

THE ROYAL AIR FORCE CLUB
(a company limited by guarantee)

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31ST DECEMBER 2020

Charity registered number: 1108295

Company registered number: 05321353

THE ROYAL AIR FORCE CLUB

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YEAR ENDED 31ST DECEMBER 2020

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THE ROYAL AIR FORCE CLUB

LEGAL AND ADMINISTRATIVE DETAILS

YEAR ENDED 31ST DECEMBER 2020

TRUSTEES, OFFICERS AND ADVISORS

TRUSTEES

The Royal Air Force Club Trustees are the Charity Trustees of the Royal Air Force Club Charity (“the Charity”). The Trustees, all of whom have served in office throughout the year, are as follows:

Air Marshal Sue Gray (Chairman)
Mr John D Fisher (Vice-Chairman)
Air Commodore Barbara Cooper
Air Commodore Dai Whittingham
Group Captain James 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

OFFICER

Chief Executive Officer & Club Secretary - Mr Miles Pooley

AUDITORS

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

BANKERS

Coutts & Co
440 The Strand
London WC2R 0QS

SOLICITORS & LEGAL ADVISORS

Charity legal advice
Farrer & Co
66 Lincoln’s Inn Fields
London
WC2A 3LH

Employment Lawyers:
Borges – Salmon
One Glass Wharf
Bristol
BS2 0ZX

REGISTERED ADDRESS

128 Piccadilly
London W1J 7PY

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES

YEAR ENDED 31ST DECEMBER 2020

The Board of Trustees presents its report for the year ended 31 December 2020.

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including the Statement of Recommended Practice, Accounting and Reporting by Charities (Second Edition, effective 1 January 2019), and the Companies Act 2006.

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 Executive Officer of the Charity are listed on page 1. The principal address and advisors are also listed on page 1. The Club became incorporated on 24 December 2004 and received a new Registered Charity Number 1108295 in place of 252720.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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 on the basis of 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-Chairman.

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 chairmen report at each meeting of the Trustees:

Committees	Chaired by	Other Trustee members
Finance, Audit & Risk	Flight Lieutenant Ian Melia	Flight Lieutenant Haig Tyler
House	Hon.Group Captain Jo Salter	Air Commodore Barbara Cooper
Membership	Wing Commander James Hill	Wing Commander Paula Willmot
Arts	Wing Commander James Poynton	Group Captain Jim Beldon
Events	Air Commodore Dai Whittingham	Squadron Leader John Peters
Archive	Wing Commander Michael Gilbert (Former Trustee)	
Legacies, Donations & Fundraising	Air Commodore Barbara Cooper	Group Captain Al Lockwood

In addition, there are also the following ad hoc working groups:

- Covid 19 Working Group which is chaired by Air Marshal Sue Gray with support from the Vice-Chairman and the two Trustees sitting on the Finance, Audit and Risk Committee. This group is tasked with co-ordinating the Club's response to the pandemic and developing the business recovery plan.
- Nominations Working Group which is formed as and when necessary to select Trustees to fill vacancies on the Board of Trustees. Due to higher priority demands, however, this group did not meet in 2020.
- Remunerations Committee which meets normally at least once a year to consider the remuneration and benefit package for the CEO and comprises The Vice-Chairman, The Chairman of the Finance, Audit and Risk Committee, The Trustee with responsibility for Human Resources and an independent Hospitality professional who is not a Club member. However, this group did not meet in 2020.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The day-to-day running of the Club is delegated to the CEO & Club Secretary, who is supported by an Executive Team. The Executive Team has developed over the last few years and averaged 12 members for the year. An organisational review is underway to deliver a more streamlined and cost effective senior management team.

The CEO & Club Secretary, Club Manager and Director of Finance attend all meetings of the Trustees and some subordinate committees. Other members of the Executive Team also attend appropriate meetings of the subordinate committees.

The Royal Air Force Club actively promotes the highest standards in fulfilling its Objects, partly through maintaining strong links with the Royal Air Force, partly through good communication with its Members and partly through regular evaluation and improvements to the quality of service to its Members. We also co-operate with other charitable Clubs as part of the evaluation process.

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

Vision:

To be the London Club of choice for serving and retired RAF Officers, their families and other Members

Mission:

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:

- 1. Value, respect and support each other**
- 2. Give personalised, warm and consistently exceptional service**
- 3. Create positive, memorable experiences for every Member**
- 4. Care about and give back to our local community**

Group Structure and Relationships

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 the Charity's total income and hence improve its continuing ability to achieve its Objects. The company provides functions to persons supportive of, but not directly associated with, the Royal Air Force and therefore not able 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 any economic uncertainties.

Corporate and Social Responsibility

The Club is fitted with an extensive Building Management System to reduce energy consumption to a minimum. Recycling is now fully established for used cooking fats, used light bulbs, bottles, used print cartridges, cardboard, batteries, bedroom toiletries and paper. The Club commenced a plan to remove all individual toiletries from bedrooms and this will continue through 2020. The purchase of a food waste machine has reduced refuse bills and the number of collections required. The Club had 2 beehives installed on the roof in early 2020 and some honey was harvested. The honey was used for cooking and it is hoped that there will be sufficient for sale to Club members in 2021.

Risk Management

The Board is responsible for overseeing the risks faced by the Charity. The Finance, Audit & Risk Committee plays a key role in the oversight of risks. Continuous 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.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

The Trustees undertake a formal review of the Charity's risk management process on an annual basis.

The key controls used by the Charity include:

- A Statement of Risk appetite and a Risk Management Schedule which is reviewed regularly by the Finance, Audit and Risk Committee;
- Formal agendas and minutes for all Board and Committee activity;
- Detailed Terms of Reference for all Trustees and Committees which are reviewed once a year;
- Comprehensive strategic planning, budgeting and management accounting;
- Established organisational structure and lines of reporting;
- Formal written policies;
- Clear authorisation and approval levels; and
- Operating as a Company Limited by Guarantee

Through the risk management process established for the Charity, the Trustees are satisfied that the major risks identified have been adequately mitigated where necessary, utilising insurance and control protocols. It is recognised that systems can only provide reasonable but not absolute assurance that major risks have been adequately managed.

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:

- Organisational purpose
- Leadership
- Integrity
- Decision-making, risk and control
- Board effectiveness
- Diversity
- Openness and accountability

CHARITABLE OBJECTS AND CLUB OPERATIONAL OBJECTIVES

Charitable Objects

The Trustees confirm that they have complied with the duty in section 4 of the Charities Act 2011 to have due regard to the general guidance 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. In particular 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 commissioned rank'*.

Public Benefit is not just provided to the members of the Charity. During the year, the Club has hosted visits from like-minded organisations; with prior arrangement, the Club welcomes visitors to view the memorabilia and art collection who otherwise would be unable to enter the premises due to not being eligible to take up one of the categories of membership. During the Covid-19 pandemic, the Trustees have also offered accommodation to keyworkers assisting with the control of the Covid-19 pandemic. These keyworkers have included NHS staff, Army and Navy personnel, Officers from the British Transport Police and Cabinet Ministers.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

In fulfilling its primary charitable object of promoting the efficiency of the Royal Air Force the following specific membership policies are applied and are available to Serving and Former Serving Officers of the Royal Air Force:

- The membership subscription fee for the first five years following graduation from Initial Officer Training is low at **£12.00** per year including VAT.
- The membership subscription fee for the first five years following Commission into the Reserves is low at **£12.00** per year including VAT.
- Serving subscription rates after the first five years following Commission are based on a half a day's pay utilising the entry level for each rank plus VAT only (i.e. annual increments in pay are not included in the calculation of membership subscription fees).
- Reserve officer subscription rates after the first five years following Commission are based on a half a day's pay utilising the entry level for each rank plus VAT only (i.e. annual increments in pay are not included in the calculation of membership subscription fees).
- Serving officers' subscriptions continue to be collected in February each year.
- Former Serving officers are offered a 25% discount from their annual subscriptions once they reach state retirement age and have been a member for 25 years.
- Payment of subscriptions is also available by monthly direct debit, but with a monthly administrative fee charged.
- Families are welcome at all times. Extended family members have also been welcome at the Club during 2020
- The Dress Code is relaxed in all except two areas of the Club at specified times in order to make the Club more attractive to families and younger officers.
- A 50% reduction in room rates (valid for one stay of no more than three days) is available to those returning from operations.
- Reduction of 50% for the first year of membership subscription fee when moving from Serving to Retired Member status.
- Running affordable promotions across the year for the benefit of Serving & former Serving Officers for overnight stays in quieter months of the year.
- Members receive complimentary Room Hire when booking private member functions.
- Bedrooms are available at the military London accommodation rate for military duty visits.
- Members are encouraged to use our fitness centre.

Operational Objectives for the Year

The original detailed operational objectives for the financial year, as set out in the Strategic Plan and Budget, were derailed by the impact of the Coronavirus pandemic and the primary focus of the Board and management has been to minimise the adverse financial consequences arising from the reduced activity levels.

Although the Club's plans were updated regularly to adjust to changed circumstances the core objectives were not forgotten and new objectives were devised to assist with the management of the impact of the Pandemic. The key objectives for 2020 included:

- **Membership**
 - To communicate with the Club's membership more frequently using the full range of communication and social media as so many have been unable to visit due to restrictions.
 - In particular, enhancing communication with serving and potential members by maintaining effective channels of communication through the Trustees, Committees, the RAF Stations, Reserves and University Air Squadrons to maximise membership levels in all categories.
 - To maintain and, if possible, improve membership numbers in all categories, especially serving officers and former serving officers.
 - To actively encourage Family Membership (being for siblings, sons, daughters, grandchildren, nieces, nephews and parents of full members).

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

- Continuing the Royal Air Force Club Award presented at the Initial and Reserve Officer Training graduations at RAF College Cranwell.
- Following up on Serving Officers who did not renew their subscriptions.
- Offering accommodation to families of Members who may be working as key workers during the pandemic.

- **Members' Use of the Club**
 - Attempt to meet the aspirations of members in terms of facilities, functions and the adaptation of Club Rules, in order to ensure the optimum use of the Club within the historical context and ethos already set. This has included the setting up of online social events to maintain contact with Members.
 - Within the constraints of tight spending controls to maintain the Club premises to an appropriately high standard – at the beginning of the year a contractually committed refurbishment of a group of bedrooms on the fourth floor and a new pastry kitchen were completed and a worn-out passenger lift was replaced. In addition, routine redecoration was carried out using in-house staff.
 - To market the Club's facilities effectively.

- **Financial and Related Issues**
 - To continue to ensure that the Charity operates on a sound financial basis and remains a going concern.
 - To evaluate Government sponsored financial assistance schemes, to apply for relevant support and ensure compliance with applicable rules. The Club has gratefully benefitted from the Coronavirus Job Retention Scheme ("furlough"), business rates support, temporary VAT reduction and deferral of settling liabilities, Coronavirus Business Interruption Loan scheme and other more limited assistance.
 - To maintain management information systems and to add to the existing installation of Opera and Concept so that the point-of-sale, bedroom booking and banqueting booking systems are fully up to date.
 - To ensure that all financial aspects of the Charity's business are diligently controlled so that the accounts continue to comply with legal requirements.
 - To oversee management's identification, assessment, management and reporting of risk, covering all aspects of the Club's governance, financial and operational management and regulatory compliance ensuring that Covid-19 is regularly reviewed as it is a new risk.
 - Operating the Trading Company for the benefit of the Charity.

- **Staff**
 - To ensure effective communication and engagement with staff throughout a difficult year with particular emphasis on keeping in touch with staff on furlough.
 - In challenging circumstances to monitor the welfare of staff – both working and at home on furlough - through regular contact.
 - To put in place online learning programmes to ensure continued career development for all staff – particularly valuable for staff on furlough.
 - To effectively manage the redundancy programme in accordance with the law and good employment practice.
 - To put in place effective communication surrounding government initiatives such as the Coronavirus Job Retention Scheme.

- **Events**
 - To arrange activities and events to promote an interest in all matters connected with aviation in general and with the Royal Air Force in particular and to develop these events so that they can be offered online whilst Members cannot visit the Club.
 - Tailoring of events to better reflect the objectives of the Club and the wishes of the membership.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

- **Arts**
 - To improve the collection of paintings and objets d'art which reflect the history of the Royal Air Force in particular, and aviation in general.
 - To commission works of art to fill gaps in the history of aviation art within the Club.
 - To develop a list of works of art which should be saved in the event of an emergency and to move these items around the Club to one specific area.
- **Library and Archive**
 - To maintain the Library book collection.
 - To arrange how best the Club might maintain its records.
 - To ensure the Club's records meet the needs of historians in the future.

Charitable Donations

Due to the deteriorating financial position, the Club was not able to make its usual charitable donations to the Royal Air Force Benevolent Fund and the Royal Air Forces Association this year. It is hoped that these will be reinstated in future years.

Volunteers

Trustees and members of the Committees gave many hours of their own time to provide governance, goodwill and professional advice during the year. The Board of Trustees would like to take this opportunity to record their appreciation for this continuing and valuable support.

OPERATIONAL AND FINANCIAL REVIEW OF THE YEAR

Operational Overview

The Club's financial year started strongly with positive bedroom occupancy and vibrant food and beverage and private event bookings for the year and a team of 152 full time and part time staff. The first two months of the year delivered favourable variances against budgeted activity volumes and profitability. However, as reports began to proliferate of Coronavirus spreading across the world, bookings started to decline in February. When National lockdown was announced on 23rd March, the Club Trustees approved the request from the Chief Executive Officer that the Club should remain open specifically for Key workers and Government Officials. Those taking advantage of our facilities included those from all three services of the Armed Forces who were working to support the Government in their fight against Covid-19. The Club was also able to offer accommodation and services to Club Members who had to be in London for their own work purposes and for those who had medical appointments. We were extremely proud to support Army personnel who were building the Nightingale Hospital in London and those leading the Test and Trace initiative. The Club Dining Room was converted to a military style canteen offering limited but welcome meals. Although the Club remained open as many staff as possible were put on to the furlough scheme and parts of the Club not in use were closed down to reduce operating costs. Keyworkers continued to be accommodated in April and May but from June their bookings started to decline.

In June 2020, the Club Chairman launched a donation appeal to Club Members to assist with operating costs and staff welfare. Members responded in a positive manner. A further appeal later in the year by the Club President encouraged Members to also set up standing orders which again received a positive response.

On 4th July, hospitality re-opened and Members started to re-visit the Club in small numbers. It was clear that many members were extremely cautious about visiting London with concerns about using the public transport network. At the end of July, with the short term future for the hospitality sector looking very bleak, the Club was compelled to make redundancies and started the compulsory consultation process. The redundancy programme was complete by the end of September with 45 staff members leaving the Club's employment.

The Government scheme, "Eat out to help out" helped to generate extra business in the Club especially in the Dining Room as Members and their guests felt encouraged to support the Government and their Club.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

On October 17th, new national restrictions were announced by the Government and London was placed in Tier 2 - Local COVID Alert Level of High. In quick succession another National Lockdown started on 6th November, Tier 3 – Very High Alert Level from 16th December and finally another National Lockdown again on 30th December. Inevitably the restrictions had a severe impact on the Club's activities. However, throughout this difficult period the Club still remained open to support keyworkers, those requiring accommodation for business reasons and those meeting other specific requirements.

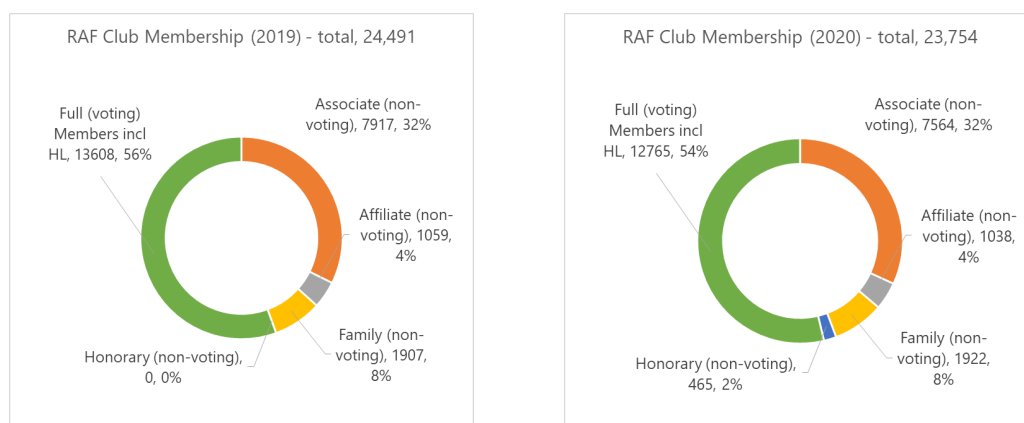
At 31 December the Club had 84 full time equivalent employees – a sad low point but we expect to be rehiring in the coming year as Members return to the Club and business improves. Despite the difficult year, Trustees and the Club's management and staff have worked closely together to secure the financial future of the Club. With the initial success of the vaccination programme the outlook for 2021 is looking more favourable.

The Club's forecast for 2021 assumes a rebound in activity with trading at lower levels than previous years but a return to profitability and positive cash generation. Sensible and prudent financial management will help to secure the long term operational and financial success of the Club. In 2021, capital project work will be limited to essential work on the light-well above the main staircase but routine maintenance and small projects carried out by our onsite maintenance team will continue to maintain the building to its high standard. The Club's plans assume that "normalised" levels of activities, investment and financial performance will be achieved in 2022. We remain optimistic about the future and look forward to welcoming all members back into the Club in the coming months.

COMMITTEE REPORTS FOR THE YEAR

Membership

The steadfast support, loyalty and commitment of our members has meant Club membership has held up remarkably well over the past year. At the end of January 2021 the Club had 23,717 members, compared with 24,560 in January 2020. Sadly, in 2020 we lost 1,007 members. The most frequently cited reason for resignation is lack of opportunity to use the Club, but this has been a common trend over several years and is not specifically attributable to the pandemic.



The committee's focus over the past year has been to promote membership retention and encourage growth. This has been challenging, especially with the pause in Cranwell graduations from last summer. The first of the new Modular Initial Officer Training Courses graduated in February 2021 with a very positive take up of Club membership. Maintaining and strengthening our links with the RAF Officer Training Academy are an absolute priority.

We continue to promote the Club through our station representatives, but with much of the serving population working from home, engagement opportunities are limited. The committee are investigating how best to target serving officers.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

In spite of the restrictions on access to the Club, there has been a healthy level of interest in affiliate and family membership. This year family membership has been extended to include nieces and nephews of full members. The committee has also reviewed the general criteria for family membership and with the agreement of trustees introduced a new policy which allows the children and grandchildren of former members who are deceased to apply to join the Club. We had received a number of requests, often from family members whose parents had proposed them and they wished now to include their children, maintaining a strong sense of tradition and community.

Over the next year, the committee intends addressing the fall in membership numbers with renewed engagement with the serving officer corps, a commitment to promote the Club to the newly graduating officers at Cranwell and renewed focus on the membership offer across all member categories.

Events

The Events Committee continued efforts to cater for Members' interests by providing a comprehensive and varied programme of external visits and events, tailored to reflect the Members' needs.

The 2020 social events programme had 45 events confirmed at the start of the year, with 1,037 bookings made by January 2020. Planned highlights were the Club's VE Day 75 celebrations with the D-Day Darlings, VE Day Gala at the Royal Albert Hall and Battle of Britain 80th Anniversary.

Due to the Covid-19 pandemic striking in March, only 5 of these planned events went ahead in January and February of 2020.

Burns Night Supper with the Adastral Burns Society 24/01/2020

Club Dinner & Cirque du Soleil at The Royal Albert Hall 04/02/2020

Club Dinner with Capt Richard de Crespigny 10/02/2020

New Members' Reception & Club Dinner 18/02/2020

Club Dinner with ACM Sir Dick Johns 20/02/2020

During the spring and summer, the team focussed on refunding cancelled events, with some members kindly donating their ticket costs to the Club's Covid-19 Appeal.

Christmas and New Year events remained in the diary, as we were hopeful these might still have been able to go ahead, with over 100 bookings gained, however these were unable to run as London has entered into Tier 4 by this stage of the year.

Planning began in autumn 2020 for a series of online events for 2021, with 4 confirmed to date for Q1. Further online events to be developed across the year, as a benefit for those members who cannot travel to London in 2021 and will remain a regular feature of the events programme going forward.

Arts

The Arts Committee has managed to maintain a reduced schedule of meetings in order to ensure works, commissioned and paid for prior to Covid-19, were seen through to completion. This included receiving an additional Mal Grosse miniature painting compilation of notable RAF buildings, in addition to the aircraft types previously commissioned. Alongside this the committee has managed to complete a valuation exercise, instigated work to devise a precious art fire evacuation plan, as well as considering more routine matters such as donations and new commissions. During the year, the committee were saddened to hear of the death of Dr James Harper, former Head Librarian of the Royal Air Force Club, whose service and commitment to the Club will be fondly remembered.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

Considering the financial impacts of Covid-19, the committee made an early decision to delay all but the most essential restoration works and not to commission any new works. A number of projects were paused including art relocations and squadron badge presentations (including the entire RAF Regiment Squadron set). The Committee is hopefully these will be able to take place in 2021.

The Fine Art and Stained Window Fund, which resulted from an appeal in 2020, is used to purchase works of art that primarily cover historical gaps in the Club's collection. It has historically been classified as a restricted fund, but has been re-classified as a designated fund in 2020, following the board's decision to designate £15,000 a year to fine art from general funds.

Governance

There were no changes to the Board of Trustees in 2020.

Archives

The Archive Committee worked remotely to review how best the Club might maintain its records so that they might meet the needs of historians in the future.

Fundraising Performance

The Fundraising and Legacies working group became a Committee as they started to become more involved in the need to raise additional funds for the Club. The Club President and the Club Chairman appealed directly to all Club Members asking them to make donations or set up a standing order to support the running costs of the Club and to assist with staff welfare during a difficult year. There was a good response to this appeal with Members whether donating through the JustGiving forum or direct to the Club.

FINANCIAL REVIEW AND RESULTS FOR THE YEAR

Overview

Responding to the impact of Coronavirus has been the dominant theme of the year – reacting to the decline in activities and revenues, stabilising the cash position and planning for the recovery. A comprehensive and dynamic financial planning tool was developed which integrated profitability and cash flow forecasting for different scenarios and was updated quarterly in the response to a rapidly changing situation.

Cash flow management was key. All non-essential capital and revenue expenditure was rapidly curtailed and with the magnificent support from Member donations, Government grants and VAT deferral schemes the operating cash balance at year end was in the black. Although this was most welcome, the Board decided in November, in the light of continuing uncertainty, to apply for a Government Coronavirus Business Interruption Loan of £1.4m to provide a working capital cushion in the event of further deterioration in the economic outlook. This loan was drawn down in December. No interest will be payable on the loan for the first year. Also, a decision was taken to request a one-year capital repayment holiday on the Centenary Bank Loan. Our bankers, Coutts & Co, have remained supportive throughout the period and have granted covenant waivers through to March 2022.

Trading income in 2020 was £4.3m - less than half of the previous year's £9.5m. Trading income was supplemented by £0.4m of Member Donations and Government Grant Income of £1.3m making the Total Income for the year £6.0m. Operating expenditure was £6.7m which resulted in an operational loss of £0.7m. As a result of the Bank of England reducing Base Rate to a record low of 0.1% the annual revaluation of the Interest Rate Swap related to the Centenary Extension Loan resulted in a charge of £140k. The related accrual will unwind over the remaining 4 years of the Swap. The Club's overall deficit for the year was £0.8m which compares with a surplus of £0.2m last year.

At 31st December 2020 the General reserve was zero and Designated Funds, mainly the Fixed Asset Reserve, were £6.8m.

The latest outlook indicates that the current financial year will be profitable and cash generative with an improving financial performance in the following year.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

Going Concern

In response to the pandemic the Club has been compelled to reduce costs significantly, defer capital expenditure and has availed itself of all of the appropriate Government support measures. Members rallied to the Club's predicament and responded generously to the Chair's and President's Appeals. Despite all best endeavours the Club has incurred an operating loss of £675k for the year. Recovery will depend on factors outside of our control such as relaxation of Government guidelines, rebuilding of Members' confidence and easing of travel restrictions. Inevitably it will take time for the Club's finances to recover. Our bankers, Coutts & Co, have been very supportive throughout the crisis and approved a short term Coronavirus Business Interruption Loan of £1.4m to provide a working capital underpin. The latest outlook indicates that the current financial year will be profitable and cash generative with an improving financial performance in the following year.

The Trustees have taken into account all available information about current circumstances and future trends and 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.

Staff and Remuneration

The pay of the Chief Executive, Executive team and all staff are reviewed annually but a decision was made for 2021 that there would not be an annual increase to reflect a cost of living adjustment. Approximately 17 Members of the Executive and Operations team took a pay deduction in 2020 and these will continue in 2021. In view of the nature of the Charity, the Trustees, on the recommendation of the Finance, Audit and Risk Committee (in its role as the committee tasked with reviewing salary levels), benchmark salaries against pay levels in similar hospitality businesses.

Key Management Personnel Remuneration

The Trustees consider that the Board of Trustees, the Chief Executive and the Executive Team together comprise the key management personnel of the Charity and, as such, are in charge of directing and controlling the Charity and running the Charity on a day to day basis.

Trustees give their time freely. Details of Trustee expenses and total emoluments of the key management personnel are disclosed in note 5 to the accounts.

Reserves Policy

The Trustees reviewed the Club's reserves policy in 2020 before the pandemic took hold. As a prudent reflection of the Club's financial situation, it was agreed to adopt a General Reserve/Contingency Reserve target of £2.5m. This represents approximately four months income in normal circumstances. This is an objective and, given the current economic circumstances, is unlikely to be achieved for several years but, in the meantime, provides us with a benchmark against which to measure the Club's current level of reserves. At 31st December 2020 the General reserve was zero and Designated Funds, mainly the Fixed Asset Reserve, were £6.8m.

Investment Policy and Objectives

It has been the policy of the Club 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, whereby, for the purposes of calculating interest on the two bank loans, 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.

Capital Improvements to Club House

Notwithstanding the constraints imposed on the organisation by the impact of the Coronavirus pandemic the Charity continued to carry out routine maintenance of the Club's facilities throughout 2020 but a number of major investment projects were deferred. However, taking advantage of the unusually low number of users, two key renovations were undertaken: creation of a pastry kitchen to improve the offering of pastries and desserts for the Dining Room and for Afternoon tea in the Cowdray Lounge and replacement of the old passenger lift at the end of the ground floor corridor.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

Risk Management

The preparation and management of the risk register is the responsibility of the Chief Executive Officer and his team. The responsibility for oversight of risk management lies with the Finance, Audit and Risk Committee and the Board of Trustees.

Both the impact and likelihood of risk are assessed on an 'inherent' basis (before the impact of controls), and a 'residual' basis (after the effectiveness of controls have been taken into account). A register of risks and controls assessment is maintained, discussed and challenged on a regular basis by the Finance, Audit and Risk Committee, and presented to the Board of Trustees.

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

The risk register also contains assessment of specific scenarios, such as:

- The post-Brexit impact on staff and costs of supplies
- The impact of the Coronavirus on the income and services of the Club

The 10 highest inherent risks are listed in the below table with a description of the mitigation controls in place.

Risk	Mitigation
Loss of key staff.	Regular review of recruitment procedures. Performance management and appraisals. Compensation reviews. Succession planning.
Control of income and expenditure.	Budgetary control system: annual budgets; monthly management accounts, including variance analysis and control procedures. Dashboard reports. Decisive management action
Control of capital expenditure and its effect on cash flow	Rolling programme Schedule of Project Costs. Project management.
Computer system failures/Cyber Security Breach, or loss/corruption of data.	Firewalls & anti-virus software, External back-up & daily back-up procedures, Back-up power supply, Crisis Management plan. Daily review by systems manager. Work with CISP to keep up to date with cyber security issues. Internal Controls & Anti-fraud Training. Insurance.
Continuing Covid-19 Virus risk of downturn to operation and availability of staff through Government restriction	Covid-19 Working group. Business Recovery Plan. Cost base adjustment Professional advice to staff and Members, Provision of antibacterial and PPE products throughout the Club.
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.
Terrorist Activity	Appropriate security measures based on professional advice (House Committee experts, civil police and HQP&SS). Disrupting hostile recon. Insurance Cover pay-outs significantly reduce monetary impact of attack.
Reserves, borrowing policy & cash flow giving lack of liquidity to respond to new needs or requirements and inability to meet commitments of planned objectives	Business plan, Rolling programme, Monthly management accounts. Monthly cashflow. Project committee, improved bank statement reporting, Dashboard, adjusting cost base
Membership subscriptions dropping due to dramatic decline in membership impacting cash flow	Analysis and forecasting through 20 year plan. Review of subscriptions annually. Tracking and review of membership figures on a monthly basis. Review of reasons for resignations.
Increase in the cost of supplies due to pandemic	Build a suppliers' Database. Sales performance monitoring. Adaptability - adjust menus as items increase in price. Constantly review suppliers' contract costs.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

Club Shop

The range of merchandise sold in the Club Shop continues to be widened with the selection remaining in line with the Club's Charitable Objects. Items added in 2020 include a lanyard depicting the stained glass window and several leather goods which have been included whilst the Club works in conjunction with a new company who sell bespoke items. The Club has also widened the offer of Club wines being available for consumption at home to offer Members more value from their membership subscription.

FUTURE PLANS

The plans for the short to medium term were reviewed by the Trustees in 2020 before the full impact of the pandemic manifested itself. The aim was to produce measures that would promote the charitable objectives of the Club whilst maintaining a membership base that was able both to enjoy and to support these objectives. Whilst the current over-riding objective is to recover from the pandemic in a safe, controlled and profitable manner most of the detailed objectives remain valid.

The following key objectives were established for 2021:

Membership
• Develop and maintain the Club's membership strategies in order to improve recruitment and retention of Full Members (serving and former serving officers) and to improve the use of the Club's facilities, including to increase the overall numbers set out below. • Recruit more Serving Members. Increase the overall number of serving members by 300. • Recruit more Reserve Officers and build key relations with RAF Reserve Organisations (FTRS, RAuxAF and VR). Increase the overall number of Reserve Officers by 100. • Recruit more Former-Serving Members. Increase the overall number of former-serving members by 280. • Recruit more eligible members of various airlines. Increase the overall number of 'airline members' by 50. • Identify additional Reciprocal Clubs.
House
• Continue to develop the Masterplan for redevelopment of the premises over a 20 year period. • Repair and paint the lightwell around the dome. • Develop an IT strategy for the next 3 years.
Events
• Continue to offer an active programme of events in response to members' demand. • Encourage increased participation in events through enhanced promotion. • Refreshed social event presence of the Club website for 2021 and encourage booking on-line. • As a general rule review the financing of events to ensure that events are self-supporting. • Develop the concept on online events to increase member participation from afar.
Arts
• Continue to seek art to fill remaining historical gaps in the collection. • Maintain and update the catalogue of the Club's art collection. • Explore means to exploit the Art collection for the benefit of the Club and its Members.
Archive
• Produce a summary of Club activities for 2020. • To work with the Events Team to record representative items for inclusion in an annual photograph supplement to the annual Digest.
Library
• To acquire books that fill the gaps in the library history.
Nominations
• Continue to manage the Trustee length of tenure ensuring the skill gaps are replaced as Trustees leave the Board. • Review Committee members and advertise within the membership for more Committee Members to fill the skill gaps required.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

FUTURE PLANS (continued)

Finance, Audit and Risk Committee
• To monitor the monthly trading accounts, evaluate trends and advise appropriately. • To advise on the costs of refurbishment and renovation programmes, bedroom rates and subscriptions. • To continue to enhance the analysis of risk and review mitigating factors and controls. • To evaluate the Club's internal control systems and recommend improvements. • In order to provide additional reassurance evaluate the feasibility of developing an internal audit function deploying suitably qualified Member volunteers. • To improve the communication of financial information to the Trustees. • To ensure that the Trading Company continues to develop the non-charitable revenue in keeping with the Objectives of the Club. • To oversee the continued compliance with the General Data Protection Regulation (GDPR). • To review the reserves policy and progress in achieving the Board Objective. • To review monitoring of the furlough scheme. • To review control of the Business Recovery Plan. • To monitor the cashflow forecast and planned repayment schedules for the Centenary Extension and Coronavirus Business Interruption loans.
Human Resources
• To become one of the Country's top 20 employers in the Sunday Times "Not for Profit" Best Companies to Work for listing. • To understand market trends in employment and recruitment and to continue to recruit staff of the highest calibre where required, within the parameters of the new EU Settlement Scheme. • To continue to share and uphold the Club's Vision, Mission and Core Values. • To continue to motivate, recognise and engage staff during challenging times.
Environmental & Sustainability
• Install sensor LED lighting as areas are refurbished. • Replace the single use bathroom amenities with larger refillable bottles. • Plastic bedroom laundry bags replaced with reusable cotton bags. • Purchase a glass crusher to significantly reduce the carbon footprint required for the current glass collections.
Legacies & Donations
• Develop and introduce a strong legacy and donations scheme, including the engagement of 2 part-time members of staff, to support the long term-future of the Club.

THE ROYAL AIR FORCE CLUB

REPORT OF THE TRUSTEES (continued)

YEAR ENDED 31ST DECEMBER 2020

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 the 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 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 Marshal S Gray
(Chairman of the Board of Trustees)
10 March 2021

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 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, 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 2020 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 trustee's 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.

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 Trustees' Report (which incorporates the strategic report and the directors' report) has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF THE ROYAL AIR FORCE CLUB (continued)

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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.

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES AND MEMBERS OF
THE ROYAL AIR FORCE CLUB (continued)**

Use of our report

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

Anna Bennett
Senior Statutory Auditor
for and on behalf of Haysmacintyre LLP, Statutory Auditors

10 Queen Street Place
London
EC4R 1AG

2021

haysmacintyre is eligible to act as an auditor in terms of Section 1212 of the Companies Act 2006.

THE ROYAL AIR FORCE CLUB

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING THE INCOME & EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 2020

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
INCOME FROM:					
Charitable activities					
Club income	1	4,259,132	-	4,259,132	9,326,144
Donations and legacies					
Legacies		500	-	500	4,244
Donations		-	-	-	15,200
Emergency appeal		400,600	-	400,600	-
Government grant income		1,340,689	-	1,340,689	-
Other trading activities					
Trading activities	7a	48,817	-	48,817	208,057
Total income		<u>6,049,738</u>	<u>-</u>	<u>6,049,738</u>	<u>9,553,645</u>
EXPENDITURE ON:					
Charitable expenditure					
Club operating costs	2	6,688,550	-	6,688,550	9,239,376
Fine Art	2	6,454	-	6,454	17,267
Donations made	2	1,112	-	1,112	8,000
Raising funds					
Trading activities	7a	28,128	-	28,128	126,565
Total expenditure	2	<u>6,724,244</u>	<u>-</u>	<u>6,724,244</u>	<u>9,391,208</u>
Net income (expenditure) before investment gains/(losses)		(674,506)	-	(674,506)	162,437
Net loss on investment of interest rate swap		(139,851)	-	(139,851)	-
Net (expenditure)/ income		(814,357)		(814,357)	162,437
Transfers between funds	12	-	-	-	-
Balance brought forward		<u>7,573,873</u>	<u>-</u>	<u>7,573,873</u>	<u>7,411,436</u>
Balance carried forward		<u>£6,759,516</u>	<u>-</u>	<u>£6,759,516</u>	<u>£7,573,873</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 23 to 31 form an integral part of these financial statements.

ROYAL AIR FORCE CLUB

Company Number: 05321353
(a company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER 2020

	Note	£	2020	£	£	2019	£
FIXED ASSETS							
Tangible assets	6			12,217,096			12,700,292
CURRENT ASSETS							
Stocks	8	66,556			100,310		
Debtors	9	177,844			307,828		
Cash at bank and in hand		1,574,011			1,201,753		
		1,818,411			1,609,891		
CREDITORS: amounts falling due within one year	10	(1,624,454)			(2,147,349)		
NET CURRENT ASSETS / (LIABILITIES)				193,957			(537,458)
CREDITORS: amounts falling due after more than one year	11			(5,651,537)			(4,588,961)
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>£6,759,516</u>			<u>£7,573,873</u>
FUNDS							
Unrestricted funds							
- Designated funds	12			6,759,516			7,573,873
- General fund	12			-			-
Restricted funds	13			-			-
				<u>£6,759,516</u>			<u>£7,573,873</u>

The parent undertaking's total income for the year before gift aid from RAFCTC Limited was £6,000,921 (2019: £9,345,588) and its net expenditure for the year amounted to £674,506 (2019: net income £80,945).

The financial statements were approved and authorised for issue by the Board on 10 March 2021 and were signed below on its behalf by:

S GRAY
Air Marshal

I MELIA
Flight Lieutenant

The notes on pages 23 to 31 form an integral part of these financial statements.

THE ROYAL AIR FORCE CLUB

Company Number: 05321353
(a company limited by guarantee)

CHARITY STATEMENT OF FINANCIAL POSITION

AT 31ST DECEMBER 2020

	Note	£	2020	£	£	2019	£
FIXED ASSETS							
Tangible assets	6		12,217,096			12,700,292	
Investments	7		100			100	
			<u>12,217,196</u>			<u>12,700,392</u>	
CURRENT ASSETS							
Stocks	8	66,556			100,310		
Debtors	9	177,334			332,595		
Cash at bank and in hand		1,572,955			1,156,531		
		<u>1,816,845</u>			<u>1,589,436</u>		
CREDITORS : Amounts falling due within one year	10	(1,622,988)			(2,126,994)		
NET CURRENT LIABILITIES				193,857			(537,558)
CREDITORS: amounts falling due after more than one year	11		(5,651,537)				(4,588,961)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>£6,759,516</u>			<u>£7,573,873</u>	
FUNDS							
Unrestricted funds							
- Designated funds	12		6,759,516			7,573,873	
- General fund	12		-			-	
Restricted funds	13		-			-	
			<u>£6,759,516</u>			<u>£7,573,873</u>	

The financial statements were approved and authorised for issue by the Board on 10 March 2021 and were signed below on its behalf by:

S GRAY
Air Marshal

I MELIA
Flight Lieutenant

The notes on pages 23 to 31 form an integral part of these financial statements.

THE ROYAL AIR FORCE CLUB

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31ST DECEMBER 2020

	2020 £	2019 £
Cash provided by operating activities	<u>(202,620)</u>	<u>1,751,312</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	<u>(487,698)</u>	<u>(835,959)</u>
Cash used in investing activities	<u><u>(487,698)</u></u>	<u><u>(835,959)</u></u>
Cash flows from financing activities		
New secured loan	1,400,000	-
Loan repayments	<u>(337,424)</u>	<u>(404,908)</u>
Cash provided by financing activities	<u><u>1,062,576</u></u>	<u><u>(404,908)</u></u>
Increase/(decrease) in cash and cash equivalents in the year	<u><u>372,258</u></u>	<u><u>510,445</u></u>
Cash and cash equivalents at the beginning of the year	<u>1,201,753</u>	<u>691,308</u>
Total cash and cash equivalents at the end of the year	<u><u>£1,574,011</u></u>	<u><u>1,201,753</u></u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 January 2020 £	Cash Flows £	At 31 December 2020 £
Cash at bank and in hand	<u>1,201,753</u>	<u>372,258</u>	<u>1,574,011</u>
	<u><u>£1,201,753</u></u>	<u><u>£372,258</u></u>	<u><u>£1,574,011</u></u>

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

	2020 £	2019 £
Net movement in funds	(814,357)	162,437
Add back depreciation charge	970,894	1,026,899
Decrease in stock	33,754	5,772
Decrease/(increase) in debtors	129,984	5,729
(Decrease)/increase in creditors	<u>(522,895)</u>	<u>550,475</u>
Net cash provided by operating activities	<u><u>(£202,620)</u></u>	<u><u>£1,751,312</u></u>

The notes on pages 23 to 31 form an integral part of these financial statements.

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 2020

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

As explained in the Trustees' Report the Covid 19 pandemic and resultant Government lockdown and social distancing measures have had a significant impact on the Club's operations and financial results. In response the Club has been compelled to reduce costs significantly, defer capital expenditure and has availed itself of all of the appropriate Government support measures.

Members rallied to the Club's predicament and responded generously to the Chair's and President's Appeals. Despite all best endeavours the Club has incurred an operating loss of £675,000 for the year. Our bankers, Coutts & Co, have been very supportive throughout the crisis and approved a short term Coronavirus Business Interruption Loan of £1.4m to provide a working capital underpin. The Club has developed a rolling financial forecasting tool with a two year financial planning horizon and this is regularly updated to incorporate latest assessments and assumptions and to generate sensitivities for changed circumstances. The latest outlook indicates that the current financial year will be profitable and cash generative with an improving financial performance in the following year.

The Trustees have taken into account all available information about current circumstances and future trends and 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.

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 subscriptions, entrance fees, bedroom receipts, food, liquor and investment income.

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

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 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 £16,147 (2019: £49,715).

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.

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.

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.

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.

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

1. ACCOUNTING POLICIES (continued)

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.

2. ANALYSIS OF TOTAL EXPENDITURE

	Charitable expenditure			Raising funds	2020	2019
	Club operating costs	Fine art	Donations made	Trading activities	Total	Total
	£	£	£	£	£	£
Staff costs	4,203,949	-	-	-	4,203,949	4,832,934
Depreciation	970,894	-	-	-	970,894	1,026,899
Repairs and maintenance	183,222	-	-	-	183,222	338,612
House supplies	60,857	-	-	-	60,857	170,914
Fine art	-	6,454	-	-	6,454	17,267
Donations made	-	-	1,112	-	1,112	8,000
Trading activities	-	-	-	28,128	28,128	125,615
Bank interest	133,924	-	-	-	133,924	154,189
Support and other costs	1,096,715	-	-	-	1,096,715	2,682,298
Governance costs	38,989	-	-	-	38,989	34,480
	<u>£6,688,550</u>	<u>£6,454</u>	<u>£1,112</u>	<u>£28,128</u>	<u>£6,724,244</u>	<u>£9,391,208</u>

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

2. ANALYSIS OF TOTAL EXPENDITURE (continued)

2019	Charitable expenditure			Raising funds	2019	2018
	Club operating costs	Fine art	Donations made	Trading activities	Total	Total
	£	£	£	£	£	£
Staff costs	4,832,934	-	-	-	4,832,934	4,474,054
Depreciation	1,026,899	-	-	-	1,026,899	662,933
Repairs and maintenance	338,612	-	-	-	338,612	282,007
House supplies	170,914	-	-	-	170,914	256,169
Fine art	-	17,267	-	-	17,267	114,426
Donations made	-	-	8,000	-	8,000	13,362
Trading activities	-	-	-	125,615	125,615	167,975
Bank interest	154,189	-	-	-	154,189	113,677
Support and other costs	2,682,298	-	-	-	2,682,298	2,643,963
Governance costs	33,530	-	-	950	34,480	35,519
	<u>£9,239,376</u>	<u>£17,267</u>	<u>£8,000</u>	<u>£126,565</u>	<u>£9,391,208</u>	<u>£8,764,085</u>

3. NET EXPENDITURE

The net expenditure is stated after charging :

	2020 £	2019 £
Auditors' remuneration – audit	22,750	17,950
Auditors' remuneration – other services	1,000	1,000
Depreciation – on owned assets	<u>970,894</u>	<u>1,026,899</u>

4. EMPLOYEES AND STAFF COSTS

The average number of contracts for Full Time and Part Time staff

	2020 No.	2019 No.
	<u>140</u>	<u>149</u>
	£	£
Staff costs were as follows:		
Wages and salaries	3,576,964	3,839,668
Agency	53,481	448,384
Social security costs	257,594	353,199
Other pension costs	182,886	191,683
Termination payments	133,024	-
	<u>£4,203,949</u>	<u>£4,832,934</u>

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

£60,001 - £70,000	2	1
£70,001 - £80,000	1	3
£140,001 - £150,000	1	-
£150,001 - £160,000	<u>-</u>	<u>1</u>

The trading subsidiary, RAF CTC, incurred £14,091 in staff costs (2019: £84,472) which are included within Trading Activities expenditure.

During the year, the Club received a total of £1,340,689 from the Government's Coronavirus Job Retention Scheme (2019: £nil).

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

5. TRUSTEES' REMUNERATION AND REIMBURSED EXPENSES

The key management personnel of the parent charity, the Club, comprise the Trustees and the Executive Team. The total employee benefits of the key management personnel of the Club were £828,484 (2019: £866,499). Some members of the key management team commenced employment part way through the year.

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 (2019: Nil). No Club trustee received payment for professional or other services supplied to the Club (2019: Nil).

6. TANGIBLE FIXED ASSETS

GROUP AND CLUB	Freehold land and buildings and general improvements £	Bedrooms £	Function Rooms and Equipment £	Total £
Cost				
At 1st January 2020	17,648,884	7,653,279	2,139,719	27,441,882
Additions	320,433	40,159	127,106	487,698
At 31st December 2020	17,969,317	7,693,438	2,266,825	27,929,580
Depreciation				
At 1st January 2020	6,609,761	6,876,584	1,255,245	14,741,590
Charge for the year	649,026	169,100	152,768	970,894
At 31st December 2020	7,258,787	7,045,684	1,408,013	15,712,484
Net book value				
At 31st December 2020	£10,710,530	£647,754	£858,812	£12,217,096
At 31st December 2019	£11,039,123	£776,695	£884,474	£12,700,292

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.

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.

	2020 £	2019 £
The Club's investment in the trading company was as follows:		
RAFCTC Limited	100	100

The subsidiary is registered in England and Wales (registration number 06590556).

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

7a. TRADING ACTIVITIES			2020	2019
			£	£
Profit and Loss Account				
Turnover			48,817	208,057
Cost of sales			(9,783)	(53,198)
Gross profit			39,034	154,859
Administration expenses (net of interest receivable)			(18,345)	(73,367)
Profit for the financial year			£20,689	£81,492
Amount payable under gift aid to the Club			£20,689	£81,492
Balance sheet				
Net current assets			£100	£100
Share capital			£100	£100
8. STOCKS			Group and Club	
			2020	2019
			£	£
Goods for resale			£66,556	£100,310
9. DEBTORS : Amounts due within one year	Group		Club	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	10,281	198,273	9,771	187,831
Other debtors	19,746	17,712	19,746	17,712
Amounts owed by subsidiary undertakings	-	-	-	35,209
Prepayments and accrued income	147,817	91,843	147,817	91,843
	£177,844	£307,828	£177,334	£332,595
10. CREDITORS : Amounts falling due within one year	Group		Club	
	2020	2019	2020	2019
	£	£	£	£
Bank loans	404,904	404,904	404,904	404,904
Trade creditors	196,140	713,293	196,100	709,018
Other creditors	168,524	134,089	167,776	134,089
Amounts owed to subsidiary undertakings	-	-	4,157	-
Other taxes and social security	500,071	535,952	500,071	521,872
Accruals and deferred income	214,964	359,111	210,129	357,111
Interest rate swap	139,851	-	139,851	-
	£1,624,454	£2,147,349	£1,622,988	£2,126,994

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

11. CREDITORS : Amounts falling due after one year	Group		Club	
	2020 £	2019 £	2020 £	2019 £
Bank loan	£5,651,537	£4,588,961	£5,651,537	£4,588,961
Analysis of bank loans:				
Amounts falling due:				
Within one year	404,904	404,904	404,904	404,904
Amounts falling due:				
Between one and two years	684,904	404,904	684,904	404,904
Between two and five years	2,054,712	1,214,712	2,054,712	1,214,712
After five years	2,911,921	2,969,345	2,911,921	2,969,345
	£5,651,537	£4,588,961	£5,651,537	£4,588,961

The bank facility comprises of two loans: a business term loan of £4,656,441 (2019: £4,993,865) and a Coronavirus Business Interruption Loan (2020: £1,400,000). Both are 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 loan is subject to a bank review 7 years after the loan amount was drawn down. The bank has granted a capital repayment holiday for a period of 12 months from 1 November 2020. Interest is charged at 2.45% p.a. above the bank base rate. The Coronavirus Business Interruption Loan was drawn down in December 2020. It is repayable over 6 years after the loan amount was drawn down. Interest is charged at 3.25% over base rate. No interest will be charged in the first year.

In relation to the bank facility, the Club also holds an interest rate swap, with a liability value of £139,851 at 31 December 2020 (2019: £74,657). This has been included in the financial statements within creditors for the first time because the valuation has become material as a result of the Bank of England reducing the base rate from 0.75% to 0.1% in March 2020. This is the lowest ever level in the Bank's 325 year history.

12. UNRESTRICTED FUNDS

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

	As at 1 January 2020 £	Net Income / expenditure £	Transfers between funds £	Balance at 31 December 2020 £
General fund	-	(808,403)	808,403	-
Designated funds				
Fixed asset fund	7,517,188	-	(823,403)	6,693,785
Centenary fund	-	-	-	-
Legacy fund	56,685	500	-	57,185
Fine art and stained window fund	-	(6,454)	15,000	8,546
	7,573,873	(£814,357)	-	6,759,516
Total general funds	£7,573,873	(£814,357)	-	£6,759,516

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

12. UNRESTRICTED FUNDS (continued)

2019	As at 1 January 2019 £	Net income £	Transfers between funds £	Balance at 31 December 2019 £
General fund	-	160,840	(160,840)	-
Designated funds				
Fixed asset fund	7,254,840	-	262,348	7,517,188
Centenary fund	34,155	(580)	(33,575)	-
Legacy fund	122,441	4,244	(70,000)	56,685
	<u>7,411,436</u>	<u>3,664</u>	<u>158,773</u>	<u>7,573,873</u>
Total general funds	<u>£7,411,436</u>	<u>£164,504</u>	<u>£(2,067)</u>	<u>£7,573,873</u>

The income funds of the Club 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 at the year end, less the loan secured on the freehold building to the extent that it does not render the unrestricted funds negative. Due to the centenary project the net book value of fixed assets exceeds the total unrestricted funds.

The Centenary Fund was established so that the Royal Air Force Club would be in a position to mark both the centenary of the Royal Air Force and that of the Club in 2018.

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. It has historically been classified as a restricted fund, but has been re-classified as a designated fund in 2020, following the board's decision to designate £15,000 a year to fine art from general funds.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

GROUP AND CLUB	Fixed assets £	Current assets/ (liabilities) £	Non-current assets/ (liabilities) £	Total £
Restricted funds	-	-	-	-
General fund	-	-	-	-
Designated funds – fixed assets	12,217,096	128,226	(5,651,537)	6,693,785
Designated funds - other	-	65,731	-	65,731
	<u>£12,217,096</u>	<u>£193,957</u>	<u>£(5,651,537)</u>	<u>£6,759,516</u>

THE ROYAL AIR FORCE CLUB

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31ST DECEMBER 2020

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

	Unrestricted Funds £	Restricted Funds £	Total 2019 £
INCOME FROM:			
Charitable activities			
Club income	9,326,144	-	9,326,144
Donations and legacies			
Legacies	4,244	-	4,244
Donations	-	15,200	15,200
Other trading activities			
Trading activities	208,057	-	208,057
Total income	<u>9,538,445</u>	<u>15,200</u>	<u>9,553,645</u>
EXPENDITURE ON:			
Charitable expenditure			
Club operating costs	9,239,376	-	9,239,376
Fine Art	-	17,267	17,267
Donations made	8,000	-	8,000
Raising funds			
Trading activities	126,565	-	126,565
Total expenditure	<u>9,373,941</u>	<u>17,267</u>	<u>9,391,208</u>
Net income and net movement in funds	164,504	(2,067)	162,437
Transfers between funds	(2,067)	2,067	-
Balance brought forward	7,411,436	-	7,411,436
Balance carried forward	<u><u>£7,573,873</u></u>	<u><u>£-</u></u>	<u><u>£7,573,873</u></u>