information Commissioner's Office (ICO). The Association is a democratic, non-sectarian non-political organisation with no affiliation to any party or party organisation or trade union. The Association is a member of the Confederation of British Service and Ex-service Organisations (Cobseo).

The Association is an international organisation with over 66,000 members and 229 branches in the UK and overseas. It is also the ultimate parent undertaking of five trading subsidiaries (RAFATRAD Limited, Royal Air Forces Association Housing Limited, RAFAKidz Limited, RAFA Kidzone Limited, RAFA Events Limited) and two non-active companies (RAFAKidz Wings Limited and RAFA Wellbeing Limited).

The Board of Trustees (The Council)

The Council is the Association's Board of Trustees and is collectively accountable to the Association's members, beneficiaries and other stakeholders for the long-term success of the Association. Members of the Council are elected or appointed for a three-year term, after which they are eligible to stand for re-election on a further two occasions; they may not hold office for a continuous period exceeding nine years. The Council is responsible for the Association's compliance with all relevant legislative and regulatory requirements. It is responsible for determining the strategy and values of the Association, approving the annual business plan, supporting strategies and the associated budget, holding the Secretary General (who is responsible for the day-to-day management of the Association's affairs) and Senior Management Team to account for the Association's performance, standards of conduct and corporate governance.

The Council recognises that good governance is fundamental to the success of the charity and is committed to continuous improvement in terms of its own effectiveness, the governance of all Group companies and branch governance. The Council has adopted the Charity Governance Code for larger charities and assesses annually how it meets the principles, outcomes and recommended practice. Where areas for improvement are identified an action plan is agreed and its implementation is monitored by the Council.

The composition of the Council is prescribed by the Association's Rules and Byelaws and may comprise up to 24 Trustees. Following resolutions passed by Conference in 2021, the number of Trustees on Council was reduced to 15, as follows:

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TRUSTEES' REPORT (CONTINUED)
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- The President of the Association, elected triennially at Annual Conference. Air Marshal Sir Baz North KCB OBE MA FRAeS was re-elected for a third, and final, term in 2023.
- The Chair of Council, elected triennially at Annual Conference. Air Vice-Marshal Alastair Reid CB was elected to his first term of Office in October 2022.
- The Treasurer of the Association. Mr Phillip Tagg retired from this role, having completed his third term of Office in 2023. Mrs Sally Munday was elected to her first term of Office in October 2023.
- Five Area Elected Trustees, one elected by each of our five Areas.
- Three Service representatives nominated by the Royal Air Force.
- A maximum of four co-opted Trustees.

All Trustees give their time voluntarily and receive no benefits from the charity. Any expenses reclaimed from the charity are set out in Note 9 to the accounts.

When new Trustees are elected or appointed, an induction on the work of the Association and Trustees' roles and responsibilities is provided. The Council, either as a whole or through its sub-committees, also receives ongoing briefings and training from senior management and external advisors in key areas such as risk management, safeguarding, data protection, fundraising, and financial management. Further training and development are provided to meet specific needs and Trustees receive annual (online) refresher training on matters including health and safety, equality and diversity and cyber security.

The Council has appointed designated lead Trustees for Health and Safety (Mr M Watkins), Safeguarding (Air Commodore G A Opie CBE RAF), and Whistleblowing (Ms F Barber).

Council Meetings

The powers of the Council are set out in the Royal Charter, Rules, and Byelaws which are supplemented by the Standard Regulations governing the Areas, Regions, Branches and Branch Clubs (collectively the 'Governance Handbook'). The Council may exercise all powers conferred on it by the Governance Handbook and in accordance with the Charities Act 2011 and other applicable legislation. The Council usually holds five face-face meetings each year. The Council has also adopted a procedure for making decisions ex-committee. All ex-committee decisions are subject to ratification at the next Council meeting.

Trustee	Total Meetings	Total Attended	Attendance %
Air Marshal Sir Baz North	5	5	100%
Air Vice-Marshal Alastair Reid	5	5	100%
Air Vice-Marshal Mark Neal	5	5	100%
Mr Philip Tagg	3	3	100%
Mrs Sally Munday	2	2	100%
Air Commodore Alan Opie CBE RAF	5	5	100%
Mr Anthony Rees	3	2	67%
Ms Fiona Barber	5	4	80%
Mr George Overton	5	4	80%
Squadron Leader Kyle Roachford RAF	4	1	25%
Ms Margaret Greer	2	2	100%
Mr Martin Watkins	5	4	80%
Warrant Officer Michelle Rees-Martin	5	3	60%
Ms Pauline Bearblock	5	3	60%
Mr Ray Blunden	5	5	100%
Ms Samantha Barber	3	1	33%
Flt Lt Simon Arnett RAF	2	2	100%

THE ROYAL AIR FORCES ASSOCIATION
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

Committee Structure

Throughout the year the work of the Council was supported by Committees. Each Committee has written terms of reference approved by the Council. Members of the committees are a combination of Association Trustees and personnel co-opted as determined by the Council. This allows Council to ensure an appropriate balance of skills on each committee.

The Committees in effect in 2023 were as follows.

Committee	Chair	Number of members	Number of meetings
Branch and Membership	AVM M Neal	12	4
Finance and Investment	Mr P Tagg	5	3
Information	AVM M Neal	7	4
Safeguarding	Ms M Jones	5	4
Welfare	Ms F Barber	8	4
Annual Conference	Mr A Rees	5	5
Audit	Mrs S Munday	4	1
Remuneration	AVM A Reid	4	1
Nominations	AVM A Reid	3	3
Finance and Audit Committee (from November 2023)	Mrs S Munday	5	1

During 2023 Council took the decision to merge the Finance and Investment Committee and Audit Committee into a single Committee. The Committee contains both Trustee members and a majority of independent co-opted members, to ensure appropriate balance and challenge. It met in this new form once during 2023, in November. It is chaired by the Association's Honorary Treasurer, Mrs Sally Munday.

Committees generally meet in advance of Council meetings, with minutes of meetings being provided to the Council, together with any recommendations. Council and its Committees are also supported, from time to time, by Task and Finish Working Groups who are charged with reviewing specific tasks or activities and make recommendations to Council and / or its Committees.

Delegated Authority

The Council has a formal schedule of matters specifically reserved for its approval which cannot be delegated. Other specific matters have been delegated to its Committees and these are clearly defined within the relevant terms of reference. Day-to-day management of the Association is delegated to the Secretary General and his team and the Council reviews its scheme of delegated authority on an annual basis. Notwithstanding any delegation, the Council remains collectively accountable for the work of the Association.

Branches and Areas

Branches are separate organisations from the Association; branch accounts are not consolidated with those of the Association. Branches fundraise on their own behalf and on behalf of the Association (the annual Wings Appeal). The Association provides branches with an annual rebate to support branch membership and welfare activity.

Branches share the same objective and constitution as the Association and, as such, are individual charities in their own right and are required to register as charities in accordance with the relevant local jurisdiction.

Annual Conference

2023 was the first fully hybrid Conference held by the Association, following changes to the Byelaws accepted by delegates to Conference in 2022. This allowed Branches the choice to vote in advance, in person or via the online voting platform. This had a positive impact on participation, with 23 delegates joining remotely, and 24 branches voting in advance, in addition to those attending in person.

THE ROYAL AIR FORCES ASSOCIATION
TRUSTEES' REPORT (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

At Conference AM Sir Baz North was re-elected as President of the Association, for a third and final term. Mrs Sally Munday was elected as Treasurer, succeeding Mr Phillip Tagg following a recruitment process overseen by the Nominations Committee. UHY Hacker Young LLP were elected as auditors of the Association. The reports by the Chairman of Council, Treasurer and Secretary General were presented and branches were provided with an opportunity to raise questions following the presentations.

Conference considered a proposal regarding potential changes to the way in which members should be enfranchised in future. Work will continue in 2024 to act on the views expressed, and present proposals to Conference in 2024.

Subsidiaries

RAFATRAD Limited is a wholly owned subsidiary of the Association, which sells commemorative items and memorabilia and undertakes fulfilment activity for the charity. RAFATRAD Limited is a company limited by shares incorporated under Companies Act 2006.

Royal Air Forces Association Housing Limited (RAFA Housing) is a wholly owned subsidiary of the Association. It is a community benefit society registered under the Co-operative and Community Benefit Societies Act 2014, regulated by the Financial Conduct Authority (FCA). RAFA Housing is a registered provider of social housing regulated by the Regulator of Social Housing (formerly known as the Homes and Communities Agency).

RAFAKidz Limited is a wholly owned subsidiary company limited by shares incorporated under Companies Act 2006. During 2023 it operated pre-school nurseries in accordance with the Early Years Foundation Stage at RAF Boulmer, RAF Brize Norton, RAFC Cranwell, RAF Digby, three settings at RAF High Wycombe, RAF Leeming, and RAF Odiham, and the tri-service facility at MOD Worthy Down. It also operated wrap-around care at RAF Cranwell, RAF Digby and RAF Leeming.

RAFA Events Limited, RAFAKidz Wings Limited and RAFA Wellbeing Limited are companies limited by shares incorporated under Companies Act 2006. RAFAKidz Wings Limited is a subsidiary of RAFAKidz Limited. None of these three companies traded in 2023.

Remuneration Policy

The Association is committed to recruiting, retaining and developing people with the necessary skills and knowledge to make a positive contribution in helping deliver the organisation's objectives. Making effective decisions in relation to remuneration and reward is considered both central and crucial to the continued success of the Association's overall aims. The Association's Remuneration Policy centres on the following principles:

- Reward employees using processes that are fair, equitable, and transparent.
- Aim to pay competitively against our relevant comparators in the voluntary sector.
- Enhance the organisation's competitive positioning by promoting a total reward approach, recognising that other aspects of the employment package (e.g. benefits and development opportunities as well as the intrinsic moral value of working for a charity) are also valuable to employees.

Remuneration Review and Annual Pay Award

The Council, through the Remuneration Committee, composed of three Trustees, sets pay and conditions for all Association employees, including the senior management team, and reviews the Remuneration Policy annually, ensuring that the principles outlined above are adhered to and remain appropriate within the wider economic context. Employee remuneration is reviewed annually in August and any changes are implemented from the following 1 January. Salary benchmarking is undertaken using data from the Office for National Statistics (ONS) and surveys by Croner. The Association has introduced the National Living Wage Foundation on a discretionary basis.

Employees earning over £60,000 per annum are shown at Note 10 of the accounts. Key management personnel are the Secretary General, Deputy Chief Executive and Charity Director.

This remuneration policy and review applies to Association employees only. Employees of subsidiary companies are subject to separate arrangements set by the respective Boards of Directors.

Future Outlook

The Association has continued to adapt in response to the challenge of fulfilling emerging and changing welfare needs whilst managing the impact of COVID-19 pandemic and the cost-of-living crisis on revenue generation of the Association and its subsidiaries. Trustees have chosen to prioritise sustaining welfare support for those who need it and as such have chosen to draw on reserves where required to ensure that the needs of the RAF community continue to be met.

Council considers that the actions taken since 2020, including a continued focus on reducing operating costs whilst sustaining operational output, are appropriate and the charity continues to operate within the parameters agreed by Trustees as part of the medium-term financial plan (MTFP).

Auditor

In accordance with the Association's rules and byelaws, a resolution proposing that UHY Hacker Young be reappointed as auditor of the Association will be put at 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. The law applicable to charities in England and Wales, Scotland and Northern Ireland requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the Association and the Group, and of the incoming resources and application of resources of the Association and the Group 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 (SORP);
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable 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 Association will continue in business.

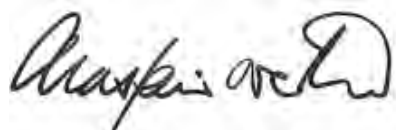
The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and the Group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, The Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the Royal Charter. 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 Association'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.

The Council has given due regard to the increased pressure on income streams brought about by the COVID-19 pandemic and have concluded that the positive level of general reserves, a healthy cash and investments balance, the benefit of Government measures and support as well as the continued support of its regular contributors, means the going concern basis remains appropriate for the preparation of these financial statements.

This report was approved by the Trustees on 15 May 2024 and signed on their behalf by:



Air Vice-Marshal A N C Reid CB

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL AIR FORCES ASSOCIATION

Opinion

We have audited the financial statements of the Royal Air Forces Association (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Group and Association Statement of Financial Activities, the Consolidated and Association Balance Sheets, the Consolidated and Association Statements 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 group's and parent charity's affairs as at 31 December 2023 and of the group's and parent charity's incoming resources and application of resources 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 Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

Basis for opinion

We have been appointed auditors under section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under section 151 of the Charities Act 2011 and report in accordance with regulations made under those Acts.

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, 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 TRUSTEES OF THE ROYAL AIR FORCES ASSOCIATION

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' annual report; or
- proper and sufficient accounting records have not been kept by the parent charity; or
- the parent charity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities set out on page 14 the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the charity and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the acts by the charity, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charities Act 2011, the parent charity's governing document and tax legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to legacy income recognition, fund accounting, valuation of investments and valuation of investment properties.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to the Care Act 2014. We performed audit procedures to inquire of management (and those charged with governance whether the Association is in compliance with these law and regulations and inspected correspondence with regulatory authorities).

Audit procedures performed by the engagement team included:

- reviewing the systems, controls and procedures of the charity relevant to the preparation of the financial statements to ensure these were in place throughout the year;
- evaluating management's controls designed to prevent and detect irregularities;
- review of the financial statement disclosures to underlying supporting documentation;

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL AIR FORCES ASSOCIATION

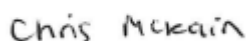
- review of correspondence with and reports to the regulators, including correspondence with OFSTED;
- enquiries of management in so far as they related to the financial statements;
- testing of journals in particular journal entries posted by unusual users, postings with unusual descriptions, postings with unusual dates and postings with unusual and material amounts;
- evaluating whether there was evidence of bias by the Trustees that represented a risk of material misstatement due to fraud;
- challenging assumptions and judgements made by management in their critical accounting estimates;
- reviewing the legacy income documentation to ensure that the legacy income is being recognised in line with the applicable financial reporting standards; and
- review the reasonableness and supporting documentation of the property valuations.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.


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 charity's Trustees, as a body, in accordance with section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005, and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Chris McKain
Senior Statutory Auditor



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

THE ROYAL AIR FORCES ASSOCIATION

GROUP STATEMENT OF FINANCIAL ACTIVITIES (including consolidated income and expenditure account)

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
INCOME:					
Donations, Legacies and Subscriptions	3	3,374	298	3,672	2,663
Donations – assets gifted from branches	28	1,688	-	1,688	380
Charitable Activities:	6	558	2,112	2,670	6,388
Other Trading Activities:					
Trading income		5,883	-	5,883	845
Grand Draw and other fundraising income		1,754	-	1,754	1,619
Investment Income and Interest	5	564	-	564	662
Total Income		13,821	2,410	16,231	12,557
EXPENDITURE:					
Cost of Raising Funds		2,075	-	2,075	1,968
Charitable Activities:					
Residential & Respite Care Home		1,286	55	1,341	1,665
Friendship & Welfare Support		10,047	2,626	12,673	11,449
Other Support Costs		1,594	-	1,594	827
Other Expenditure:					
Interest Paid on Branch Deposits		15	-	15	17
Interest on Defined Benefit Pension Liabilities		(3)	-	(3)	(13)
Total Expenditure	7	15,014	2,681	17,695	15,913

THE ROYAL AIR FORCES ASSOCIATION
GROUP STATEMENT OF FINANCIAL ACTIVITIES (including consolidated income and expenditure account)
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
Net expenditure		(1,193)	(271)	(1,464)	(3,356)
Net gains / (losses) on investment assets	14(b)	1,172	15	1,187	(2,173)
Net expenditure		(21)	(256)	(277)	(5,529)
Other recognised losses:					
Net losses on revalued assets		-	-	-	(608)
Actuarial losses on defined benefit pension scheme	11	(36)	-	(36)	(47)
Net movement in funds		(57)	(256)	(313)	(6,184)
Reconciliation of Funds					
Total Funds Brought Forward		25,153	2,234	27,387	33,571
Transfer between funds		359	(359)	-	-
Total Funds Carried Forward		25,455	1,619	27,074	27,387

All income and expenditure derive from continuing activities.

The Group Statement of Financial Activities includes all gains and losses recognised in the year.

THE ROYAL AIR FORCES ASSOCIATION
ASSOCIATION STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
INCOME:					
Donations, Legacies and Subscriptions	3	3,389	56	3,445	2,577
Donations – assets gifted from branches	28	1,688	-	1,688	380
Charitable Activities:	6	625	2,112	2,737	3,333
Other Trading Activities:					
Grand Draw and other fundraising income		1,754	-	1,754	1,619
Investment Income and Interest	5	564	-	564	662
Total Income		8,020	2,168	10,188	8,571
EXPENDITURE					
Cost of Raising Funds		991	-	991	957
Charitable Activities:					
Residential & Respite Care Home		1,116	55	1,171	1,505
Friendship & Welfare Support		5,505	2,427	7,932	8,651
Other Support Costs		1,847	-	1,847	879
Other Expenditure:					
Interest Paid on Branch Deposits		15	-	15	17
Interest on Defined Benefit Pension Liabilities		(3)	-	(3)	(13)
Total Expenditure	7	9,471	2,482	11,953	11,996

THE ROYAL AIR FORCES ASSOCIATION
ASSOCIATION STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
Net expenditure		(1,451)	(314)	(1,765)	(3,425)
Net gains/(losses) on investment assets	14(b)	1,157	-	1,157	(2,169)
Net expenditure		(294)	(314)	(608)	(5,594)
Other recognised losses:					
Net losses on revalued assets		-	-	-	(608)
Actuarial losses on defined benefit pension scheme	11	(36)	-	(36)	(47)
Net movement in funds		(330)	(314)	(644)	(6,249)
Reconciliation of Funds					
Total Funds Brought Forward		25,002	2,069	27,071	33,320
Transfer between funds		351	(351)	-	-
Total Funds Carried Forward		25,023	1,404	26,427	27,071

All income and expenditure derive from continuing activities.

The Association Statement of Financial Activities includes all gains and losses recognised in the year.

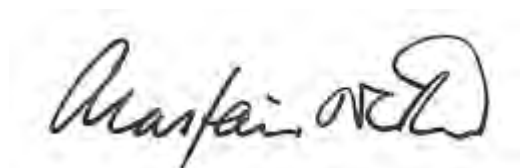
THE ROYAL AIR FORCES ASSOCIATION
CONSOLIDATED AND ASSOCIATION BALANCE SHEETS
AT 31 DECEMBER 2023

	Notes	Group		Association	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Fixed assets:					
Intangible assets	12	689	1,026	680	1,015
Tangible assets:					
Properties	13	4,719	4,840	4,240	4,365
Equipment and furniture	13	472	400	287	287
		5,880	6,266	5,207	5,667
Investments:					
Investments	14	21,152	21,472	20,776	21,275
Programme related investments - loan to branches		124	125	124	125
Total fixed assets		27,156	27,863	26,107	27,067
Current assets:					
Assets held for resale	15	440	300	440	300
Stocks		449	294	-	-
Debtors	16	667	421	1,413	1,291
Cash at bank and in hand		2,951	2,730	2,262	2,248
Total current assets		4,507	3,745	4,115	3,839
Current liabilities:					
Creditors: amounts falling due within one year	17	(4,324)	(3,952)	(3,795)	(3,835)
Net current (liabilities)/assets		183	(207)	320	4
Total assets less current liabilities		27,339	27,656	26,427	27,071
Creditors: amounts falling due after more than one year	18	(265)	(269)	-	-
Net assets including pension scheme liability		27,074	27,387	26,427	27,071

THE ROYAL AIR FORCES ASSOCIATION
CONSOLIDATED AND ASSOCIATION BALANCE SHEETS (continued)
AT 31 DECEMBER 2023

	Notes	Group		Association	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Funds:					
Restricted funds	20	1,619	2,234	1,404	2,069
Unrestricted funds:					
Designated funds	21	12,151	15,734	12,113	15,734
General funds		13,304	9,419	12,910	9,268
Total funds		27,074	27,387	26,427	27,071

The financial statements on pages 18 to 56 were approved and authorised for issue by the Trustees on 15 May 2024 and signed on their behalf by:



Air Vice-Marshal A Reid
CB OSTJ MBChB MSc DRCOG DAvMed FFOM

THE ROYAL AIR FORCES ASSOCIATION
CONSOLIDATED AND ASSOCIATION STATEMENTS OF CASHFLOWS
AT 31 DECEMBER 2023

	Notes	Group		Association	
		2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash out flows from operating activities	23	(1,550)	(3,288)	(2,026)	(3,568)
<hr/>					
Cash flows from investing activities					
Investment income		564	662	564	662
Interest payable		(15)	(17)	(15)	(17)
Payments to acquire intangible fixed assets		(3)	(74)	(3)	(62)
Payments to acquire tangible fixed assets		(183)	(141)	(64)	(74)
Assets for resale		440	330	440	330
Investment Property		400	-	400	-
Payments to acquire investments		(622)	(1,923)	(472)	(1,723)
Receipts from disposals of investments		1,335	3,363	1,335	3,363
Net cash provided by investing activities		366	2,200	159	2,478
<hr/>					
Cash flows from financing activities					
Decrease in loans to branches		1	4	1	4
(Decrease)/increase in deposits by branches		(146)	(227)	(146)	(226)
Net cash from financing activities		(145)	(223)	(145)	(222)
<hr/>					
Change in cash and cash equivalents in the year		221	(1,311)	14	(1,312)
Cash and cash equivalents at the beginning of the year	24	2,730	4,041	2,248	3,560
Cash and cash equivalents at the end of the year	24	2,951	2,730	2,262	2,248

**THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
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.

Accounting Estimates

The Charity makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pension assumptions. The discount rate and inflation rate and the decision not to recognise the gain in excess of the reversing liability are considered to be key estimates in calculating the defined benefit liability and sensitivities have been disclosed within Note 11.

Investment properties are valued at their fair value based on an open market value for existing use of the properties. The valuations are made by a qualified Chartered Surveyor, using a variety of assumptions to determine the valuation of the investment's properties taking account of the fact that the properties are tenanted under lease and providing an income stream rather than being immediately available to occupy. Any changes in these assumptions would impact on the carrying value of these investment properties. Where there is a leasehold agreement in place or planned, then this will form the basis of the valuation, otherwise the open market value may be appropriate.

Critical area of judgement

The Trustees believe there is no critical area of judgment.

2. PRINCIPAL ACCOUNTING POLICIES

General information

The Royal Air Forces Association is incorporated by Royal Charter and is a registered charity at the Charity Commission in England and Wales (charity number 226686) and at the Scottish Charity Regulator (OSCR) in Scotland (charity number SC037673).

The address of the charity's registered office and principal place of business is Atlas House, Wembley Road, Leicester, LE3 1UT. The group consists of the Association and its subsidiaries as set out in Note 4. The nature of the group's operations are set out in the Trustees' Report.

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold property and to include investment properties at fair value, 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, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102), the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their accounts in accordance with (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

Basis of preparation (continued)

The financial statements of the Association comprise the funds of the Association but not the branches which are separate registered charities and do not share common Trustees with the Association.

The Royal Air Forces Association meets the definition of a public benefit entity under FRS 102 and have therefore applied the relevant public benefit requirements of FRS 102.

Monetary amounts in the financial statements are rounded to the nearest £1,000. Prior year figures are presented to accommodate historical rounding movements carried forward. The financial statements are presented in sterling which is also the functional currency of the Association.

Going Concern

As set out in the Trustees report, Council has given due regard to the increased pressure on income streams brought about since the pandemic and have concluded that the positive general reserves, healthy cash and investment balances, grant opportunities and continued support of its regular contributors, means that the going concern basis remains appropriate for the preparation of these financial statements.

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

Consolidation

The group Statement of Financial Activities and group Balance Sheet consolidate the financial statements of the Association and its subsidiaries. The results of the subsidiaries are consolidated on a line-by-line basis. Intra group transactions, balances and unrealised gains are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

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 Association 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 Association 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 (SOFA) when the Association 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 and subscriptions is included when receivable. Legacies are accounted for as soon as entitlement, probability and a monetary value can be reliably determined. The sums due under the contract from the MoD is included as income in the period it is earned.

Fundraising income is included in income in the period in which the Association becomes entitled to receipt. Trading income is recognised as earned.

Investment income is included when receivable.

Income from charitable activities is included in income in the period in which the Association 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 Association 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.

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

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

Support costs, which include the secretariat, finance, information technology and human resources, have been allocated to cost of raising funds and charitable activities on the most appropriate basis. Secretariat and finance costs have been allocated on the basis of time spent. Information technology costs have been allocated on the basis of equipment usage. Human Resource costs have been allocated on the basis of staff numbers.

Grants

Grants are accounted for when either the recipient has a reasonable expectation that they will receive a grant or when the Trustees have agreed to pay the grant without condition.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Intangible fixed assets

Intangible assets are initially recorded at cost and subsequently measured at cost net of accumulated amortisation and any impairment loss. Amortisation is provided for on all intangible assets at rates calculated to write off the cost of each asset less its residual value evenly over its expected useful economic lives as follows:

- Computer software and Website	over 5 years
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Impairment reviews are carried out where there are indications that recoverable amounts of intangible fixed assets are below their carrying values.

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

Tangible fixed assets

Tangible fixed assets are initially recorded at cost and subsequently measured at cost or valuation net of depreciation and any impairment loss. The Association and each subsidiary will capitalise items over the value of £500. 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 lives as follows:

- Freehold properties	2% on cost
- Short leasehold properties	over the terms of the leases
- Computer equipment*	25% on cost
- Other equipment and furniture*	between 15% and 25% on net book value
- Motor vehicles*	25% on net book value/over 15 years

*These fixed asset classes have been combined in Note 13

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.

Revaluation of Properties

Properties whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the land and buildings is usually considered to be their market value.

Revaluation gains and losses are recognised in Other Gains and Losses in the Statement of Financial Activities.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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. Unlisted investments are stated at cost less impairment at the balance sheet date. Both 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.

Investment properties are initially measured at cost and subsequently measured at fair value whilst a reliable measure of fair value is available without undue cost or effort. Changes in fair value in gains/losses in Investment Assets are recognised in the Statement of Financial Activities.

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. A provision is made for obsolete and slow-moving items.

Financial instruments

The Group 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.

Pension costs

The Association operates a defined benefit pension scheme that closed to new entrants in December 2000 and to future accrual on 31 December 2012.

Contributions are paid to the scheme in accordance with the recommendations of the scheme actuary.

Actuarial gains and losses arising from any new valuation and from updating the latest actuarial valuation to reflect conditions at the balance sheet date are recognised in the Statement of Financial Activities. The interest costs and the interest on assets are shown as a net amount of income or expenditure as appropriate. Other adjustments are included within employee costs.

As detailed in Note 11, pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis and discounted at a rate equivalent to the current rate of return of a high-quality corporate bond of equivalent currency and term of the scheme liabilities. Full updated actuarial valuations are obtained triennially and are reviewed in the following two years at each balance sheet date. The defined benefit pension scheme asset or liability is presented separately after other net assets on the face of the balance sheet.

The assets relating to the pension scheme are held separately from those of the Association in separate Trustee administered funds.

The Association also contributes to individual employees' personal stakeholder pension arrangements, where employees are not members of the defined benefit scheme. Contributions payable are charged to the Statement Of Financial Activities as they become payable. Differences between contributions payable in the year and contributions actually paid are shown in either accruals or prepayments in the balance sheet.

Operating lease agreements

Rentals under operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Statement of Financial Activities on a straight-line basis over the lease term.

Volunteers

No amounts are included in the financial statements to reflect the value of work undertaken by volunteers.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

3. DONATIONS, LEGACIES AND SUBSCRIPTIONS

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
Group				
Donations				
Armed Forces Covenant Fund Trust	257	43	300	29
Others	757	255	1,012	676
Legacies	1,358	-	1,358	986
Subscriptions	1,002	-	1,002	972
	3,374	298	3,672	2,663
	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
Association				
Donations				
Armed Forces Covenant Fund Trust	3	43	46	29
Others	1,026	13	1,039	590
Legacies	1,358	-	1,358	986
Subscriptions	1,002	-	1,002	972
	3,389	56	3,445	2,577

4. SUBSIDIARIES

During the year, the Association owned the whole of the share capital of RAFATRAD Limited, RAFA Housing Limited, RAFA Events Limited, RAFAKidz Limited and RAFA Wellbeing Limited.

The activity of RAFATRAD Limited (Company No. 03455255) is the sale of commemorative items and memorabilia and the provision of fundraising, membership and marketing products to the Association and its branches.

The activity of RAFA Housing Limited (Registered number IP17723R) is that of the provision of independent housing for retired members of the RAF family based in Storrington, West Sussex.

The activity of RAFA Events Limited (Company No. 11927089) is to hold events for the purpose of raising funds and the profile of the Royal Air Forces Association.

RAFA Wellbeing Limited has not traded for the year ended 31 December 2023 and has been dormant since incorporation.

The activity of RAFAKidz Limited (Company No. 11927027) is that of operating nurseries and out of school clubs, for the development and education of children.

RAFAKidz Limited owns RAFA Kidzone Limited (Company No. 08418367 and Charity registration No. 1154822) which is an incorporated charity registered in England and Wales. The activity of RAFA Kidzone Limited is to enhance the development and education of children by funding inclusive and appropriate play and learning facilities. This is achieved by holding and investing funds for the benefit of children attending the nursery settings at specific RAF and MOD Stations.

RAFAKidz Limited owns RAFAKidz Wings Limited (Company No. 12372814), which is currently dormant.

The Trustees of the Association have agreed not to collect the amounts due until such time the subsidiary can pay.

RAFAKidz Wings Limited has been dormant for the year ended 31 December 2023.

The registered office of all subsidiaries is Atlas House, Wembley Road, Leicester LE3 1UT.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

4. SUBSIDIARIES (continued)

During the year RAFATRAD Limited charged the Association £286k (2022: £194k) in respect of Air Mail and RAF Association branded goods. Also, during the year, the Association charged RAFATRAD Limited £31k (2022: £25k) in respect of premises recharges, RAF Association branded goods and accountant costs.

During the year the Association charged RAFA Housing Limited £36k (2022: £26k) and at the year end the Association owed £43k (2022: £50k) to RAFA Housing Limited. During the year, there have been recharges between the Association and RAFAKidz Limited for various expenses, the net movement amounted to £6k (2022: £nil).

5. INVESTMENT INCOME AND INTEREST

Group and Association	2023 £'000	2022 £'000
UK listed investments	417	511
Branch and other loans	1	1
Properties	146	150
	564	662

6. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
Group				
Accommodation fees	456	-	456	498
Grants and fundraising income	102	2,112	2,214	2,939
Nursery funds	-	-	-	2,951
UK government Coronavirus job retention scheme	-	-	-	-
	558	2,112	2,670	6,388

	Unrestricted Funds £'000	Restricted Funds £'000	Total 2023 £'000	Total 2022 £'000
Association				
Accommodation fees	456	-	456	306
Grants and fundraising income	169	2,112	2,281	3,027
	625	2,112	2,737	3,333

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

7. TOTAL EXPENDITURE

Group

	Employee and related costs £'000	Depreciation and amortisation £'000	Other costs £'000	Total 2023 £'000	Total 2022 £'000
Costs of raising funds:					
Direct costs	1,805	-	270	2,075	1,963
Allocated support costs	-	-	-	-	5
Charity's charitable activities					
Direct costs	7,118	-	4,233	11,351	9,898
Allocated support costs	2,085	570	1,602	4,257	4,034
Other expenditure					
Interest Paid on Branch Deposits	-	-	15	15	17
Interest on Defined Benefit Pension Liabilities	-	-	(3)	(3)	(13)
	11,008	570	6,117	17,695	15,904

	2023 £'000	2022 £'000
Allocated support costs:		
Other site costs	63	54
Advertising and promotions	89	73
Printing and stationery	151	133
Telephone	59	58
Insurance	130	143
Repairs and maintenance	36	29
Depreciation and amortisation	570	597
Reversal of Depreciation on Rothbury	-	(64)
Management fee	619	14
Other expenditure	21	597
Other equipment	2,085	31
Staff costs	434	1,972
Governance costs	-	402
	4,257	4,039

Included within total expenditure are payments under operating leases as follows:

- Land and buildings payments of £16k (2022: £29k)
- Equipment payments of £18k (2022: £12k)

The costs of raising funds includes Wings Appeal rebates allocated to branches totalling £83k (2022: £66k).

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

7. TOTAL EXPENDITURE (continued)

Support costs include £100k (2022: £100k) in respect of additional payments into the defined benefit pension scheme.

Expenditure includes a gain on disposal of fixed assets £33k (2022: loss of £13k).

Total expenditure includes auditors' remuneration of £32k (2022: £36k), with additional fees of £10k (2022: £17k) for non-audit work.

Association

	Employee and related costs £'000	Depreciation and amortisation £'000	Other costs £'000	Total 2023 £'000	Total 2022 £'000
Costs of raising funds:					
Direct costs	721	-	270	991	957
Charity's charitable activities					
Direct costs	2,505	-	4,234	6,739	7,205
Allocated support costs	2,086	523	1,602	4,211	3,830
Other expenditure					
Interest Paid on Branch Deposits	-	-	15	15	17
Interest on Defined Benefit Pension Liabilities	-	-	(3)	(3)	(13)
	5,312	523	6,118	11,953	11,996

	2023 £'000	2022 £'000
Allocated support costs:		
Other site costs	63	53
Advertising and promotions	89	73
Printing and stationery	151	131
Telephone	59	55
Insurance	130	134
Repairs and maintenance	36	28
Depreciation and amortisation	523	554
Reversal of Depreciation on Rothbury	-	(64)
Other expenditure	619	568
Other equipment	21	31
Staff costs	2,086	1,825
Governance costs	434	442
	4,211	3,830

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

8. GRANTS PAYABLE

Group and Association	2023	2022
	£'000	£'000
Welfare grants to individuals	84	140
Association property grants to branches	56	35
Armed Forces Covenant Fund Trust grants paid to branches	-	158
	140	333

9. TRANSACTIONS WITH TRUSTEES

The Trustees neither received nor waived any emoluments during the year (2022: £nil). Trustees' expenses of £18k (2022: £24k) were reimbursed for directly incurred travel, accommodation and subsistence expenses to 8 Trustees (2022: 8 Trustees).

10. STAFF COSTS

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Wages and salaries	8,441	6,842	4,646	4,263
Social security costs	716	647	444	459
Employer contributions to defined contributions schemes	320	261	228	199
	9,477	7,750	5,318	4,921

The average number of employees throughout the year, analysed by location was:

	Group		Association	
	2023	2022	2023	2022
	Number	Number	Number	Number
Welfare	60	54	60	54
Membership	12	17	12	17
Headquarters	75	70	75	70
Families Federation Service	16	16	16	16
Merchandise	14	11	-	-
Social Housing	1	1	-	-
Childcare	217	145	-	-
	395	314	163	157

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

10 STAFF COSTS (Continued)

The number of employees whose emoluments for the year fell within the following bands was:

Group and Association	2023 Number	2022 Number
£60,001 to £70,000	3	4
£70,001 to £80,000	2	-
£80,001 to £90,000	-	2
£90,001 to £100,000	4	2
£100,001 to £110,000	1	1
	10	9

10 employees (2022: 9) earning more than £60k participated in an Association defined contribution pension scheme. Employer contributions to individual stakeholder schemes were £125k (2022: £98k).

The total employee benefits of the key management personnel of the Association were £391k (2022: £363k), which includes salary, employers' national insurance contribution, employers' pension contribution and all allowances.

11. PENSION SCHEMES (Group and Association)

The Association operates a defined benefit pension scheme, which closed to new entrants in December 2000 and to future accrual on 31 December 2012. The assets of the scheme are held separately from those of the Association in an independently administered fund. Contributions are based upon the recommendations of a qualified actuary.

The most recent actuarial valuation of the scheme was carried out as at 1 January 2024 by an independent actuary using the projected unit method. This valuation showed that the value of the scheme's assets was £12,472k which represents 99 per cent of the benefits that had accrued to members, after allowing for expected future increases in earnings. The scheme deficit is secured against a charge on the Association's headquarters Atlas House at Leicester.

The major assumptions used by the actuary were:

	2023	2022
Rate of increase of pensions in payment	2.9%	3.1%
Discount rate	4.5%	4.7%
Inflation assumption (RPI)	3.1%	3.1%

The mortality assumptions used in the valuation of the pension liabilities were:

	2023 Years	2022 Years
Retiring today (currently aged 65):		
Males	21.6	21.8
Females	24.0	23.9
Retiring in 20 years (currently aged 45):		
Males	23.1	22.7
Females	25.7	24.8

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

11. PENSION SCHEMES (continued)

The Association's assets were transferred from Legal and General with-profits policy to managed fund investments on 15 January 2010. The Association's assets in the scheme at 31 December 2023 were:

	2023	2022
	£'000	£'000
Bonds	1,192	1,555
Equities	2,555	2,393
Insurance contracts	3,662	3,959
Diversified funds	2,458	2,259
LDI funds	2,227	1,809
Net current assets	73	170
Total assets	<u>12,167</u>	<u>12,145</u>
Net of interest and costs	(64)	(53)
Employers' contributions	100	100
Actuarial gain / (losses) on defined benefit pension scheme	<u>(36)</u>	<u>(47)</u>
Balance sheet movement during year	<u>-</u>	<u>-</u>
	2023	2022
	£'000	£'000
Fair value of scheme assets	12,167	12,145
Present value of scheme liabilities	(12,018)	(12,112)
Surplus in the scheme	<u>149</u>	<u>33</u>
Restriction on recognition of scheme surplus	<u>(149)</u>	<u>(33)</u>
Total liability recognised	<u>-</u>	<u>-</u>

Under FRS 102, a pension scheme asset should only be recognised to the extent that the Association is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. Given that this is unlikely, pension fund actuarial gains over recent years have been recognised in the accounts to the extent that it reversed the accumulated deficit.

The release was capped at the last accumulated deficit held, in 2020, due to the requirements of FRS 102, meaning the subsequent remaining gain held since 2021 to date has not been taken to the statement of other recognised gains and losses in the Statement of Financial Activities. Following the pension valuation in 2023, net fund movements still result in an overall surplus.

The net fund valuation increased by £116k to £149k and is therefore held within the unrecognised asset value and not reflected in the Statement of Financial Activities. £149k (2022: £33K) therefore now represents the surplus carried forward for any movement in the fund in the accounting period 2024.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

11. PENSION SCHEMES (continued)

In accordance with FRS102, provision has been made by the Association for the deficit of the scheme. This is reflected in the financial statements as follows:

Analysis of the amounts charged to Statement of Financial Activities

	2023 £'000	2022 £'000
Expenses paid by the scheme	67	66

Analysis of financial element of pensions cost

	2023 £'000	2022 £'000
Interest on assets	554	329
Interest on pension scheme liabilities	(551)	(316)
Net income	3	13

Analysis of the actuarial gain / (loss) on defined benefit pension scheme

	2023 £'000	2022 £'000
Gain on asset return	194	(5,134)
Experience gain on liabilities	(220)	(471)
Changes in assumptions underlying the present value of the scheme liabilities	106	4,958
Actuarial gain/(loss) recognised in Statement of Financial Activities	80	(647)

Changes in the present value of defined benefit obligations

	2023 £'000	2022 £'000
Opening defined benefit obligation	12,112	17,016
Interest cost	551	316
Actuarial experience gain/(loss) on liabilities	220	471
Actuarial gain on changes in assumptions	(106)	(4,958)
Benefits paid	(759)	(733)
Closing defined benefit obligation	12,018	12,112

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

11. PENSION SCHEMES (continued)

Changes in the fair value of plan assets	2023 £'000	2022 £'000
Opening plan assets	12,145	17,649
Interest on assets	554	329
Gain/(loss) on asset return	194	(5,134)
Contributions by employer	100	100
Benefits paid	(759)	(733)
Expenses paid by the scheme	(67)	(66)
Closing defined benefit obligation	<u>12,167</u>	<u>12,145</u>

The actual return on plan assets was favourable: £748k (2022 adverse: £4,805k).

The Association expects to contribute £100k to its defined benefit pension plans in the year ended 31 December 2024.

The Association also contributes to a Workplace Pension Scheme at a rate of 4% of each member's gross salary, or 5% for those staff who participate in the salary sacrifice scheme. The pension cost for the year for the Group is £320k (2022: £261k).

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

12. INTANGIBLE FIXED ASSETS

Group	Computer software £'000	Total £'000
Cost or valuation:		
As at 1 January 2023	1,894	1,894
Additions	3	3
As at 31 December 2023	<u>1,897</u>	<u>1,897</u>
Amortisation:		
As at 1 January 2023	868	868
Charge for year	340	340
As at 31 December 2023	<u>1,208</u>	<u>1,208</u>
Net book Value:		
As at 31 December 2023	<u>689</u>	<u>689</u>
As at 31 December 2022	<u>1,026</u>	<u>1,026</u>

Association	Computer software £'000	Total £'000
Cost or valuation:		
As at 1 January 2023	1,882	1,882
Additions	3	3
As at 31 December 2023	<u>1,885</u>	<u>1,885</u>
Amortisation:		
As at 1 January 2023	867	867
Charge for year	338	338
As at 31 December 2023	<u>1,205</u>	<u>1,205</u>
Net book Value:		
As at 31 December 2023	<u>680</u>	<u>680</u>
As at 31 December 2022	<u>1,015</u>	<u>1,015</u>

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

13. TANGIBLE FIXED ASSETS

Group	Notes	Properties		Equipment	Total
		Freehold	Short Leasehold	and Furniture	
		£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 January 2023		6,661	55	1,836	8,552
Additions		2	-	181	183
Disposals		-	-	(80)	(80)
At 31 December 2023		6,663	55	1,937	8,655
Depreciation:					
At 1 January 2023		1,851	25	1,436	3,312
Charge for year		122	1	107	230
Depreciation on disposal		-	-	(78)	(78)
At 31 December 2023		1,973	26	1,465	3,464
Net book Value:					
At 31 December 2023		4,690	29	472	5,191
At 31 December 2022		4,810	30	400	5,240

Association	Properties		Equipment	Total
	Freehold	Short Leasehold	and Furniture	
	£'000	£'000	£'000	£'000
Cost or valuation:				
At 1 January 2023	5,947	55	1,416	7,418
Additions	-	-	64	64
Disposals	-	-	(69)	(69)
At 31 December 2023	5,947	55	1,411	7,413
Depreciation:				
At 1 January 2023	1,614	25	1,129	2,768
Charge for year	122	1	62	185
Depreciation on disposals	-	-	(67)	(67)
At 31 December 2023	1,736	26	1,124	2,886
Net book Value:				
At 31 December 2023	4,211	29	287	4,527
At 31 December 2022	4,335	30	287	4,652

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

14. INVESTMENTS

Group	Fair Value		Historical Cost	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
a) Fixed assets				
Listed investments	17,761	18,425	13,326	12,990
Investment properties	3,391	3,047	959	759
	<u>21,152</u>	<u>21,472</u>	<u>14,285</u>	<u>13,749</u>

Association	Fair Value		Historical Cost	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
a) Fixed assets				
Listed investments	17,385	18,228	12,976	12,741
Investment properties	3,391	3,047	959	759
	<u>20,776</u>	<u>21,275</u>	<u>13,935</u>	<u>13,500</u>

The investment properties were revalued during last year by an employee of the Association, who is a member of the Royal Institution of Chartered Surveyors. The basis of valuation is the open market value of the long leasehold interests in the property, subject to a tenancy agreement being in place, otherwise market value.

Movements on fair value during the year - Group

	Listed Investments £'000	Investment property £'000	Total £'000
1 January 2023	18,425	3,047	21,472
Additions	222	400	622
Disposals	(1,135)	(200)	(1,335)
Net investment gains	249	144	393
31 December 2023	<u>17,761</u>	<u>3,391</u>	<u>21,152</u>

Movements on fair value during the year - Association

	Listed Investments £'000	Investment property £'000	Total £'000
1 January 2023	18,228	3,047	21,275
Additions	73	400	473
Disposals	(1,135)	(200)	(1,335)
Net investment gains	219	144	363
31 December 2023	<u>17,385</u>	<u>3,391</u>	<u>20,776</u>

The net investment gains reflect the revaluation of investments at the year end.

No one investment represents more than 5 per cent of the portfolio by market value.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

14. INVESTMENTS (continued)

The Association holds investments of £106 (2022: £106) representing the entire ordinary share capital of its subsidiary companies which are eliminated on the group consolidation, details of the subsidiary companies are given in Note 4 of the accounts.

Overseas investments

	General & Branch Deposit Fund £'000	Branch Deposit Formby Branch Fund £'000	Total £'000
2023			
North America	1,925	133	2,058
European	336	15	351
Asia Pacific	452	37	489
Emerging market	75		75
Global	3,141	193	3,334
	5,929	378	6,307
2022			
North America	2,028	123	2,151
European	317	14	331
Asia Pacific	619	46	665
Emerging Market	66	-	66
Global	2,965	182	3,147
	5,995	365	6,360

b) Net gains on investment assets - Group

	2023 £'000	2022 £'000
Group		
Net gains/(loss) on listed investments	249	(2,183)
Net gain on disposal of listed investments	760	-
Net gains on investment properties	144	10
Net gains on current asset investments	34	-
	1,187	(2,173)

b) Net gains on investment assets - Association

	2023 £'000	2022 £'000
Association		
Net gains/(loss) on listed investments	219	(2,179)
Net gain on disposal of listed investments	760	-
Net gains on investment properties	144	10
Net gains on current asset investments	34	-
	1,157	(2,169)

The Revaluation Reserve of £7,901k (2022: £8,221k) included within the unrestricted funds within the balance sheet of both the Group and Association, arises on the year end fair value of investments property held at fair value, less their historical costs.

15. ASSETS HELD FOR RESALE

	2023 £'000	2022 £'000
Group and Association		
Freehold properties	440	300

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

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	78	86	7	79
Amounts due from subsidiaries	-	-	1,006	918
Prepayments and accrued income	480	267	388	213
Other debtors	109	68	12	81
	667	421	1,413	1,291

Within the Association, amounts due from subsidiaries includes £100,000 (2022: £100,000) which is due after more than one year.

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Taxation and social security costs	183	248	119	219
Other creditors	1,055	518	564	393
Accruals	153	313	330	306
Deferred income	443	248	250	244
Deposits by branches	1,484	1,630	1,484	1,630
Formby Branch	1,006	995	1,005	995
Amounts owed to subsidiaries	-	-	43	48
	4,324	3,952	3,795	3,835

	Group	Association
	£'000	£'000
Movement in deferred income:		
2023 opening balance	248	244
Release during the year	(248)	(244)
2024 donations, fulfilment income and grants in advance	443	250
2023 closing balance	443	250

Within the Group and Association, deferred income comprises membership subscription income, Government funding, donations and fulfilment income received in advance.

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

18. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Deferred income – capital grant	265	269	-	-
	265	269	-	-

19. OPERATING LEASE COMMITMENTS

The total future minimum lease payments under non-cancellable operating leases are set out below:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Equipment:				
Due within one year	18	20	14	16
Due between two and five years	23	13	15	13
Land and buildings:				
Due within one year	16	16	6	8
Due between two and five years	34	55	8	15
Vehicles:				
Due within one year	35	65	14	56
Due between two and five years	51	5	-	-
	177	174	57	108

The total future minimum lease receipts under non-cancellable operating leases are set out below:

Group and Association

Land and buildings

	2023	2022
	£'000	£'000
Due within one year	136	130
Due between two and five years	423	484
Due over 5 years	401	471
	960	1,085

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

20. RESTRICTED FUNDS

Association	1 January 2023 £'000	Income £'000	Expenditure £'000	Transfers £'000	31 December 2023 £'000
Befriending	149	33	(103)	-	79
Brighten Your day	13	-	(6)	-	7
Conway Legacy	306	-	(10)	-	296
Dowding Restricted Fund	32	-	(8)	-	24
Eastern Chalet Area	119	6	(10)	(15)	100
Finding it Tough	57	72	(71)	-	58
Flowerdown House	113	-	-	-	113
Flying Scholarship	10	-	-	-	10
Homes Refurbishment	146	-	-	-	146
Lunches	15	-	(15)	-	-
Military Coworking	148	-	(112)	-	36
Operation RAF Unite	41	43	(54)	-	30
Partner Employment Programme	35	5	(1)	-	39
Positive pathway programme	61	-	(30)	(14)	17
RAF Benevolent Fund Grants	160	1,914	(1,924)	-	150
Reaching Affected Families (Navigating Dementia)	80	2	(49)	-	33
Care and Welfare	92	56	(17)	-	131
Rothbury Restricted	292	22	(21)	(272)	21
Scottish Development Fund	22	-	-	-	22
Storybook Wings & Doodle packs	50	-	(25)	-	25
Volunteer Welfare Officers	18	-	(6)	-	12
Wexford	18	5	(17)	-	6
Other Restricted Funds	92	10	(3)	(50)	49
	2,069	2,168	(2,482)	(351)	1,404
Group					
Brize Norton Nursery Fund	-	209	(153)	(8)	48
Digby Nursery Fund	100	3	(4)	-	99
Leeming Nursery Fund	65	3	-	-	68
High Wycombe Nursery Fund	-	42	(42)	-	-
	2,234	2,425	(2,681)	(359)	1,619

The purpose of each fund is as stated above except for the Care and Welfare fund, which represents an aggregation of each Areas Care funds, which have the common purpose of contributing towards welfare for eligible individuals.

During the year £359k was transferred from Restricted Funds to General. £351k of this represents prior year restricted expenditure that has now been allocated to the relevant funds. A further £8k has been transferred from RAFAKidz investment gains, being a contribution to the running of the RAFA Kidzone charity.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

20. RESTRICTED FUNDS (continued)

PRIOR YEAR

Association	At 1 January 2022 £'000	Income £'000	Expenditure £'000	Transfers £'000	At 31 December 2022 £'000
Befriending	140	149	(140)	-	149
Brighten Your day	17	2	(6)	-	13
Conway Legacy	86	-	-	220	306
Dowding Restricted Fund	32	-	-	-	32
Eastern Chalet Area	127	3	(12)	-	119
Finding it Tough	88	22	(53)	-	57
Flowerdown House	113	-	-	-	113
Flying Scholarship	60	-	-	(50)	10
Homes Refurbishment	151	-	(5)	-	146
Lunches	15	-	-	-	15
Military Coworking	145	83	(79)	-	148
Operation RAF Unite	-	42	(1)	-	41
Partner Employment Programme	35	-	-	-	35
Positive pathway programme	33	37	(9)	-	61
RAF Benevolent Fund Grants	301	2,095	(2,236)	-	160
Reaching Affected Families (FAR)	59	25	(4)	-	80
Respite Care and Welfare	361	-	(269)	-	92
Rothbury Restricted	168	229	(105)	-	292
Scottish Development Fund	22	-	-	-	22
Storybook Wings & Doodle packs	4	-	(4)	50	50
Veterans	129	29	(158)	-	-
Volunteer Welfare Officers	8	10	-	-	18
Wexford	58	-	(40)	-	18
Other Restricted Funds	89	55	(52)	-	92
	2,241	2,781	(3,173)	220	2,069
Group					
Digby Nursery Fund	100	-	-	-	100
Leeming Nursery Fund	-	84	(18)	-	65
	2,341	2,865	(3,191)	220	2,234

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

21. DESIGNATED FUNDS

	1 January	Movement	31 December	31 December
Group	2023		2023	2022
	£'000	£'000	£'000	£'000
Fixed Assets	3,375	(1,375)	2,000	3,375
Membership Engagement	346	(46)	300	346
Investment Fund	3,600	(200)	3,400	3,600
Welfare Fund	6,000	(1,000)	5,000	6,000
Property Repairs and Maintenance	750	-	750	750
Defined Benefit Pension Scheme	1,500	(1,000)	500	1500
Rothbury	163	-	163	163
Cranwell Nursery Fund	-	38	38	-
	15,734	(3,583)	12,151	15,734

	1 January	Movement	31 December	31 December
Association	2023		2023	2022
	£'000	£'000	£'000	£'000
Fixed Assets	3,375	(1,375)	2,000	3,375
Membership Innovation	346	(46)	300	346
Investment Fund	3,600	(200)	3,400	3,600
Welfare Fund	6,000	(1,000)	5,000	6,000
Property Repairs and Maintenance	750	-	750	750
Defined Benefit Pension Scheme	1,500	(1,000)	500	1,500
Rothbury	163	-	163	163
	15,734	(3,621)	12,113	15,734

To support the business strategy, the Trustees have approved the designation of funds.

A designated fund of £2,000k is held to replace fixed assets as required, and also a £750k maintenance reserve to maintain infrastructure integrity of the property portfolio.

A membership innovation fund of £300k is allocated to fund innovation potential within the membership offering.

A designated Fund of £500k is held to cover any future shortfall of the defined benefit pension scheme resulting from adverse financial markets movements and the resulting impact on the scheme assets. This has been reduced in the year from £1,500k in light of the assets of the fund performing well and the present value of obligations, and that it is 99% funded. This designation will enable accommodation of any ongoing volatility of the markets.

The investment fund designation of £3,400k accounts for the continued uncertainties in the financial markets relating to the global political and trade. The Trustees believe this is sufficient to withstand a significant market correction.

The welfare needs of the Association's beneficiaries will continue to evolve and changing needs have been identified. As a result of the welfare provision fund of £5,000k is set aside to enable continued welfare activities and in support of a strategic plan to utilise reserves for this purpose.

The Rothbury House fund is designated to support an independent living facility and is currently valued at £163k.

During the year a Cranwell Nursery Designated Fund of £38k was created to support development activity at RAFAKidz Cranwell nursery.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

Group:	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Funds balances at 31 December 2023 are represented by:			
Intangible fixed assets	689		689
Tangible fixed assets	5,191		5,191
Investments	21,152		21,152
Loans to branches	124		124
Current assets	2,888	1,619	4,507
Current liabilities	(4,324)		(4,324)
Creditors due after more than one year	(265)		(265)
Total net assets	25,455	1,619	27,074

Association:	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Funds balances at 31 December 2023 are represented by:			
Intangible fixed assets	680		680
Tangible fixed assets	4,527		4,527
Investments	20,776		20,776
Loans to branches	124		124
Current assets	2,711	1,404	4,115
Current liabilities	(3,795)		(3,795)
Total net assets	25,023	1,404	26,427

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)

Group:	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Funds balances at 31 December 2022 are represented by:			
Intangible fixed assets	1,026	-	1,026
Tangible fixed assets	5,240	-	5,240
Investments	21,472	-	21,472
Loans to branches	125	-	125
Current assets	1,511	2,234	3,745
Current liabilities	(3,952)	-	(3,952)
Creditors due after more than one year	(269)	-	(269)
Total net assets	25,153	2,234	27,387
Association:	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Funds balances at 31 December 2022 are represented by:			
Intangible fixed assets	1,015	-	1,015
Tangible fixed assets	4,652	-	4,652
Investments	21,275	-	21,275
Loans to branches	125	-	125
Current assets	1,770	2,069	3,839
Current liabilities	(3,835)	-	(3,835)
Total net assets	25,002	2,069	27,071

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

23. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Net expenditure	(313)	(5,528)	(644)	(5,595)
Adjustments for:				
Gifted properties	(1,688)	(380)	(1,688)	(380)
Gifted properties sold	848	-	848	-
Contributions to defined benefit scheme	(100)	(100)	(100)	(100)
Expenses borne by pension scheme	67	66	67	66
Depreciation charges	230	248	185	206
Amortisation charges	340	350	338	350
Fair value (gain)/losses on Investment properties	(144)	-	(144)	-
Loss on disposal of fixed assets	2	92	2	60
Fair value (losses)/gains on investments	(249)	2,172	(219)	2,169
Loss on pension	36	-	36	-
Investment income	(564)	(662)	(564)	(662)
Return on defined benefit scheme assets	(554)	(329)	(554)	(329)
Interest paid	15	17	15	17
Interest on defined benefit pension liabilities	551	316	551	316
(Increase)/decrease in assets for resale	(140)	250	(140)	250
(Increase)/decrease in stock	(155)	98	-	-
Increase in debtors	(246)	(116)	(120)	(135)
Increase in creditors	514	218	105	199
Net cash (used in) operating activities	(1,550)	(3,288)	(2,026)	(3,568)

24. CASH AND CASH EQUIVALENTS

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash and cash equivalents represent:				
Cash at bank	1,686	1,794	997	1,312
Cash held by investment managers	1,265	936	1,265	936
	2,951	2,730	2,262	2,248

25. LEGACIES

The Association is aware of a number of legacies to be received due to the legacy pipeline information, but these are difficult to quantify as the monetary value is uncertain and cannot be established.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

26. RELATED PARTY TRANSACTIONS

The branches forwarded Wings Appeal income of £477k (2022: £756k) to the Association which is included in Wings Appeal income. The Association returned £83k (2022: £66k) to the branches for them to use for their own welfare funds which is included in expenditure. In addition, £7k (2022: £6k) was paid to the branches in respect of Wings Appeal expenditure and these expenses are included in the cost of raising funds.

Membership subscription rebates of £90k (2022: £118k) are to be paid to branches are included in expenditure.

The Association paid interest of £15k (2022: £17k) to the branches holding deposit accounts with the Association (see Note 7). The Association received interest of £0.6k (2022: £1K) from branches that have received loans from the Association.

27. FINANCIAL INSTRUMENTS

The carrying amount of the Group's and Associations financial instruments at 31 December were:

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Financial assets:				
Equity instruments measured at fair value through net income/expenditure	17,221	18,625	18,844	18,428

28. DONATIONS – ASSETS GIFTED FROM BRANCHES

During the year, the Royal Air Forces Association branches at Harrogate, Penarth, Eastbourne and St Neots closed their Clubs resulting in four properties being transferred to The Royal Air Forces Association for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The properties transferred were valued at their fair values and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised in the Statement of Financial Activities as Donations – Assets Gifted from Branches. During 2023 the properties gifted total £1,688k (2022: £380k).

All properties transferred are classified as Unrestricted Funds.

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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29. PRIOR YEAR GROUP STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000
INCOME:				
Donations and Legacies	3	2,536	127	2,663
Donations – assets gifted from branches	28	380	-	380
Charitable Activities:	6	3,651	2,737	6,388
Other Trading Activities:				
Trading income		845	-	845
Grand Draw and other fundraising income		1,619	-	1,619
Investment Income	5	662	-	662
Total Income		9,693	2,864	12,557
EXPENDITURE:				
Cost of Raising Funds		1,968	-	1,968
Charitable Activities:				
Residential & Respite Care Home		1,665	-	1,665
Friendship & Welfare Support		8,258	3,191	11,449
Other Support Costs		827	-	827
Other Expenditure:				
Interest Paid on Branch Deposits		17	-	17
Interest on Defined Benefit Pension Liabilities		(13)	-	(13)
Total Expenditure	7	12,722	3,191	15,913

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

29. PRIOR YEAR GROUP STATEMENT OF FINANCIAL ACTIVITIES (continued)

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000
Net (loss) on investment assets	14(b)	(2,173)	-	(2,173)
Net (expenditure)/income		(5,202)	(327)	(5,529)
Other recognised losses:				
Net loss on revalued assets		(608)	-	(608)
Actuarial losses on defined benefit pension scheme	11	(47)	-	(47)
Net movement in funds		(5,857)	(327)	(6,184)
Reconciliation of Funds				
Total Funds Brought Forward		31,230	2,341	33,571
Transfer between funds		(220)	220	-
Total Funds Carried Forward		25,153	2,234	27,387

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

29. PRIOR YEAR ASSOCIATION STATEMENT OF FINANCIAL ACTIVITIES (continued)

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000
INCOME:				
Donations and Legacies	3	2,534	43	2,577
Donations – assets gifted from branches	28	380	-	380
 Charitable Activities:	6	595	2,738	3,333
Other Trading Activities:				
Grand Draw and other fundraising income		1,619	-	1,619
 Investment Income	5	662	-	662
Total Income		5,790	2,781	8,571
EXPENDITURE				
Cost of Raising Funds		957	-	957
 Charitable Activities:				
Residential & Respite Care Home		1,505	-	1,505
Welfare Support		5,478	3,173	8,651
Other Support Costs		879	-	879
 Other Expenditure:				
Interest Paid on Branch Deposits		17	-	17
Interest on Defined Benefit Pension Liabilities		(13)	-	(13)
Total Expenditure	7	8,823	3,173	11,996

THE ROYAL AIR FORCES ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED 31 DECEMBER 2023

29. PRIOR YEAR ASSOCIATION STATEMENT OF FINANCIAL ACTIVITIES (continued)

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2022 £'000
Net (losses) on investment assets	14(b)	(2,169)	-	(2,169)
Net (expenditure)/income		(5,202)	(392)	(5,594)
Other recognised losses:				
Net losses on revalued assets		(608)	-	(608)
Actuarial losses on defined benefit pension scheme	11	(47)	-	(47)
Net movement in funds		(5,857)	(392)	(6,249)
Reconciliation of Funds				
Total Funds Brought Forward		31,079	2,241	33,320
Transfer between funds		(220)	220	-
Total Funds Carried Forward		25,002	2,069	27,071

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

Subsidiary Organisations

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