



ROYAL AIR FORCE CLUB

FOUNDED 1918

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

Trustees Annual Report and Consolidated Financial Statements for the Year Ended 31 December 2022

Registered Address

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

Charity Details

Charity registration number ~ 1108295

Company Details

Company registration number ~ 05321353

A Company registered by Guarantee.

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Foreword – Chair of the Board of Trustees

I have much pleasure in submitting this report on the activities and financial statements of the RAF Club for the year which ended on 31st December 2022.

The end of January 2022 saw Air Marshal Dame Sue Gray stand down as Chair of the Board of Trustees following her appointment in 2017. Dame Sue led the Club through a period of expansion with the construction of the Centenary extension wing completed towards the end of the Royal Air Force's and Club's centenary year and then through the major challenge of the Covid-19 pandemic and the gradual recovery thereafter.

The Board was delighted to appoint Dame Sue as a Vice-President of the Club and profusely thank her for her tireless efforts as Chair during her tenure.

On my appointment as the Club's first non-serving Chair of the Board of Trustees, the structure of the Board also changed in 2022, with a second Vice-Chair role created specifically for a senior Serving Officer to ensure that the Club's links with the currently serving RAF Officer cadre, both Regular and Reserve, is strongly and closely maintained, which is very important to the Club as part of our Charitable objects.

During the year we steadily returned to "normal business" following the effects of the pandemic. Demand for accommodation and food and beverage increased with members keen to return to their London home and the Club finally returned to full operation in March. Unfortunately, all was not plain sailing and there were minor setbacks to the financial recovery of the Club due to the appearance of the Omicron variant of the Covid virus, train strikes and bouts of unusually inclement weather with Storm Eunice in the first quarter and snow in December.

Behind the scenes, 2022 also saw the Board of Trustees and Committee members, alongside our professional and dedicated staff, focus on financial recovery including fundraising, the implementation of a Management Information System to enable us to better understand our business data, and operational refinements, including the recruitment of additional front-line staff to ensure that the return to pre-pandemic activity levels was as smooth as possible.

In 2022, 619 discounted room nights were provided to serving RAF officers when in London on duty. The Club also worked to support growth in member-sponsored bookings including Squadron lunches and dinners as well as weddings and family functions and also saw an increase in RAF-related bookings. All of this underlines our commitment to the Mission of the Club to foster and promote the traditions of the Royal Air Force and our Vision to be the London Club of choice for serving and retired RAF Officers, their families and other Members.

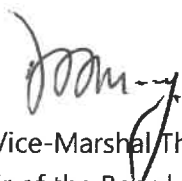
Together with the rest of the Nation, the Club mourned the passing of our patron, Her Majesty Queen Elizabeth. During the period of Her mourning and funeral, the Club provided complimentary and discounted accommodation, meeting rooms and support to members of the Royal Household, the Royal Air Force and a number of other individuals who had significant ceremonial responsibilities during this sad time.

During 2022, the Club continued to win awards as an employer of choice, including achieving 7th place in *The Caterer's Best Places to Work in UK Hospitality 2022 (1st in London)* and we are proud that the Club Staff are also remunerated above the London Living Wage.

In addition, the Club performed financially better than forecast in 2022, with a year-end surplus of £1.2m, which, for reasons of sustainability, will be used to increase the Fixed Asset Fund to take account of amounts earmarked for early loan repayments.

Finally, the Board would like to thank those Members who have donated to the financial recovery of the Club, including those who have signed up for the '*Friends of the Royal Air Force Club*' scheme. The generosity of the Friends of the Royal Air Force Club enabled the Club to make a one-off payment Cost Of Living payment of £750 to each employee in the final quarter of the year and the funding of the Club's lobby.

Turning to the future, as well as continuing to provide an outstanding value for money service for our members, the Board of Trustees looks forward to continuing its financial recovery in 2023 and beyond.



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

Trustees, Officers and Advisors

Trustees

Air Marshal Dame Sue Gray

Chair (retired on the 26th of January 2022, resigned on the 30th September 2022)

Air Vice-Marshal The Hon. David Murray

Chair (from the 26th of January 2022)

Mr John D Fisher

Vice-Chair of the Board of Trustees (retired and resigned on the 25th of January 2023)

Air Commodore Adam Wardrope

Vice-Chair (Serving) of the Board of Trustees (from the 25th January 2023)

Air Commodore Barbara Cooper

Air Commodore Dai Whittingham

Group Captain Jim Beldon

Group Captain Al Lockwood

Hon. Group Captain Jo Salter

Wing Commander James Hill

Wing Commander James Poynton

Wing Commander Paula Willmot

Squadron Leader Sean O'Brien

Squadron Leader John Peters

Flight Lieutenant Ian Melia

Flight Lieutenant Haig Tyler

Vice-Chair (Business) of the Board of Trustees (from the 25th January 2023)

Officer

Mr Miles Pooley

Chief Executive Officer and Club Secretary

Advisors

Auditors

Haysmacintyre LLP

10 Queen Place

London, EC4R 1AG

Bankers

Coutts & Company

440 The Strand

London, WC2R 0QS

Solicitors – Charity legal advice

Farrer & Co

66 Lincoln's Inn Fields

London, WC2A 3LH

Solicitors - Employment legal advice

Burges Salmon

One Glass Wharf

Bristol, BS2 0ZX

Registered Address

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

Reference and Administrative Information

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

The Board of Trustees presents its report for the year ended 31st December '22.

Governance, Management and Risk

Financial Statements declaration

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

Governing Document

The Charity is governed by its Memorandum and Articles of Association which were last revised at the Charity's Annual General Meeting in June 2015.

Trustee Recruitment and Training

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

Organisational Management

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

Ad-hoc Working-Groups

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

Risk Management

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

Risk Management Responsibilities

The Finance, Audit & Risk Committee and the Board of Trustees	The Chief Executive
Oversight of risk management	Preparation and management of the risk register

The Trustees regularly review and set risk appetite statements against which the risks are measured.

The risk register contains an assessment of specific risks, and the top ten highest inherent risks are listed in the table (see the next page) with a description of the mitigation controls in place.

	Inherent Risk	Mitigation
1	Cyber security breach	Multi-layered specialist cyber-security application software and firewalls are installed throughout the Club's IT systems. Regular monitoring from the Club's IT Management contractor and the Club's Systems & IT Working Group. Contract with the Cyber Security Information Sharing Partnership to keep up to date with cyber security issues. Regular penetration tests by independent third parties and robust Ransomware procedures in place. Specialist insurance cover in place.
2	Loss of Senior Management Staff resulting in an adverse impact on service and functionality.	Benchmarking of remuneration packages and formal annual compensation reviews to ensure the Club is competitive in the market. Formal appraisal system and continuous review of staff and employee welfare standards. Offering flexible working opportunities, where appropriate, and training and educational support to boost professional standards.
3	Weak control of income and expenditure.	Policy on Internal Financial Controls and delegated Authorities annually reviewed by Finance, Audit & Risk Committee and Board of Trustees. Budgetary control system with monthly monitoring of management accounts and variance analysis. Dashboard reports for key activity indicators. A newly created Internal Audit Team staffed by Member Volunteers.
4	Weak Control of capital expenditure and impact on cash flow	House Committee produces a 5 to 10-year "Rolling Programme" of planned preventative maintenance and new investment Projects. A formal system of capital investment appraisal and tendering policy exists and a project management review system is in place.
5	The negative impact of volatile inflationary pressures	Constant monitoring of supplier input prices against market, maximising discounts from bulk purchasing, exploiting lower prices for seasonal products, evaluation of long-term fixed price contracts, maintaining strong relationships with key suppliers to maximise loyalty discounts, prompt payment of suppliers.
6	Escalation of the Ukrainian war resulting in a significant drop in demand and further supply-side pressures	Flexible business planning models and demonstrable ability to adjust rapidly business plans and operations commensurate with changed circumstances.
7	Computer system failures or loss/corruption of data.	The recent migration to cloud-based applications provides extra resilience coupled with daily external backup procedures, backup power supply, and a regularly updated Crisis Management Plan. Business interruption and other specialist IT insurance.
8	Significant loss of Club facilities through fire or similar disaster.	Fire/security prevention measures. H&S Regulation adherence. Crisis Management plan. Business Interruption Insurance. Fire risk assessment, Ansul fire suppression system
9	The negative impact of adverse interest rate movements	Interest rate swap currently provides protection. Interest rate cover is built into the annual budget.
10	Terrorist activity	Appropriate security measures based on professional advice (House Committee experts, civil and service police). Disrupting hostile recon. Insurance Cover significantly reduces monetary impact of attack, Business Continuity Plan in place to enable recovery, 3 security staff for vetting visitors, applying opaque film to front entry doors and installing additional CCTV.

Group Structure

The Charity has a subsidiary trading company, RAFCTC Limited, registered number 6590556. The company is responsible for using the Charity's facilities and resources so as to increase its total income and hence improve its continuing ability to achieve its Objects. The trading company provides meeting room hire, function and banqueting services to persons supportive of, but not directly associated with, the Royal Air Force, and who therefore are not eligible to join the Club. All trading profit is distributed by Gift Aid each year to the Charity. As the company does not have any premises and uses agency staff when required, it is not considered that its activities constitute any risk to the finances of the Charity itself, even during periods of economic uncertainty. In 2022, the trading company revenue represented 1.5% of the Club's charitable revenue.

The Charity Governance Code

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

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

Charitable Objects and Club Operational Objectives

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

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

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

- By encouraging, by means of discussions, lectures, film shows, visits to places of interest and by any other means, an interest in all matters connected with flying in general and with the Royal Air Force in particular.
- By encouraging and organising the holding at the Club of Service reunions, meetings and similar functions and by placing at the service of Her Majesty's Government facilities at the Club for the entertainment of representatives of foreign air forces.
- By encouraging and by providing facilities to enable officers serving in the Royal Air Force and in other associated Services to meet and associate regularly with each other, and with persons who have previously served as officers in such Services and with Members of other air forces and to benefit from the knowledge and experience of such persons.

Public Benefit is not just provided to members of the Charity. During the year, the Club hosted the RAF Gallantry dinner and visits from like-minded organisations. The Club welcomes, with prior arrangement, non-member visitors to view the Club House, a Grade 2 listed building, memorabilia, and art collection.

The Wider Royal Air Force Family

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

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

The Club Mission, Vision and Core Values

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

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

The Club Strategy and Plans for the Future

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

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

Environmental Strategy

We are all responsible for reducing our environmental impact and preventing climate change. The Club's Environmental Strategy is rapidly evolving with a series of initiatives, and the Club's staff are continuously striving to reduce the environmental impact of operations. An example is the introduction of the "Green Team". The team met 5 times in 2022 and in 2023 they will be joined by a member of the House Committee who will give their support and ideas so that a Sustainability strategy can be produced and shared with the Club members. The Club currently recycles printer cartridges, light bulbs and batteries, has a food waste machine, a cardboard crusher and recycles much rubbish through the Council's recycling scheme.

The Club aims to be Net Zero by 2040 in line with the Chief of the Air Staff's 'RAF NetZero' ambition.

Fundraising Strategy

The Club benefits significantly from generous Member support through donations and legacies and through the recently created *Friends of the RAF Club* programme, where members are invited to make an annual donation in support of the Club.

The Club employs a part-time manager to run its fundraising, donation and legacy activities. The Club is also registered with the Fundraising Regulator and adheres to its policies and guidance. The Club does not solicit donations from the public.

Club Committees

Committee Members

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

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

Arts Committee

Management of the Club Art collection

The Arts Committee has continued to grow the Club's collection of heraldic badges with 5 presented in 2022. The artwork presented this year included several new paintings, including many now hanging in the 601 Squadron Room, and other works of Art that fill gaps in the Club's collection. In 2023, the Committee will look at where and how art is displayed in the Club and identify specific works of art which should be prioritised for rescue in the event of fire or flood.

Events Committee

Planning and management of the events programme

The Events Committee continued to run a varied events programme including a honey gourmet evening using honey produced from the beehives on the roof of the Club, a gin tasting using the Club Gin, and Club Dinners with speakers such as Professor Brian Cox, Matthew Pottage and Flt Lt Colin Bell DFC. Plans for 2023 include Club events with renowned speakers, events for Junior Officers, wine tastings, new member receptions and events celebrating RAF anniversaries such as the annual Battle of Britain Dinner.

Finance, Audit & Risk Committee (FAR)

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

In the past year, the FAR Committee has set up an Internal Audit group to work with the Club management to provide additional reassurance that the internal control system is working effectively. The group is staffed by eight part-time member volunteers. In early 2023, the first internal audit review will be carried out focussing on Human Resources/Payroll activities looking in particular at the audit of policies and procedures within the department. The Committee reviewed the content and style of the Trustee Annual Report and recommended the development of an Impact Report for Members that summarises recent activities across the Club. The first steps in developing an integrated Management Information System were taken. Other objectives are to publish to Members the first Club Impact Report and to review the Club's Financial strategy.

House Committee

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

The House Committee worked with Club management and an external consultant to develop the project to improve the lobby and install new front doors with a view to enhancing security and in a bid to assist the sustainability strategy to reduce loss of energy. The refurbishment of the Victoria Bar from donations by 601 Squadron resulted in the opening of the 601 Squadron Room in 2022. In 2023, the project to enhance the lobby commenced in January and was completed in early March. The Club also wishes to install two soundproof pods in the Business Centre, funded by donations, to further improve the business facilities available to Members. Further work planned for 2023 includes the replacement of the carpet and curtains in the Hodges Room, the cleaning and restoration of the Club façade, and continued work to develop the 10-year capital expenditure plan.

Legacies, Fundraising & Donations Committee

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

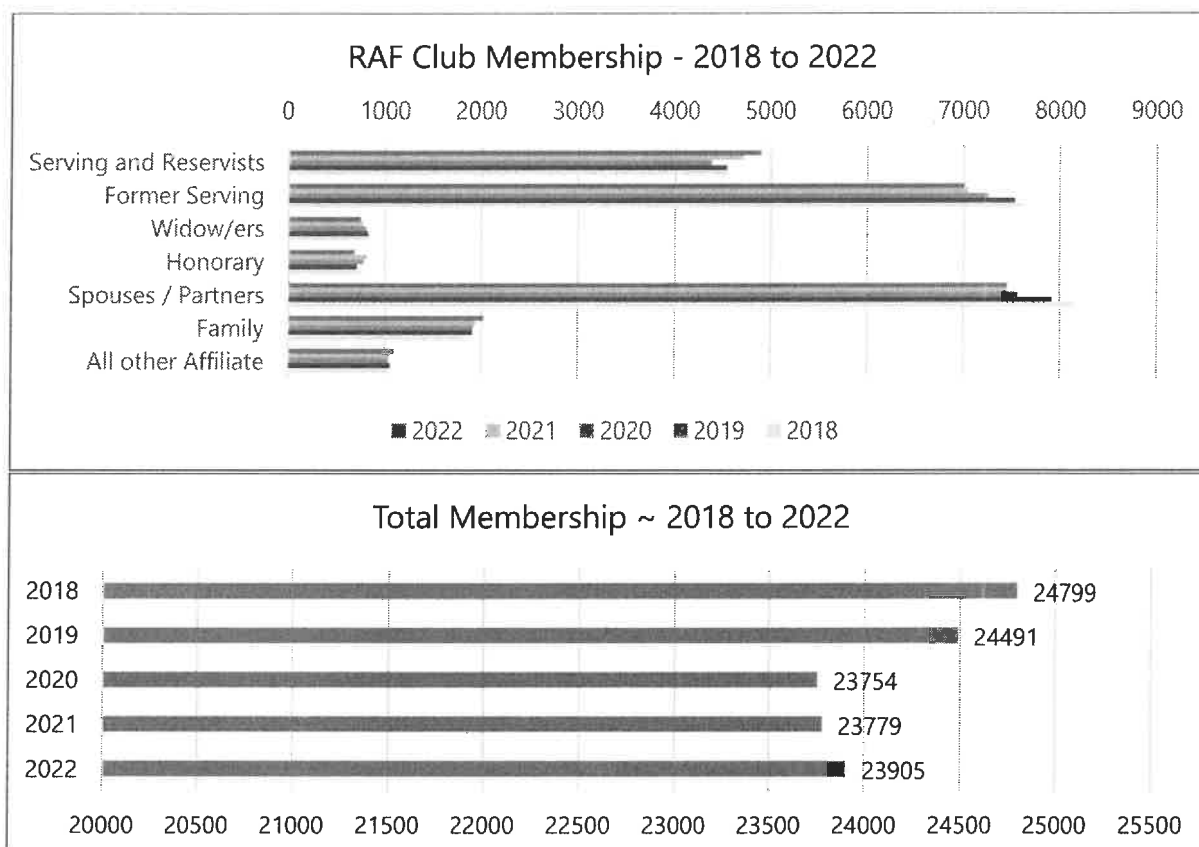
Donations received in 2022 from the Friends of the RAF Club (FRAFC) amounted to £148,000 including Gift Aid tax reclaims. The Donation and Legacies Fund allocated £105,000 to supporting staff welfare through a cost-of-living grant and also committed to funding the Lobby refurbishment project which includes new front doors. The second FRAFC event will be held in March to thank all those Gold and Silver Friends. Fundraising will continue throughout 2023 to support further capital projects such as the façade renovation and to install a new independently accessible lift for Members and visitors.

Membership Committee

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

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

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



The Systems and IT Working Group

Overseeing IT strategy and principles and the usage of data

The Systems Working Group advised on the outsourcing of IT (completed in July 2022 with annual savings initially of £50,000) and is now working on projects including the implementation of a management information system (MASTEL) and evaluating longer-term plans including a smart Club membership card and mobile Apps.

Club Library and Archive

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

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

Contribution by Volunteers

All Trustees, Committee members, Working Groups, Internal Auditors, Librarians and Club Archivists are unpaid volunteers, and it is estimated that around 500 volunteer days were given to the Club in the year for the benefit of all Club Members. The Club benefits enormously from their considerable professional expertise and invaluable advice.

Staff Engagement

Our team are the Club's most important resource so our engagement with them is paramount. Keeping our team compensated, well cared for and listened to makes the difference between positive and negative Member experience. During 2022 the team has grown and developed whilst recruitment has been challenging, but our efforts have resulted in a well-motivated and hard-working team. The Board of Trustees was keen to support staff through the economic problems of 2022 by awarding a cost-of-living grant of £750. The Board also introduced a welfare fund which is available to support staff in need and the fund will remain available through 2023.

A highlight of our staff engagement are the annual awards presented each year at the Staff Christmas lunch. Staff also enjoy regularly raising money for charity.

Staff Awards

In 2022 we presented the following awards:

Newcomer of the Year ~ 2022	Brian Moore, Maintenance Supervisor
Front of House Star ~ 2022	Ania Prorok, Receptionist
Heart of House Hero ~ 2022 ~ Two winners	Alex Jurascuk, Cost Controller The Membership Team
Casual of the Year ~ 2022	Jan Jan Dozina, Laundry
Department of the Year ~ 2022 ~ Two winners	The Food & Beverage Team The Meetings & Events Team
Employee of the Year ~ 2022	Harry Donnelly, Chef de Partie
Leader of the Year ~ 2022	Donna Graham, Head Housekeeper
Chief Executive Special Recognition ~ 2022	Svitlana Fitkovska, Housekeeping Assistant

The Chief Executive Special Recognition Award was presented to Svitlana Fitkovska, a refugee who joined the Club from Ukraine. Svitlana was sponsored by an English family and introduced to the Club housekeeping department where she has proved to be a hard-working member of the team. As we continue to look after our staff, 2023 will see the introduction of: a monthly service anniversary lunch, hosted by the Chief Executive, Miles Pooley; a bimonthly Chiropodist visit; and a new online benefits platform and much more.

Staff Visits to RAF Stations

In early 2022, the Chief Executive accompanied by the Club Manager visited RAF Northolt. This was followed up in August 2022, when a group of Club Staff were invited to spend the day and dine at RAF Benson to gain a real insight into life on a working station. Further Station visits are being planned for 2023.

2022 Financial Review

Quarter 1

	Total revenue	Surplus
Quarter 1	£2,043,854	£92,757

The year started with the Club still feeling the effects of the Omicron variant and this, together with Storm Eunice, affected the occupancy and had a negative impact on the Food & Beverage department, which received numerous cancellations. Thanks in part to continuing Member generosity in supporting the Club through general donations and an increase in Membership subscription revenue, the Club managed to exceed forecast and returned a modest surplus.

Quarter 2

	Total revenue	Surplus
Quarter 2	£2,594,664	£369,148

The Club was pleased to return to pre-Covid levels of business where levels of bedroom occupancy and overall Food & Beverage revenue exceeded the budget.

Quarter 3

	Total revenue	Surplus
Quarter 3	£2,479,199	£271,023

The positive pattern continued into the summer months. Bedroom occupancy levels and food and beverage revenue exceeded the budget for July and August. Understandably, however, the club did experience a downturn in revenue in September due to the passing of Her Majesty Queen Elizabeth II and the subsequent 10 days of mourning.

Quarter 4 –

	Total revenue	Surplus
Quarter 4	£3,064,712	£324,490

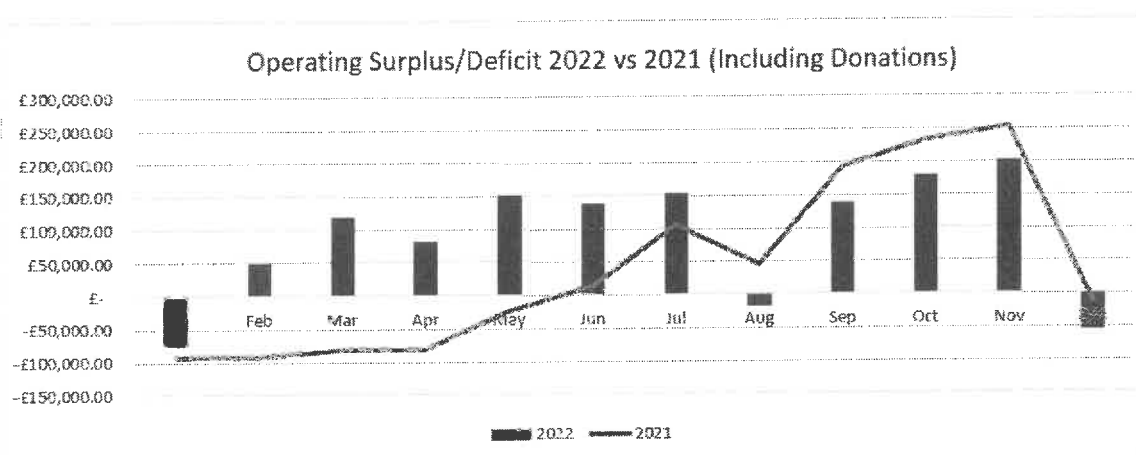
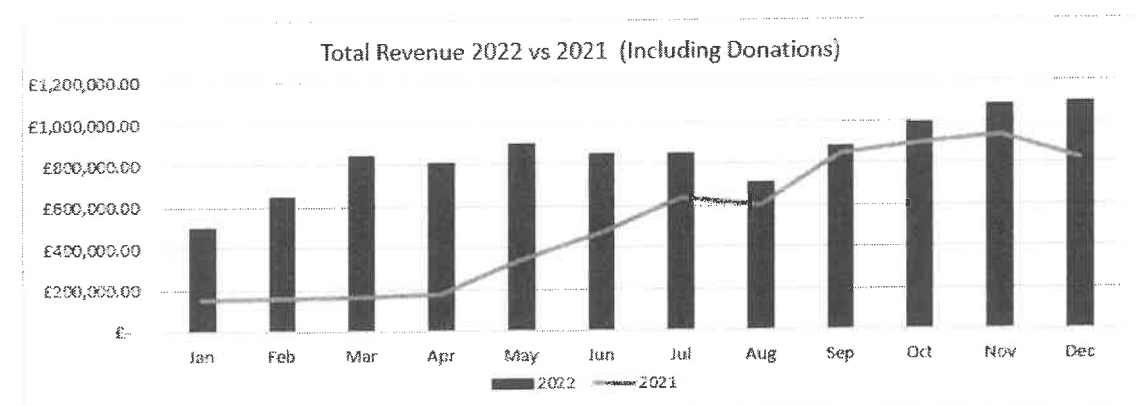
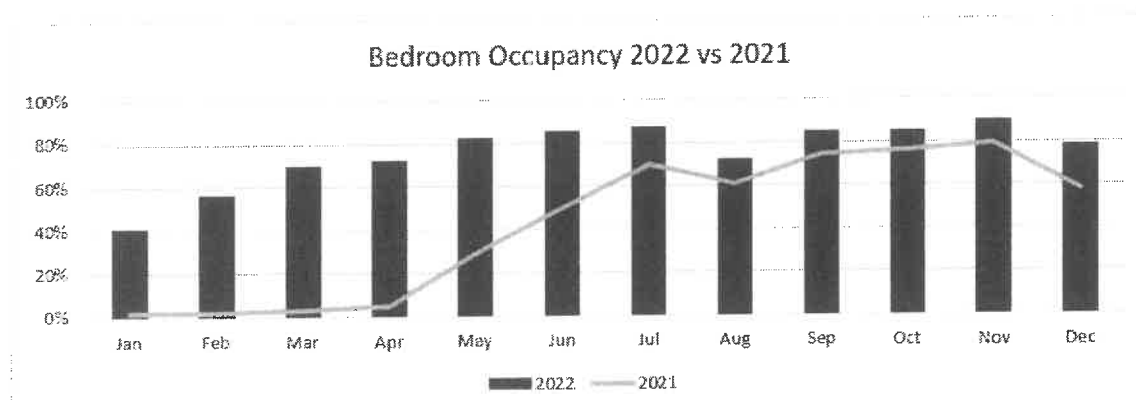
The months of October and November were particularly strong with overall revenue exceeding budget by £177k. Revenue in December was impacted by cancellations due to a combination of extreme weather and train strikes.

Yearly Overview

The strong recovery that was experienced in 2021 continued into 2022 with the Club recording a total income in excess of £10m for the first time in the Club's history. During the year, Member activity volumes started to return towards the levels reported before the pandemic and total income was 42% higher than in 2021. Unfortunately, recruitment difficulties in the hospitality sector and rising general inflation resulted in total expenditure increasing by 46%. The resultant net operating surplus of £1.1m and an investment gain on the Interest Rate Swap relating to the Centenary Extension Loan of £157k gave a total net income of £1.2m which has been transferred to Designated Funds.

Cash provided by operating activities was £1.9m – up from £1.6m in 2021. Loan repayments of £1.8m comprised full repayment of the Covid Business Interruption Loan of £1.4m and £0.4m against the Centenary Extension Loan. Capital expenditure accounted for £0.1m and the net effect was a year end cash balance of £3.0m which was £36k lower than the previous year end.

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



The Covid-19 business interruption loan

Towards the end of 2021, due to the uncertainty surrounding emerging variants of Covid-19 pandemic, a decision was made by the Board to delay the repayment of the £1.4m Government Coronavirus Business Interruption Loan in order to provide a prudent working capital cushion over the winter of 2021. However, as the situation improved in the first half of 2022, the loan was repaid in full in May 2022.

Bank/Loan Covenants

For 2022, the financial performance has been fully compliant with the loan covenants and the approved full-year 2023 budget is in full compliance with the covenants.

2023 Outlook

Against a background of continuing high inflation and labour capacity restraints the Club's financial forecast for 2023 anticipates a marginal improvement in activity levels and a similar overall financial performance.

Capital Improvements to the Club House

In 2022, with the support of 601 Squadron, the Victoria Bar was completely refurbished, including the opening up of a long-forgotten arched window. The space was renamed the 601 Squadron Room.

A 5-year plan is now being developed to ensure that refurbishment projects can take into account the future needs of both the building and the membership.

The Club as a Going Concern

The Club's recovery in activity volumes from the Covid low point of 2020 continued apace in 2022. Total revenue exceeded £10M for the first time in the Club's history and was over 40% higher than in 2021. The increased activity volumes, coupled with rising inflationary pressures, especially in labour costs, resulted in total expenditure increasing by 46%. The resultant net income for the year was £1.2m compared with £1.0m in 2021. The Club's financial forecast for the period ending 31 March 2024 anticipates similar levels of trading and financial performance as in 2022.

Continuing recovery could be affected by factors outside of the Club's control. In particular, economic and political uncertainties, with current high inflation levels and the continuing conflict in Ukraine, present challenges and complexities in assessing risks. However, as with the global pandemic, the Trustees are confident that the Club will continue to respond to adverse trends through managerial alacrity, agility and adaptability.

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

Key Management Personnel and Remuneration

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

Reserves Policy

The Trustees last reviewed the Club's Reserves policy early in 2020 before the pandemic took hold. As a prudent reflection of the Club's financial situation at that time, it was agreed to set a General "free" Reserve target of £2m. This represented approximately three months' income in normal circumstances and was set reflecting the risks of unplanned events that could adversely impact operations and result in loss of income. At the time of the review, it was expected that it would take a number of years to reach the objective as, following completion of the Centenary Extension investment project, there was a requirement to build-up the Fixed Asset Fund to match the increased net book value of the fixed assets, net of related loan balances, and to take account of funds earmarked for exceptional early loan repayments.

The Board is planning to refresh the Reserves Policy in the current financial year when it reviews an updated medium-term financial strategy and related financial forecasts and risk assessments.

Investment Policy and Objectives

It has been the Club's policy to hold any surplus cash on short term deposits with financial institutions with high credit ratings. The Club benefits from an offset arrangement on its accounts with its bankers, Coutts & Co, a subsidiary of NatWest Holdings, whereby, for the purposes of calculating interest on the Centenary Extension bank loan, a credit balance on the current account earns a notional credit which is offset against the interest charged on the outstanding loan balances. Currently, this arrangement offers the best financial return for the Club on surplus operating cash and for the foreseeable future all cash holdings will be maintained at Coutts & Co.

Accounting and Reporting Responsibilities

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

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

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

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

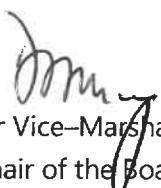
The Board of Trustees is responsible for keeping accounting records, which are such as to disclose, with reasonable accuracy, the financial position of the Charity at any time, and to enable them to ensure that the accounts comply with charity law. The Board of Trustees is also responsible for safeguarding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

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

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

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

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


Air Vice-Marshal David Murray
Chair of the Board of Trustees
Wednesday 29th March 2023

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

Opinion

We have audited the financial statements of The Royal Air Force Club for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Statements of Financial Position, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company and group's affairs as at 31 December 2022 and of the charitable company and group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report (which incorporates the Strategic report and the Directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report, which are included in the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees for the financial statements

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

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either

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

intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

Use of our report

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



Gareth Ogden
Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP, Statutory Auditors

Haysmacintyre LLP
10 Queen Street
London
EC4R 1AG

DATE: Wednesday 29th March 2023

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING THE INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
INCOME FROM:					
Charitable activities					
Club income		9,861,537	-	9,861,537	6,166,072
Donations and legacies					
Legacies		7,197	-	7,197	57,334
Restricted Donations		-	8,250	8,250	91,250
Donations from appeals and Friends of the Club		160,259	-	160,259	299,666
Government grant income		-	-	-	476,835
Other trading activities					
Trading activities	7a	145,186	-	145,186	58,394
Total income		<u>10,174,179</u>	<u>8,250</u>	<u>10,182,429</u>	<u>7,149,551</u>
EXPENDITURE ON:					
Charitable expenditure					
Club operating costs	2	8,947,843	-	8,947,843	6,196,119
Fine art	2	10,850	-	10,850	2,042
Donations made	2	10,239	-	10,239	8,000
Other trading activities					
Trading activities	7a	112,951	-	112,951	22,744
Raising funds					
Fundraising costs	2	43,128	-	43,128	15,574
Total expenditure	2	<u>9,125,011</u>	<u>-</u>	<u>9,125,011</u>	<u>6,244,479</u>
Net income/(expenditure) before investment gains/(losses)		1,049,168	8,250	1,057,418	905,072
Net gain/(loss) on investment of interest rate swap		157,084	-	157,084	130,505
Net income/(expenditure)		<u>1,206,252</u>	<u>8,250</u>	<u>1,214,502</u>	<u>1,035,577</u>
Transfers between funds	12	62,601	(62,601)	-	-
Balance brought forward		7,733,264	61,829	7,795,093	6,759,516
Balance carried forward		<u>£9,002,117</u>	<u>£7,478</u>	<u>£9,009,595</u>	<u>£7,795,093</u>

All transactions are derived from continuing activities.

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

The notes on pages 30 to 40 form an integral part of these financial statements

ROYAL AIR FORCE CLUB CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31st DECEMBER 2022

COMPANY NUMBER 05321353
(a company limited by guarantee)

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	6	10,556,350	11,334,866
CURRENT ASSETS			
Stocks	8	86,124	99,623
Debtors	9	682,827	316,918
Cash at bank and in hand		3,049,669	3,086,130
		<u>3,818,620</u>	<u>3,502,671</u>
CREDITORS: amounts falling due within one year	10	<u>(1,586,234)</u>	<u>(1,738,391)</u>
NET CURRENT ASSETS		2,232,386	1,764,280
CREDITORS: amounts falling due after more than one year	11	<u>(3,779,141)</u>	<u>(5,304,053)</u>
NET ASSETS		<u><u>£9,009,595</u></u>	<u><u>£7,795,093</u></u>
FUNDS			
Unrestricted funds			
- Designated funds	12	9,002,117	7,733,264
- General fund	12	-	-
Restricted funds	12	7,478	61,829
		<u><u>£9,009,595</u></u>	<u><u>£7,795,093</u></u>

The financial statements were approved and authorised for issue by the Board on Wednesday 29th March 2023 and were signed below on its behalf by:


D MURRAY
Air Vice-Marshal


I MELIA
Flight Lieutenant

The notes on pages 30 to 40 form an integral part of these financial statements

ROYAL AIR FORCE CLUB CHARITY STATEMENT OF FINANCIAL POSITION AT 31st DECEMBER 2022

COMPANY NUMBER 05321353
(a company limited by guarantee)

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	6	10,556,350	11,334,866
Investments	7	100	100
		<u>10,556,450</u>	<u>11,334,966</u>
CURRENT ASSETS			
Stocks	8	86,124	99,623
Debtors	9	740,417	380,130
Cash at bank and in hand		2,971,494	3,011,273
		<u>3,798,035</u>	<u>3,491,026</u>
CREDITORS : Amounts falling due within one year	10	(1,565,749)	(1,726,846)
NET CURRENT ASSETS		<u>2,232,286</u>	<u>1,764,180</u>
CREDITORS: amounts falling due after more than one year	11	(3,779,141)	(5,304,053)
NET ASSETS		<u><u>£9,009,595</u></u>	<u><u>£7,795,093</u></u>
FUNDS			
Unrestricted funds			
- Designated funds	12	9,002,117	7,733,264
- General fund	12	-	-
Restricted funds	12	7,478	61,829
		<u><u>£9,009,595</u></u>	<u><u>£7,795,093</u></u>

The parent undertaking's total income for the year before gift aid from RAFCTC Limited was £10,037,243 (2021: £7,091,157) and its net income for the year amounted to £1,047,418 (2021: net income £905,072).

The financial statements were approved and authorised for issue by the Board on Wednesday 29th March and were signed below on its behalf by:


D MURRAY
Air Vice-Marshal


I MELIA
Flight Lieutenant

The notes on pages 30 to 40 form an integral part of these financial statements

ROYAL AIR FORCE CLUB CONSOLIDATED CASH FLOW STATEMENT YEAR ENDED 31st DECEMBER 2022

	2022 £	2021 £
Cash provided by operating activities	1,871,008	1,609,024
Cash flows from investing activities		
Purchase of tangible fixed assets	(102,561)	(29,421)
Cash used in investing activities	(102,561)	(29,421)
Cash flows from financing activities		
Loan repayments	(1,804,908)	(67,484)
Cash outflow from financing activities	(1,804,988)	(67,484)
(Decrease)/increase in cash and cash equivalents in the year	(36,461)	1,512,119
Cash and cash equivalents at the beginning of the year	3,086,130	1,574,011
Total cash and cash equivalents at the end of the year	£3,049,669	£3,086,130

ANALYSIS OF CHANGES IN NET DEBT	At 1 January 2022 £	Cash Flows £	At 31 December 2022 £
Cash at bank and in hand	3,086,130	(36,461)	3,049,669
Bank loans due < 1 year	(684,984)	280,076	(404,908)
Bank loans due > 1 year	(5,304,053)	1,524,912	(3,779,141)
Net debt	(£2,902,907)	£1,768,527	(£1,134,380)

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

	2022 £	2021 £
Net movement in funds	1,214,502	1,035,577
Add back depreciation charge	881,078	911,651
Decrease/(increase) in stock	13,499	(33,067)
Increase in debtors	(365,908)	(139,074)
Increase/(decrease) in creditors	127,837	(166,063)
Net cash provided by operating activities	£1,871,008	£1,609,024

The notes on pages 30 to 40 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st DECEMBER 2022

1. ACCOUNTING POLICIES

General information

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

Basis of preparation

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

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

Basis of consolidation

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

Going concern

The Club's recovery in activity volumes from the Covid low point of 2020 continued apace in 2022. Total revenue exceeded £10M for the first time in the Club's history and was over 40% higher than in 2021. The increased activity volumes, coupled with rising inflationary pressures, especially in labour costs, resulted in total expenditure increasing at 46%. The resultant net income for the year was £1.2m compared with £1.0m in 2021. The Club's financial forecast for the period ending 31 March 2024 anticipates similar levels of trading and financial performance as in 2022.

Continuing recovery could be affected by factors outside of the Club's control. In particular, economic and political uncertainties, with current high inflation levels and the continuing conflict in Ukraine, present challenges and complexities in assessing risks. However, as with the global pandemic, the Trustees are confident that the Club will continue to respond to adverse trends through managerial alacrity, agility and adaptability.

Having considered all available information about current circumstances and future trends, the Trustees have a reasonable expectation that the Club has adequate resources to continue to

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31st DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

operate as a viable organisation for the foreseeable future. Thus, the Trustees continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Fund accounting

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

Income

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

Depreciation

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

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

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

Minor additions to the furniture, fittings, equipment and other improvements to the Club premises have been written off directly against revenue. The amount expensed in the year was £nil (2021: £15,513).

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

Allocation of support costs

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

Staff costs

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

Stocks

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

Debtors

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

Cash at bank and in hand

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

Judgements in applying accounting policies and key sources of estimation uncertainty

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

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

Land & Buildings

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

Creditors and provisions

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

1. ACCOUNTING POLICIES (continued)

Financial instruments

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

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

2. ANALYSIS OF TOTAL EXPENDITURE

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31st DECEMBER 2022

2. ANALYSIS OF TOTAL EXPENDITURE (continued)

2021	Charitable expenditure				2021	2020
	Club operating costs	Fine art	Donations made	Trading activities	Total	Total
	£	£	£	£	£	£
Staff costs	3,306,055	-	-	-	3,321,629	4,203,949
Depreciation	911,651	-	-	-	911,651	970,894
Repairs and maintenance	204,236	-	-	-	204,236	183,222
House supplies	92,805	-	-	-	92,805	60,857
Fine art	-	2,042	-	-	2,042	6,454
Donations made	-	-	8,000	-	8,000	1,112
Trading activities	-	-	-	22,744	22,744	28,128
Bank interest	135,093	-	-	-	135,093	133,924
Support and other costs	1,527,888	-	-	-	1,527,888	1,096,715
Governance costs	18,391	-	-	-	18,391	38,989
	<u>£6,196,119</u>	<u>£2,042</u>	<u>£8,000</u>	<u>£22,744</u>	<u>£6,244,479</u>	<u>£6,724,244</u>

3. NET EXPENDITURE

	2022 £	2021 £
The net expenditure is stated after charging :		
Auditors' remuneration – audit	24,675	20,400
Auditors' remuneration – other services	1,100	1,050
Depreciation – on owned assets	881,078	911,651
	<u>=====</u>	<u>=====</u>

4. EMPLOYEES AND STAFF COSTS

	2022 No.	2021 No.
The average number of contracts for Full Time and Part Time staff	118	95
	<u>=====</u>	<u>=====</u>
	£	£
Staff costs were as follows:		
Wages and salaries	4,017,303	2,833,459
Agency	161,288	72,768
Social security costs	371,718	261,717
Other pension costs	194,952	153,685
Termination payments	19,164	-
	<u>4,764,425</u>	<u>£3,321,629</u>
	<u>=====</u>	<u>=====</u>

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

£60,001 - £70,000	-	2
£70,001 - £80,000	-	1
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-
£100,001 - £110,000	1	-
£130,001 - £140,000	1	1
	<u>=====</u>	<u>=====</u>

The trading subsidiary, RAFCTC, incurred £75,272 in staff costs (2021: £7,629) which are included within Trading Activities expenditure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31st DECEMBER 2022

5. TRUSTEES' REMUNERATION, REIMBURSED EXPENSES AND RELATED PARTIES

The key management personnel of the parent charity, the Club, comprise the Trustees and the Executive Team. The total employee remuneration and benefits of the key management personnel of the Club were £570,115 (2021: £507,998).

No Trustees received remuneration for their services during the year. The charity trustees were not paid from employment with the Club or its subsidiary in the year (2021: Nil). No Club trustee received payment for professional or other services supplied to the Club (2021: Nil). During the year 9 trustees (2021: 9 trustees) were reimbursed expenses totalling £5,827 (2020: £2,900).

There were no related party transactions during the year (2021: Nil).

6. TANGIBLE FIXED ASSETS

	Freehold land and buildings and general improvements £	Bedrooms £	Function Rooms and Equipment £	Total £
GROUP AND CLUB				
Cost				
At 1st January 2022	17,969,317	7,693,438	2,296,246	27,959,001
Additions	27,945	-	74,616	102,561
At 31st December 2022	17,997,262	7,693,438	2,370,862	28,061,562
Depreciation				
At 1st January 2022	7,874,985	7,185,387	1,563,763	16,624,135
Charge for the year	582,919	139,404	158,754	881,077
At 31st December 2022	8,457,904	7,324,791	1,722,517	17,505,212
Net book value				
At 31st December 2022	£9,539,358	£368,647	£648,345	£10,556,350
At 31st December 2021	£10,094,332	£508,051	£732,483	£11,334,866

All the fixed assets are used for charitable activities.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

7. INVESTMENTS

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

	2022 £	2021 £
The Club's investment in the trading company was as follows:		
RAFCTC Limited	100	100
	=====	=====

7a. TRADING ACTIVITIES

	2022 £	2021 £
Profit and Loss Account		
Turnover	145,186	58,394
Cost of sales	(36,695)	(12,793)
	-----	-----
Gross profit	108,491	45,601
Administration expenses (net of interest receivable)	(76,256)	(9,951)
	-----	-----
Profit for the financial year	£32,235	£35,650
	=====	=====
Amount payable under gift aid to the Club	£32,235	£35,650
	=====	=====
Balance sheet		
Net current assets	£100	£100
	-----	-----
Share capital	£100	£100
	-----	-----

8. STOCKS

	Group and Club	
	2022 £	2021 £
Goods for resale	£86,124	£99,623
	=====	=====

9. DEBTORS : Amounts due within one year

	Group		Club	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	186,630	204,196	159,881	185,908
Other debtors	211,274	7,298	211,274	7,298
Amounts owed by subsidiary undertakings	-	-	84,339	81,522
Prepayments and accrued income	137,185	105,424	137,185	105,402
Interest rate swap	147,738	-	147,738	-
	-----	-----	-----	-----
	£682,827	£316,918	£740,417	£380,130
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

10. CREDITORS : Amounts falling due within one year	Group		Club	
	2022 £	2021 £	2022 £	2021 £
Bank loans	404,908	684,904	404,908	684,904
Trade creditors	288,330	304,186	288,330	304,133
Other creditors	48,447	93,148	41,791	88,356
Amounts owed to subsidiary undertakings	-	-	-	-
Other taxes and social security	552,700	381,474	539,971	375,824
Accruals and deferred income	291,849	265,333	290,749	264,283
Interest rate swap	-	9,346	-	9,346
	<u>£1,586,234</u>	<u>£1,738,391</u>	<u>£1,565,749</u>	<u>£1,726,846</u>
	=====	=====	=====	=====
11. CREDITORS : Amounts falling due after one year	Group		Club	
	2022 £	2021 £	2022 £	2021 £
Bank loan	<u>£3,779,141</u>	<u>£5,304,053</u>	<u>£3,779,141</u>	<u>£5,304,053</u>
	=====	=====	=====	=====
Analysis of bank loans:				
Amounts falling due:				
Within one year	<u>404,908</u>	<u>684,904</u>	<u>404,908</u>	<u>684,904</u>
	=====	=====	=====	=====
Amounts falling due:				
Between one and two years	<u>3,779,141</u>	<u>684,904</u>	<u>3,779,141</u>	<u>684,904</u>
Between two and five years	<u>-</u>	<u>4,619,149</u>	<u>-</u>	<u>4,619,149</u>
	<u>£3,779,141</u>	<u>£5,304,053</u>	<u>£3,779,141</u>	<u>£5,304,053</u>
	=====	=====	=====	=====

The bank facility comprises a business term loan of £4,184,049 (2021: £4,588,957) which is secured by a first legal charge over the freehold land and buildings at The Royal Air Force Club. The business loan repayable profile is for a 15-year term following a capital holiday period of 18 months from the date of the last drawdown. The outstanding balance of the loan is due to be repaid in April 2024, when the amount outstanding is expected to be £3.6m, and the expectation is that a replacement loan will be negotiated at that time. The bank granted a capital repayment holiday for a period of 12 months from 1 November 2021. Interest is charged at 2.45% p.a. above the bank base rate.

The Coronavirus Business Interruption Loan has been fully repaid in the year (2021: £1,400,000).

In relation to the bank facility, the Club also holds an interest rate swap, with an asset value of £147,738 as at 31 December 2022 (2021: liability of £9,346). This has been included in the financial statements within debtors.

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31st DECEMBER 2022

12. FUNDS

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

	As at 1 January 2022	Net Income / expenditure	Transfers between funds	Balance at 31 December 2022
	£	£	£	£
Unrestricted funds:				
General fund	-	1,192,029	(1,192,029)	-
<i>Designated funds:</i>				
Fixed asset fund	7,588,241	-	1,209,630	8,797,871
Legacy fund	114,519	7,197	(87,754)	33,962
Friends of the RAF Club	-	105,630	30,000	135,630
Fine art and stained window fund	6,504	(10,850)	15,000	10,654
Staff welfare	24,000	(87,754)	87,754	24,000
Total designated funds	7,733,264	14,223	1,254,630	9,002,117
Total unrestricted funds	7,733,264	1,206,252	62,601	9,002,117
Restricted funds:				
601 Squadron – Victoria Bar refurbishment	61,829	8,250	(62,601)	7,478
Total funds	£7,795,093	£1,214,502	-	£9,009,595

	As at 1 January 2021	Net Income / expenditure	Transfers between funds	Balance at 31 December 2021
	£	£	£	£
Unrestricted funds:				
General fund	-	889,035	(889,035)	-
<i>Designated funds:</i>				
Fixed asset fund	6,693,785	-	894,456	7,588,241
Legacy fund	57,185	57,334	-	114,519
Fine art and stained window fund	8,546	(2,042)	-	6,504
Staff welfare	-	-	24,000	24,000
Total designated funds	6,759,516	55,292	918,456	7,733,264
Total unrestricted funds	6,759,516	944,327	29,421	7,733,264
Restricted funds	-	91,250	(29,421)	61,829
Total funds	£6,759,516	£1,035,577	£ -	£7,795,093

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31st DECEMBER 2022

12. FUNDS (continued)

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

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

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

The Friends of the RAF Club was launched in November 2021 and is open to all Club Members who wish to formally contribute to the enhancement of the Club's facilities through making regular donations in addition to the annual membership subscription. All donations and expenditure on projects sponsored by the Friends flow through the new designated unrestricted Friends of the RAF Club Fund.

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

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

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

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP AND CLUB	Fixed assets £	Net Current assets £	Non-current Assets/ liabilities £	Total £
Restricted funds	-	7,478	-	7,478
General fund	-	-	-	-
Designated funds – fixed assets	10,556,350	2,020,662	(3,779,141)	8,797,871
Designated funds - other	-	204,246	-	204,246
	<u>£10,556,350</u>	<u>£2,232,386</u>	<u>(£3,779,141)</u>	<u>£9,009,595</u>
	=====	=====	=====	=====

NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31st DECEMBER 2022

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

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £
INCOME FROM:				
Charitable activities				
Club income	1	6,166,072	-	6,166,072
Donations and legacies				
Legacies		57,334	-	57,334
Restricted Donations		-	91,250	91,250
Donations from appeals and Friends of the Club		299,666	-	299,666
Government grant income		476,835	-	476,835
Other trading activities				
Trading activities	7a	58,394	-	58,394
Total income		<u>7,058,301</u>	<u>91,250</u>	<u>7,149,551</u>
EXPENDITURE ON:				
Charitable expenditure				
Club operating costs	2	6,196,116	-	6,196,119
Fine Art	2	2,042	-	2,042
Donations made	2	8,000	-	8,000
Other trading activities				
Trading activities	7a	22,744	-	22,744
Raising funds				
Fundraising costs	2	15,574	-	15,574
Total expenditure	2	<u>6,244,479</u>	<u>-</u>	<u>6,244,479</u>
Net income (expenditure) before investment gains/(losses)		813,822	91,250	905,072
Net loss on investment of interest rate swap		130,505	-	130,505
Net (expenditure)/ income		<u>944,327</u>	<u>91,250</u>	<u>1,035,577</u>
Transfers between funds	12	29,421	(29,421)	-
Balance brought forward		6,759,516	-	6,759,516
Balance carried forward		<u>£7,733,264</u>	<u>£61,829</u>	<u>£7,795,093</u>

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Ends