



# ROYAL AIR FORCES ASSOCIATION ANNUAL REPORT 2019



**Patron: Her Majesty The Queen**  
Registered Charity 226686 (England & Wales).  
SC037673 (Scotland).

**THE ROYAL AIR FORCES ASSOCIATION  
REPORT AND FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2019**

<b>Contents</b>	<b>Pages</b>
Reference and administrative details	1 – 3
Trustees' report	4 – 19
Independent auditors' report	20 – 21
Group statement of financial activities	22 - 23
Association statement of financial activities	24 - 25
Consolidated and Association balance sheets	26 - 27
Consolidated and Association statements of cashflows	28
Notes to the financial statements	29 - 59

**THE ROYAL AIR FORCES ASSOCIATION  
REFERENCE AND ADMINISTRATIVE DETAILS**

**YEAR ENDED 31 DECEMBER 2019**

<b>REGISTERED CHARITY NUMBERS</b>	226686 (England and Wales), SC037673 (Scotland)
<b>PRINCIPAL OFFICE</b>	Atlas House, 41 Wembley Road, Leicester, LE3 1UT
<b>PATRON</b>	Her Majesty The Queen
<b>LIFE VICE-PRESIDENTS</b>	Marshal of the Royal Air Force The Lord Stirrup KG GCB AFC FRAeS FCMI Air Chief Marshal Sir Stephen Dalton KCB ADC BSc FRAeS CCMI Air Chief Marshal Sir Joseph Gilbert KCB CBE LLD (hc) Air Chief Marshal Sir Andrew Pulford GCB CBE ADC Air Chief Marshal Sir Glenn Torpy GCB CBE DSO ADC BSc (Eng) FRAeS Air Chief Marshal Sir Stephen Hillier KCB CBE DFC ADC MA Air Marshal Sir John Kemball KCB CBE DL Air Marshal Sir Dusty Miller KBE Air Marshal P O Sturley CB MBE BSc FRAeS Air Vice-Marshal P Liddell CB BSc CEng FIET FRAeS Air Vice-Marshal N Bairsto CB MBE Air Commodore A H Vaughan OBE BA FIMgt

**TRUSTEE MEMBERS OF THE COUNCIL**

<b>President</b>	Air Marshal Sir Baz North KCB OBE MA FRAeS
<b>Chairman</b>	Air Vice-Marshal J Cliffe CB OBE
<b>Vice Chairman</b>	Dr B Pattison OBE
<b>Honorary Treasurer</b>	Mr P Tagg
<b>Elected Members</b>	Dr B Pattison OBE Mr M J Blackman Squadron Leader D Gibson RAF Mr C H Goss MA Mr I L McEnnis DipNEBSM AlnstAM (Dip) Mr A P Rees Mrs B Dennett Stannard Mr P Ramrayka MBA CIHM FIHM FIHEEM FRSPH

**THE ROYAL AIR FORCES ASSOCIATION  
REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**

**YEAR ENDED 31 DECEMBER 2019**

**Area Representatives**

Mr F C Barrett MBE (South East and Eastern)  
Mr G Bridgman (Wales, Midlands and South Western) (until May 2019)  
Mr R Chandler BEM (Scotland and Northern Ireland) (until May 2019)  
Mr D Chappell (Northern)  
Mr B Darke MBE (European) (until May 2019)  
Mrs M Addison (Wales, Midlands and South Western) (from May 2019)  
Mrs S Kidston (Scotland and Northern Ireland) (from May 2019)  
Air Commodore A Neal AFC FRAeS (European) (from May 2019)

**Members appointed by the Royal Air Force**

Air Commodore G A Opie MDA MA BSc FCIPD RAF  
Wing Commander A Morris MBE RAF  
Warrant Officer W S Swiggs (until May 2019)  
Warrant Officer M Rees-Martin (from May 2019)

**RAF Benevolent Fund Representative**

Air Commodore R Atherton

**Appointed Member**

Ms F Barber  
Ms S Barber  
Mrs P Bearblock  
Air Vice-Marshal M Neal OBE CEng FIET

**EXECUTIVE DIRECTORS**

**Secretary General**

Mr N Bunting OBE CDir FIOD MCMI

**Director of Finance**

Mr A Wilkinson-Sharpe FCCA

**Director of Governance and Risk**

Mrs V Hall FCG

**Director of Welfare and Policy**

Mr R O'Connor MA

**Director of Membership**

Group Captain D Rowlands MA Chartered MCIPD

**Director of Marketing, Fundraising and Trading**

Ms R Huxford MInstF

**Director of HR and Volunteering**

Mrs A Hunter FCIPD

**Chief Information Officer**

Mr P Sherwin

**THE ROYAL AIR FORCES ASSOCIATION  
REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)**

**YEAR ENDED 31 DECEMBER 2019**

**PROFESSIONAL ADVISORS**

<b>Auditors</b>	RSM UK Audit LLP, St Philips Point, Temple Row, Birmingham B2 5AF
<b>Bankers</b>	Lloyds Bank plc, Law Courts Branch, 222 Strand, London WC2R 1BB
<b>Investment Managers</b>	Rathbones Investment Management Limited, 1 Curzon Street, London, W1J 5FB Rothschild & Co, New Court, St Swithin's Lane, London EC4N 8AL
<b>Solicitors</b>	Freeths LLP, One Colton Square, Leicester, LE1 1QH Bates Wells & Braithwaite London LLP, 10 Queen Street Place, London EC4R 1BE

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT  
YEAR ENDED 31 DECEMBER 2019**

The Trustees of The Royal Air Forces Association (the Association) present this report and the financial statements of the Association for the year ended 31 December 2019. The financial statements have been prepared based on the accounting policies set out in note 2 to the financial statements and comply with the Royal Charter.

**Mission**

Our purpose and reason for existence is enshrined within the charitable objective set out at Article two of our Royal Charter, which states: "The object for which the Association is established is to promote, through the comradeship engendered by its members, the welfare by charitable means of all serving and former members of Our Air Forces, their spouses and dependants, together with the widows and widowers and dependants of those who died whilst serving or subsequently."

**Activities**

At the time of writing, the UK is in the midst of the COVID-19 pandemic, which has had a significant impact on the Association in two key areas - our income has been reduced, while our major welfare response to the pandemic (Operation CONNECT) has highlighted considerable unmet need in areas of social isolation and loneliness. Fortunately, thanks to good financial management, the Association has the financial resilience to weather the current crisis. At the same time, thanks to the innovation and dedication of our employees and many volunteers, we have shown there are other, highly effective ways of meeting welfare needs beyond our traditional methods.

In seeking to ensure the Association comes through the pandemic and is positioned to meet the post-COVID welfare needs of the RAF community, the Council has reviewed the charity's strategic objectives. In doing this, the Council reaffirmed that the primary purpose of the Association is to promote, through comradeship engendered by its members, the welfare by charitable means of the RAF family - i.e. it is a welfare charity. The Council also agreed that our strategic objectives will remain relevant in a post-COVID environment, acknowledging that achieving these objectives will require the Association to adapt to societal and economic changes caused by the pandemic. This will require approaching current issues and the challenges ahead with an open mind, strong leadership, agile management, and evidence-based decision-making if we are to ensure the Association makes the most effective use of its limited and constrained resources.

The Association was founded in 1929 and has been at the forefront of providing welfare support and friendship to the RAF family ever since. Over that time, the needs of the RAF family have changed significantly. Whilst research suggests that the total number of beneficiaries will reduce over the next ten years, people are living longer, with needs that are more complex, and at a time when support from statutory services is in decline because of funding constraints. The welfare and social care environment that the RAF Association operates within has become increasingly challenging, with changes to legislation and regulated activities having a significant impact on how all providers organise, manage, practice and deliver their welfare services.

Membership growth and improvements in the quality and breadth of welfare support have resulted in increased demand for our support. This can only be met by evidence-based decision-making and rigorous governance, underpinned by high-quality volunteers and employees. The delivery of personalised welfare support to those in need through a range of member- and volunteer-led services is a vital component of what we do. Sustaining and maintaining the enthusiasm of such members and volunteers is key to the continued success of the Association and any collaborative work, acknowledging that we cannot rely solely on this source of support. The Association's welfare service was therefore restructured in 2019, following a strategic review commissioned in 2017, to ensure that the delivery of our welfare services remain needs-led, effective, efficient and compliant.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Activities (continued)**

Our welfare strategy aims to provide the RAF family with person-centred, proactive and easy-to-access support and services that will enhance their health, financial security and independence. It also integrates a bespoke portfolio of assistance from the State, the Association and other specialist providers to enable the members of the RAF family to overcome barriers they face throughout their lives. In 2019, over 85,500 members of the RAF family who required practical, emotional or financial assistance were supported by the Association. This was made possible by our network of over 73,500 members, the 3,800 people who volunteered their time to support the Association (including our highly trained field force of over 1,000 welfare volunteers) and our professional employees.

As a direct result of COVID-19 and its impact on the work, finances and future of the Association, a review has been carried out into what and how services are provided, including how to continue to meet to emerging needs from Operation CONNECT, the Association's emergency response to the pandemic. The organisational structure of the Charity is being reshaped and, sadly, this will involve redundancies, although some new roles have been created. These are extremely challenging times that require difficult decisions so that the Association can continue to provide much-needed support for all members of our RAF community both now and in the future.

**Volunteering**

The Association's robust volunteer recruitment and training process continued to play a central role in building and maintaining a highly competent welfare volunteer field force, undertaking casework and befriending. The nationally accredited training we provide is unique within the military charity sector and ensures that we provide the very highest quality support to vulnerable members of the RAF family. In 2019 the Association trained a further 163 caseworkers and 231 befrienders. All our welfare volunteers are provided with regular continual professional development opportunities, and a new volunteer management model has been introduced to ensure that they are supported both practically and emotionally. The impact of the welfare services delivered by our volunteers on the mental wellbeing of the individuals they assist is monitored using the internationally validated Short Warwick-Edinburgh Mental Wellbeing Scale.

To support Operation CONNECT we have recruited, trained and deployed over 450 volunteers to provide telephone outreach and befriending services and bag drops. New processes have been developed in short timescales and the reshaping of the organisational will allow the Association to build on the success of Operation CONNECT in addressing loneliness and isolation.

**Emotional and mental wellbeing**

Our national befriending service, designed to reduce the loneliness within the RAF veteran community, continued, with our 231 specially trained volunteers supporting nearly 1,100 individuals. Improving mental wellbeing continues to be a key theme for the Association and, in 2019, we provided the Mental Health First Aid England training to almost 400 individuals on a further ten RAF stations. A new bespoke mental wellbeing training course for non-serving members of the RAF family has been designed around key research findings. Eighty mental health and wellbeing "Finding It Tough" courses will be delivered free of charge to 1,200 people. Robust insight and research are at the heart of the planning and development of all our welfare services.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Housing and respite breaks**

Other key services included respite care and holidays provided by our Wings Break hotels and chalets, lunch clubs and our sheltered and independent living schemes at four locations across the UK. During 2019 the Council made the very difficult decision to close one of the Wings Break Hotels, Richard Peck House, in Lytham St Annes. This decision followed a review into the Wings Break Hotels, which identified that the fabric and layout of the Victorian building was such that meeting residents' needs and complying with all legal and regulatory requirements would become unsustainable in the near future. The hotel closed in July 2019, and the Association entered into an agreement with another provider to offer Wings Breaks in NW England in a purpose built, state of the art, contemporary care home.

The two remaining Wings Break Hotels, Rothbury House and Flowerdown House, have been closed due to COVID-19 since 23 March 2020. COVID-19 and the introduction of social distancing and the shielding of vulnerable groups has considerably changed the landscape of the respite market. Considerable uncertainty remains over when and whether the hotels might be able to reopen safely, as the majority of the hotels' guests fall into COVID-19 'higher risk' categories. The care landscape has changed significantly because of the virus. The need to maintain a COVID-safe environment with enhanced infection-control practices and social distancing will increase costs, may further reduce guest numbers and diminish the guests' Wings Break experience.

There are considerable challenges in relation to re-opening the Wings Break Hotels giving rise to a significant risk for the Association. The two Wings Break Hotels have historically struggled to achieve full occupancy, requiring considerable subsidy from the Charity and the level of cost of providing respite breaks to a limited number of beneficiaries is therefore significant. At the same time, the Association's emergency projects developed to respond to COVID-19 (Operation CONNECT) have identified considerable unmet need, which the Association needs to respond to if possible.

Against this background, and following consultation with affected employees in July 2020 the Council agreed reluctantly to cease the delivery of organic respite care and to close permanently its Wings Break facilities for respite guests at Rothbury House and Flowerdown House while considering other ways of meeting the needs of those who, ordinarily, would visit them for respite care breaks. Options for the two buildings, which are owned by the Association, are being considered.

**Financial Support**

In 2019 2,639 beneficiaries required financial support, the Association, via the military charity sector grant system, the Client Management System (CMS), controlled by the Confederation of British Service Organisations (COBSEO) and managed by SSAFA; almonised over £3.0m in financial support for these beneficiaries principally from the RAF Benevolent Fund.

Additionally, the Association provided specialist advice and support to more than 850 Armed Forces Compensation Scheme and war pension enquiries securing £687k in compensation awards.



**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Research and new services**

At our first Research Symposium in October 2019 we launched two new services developed in partnership with the Alzheimer's Society to support those serving who face the unique situation of caring for someone with dementia at a distance. "Navigating Dementia" is a modular training package for members of the serving RAF to raise awareness, address stigma and support for managers enabling them to understand the impact on their staff leaving who care for loved ones with dementia. "Reaching Affected Families" will be an online community and network to connect people with similar experiences. Following initial testing at three RAF stations in late 2019 further pilot programmes are being planned for 2020.

The Association has also launched a research study to identify the longer-term effects of COVID-19 on the RAF community. This evidence will inform the future development of services in line with the Association's strategy of providing evidence-based, needs-led welfare services.

**Support to the serving**

We also developed our efforts to keep serving families strong and connected: over 26,400 people stayed in the contact houses we support on RAF stations; nearly 300 children were able to benefit from a bedtime story even when their parent was serving away, thanks to Storybook Wings; and 500 Doodle boxes were issued to children and parents across 21 stations. There were over 10,000 signs-ups each month using the free Wi-Fi we provided in 43 facilities across 14 stations / MOD sites to keep serving personnel in touch with family and friends as well as Wi-Fi provision to 82 houses used for welfare purposes by the RAF.

**RAF Families Federation**

Our management of the RAF Families Federation has also played a key role in capturing evidence on issues which concern serving RAF personnel and their families – and in sharing this with military and Government decision-makers.

**RAFA Kidz**

The RAF's Community Needs Assessment (CNA) identified the provision of childcare as a critical area of need and we continued to train partners to become registered childminders (a project which addressed two major issues (employment and childcare) faced by serving families). In 2019 we were approached by the RAF to assist further in alleviating this need through the development of a new strand of work. RAFA Kidz Limited was incorporated as a subsidiary of the Association to operate pre-school nursery facilities on stations as part of the welfare offer to serving RAF personnel. In July 2019, following its successful registration with Ofsted, RAFA Kidz took-over the running of a station nursery facility at RAF Odiham. In October 2019 it acquired Kidzone Cranwell Limited, the operator of the station nursery at RAF Cranwell, followed by the nursery at RAF Digby in January 2020. Through our subsidiaries, we now support over 360 children and their families. This provision directly contributes to both the charitable objects of the Association and its strategic welfare aim.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Membership**

Since 2014, over 40,000 new members have joined the Association, bringing the current membership (as at 31 December 2019) to 73,500. Recruitment is across all age groups and over half of those serving in the RAF today are members of the Association. The vital role played by our members cannot be overstated; many thousands volunteer their time to deliver welfare services, raise essential funds, provide comradeship and support to each other, manage our Branch and Club network and help in countless other ways.

**Fundraising**

As part of the Association's commitment to the highest possible standards of fundraising, we did our utmost throughout 2019 to ensure that all our activities were compliant with legislative, regulatory and best practice standards. We have been registered with the Fundraising Regulator since its inception in 2016, demonstrating our commitment to the Code of Fundraising Practice and the Fundraising Promise.

During 2019, all our interactions with the general public were carried out by our employees and volunteers, except for two suppliers whose services we employed to interact directly with the public to promote our Weekly Lotto. We ensured that contracts, which included fundraising compliance clauses, were in place with these suppliers, and with all corporate partners who raised funds for us. As part of our work to ensure compliance with fundraising regulation and best practice, we monitored our suppliers constantly to ensure they met the same high standards we expected of our own fundraisers.

The main sources of fundraising income were gifts in wills, volunteer fundraising activities, donations from individuals, grants from trusts and foundations and funding from corporate partnerships. Successful fundraising is critical to the sustained financial health of the Association and our ability to provide support to the RAF family. The Association is grateful for the support shown to its work by all those who funded it during 2019. Our thanks go to HM Treasury LIBOR Grants, whose funding has been critical to the first three years of our befriending service and to the Armed Forces Covenant Trust.

We are also extremely grateful to the other organisations, trusts and foundations who supported the Association during 2019:

AeroSuperBatics  
Air Crew Association Archive Trust  
Ann Jane Green Trust  
Annie Ramsay McLean Trust for the Elderly  
B D Thomas Charitable Trust  
Baron Davenport's Charity  
BFBS - Big Salute  
Builders Merchant Federation  
Close Air Solutions  
Davis Rubens Charitable Trust  
Doris Field Charitable Trust  
Earl Fitzwilliam Charitable Trust  
Englefield Charitable Trust  
Florence Turner Trust

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Fundraising (continued)**

Frank Russon Charitable Trust  
Fujitsu UK  
Gerald Bentall Charitable Trust  
IMLD Forde Charitable Trust  
Inzpire  
Isabel Blackman Foundation  
J Reginald Corah Foundation Fund  
JJF Charitable Settlement  
Kleinwort Hambros  
Lillie Johnson Charitable Trust  
Lockheed Martin  
MacRobert Trust  
Masonic Charitable Foundation - Relief Chest Scheme  
MBDA UK  
Mercury Foundation  
NHS Lincolnshire's Managed Care Network  
Postcode Community Trust  
RAF Benevolent Fund  
RAF Club  
Rare Tea Company  
Red Arrows Trust  
Rolls-Royce  
Rothley Trust  
Russell Trust  
Simulator Supplies  
Sir Donald and Lady Edna Wilson Charitable Trust  
Sir Jeremiah Colman Gift Trust  
Wilkin & Sons  
Wolf Brewery  
Ulverscroft Foundation

And those who wish to remain anonymous.

**Governance**

Public scrutiny of charities has continued throughout 2019 and we recognise the importance of demonstrating both the impact of our services and the integrity with which we operate. The Association is committed to meeting the highest standards of governance in all its activities and to ensuring that everyone who acts in the name of the Association, volunteers, employees, and members, meets the highest standards of conduct and probity.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Public benefit**

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

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

**FINANCIAL REVIEW**

**Income**

During the year, the consolidated income raised from members, volunteers, the general public, and investments was £16,236k, an increase of 4 per cent (2018: £15,619k). Accurate predictions of income are extremely difficult due to uncertainty surrounding donations including legacies, and the impact of economic and other external factors. In 2019 legacy income was £4,272k, an increase of £1,515k from 2018. The annual Wings Appeal remains an important source of funding, raising £967k, a fall of £324k from 2018. Investment income of £1,023k increased by 26.5% year-on-year and was in line with expectations (2018: £809k). Investment income was underpinned by robust investment performance in challenging market conditions, which saw the Association's investment portfolio out-perform the benchmark and its charity peer group.

**Expenditure**

In 2019 expenditure of £17,209k was £2,493k above the 2018 level. In total, £12,596k (2018: £10,451k) supported residential and Wings Breaks hotels and activities providing friendship and welfare support. Other than the closure of Richard Peck House, there have been no significant changes to the nature of the charitable activities and there has been no decrease in levels of service. A fundraising review in 2018 led to the restructure of the whole fundraising function. However costs have fallen by £6k – this remains a significant investment that is enabling the Association to tap into new fundraising and income generation initiatives essential to funding the growth of the organisation.

**RAFATRAD**

RAFATRAD Limited, the Association's trading and publishing arm, made a loss in 2019 of £47k (operating profit in 2018 of £66k). The impact and uncertainties created by COVID-19 have been assessed and a number of costs incurred in relation to the 2020 trading year have been written off due to an enforced change in operating activity. The Trustees however anticipate that normal trading, particularly air show events should resume in 2021 and that a profit will be generated as a result.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**RAFA Housing**

RAFA Housing Limited, the Association's independent living scheme, made an operating profit in 2019 of £61k (operating loss in 2018 of £29k) as the catch-up work relating to compliance and infrastructure has levelled off. The net assets of RAFA Housing Limited are consolidated at Group level.

**RAFA Kidz**

During the year, the Association established RAFA Kidz Limited to operate its early years 'nursery activity. RAFA Kidz Limited commenced trading on 1st July 2019 and made an operating loss of £56k in 2019 due largely to the initial start-up and mobilisation effort involved in getting the first nursery settings up and running.

**Investment policy and performance**

The Trustees have the power to invest any of the central funds of the Association not immediately required for the purposes of the Association in accordance with the provisions of the Trustee Act 2000. The Trustee appointed investment manager, Rathbones Investment Management Limited, is managed by Council and assisted through independent oversight provided by Asset Risk Consultants.

The investment portfolio comprises three main elements: (1) an unrestricted fund, (2) the Formby Branch Deposit fund, and (3) the Branch Deposit Fund, a pooled fund of monies held in trust for and invested on behalf of the Association's branches. The Association continues to reinvest dividend income back into the portfolio, which amounted to £658k during 2019 (£719k in 2018).

The Association's investments were reviewed at two committee meetings in 2019 and performance reported to Council. The Association also undertook an independent triennial review of the performance of the investment manager during the 2017 year following which Rathbones were re-appointed for a further three years and Rothschild appointed as a new investment manager for new funds. It is planned to undertake this review again in 2020. The Association will continue to employ the services of Asset Risk Consultants throughout 2020 to provide analysis and evaluation of investment performance, which serves to enhance the decision-making capability of the Finance and Investment Committee.

The Association's investment portfolio of £26,782k reflects an increase in market value of £2,910k from 2018 despite there being ongoing turbulence and volatility in the financial markets. There remains significant doubts and nervousness around the consequences of Brexit and the ongoing discussions between the USA and China do very little to steady things. That aside, the performance of the Association's investment portfolio when compared with the charity sector peer group and the agreed benchmark was strong by comparison during this turbulent time. The Association has no current plans to sell any of its investments as its financial plan generates enough income to cover the costs of delivering its charitable activities. The Association's Investment Manager has, however, been instructed to be ever more vigilant during a time of economic and political uncertainty.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Pensions**

The deficit in the defined benefit pension scheme at 31 December 2019 has been calculated in accordance with FRS102 regulations. The amount of the deficit has increased marginally from £256k in 2018 to £430k at the end of 2019. The increase is a result of small changes in actuarial assumptions, which take account of current economic conditions. The Association made additional payments of £470k in 2019 (£457k in 2018) into the scheme and remains firmly committed to reducing the deficit and in the long term eradicating it completely.

**Reserves policy**

The reserves policy is subject to continuous review by Council in recognition of the ever-changing political and economic environment. Trustees have adopted a prudent approach to ensure that the Association holds enough reserves in order to quickly and effectively respond to welfare needs, current and future. The size of the future welfare commitment is difficult to quantify but is likely to rise because of the intensive operations such as those in Afghanistan and the broader Middle East. From research undertaken in recent years, the Association is aware of a growing need among the younger generation and with more and more serving personnel becoming members of the Association, this need is likely to grow. Linked to this uncertainty is a trend of cuts in social welfare budgets across the UK. There is also the risk associated with having a large value investment portfolio where political uncertainty throughout the USA, China, the UK and mainland Europe has resulted in a high level of volatility in the financial markets, which could lead to a larger correction at any time. Taking all these factors into account, the Trustees have adopted a reserves policy, which seeks to mitigate risks associated with holding large value investments and property assets.

The Association adopts a forward-looking strategic outlook on the needs of the RAF family and consequently does not use short-term measures focusing on a limited number of months operating costs, although due consideration is given to costs associated with normal continuing operations over a 12-month period.

At the end of December 2019 consolidated general unrestricted reserves totalled £14,049k (£13,885k in 2018) including Charity assets of £6,376k (£7,614k in 2018). Consolidated free reserves (net general reserves) at the end of December 2019 totalled £7,673k (£6,271k in 2018), which the Association is holding to fund 2020 operational expenditure of up to twelve months and are therefore in-line with the stated reserves policy, however a prudent approach is being adopted to ensure that strategic transformation projects can be funded. Restricted reserves fell marginally from £1,806k in 2018 to £1,769k at the end of December 2019.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

The Association is a registered charity governed by a Royal Charter, its Rules and Byelaws. The charity is also known as the RAF Association and RAFA. The Association is registered with the Charity Commission and with the Office of the Scottish Charity Regulator. It is also registered with the Care Quality Commission and Fundraising Regulator. The Association is a democratic, non-sectarian non-political organisation with no affiliation to any party or party organisation or trade union. The Association is a member of the Confederation of British Service and Ex-service Organisations (COBSEO).

The Association is an international organisation with 73,500 members and branches in the UK and overseas. Branches are separate organisations from the Association; branch accounts are not consolidated with those of the Association. Branches fundraise on their own behalf and on behalf of the Association (the annual Wings Appeal). The Association provides branches with an annual rebate to support branch membership and welfare activity.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

As a member-led welfare charity it is important that all members can contribute to the future direction of the Association and following an annual conference resolution in 2018 a feasibility study into a new membership voting structure was carried out whereby each member would have a right to an individual vote (“One Member One Vote”). Whilst a resolution to implement “One Member One Vote” was supported by the majority of branches at annual conference 2019 the resolution did not receive the two thirds majority required to amend the Royal Charter and Rules and the proposal was not carried. Council was however, mandated to continue the study into the enfranchisement of the membership, in particular those groups, such as serving personnel and those on the central rolls, that are not represented by the current delegate system.

**Branches**

Branches share the same objective and constitution as the Association and, as such, are required to register as charities in accordance with the relevant local jurisdiction. The “One Charity” review, mandated by Conference in 2018, to consider whether the branches should continue to be separate charities or whether they should merge with the Association continued during 2019. This work identified governance concerns at some branches and, in November 2019, the Council decided to put the review on hold. The Association is working with the Charity Commission and branches to improve branch governance and this work will continue throughout 2020.

**Constitutional review**

In parallel to the “One Charity” review, and in response to a resolution at Conference 2019, the Association is reviewing the administrative tier between branches and the Council. Currently branches are grouped into five geographic areas. Each area has an Area Council, comprising members elected from the branches within the Area, whose purpose is to oversee the activities of the branches within its Area for the purpose of “facilitating the work of the Association.” This administrative structure was last revised in 2004 but it reflects the original organisation established in 1943. The Conference resolution recognised the need to ensure that the Association’s structures are fit and ready for the future and able to deliver the Association’s strategy to 2030. Council is currently consulting with branches about a revised structure and proposals will be submitted to Conference in due course.

The Council would like to take this opportunity to thank members of the Working Groups (One Member One Vote, One Charity, and Administrative Structure) for their time, commitment, and hard work during 2019.

**Subsidiaries**

RAFATRAD Limited is a wholly owned subsidiary of the Association, which sells commemorative items and memorabilia and undertakes fulfilment activity for the charity. During the year, the publication of the quarterly members’ magazine (Air Mail) and the operation of the Association’s contact centre were transferred from RAFATRAD to the charity. RAFATRAD Limited is a company limited by shares incorporated under Companies Act 2006.

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

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Subsidiaries (continued)**

The Association established RAFA Kidz Limited as a wholly owned subsidiary in 2019; it is a company limited by shares incorporated under Companies Act 2006. The subsidiary operates pre-school nurseries in accordance with the Early Years Foundation Stage at RAF Odiham and RAF Digby. In October 2019 RAFA Kidz Limited became the sole member of Kidzone Cranwell Limited (now RAFA Kidzone Limited), a company limited by guarantee and registered charity, which operates a pre-school nursery and wrap-around care at RAFC Cranwell. RAFA Kidz Limited and RAFA Kidzone Limited are both registered with Ofsted.

**Charity Governance Code**

Council recognises that good governance is fundamental to the success of the charity and is committed to continuous improvement in terms of its own effectiveness, the governance of all group companies and branch governance. Council uses the Charity Governance Code for larger charities to assess its own performance. In 2019 a Council effectiveness review was carried out and a programme of Committee effectiveness reviews was commenced.

**Composition of the Board of Trustees (Council)**

The Council is the Association's Board of Trustees and is collectively accountable to the Association's members and other stakeholders for the long-term success of the Association. Council is responsible for the Association's compliance with all relevant legislative and regulatory requirements. It is responsible for determining the strategy and values of the Association, holding the Secretary General and Senior Management Team to account for the Association's performance, standards of conduct and corporate governance. The composition of Council is prescribed by the Association's Rules and Byelaws and comprises:

- The President of Council – elected by the Annual Conference of the Association in 2017 for a period of three years and subject to re-election at Conference 2020.
- The Chairman of Council – re-elected by the Annual Conference of the Association in 2019 for a second period of three years.
- The Treasurer of Council – elected by the Annual Conference of the Association in 2017 for a further term of three years and subject to re-election at Conference 2020.
- The Vice-Chairman of Council – elected from among the members of Council in 2012 and re-elected in 2018 for a further term of three years.
- Eight elected members elected by the branches of the Association in 2018 for a term of office of three years.
- Five area representatives elected by Area Councils in 2018 for a term of office of three years until the expiry of Annual Conference in 2022.
- Three service representatives – appointed by the Royal Air Force for a term of office as decided by the Service.
- An RAF Benevolent Fund representative – nominated by the RAF Benevolent Fund in November 2018 for a term of office of three years.
- Up to a maximum of four co-opted trustees – selected by interviewing candidates to fill specific skill sets.



**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Composition of the Board of Trustees (Council) (continued)**

When new Trustees are elected or appointed, a formal induction on the work of the Association and their roles and responsibilities is provided. Further training and development is provided to meet specific needs. Trustees receive annual refresher training on health and safety, data protection, safeguarding, equality and diversity and cyber security. In 2019 training and development sessions were also held in relation to governance issues in membership charities and digital transformation. In addition, executive directors work closely with Trustees on matters within their areas of responsibility as and when required.

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

**Council Meetings**

The powers of the Council are set out in the Royal Charter, Rules, and Byelaws which are supplemented by the Standard Regulations governing the Areas, Regions, Branches and Branch Clubs (collectively the "Governance Handbook"). Council may exercise all powers conferred on it by the Governance Handbook and in accordance with the Charities Act 2011 and other applicable legislation. Council has five scheduled meetings each year.

The Board has a formal schedule of matters specifically reserved for its approval which cannot be delegated. Other specific matters have been delegated to its Committees and these are clearly defined within each Committee's terms of reference, which are reviewed at least every three years. Terms of reference were last reviewed in 2018.

**Committee Structure**

Throughout the year the work of Council was supported by Committees. Each Committee has written terms of reference approved by Council. Members of the committees are a combination of Association Trustees and personnel co-opted as determined by Council.

<b>Committee</b>	<b>Chair</b>	<b>Number of members</b>	<b>Number of meetings</b>
Finance and Investment	Mr P Tagg	5	4
Fundraising and Communications	Mr C Goss	7	4
Branch and Membership	Mrs B Dennett Stannard	11	4
Information	AVM M Neal	8	4
Welfare	Ms F Barber	9	4
Annual Conference	Mr A Rees	6	6
Audit	Mr I Gawn	4	2
Nominations and Remuneration	AVM J Cliffe	4	1

Committees generally meet in advance of Council meetings, with minutes of meetings being provided to Council, together with any recommendations.

Council has also appointed designated lead Trustees for Health and Safety (Squadron Leader D Gibson), Safeguarding (Air Commodore G A Opie), and Whistleblowing (Ms F Barber). During 2019 Council established a Council Task and Finish Group to review the organisational culture and behaviours expected of Association members and the measures to be taken if conduct falls below the standards expected.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Delegated Authority**

Council reviews its scheme of delegated authority on an annual basis. Notwithstanding any delegation, Council remains collectively accountable for the work of the Association. Day-to-day management of the Association is delegated to the Secretary General and his team.

**Remuneration Policy**

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

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

**Remuneration Review and Annual Pay Award**

Council, through the Remuneration Committee, sets pay and conditions for all employees, including the senior management team. Employee remuneration is reviewed annually in August and any changes are implemented from the following 1 January. Salary benchmarking is undertaken using data from the Office for National Statistics (ONS) and surveys by Croner and XperTHR. The Association has introduced the Living Wage on a discretionary basis and voluntarily recognises the GMB trade union for collective bargaining for statutory activity, including pay.

Senior management remuneration is shown at note 10 of the accounts. Senior management consists of the Secretary General, Director of Membership, Director of Welfare and Policy, Director of Marketing, Fundraising and Trading, Director of Finance, Director of HR and Volunteering, Chief Information Officer, and the Director of Governance & Risk.

**Risk Management**

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

The Association does not generally have an appetite for high exposure risks; nevertheless, the Trustees recognise that delivering upon the ambitious strategic aims and objectives outlined in the Strategic Plan to 2030 will involve a degree of risk-taking and uncertainty. As such, there is an appetite for higher levels of risk where appropriate to deliver upon strategic aims, objectives and targets provided there is a comprehensive understanding of the exposures involved and potential benefits arising, and subject to there being appropriate controls and approval processes in place. In terms of priorities, Trustees have agreed that the need to avoid reputational, compliance and excessive financial risk will take priority over other factors, recognising balanced assessments must be made as, in many cases, risks are attached both to doing something and doing nothing.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Risk Management (continued)**

The Association's risk management process is designed to identify and assess risks such that appropriate risk management strategies are implemented, and their effectiveness monitored. Trustees have identified the following as its key risks and the strategic risk register is reviewed at each Council meeting.

- *Regulatory compliance.* Mitigation includes regular reviews of policies, Council, Committee and / or Working Group oversight, employment of professionally qualified staff and mandatory training. In particular, the Council has identified regulatory compliance at branch level as a strategic risk, with particular concerns about the wider reputational risk that the Association faces as a result of being a decentralised structure where branches are separate charities but operating under a shared name and constitution. The Association has undertaken considerable activity to ensure that branch committees understand their responsibilities as charity trustees and to provide guidance and advice. Between October 2018 and February 2020, 23 branch governance workshops were delivered and a Branch Governance Action Plan has been agreed with the Charity Commission to mitigate further the risk while supporting branches.
- *Long term financial sustainability and short-term cash flow failure.* Mitigation plans include financial planning and performance monitoring, both in terms of annual budgets, reserves and investments, subject to ongoing Committee and Council oversight, investing in fundraising capacity and diversification of income streams.
- *Maintaining a large membership base.* Plans include recruitment campaigns at RAF stations, improved retention by engaging with personnel leaving the RAF, and improving contact with current membership.
- *External market threats.* Mitigation plans include collaboration with other charities and organisations, developing unique service propositions and diversification of service provision.
- *Loss of operational capability.* Plans include development of business continuity plans, cyber security, and a range of processes to ensure recruitment and retention of appropriately qualified and trained employees and volunteers.
- *Significant change management projects.* Mitigation plans include development of business cases, project risk registers, and oversight by project governance boards, SMT and committees.

Operational risk registers are also subject to regular review by the appropriate Council Committee so that assurance is provided to Council that operational risks are being effectively managed.

The Council considers that the major risks facing the Association include the ongoing and long-term impact on its activities and incomes resulting from the current COVID-19 pandemic, including the continued pressure on fundraising from the public, the threat of reduced income from events generally and the increased cost in meeting demands for its welfare services.

The Council is satisfied that, notwithstanding the increase in risk due to COVID-19, all risks are being appropriately addressed. The Association also recognises that the pandemic presents opportunities both at a strategic and operational level which the charity will explore over the coming months.

**EVENTS AFTER THE REPORTING DATE**

The World Health Organisation declared COVID-19 a global pandemic on 11 March 2020, following which the UK Government made a series of recommendations culminating in a prolonged nationwide lockdown commencing on 23 March 2020. As set out in more detail below, the impact on the Association has been significant. As with all charities, the Association's ability to fundraise has been severely affected by the pandemic. The Association has had to change how it delivers existing services while responding to both new needs and increasing demand.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Impact of COVID19**

The onset of the international lockdown caused by COVID-19 in March 2020 meant that all our planned events for 2020 have been cancelled, severely impacting our fundraising capability. The Association acted swiftly to take advantage of the various appropriate forms of government support, including furlough.

At the same time, the demand for our welfare services increased dramatically as the effects of isolation and social distancing became apparent. We responded by delivering services virtually, and introducing our Op CONNECT welfare service which has supported over 30,000 vulnerable members.

In response to the pandemic, the Council had to consider decisive and significant action to protect the work of the Association to meet the needs of the RAF family for the long-term. The difficult decision to close the respite care hotels and to reshape the organisation to position it for the future resulted in the unfortunate need for redundancies.

The Association expects income to reduce by around £5.0m (net) during 2020, however the actions taken by the Council, including accessing Government support means that we expect to achieve break even in 2020. The Council has also considered the position for 2021 and considered a number of scenarios. Even with the most pessimistic scenario, which puts 2021 on a level with 2020, the Trustees anticipate breaking even.

The prudent policy of accumulating historic surpluses means that the Association has built up healthy reserves, supported by investments and cash holdings, which can be used if necessary, to support the Association's activities. The future cash flow forecasts do not envisage requiring using the Association's reserves.

Our preschool nurseries operated by RAFA Kidz and RAFA Kidzone continued to open throughout lockdown, offering childcare for our key workers. Whilst income is down, by managing our costs and accessing the Government's furlough scheme, we anticipate making small surpluses in both 2020 and 2021.

Although face to face contact with tenants at RAFA Housing was not possible during lockdown and some contractor works had to be delayed, services are now largely back to normal.

While RAFATRAD, the Association's trading company, benefited from an increase in online retail sales during lockdown, the cancellation of air shows resulted in a significant loss of anticipated income. RAFATRAD has reduced its expenditure to bring it in line with its activity levels for the forecastable future.

**Future outlook**

The Council anticipates that the COVID-19 pandemic will continue to impact on revenue generation of the Association and its subsidiaries into 2021, particularly in relation to our ability to fundraise. As such, the charity and its subsidiaries will continue to review how to best deliver their much-needed services.

The Council considers that the actions taken in 2020, combined with the prudent approach to accumulating investment and cash-backed unrestricted reserves, places the Association in a strong position to not only survive the pandemic, but to continue to meet the increasing demand for our services as the pandemic continues to affect the wider RAF family.

**THE ROYAL AIR FORCES ASSOCIATION  
TRUSTEES' REPORT (CONTINUED)  
YEAR ENDED 31 DECEMBER 2019**

**Trustees' responsibilities in relation to financial statements**

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards. The law applicable to charities in England and Wales, Scotland and Northern Ireland requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the Association and the group, and of the incoming resources and application of resources of the Association and the group for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and the group and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, The Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the provisions of the Royal Charter. They are also responsible for safeguarding the assets of the Association and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

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

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

This report was approved by the Trustees on

8 October 2020

and signed on its behalf by:



**Air Vice-Marshal J Cliffe CB OBE  
Chairman of the Council**

## **THE ROYAL AIR FORCES ASSOCIATION**

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

#### **Opinion**

We have audited the financial statements of the Royal Air Forces Association (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2019 which comprise the Group and Association Statement of Financial Activities, the Consolidated and Association Balance Sheets, the Consolidated and Association Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charity's affairs as at 31 December 2019 and of the group's and parent charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities and Trustee Investment (Scotland) Act 2005, regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended) and the Charities Act 2011.

#### **Basis for opinion**

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

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information and, 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.

## **THE ROYAL AIR FORCES ASSOCIATION**

### **INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL AIR FORCES ASSOCIATION (continued)**

#### **Matters on which we are required to report by exception**

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

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

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees' Responsibilities set out on page 19, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Use of our report**

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

RSM UK Audit LLP

RSM UK Audit LLP  
Statutory Auditor  
St Philips Point  
Temple Row  
Birmingham  
B2 5AF

Date 13 October 2020

RSM UK Audit LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

**THE ROYAL AIR FORCES ASSOCIATION  
GROUP STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
<b>INCOME:</b>					
<b>Donations and Legacies</b>	3	7,575	381	7,956	6,424
Donations – assets gifted from closed branches	30	1,375	-	1,375	3,210
Donation in kind on acquisition	31	128	-	128	-
<b>Charitable Activities:</b>					
Residential and respite care homes	6	1,399	2,566	3,965	3,165
Nursery fees		261	-	261	3,165
<b>Other Trading Activities:</b>					
Trading income		418	-	418	867
Grand Draw and other fundraising income		1,110	-	1,110	1,083
<b>Investment Income</b>	5	1,023	-	1,023	809
<b>Other income:</b>					
Share of net profit in joint venture	13	-	-	-	61
<b>Total Income</b>		<b>13,289</b>	<b>2,947</b>	<b>16,236</b>	<b>15,619</b>
<b>EXPENDITURE:</b>					
<b>Cost of Raising Funds</b>		4,212	-	4,212	4,218
<b>Charitable Activities:</b>					
Residential & Respite Care Home		3,710	46	3,756	3,031
Friendship & Welfare Support		4,883	2,773	7,656	6,166
Grants		148	160	308	585
Other Support Costs		871	5	876	669
<b>Other Expenditure:</b>					
Interest Paid on Branch Deposits		(10)	-	(10)	10
Interest on Defined Benefit Pension Liabilities		2	-	2	37
Share of net loss in joint venture	13	409	-	409	-
<b>Total Expenditure</b>	7	<b>14,225</b>	<b>2,984</b>	<b>17,209</b>	<b>14,716</b>



**THE ROYAL AIR FORCES ASSOCIATION**  
**GROUP STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Net gains/(losses) on investment assets	13	3,010	-	3,010	(1,684)
Net income/(expenditure)		2,074	(37)	2,037	(781)
<b>Other recognised gains/(losses):</b>					
Gains on revaluation of fixed assets for the charity's own use		-	-	-	985
Actuarial (losses)/gains on defined benefit pension scheme	11	(554)	-	(554)	1,088
<b>Net movement in funds</b>		1,520	(37)	1,483	1,292
<b>Reconciliation of Funds</b>					
<b>Total Funds Brought Forward</b>		32,434	1,806	34,240	32,948
<b>Total Funds Carried Forward</b>		<b>33,954</b>	<b>1,769</b>	<b>35,723</b>	<b>34,240</b>

All income and expenditure derive from continuing activities.

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

**THE ROYAL AIR FORCES ASSOCIATION  
ASSOCIATION STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
<b>INCOME:</b>					
<b>Donations and Legacies</b>	3	7,666	381	8,047	6,424
Donations – assets gifted from closed branches	30	1,375	-	1,375	3,210
<b>Charitable Activities:</b>					
Residential and respite care homes	6	1,155	2,566	3,721	3,165
<b>Other Trading Activities:</b>					
Grand Draw and other fundraising income		1,110	-	1,110	1,083
<b>Investment Income</b>	5	1,023	-	1,023	809
<b>Total Income</b>		<b>12,329</b>	<b>2,947</b>	<b>15,276</b>	<b>14,691</b>
<b>EXPENDITURE</b>					
<b>Cost of Raising Funds</b>		3,778	-	3,778	3,388
<b>Charitable Activities:</b>					
Residential & Respite Care Home		3,527	46	3,573	3,031
Welfare Support		4,562	2,773	7,335	6,166
Grants		148	160	308	585
Other Support Costs		871	5	876	669
<b>Other Expenditure:</b>					
Interest Paid on Branch Deposits		(10)	-	(10)	10
Interest on Defined Benefit Pension Liabilities		2	-	2	37
<b>Total Expenditure</b>	7	<b>12,878</b>	<b>2,984</b>	<b>15,862</b>	<b>13,886</b>

**THE ROYAL AIR FORCES ASSOCIATION**  
**ASSOCIATION STATEMENT OF FINANCIAL ACTIVITIES (continued)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total 2019 £'000	Total 2018 £'000
Net gains/(losses) on investment assets	13	3,010	-	3,010	(1,684)
<b>Net income/(expenditure)</b>		<b>2,461</b>	<b>(37)</b>	<b>2,424</b>	<b>(879)</b>
<b>Other recognised gains/(losses):</b>					
Gains on revaluation of fixed assets for the charity's own use		-	-	-	985
Actuarial (losses)/gains on defined benefit pension scheme	11	(554)	-	(554)	1,088
<b>Net movement in funds</b>		<b>1,907</b>	<b>(37)</b>	<b>1,870</b>	<b>1,194</b>
<b>Reconciliation of Funds</b>					
<b>Total Funds Brought Forward</b>		<b>31,305</b>	<b>1,806</b>	<b>33,111</b>	<b>31,917</b>
<b>Total Funds Carried Forward</b>		<b>33,212</b>	<b>1,769</b>	<b>34,981</b>	<b>33,111</b>

All income and expenditure derive from continuing activities.

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

**THE ROYAL AIR FORCES ASSOCIATION  
CONSOLIDATED AND ASSOCIATION BALANCE SHEETS  
AT 31 DECEMBER 2019**

	Notes	Group		Association	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
<b>Fixed assets:</b>					
<b>Tangible assets:</b>					
Properties	12	6,376	7,458	5,988	7,071
Equipment and furniture	12	2,200	1,863	2,054	1,749
		8,576	9,321	8,042	8,820
<b>Investments:</b>					
Investments	13	26,782	24,121	26,530	23,460
Programme related investments - loan to branches	14	132	139	132	139
<b>Total fixed assets</b>		<b>35,490</b>	<b>33,581</b>	<b>34,704</b>	<b>32,419</b>
<b>Current assets:</b>					
Assets held for resale	15	1,415	1,990	1,415	1,990
Stocks		335	221	8	95
Debtors	16	619	802	1,073	859
Cash at bank and in hand		2,344	2,586	1,926	2,327
<b>Total current assets</b>		<b>4,713</b>	<b>5,599</b>	<b>4,422</b>	<b>5,271</b>
<b>Current liabilities:</b>					
Creditors: amounts falling due within one year	17	(3,767)	(4,396)	(3,715)	(4,323)
<b>Net current assets</b>		<b>946</b>	<b>1,203</b>	<b>707</b>	<b>948</b>
<b>Total assets less current liabilities</b>		<b>36,436</b>	<b>34,784</b>	<b>35,411</b>	<b>33,367</b>
Creditors: amounts falling due after more than one year	18	(283)	(288)	-	-
<b>Net assets excluding pension scheme liability</b>		<b>36,153</b>	<b>34,496</b>	<b>35,411</b>	<b>33,367</b>
Defined benefit pension scheme liability	11	(430)	(256)	(430)	(256)
<b>Net assets including pension scheme liability</b>		<b>35,723</b>	<b>34,240</b>	<b>34,981</b>	<b>33,111</b>

**THE ROYAL AIR FORCES ASSOCIATION**  
**CONSOLIDATED AND ASSOCIATION BALANCE SHEETS (continued)**  
**AT 31 DECEMBER 2019**

	Notes	Group		Association	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Funds:</b>					
<b>Income funds:</b>					
Restricted funds	20	1,769	1,806	1,769	1,806
<b>Unrestricted funds:</b>					
Designated funds	21	20,335	18,340	20,335	18,340
General funds		13,688	13,886	13,307	13,221
Pension scheme deficit	11	(430)	(256)	(430)	(256)
<b>Net general funds</b>		<b>13,258</b>	<b>13,630</b>	<b>12,877</b>	<b>12,965</b>
Non-charitable funds	4	361	464	-	-
<b>Total funds</b>		<b>35,723</b>	<b>34,240</b>	<b>34,981</b>	<b>33,111</b>

The financial statements on pages 22 to 59 were approved and authorised for issue by the Trustees on 8 October 2020 and signed on their behalf by:



**Air Vice-Marshal J Cliffe CB OBE**  
**Chairman of the Council**

**THE ROYAL AIR FORCES ASSOCIATION  
CONSOLIDATED AND ASSOCIATION STATEMENTS OF CASHFLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Notes	Group		Association	
		2019	2018	2019	2018
		£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>	23	(2,241)	(2,397)	(2,309)	(2,408)
<hr/>					
<b>Cash flows from investing activities</b>					
Investment income		1,017	796	1,017	796
Interest receivable		6	13	6	13
Interest payable		10	(10)	10	(10)
Receipt of Kaupthing Singer and Friedlander monies		-	11	-	11
Payments to acquire tangible fixed assets		(983)	(1,735)	(920)	(1,631)
Receipts from disposals of fixed assets		832	-	832	-
Payments to acquire investments		(1,018)	(2,087)	(1,018)	(2,087)
Receipts from disposals of investments		1,706	758	1,706	758
Cash funds transfer on acquisition		154	-	-	-
<hr/>					
<b>Net cash provided by/ (used in) investing activities</b>		1,724	(2,254)	1,633	(2,150)
<hr/>					
<b>Cash flows from financing activities</b>					
Decrease in loans to branches		7	13	7	13
Decrease/(increase) in deposits by branches		268	(134)	268	(134)
<hr/>					
<b>Net cash from/(used in) financing activities</b>		275	(121)	275	(121)
<hr/>					
<b>Change in cash and cash equivalents in the year</b>		(242)	(4,772)	(401)	(4,679)
<hr/>					
<b>Cash and cash equivalents at the beginning of the year</b>		2,586	7,358	2,327	7,006
<hr/>					
<b>Cash and cash equivalents at the end of the year</b>	24	2,344	2,586	1,926	2,327

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**1. Critical accounting estimates and areas of judgement**

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

**2. Principal Accounting Policies**

**General information**

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

The address of the charity's registered office and principal place of business is Atlas House, 41 Wembley Road, Leicester LE3 1UT. The group consists of the Association and its subsidiaries as set out in note 4. The nature of the group's operations are set out in the Trustees' Report.

**Basis of preparation**

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold property and to include investment properties at fair value, and in accordance with applicable United Kingdom Accounting Standards. The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland including the adoption of the amendments issued in December 2017 (FRS102), the Charities Act 2011, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended) and UK Generally Accepted Accounting Practice as it applies from 1 January 2015.

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

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

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

Monetary amounts in the financial statements are rounded to the nearest £1,000. The financial statements are presented in sterling which is also the functional currency of the Association.

**Going Concern**

The Council acknowledges that the unprecedented level of uncertainty caused by COVID-19 and rapidly changing circumstances mean that the judgements and estimates required by management are more challenging than under normal circumstances.

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**2. Principal Accounting Policies (continued)**

**Going Concern (continued)**

As set out in the Trustees Report on page 17, the Council has given due regard to the increased pressure on income streams brought about by the pandemic and have concluded that the positive level of general reserves, a healthy cash and investments balance, the benefit of Government measures and support as well as the continued support of its regular contributors, means the going concern basis remains appropriate for the preparation of these financial statements.

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

**Consolidation**

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

**Joint Ventures**

Entities in which the group holds an interest, and which are jointly controlled by the group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the equity method. Under the equity method of accounting, an equity investment is initially recognised at transaction price (including transaction costs) and is subsequently adjusted to reflect the investors' share of the profit or loss, other comprehensive income and equity of the joint venture.

**Fund accounting**

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

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

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

**Income**

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

Income in the form of donations and subscriptions is included when receivable. Legacies are accounted for as soon as entitlement, probability and a monetary value can be established. The grant from the MoD is included as income in the period it is earned.



**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**2. Principal Accounting Policies (continued)**

**Income (continue)**

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

Investment income is included when receivable.

Income from charitable activities is included in income in the period in which the Association becomes entitled to receipt.

**Expenditure**

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

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

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

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

**Grants**

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

**Exceptional items**

Exceptional items are disclosed separately where that degree of prominence is necessary in order to give a true and fair view.

**Tangible fixed assets**

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

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

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

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**2. Principal Accounting Policies (continued)**

**Tangible fixed assets (continued)**

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

**Revaluation of Properties**

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

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

**Investments**

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

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

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

**Stocks**

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

**Financial instruments**

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

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

**Financial assets**

**Trade debtors, group debtors and other debtors**

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

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

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**2. Principal Accounting Policies (continued)**

**Financial liabilities and equity**

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

**Other creditors and accruals**

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

**Derecognition of financial assets and liabilities**

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

**Pension costs**

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

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

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

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

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

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

**Operating lease agreements**

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

**Volunteers**

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

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**3. DONATIONS, LEGACIES AND SUBSCRIPTIONS**

<b>Group</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Donations				
Residential and respite care homes	78	-	78	288
Others	2,247	381	2,628	2,583
Legacies	4,272	-	4,272	2,757
Subscriptions	978	-	978	796
	<hr/>	<hr/>	<hr/>	<hr/>
	7,575	381	7,956	6,424
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Association</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Donations				
Residential and respite care homes	78	-	78	288
Others	2,338	381	2,719	2,583
Legacies	4,272	-	4,272	2,757
Subscriptions	978	-	978	796
	<hr/>	<hr/>	<hr/>	<hr/>
	7,666	381	8,047	6,424
	<hr/>	<hr/>	<hr/>	<hr/>

**4. SUBSIDIARIES**

During the year, the Association owned the whole of the share capital of RAFAttrad Limited and RAFA Housing Limited.

The activity of Rafatrad Limited (Company No. 03455255) is publishing the official journal of the Association, selling advertising space, the sale of commemorative items and memorabilia and supplying fundraising equipment to branches of the Association.

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

On 4 April 2019 RAFA Clubs Limited (Company No. 11927089) was incorporated in England and Wales. The Association acquired the whole of the share capital of RAFA Clubs Limited at par value. RAFA Clubs Limited is currently not trading.

On 4 April 2019 RAFA Kidz Limited (Company No. 11927027) was incorporated in England and Wales. The Association acquired the whole of the share capital of RAFA Kidz Limited at par value. The activity of RAFA Kidz Limited is that of a nursery.

On 15 September 2019, RAFA Kidz Limited acquired RAFA Kidzone Limited (formerly Kidzone Cranwell Limited) (Company No. 08418367 and Charity registration No. 1154822) which is an incorporated charity registered in England and Wales. The activity of RAFA Kidzone Limited is to enhance the development and education of children by offering inclusive and appropriate play and learning facilities.

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**4. SUBSIDIARIES (continued)**

The results of the subsidiaries and the amounts included within the Group Statement of Financial Activities, after the elimination of intra-group transactions, are as follows:

	<b>RAFA HL 2019 £'000</b>	<b>Rafatrad 2019 £'000</b>	<b>RAFA Clubs 2019 £'000</b>	<b>RAFA Kidz 2019 £'000</b>	<b>RAFA Kidzone 2019 £'000</b>	<b>Intra-group transactions £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Income	244	845	-	136	125	(427)	923	867
Expenditure	(183)	(892)	-	(189)	(128)	-	(1,392)	(1,282)
Surplus/loss for the financial period	61	(47)	-	(53)	(3)			

All of the income and expenditure is unrestricted for both years.

During the year Rafatrad Limited charged the Association £328k (2018: £452k) in respect of Air Mail and RAF Association branded goods. Also, during the year, the Association charged Rafatrad Limited £131k (2018: £nil) in respect of premises recharges, RAF Association branded goods and accountant costs. At the year end the Association was owed £419k (2018: £194k) by Rafatrad Limited.

The aggregate of the assets, liabilities and funds of the subsidiary companies at 31 December were:

	<b>RAFA HL 2019 £'000</b>	<b>Rafatrad 2019 £'000</b>	<b>RAFA Clubs 2019 £'000</b>	<b>RAFA Kidz 2019 £'000</b>	<b>RAFA Kidzone 2019 £'000</b>	<b>Intra-group transactions £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Assets	754	429	-	156	163	(678)	824	1,024
Liabilities	(300)	(465)	-	(209)	(38)	678	(334)	(506)
Funds (Share capital and reserves)	454	(36)	-	(53)	125			

The registered office of all subsidiaries is Atlas House, 41 Wembley Road, Leicester LE3 1UT.

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**5. INVESTMENT INCOME AND INTEREST**

<b>Group and Association</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
UK listed investments	787	719
Cash deposits	6	13
Branch and other loans	1	-
Properties	229	77
	<b>1,023</b>	<b>809</b>

All investment income and interest his unrestricted for both years.

**6. INCOME FROM RESIDENTIAL AND RESPITE CARE HOMES**

<b>Group</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Accommodation fees	1,160	-	1,160	1,146
Other income	239	2,566	2,805	2,019
	<u>1,399</u>	<u>2,566</u>	<u>3,965</u>	<u>3,165</u>
<b>Association</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted funds £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Accommodation fees	1,001	-	1,001	1,146
Other income	154	2,566	2,720	2,019
	<u>1,155</u>	<u>2,566</u>	<u>3,721</u>	<u>3,165</u>

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**7. TOTAL EXPENDITURE**

**Group**

	<b>Employee and related costs £'000</b>	<b>Depreciation £'000</b>	<b>Other costs £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Costs of raising funds:					
Direct costs	1,144	-	2,934	4,078	4,132
Allocated support costs	-	110	24	134	86
Charity's charitable activities					
Direct costs	4,068	-	3,221	7,289	4,810
Allocated support costs	2,203	398	2,706	5,307	5,641
Other expenditure					
Interest Paid on Branch Deposits	-	-	(10)	(10)	10
Interest on Defined Benefit Pension Liabilities	-	-	2	2	37
Share of net loss in joint venture (see note 14)	-	-	409	409	-
	<u>7,415</u>	<u>508</u>	<u>9,286</u>	<u>17,209</u>	<u>14,716</u>

	<b>2019 £'000</b>	<b>2018 £'000</b>
Allocated support costs:		
Heat and light	45	63
Other site costs	64	46
Advertising and promotions	287	442
Printing and stationery	58	91
Telephone	46	75
Insurance	128	133
Repairs and maintenance	66	61
Depreciation	508	390
Other expenditure	1,169	1,493
Other equipment	52	336
Staff costs	2,203	1,982
Governance costs	815	615
	<u>5,441</u>	<u>5,727</u>

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

- Land and buildings payments of £52k (2018 - £28k)
- Equipment payments of £23k (2018 - £24k)

The costs of raising funds includes Wings Appeal rebates allocated to branches totalling £199k (2018 - £208k).

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**7. TOTAL EXPENDITURE (continued)**

Support costs include £470k in respect of additional payments into the defined benefit pension scheme, (2018 - £449k). Total expenditure includes auditors' remuneration of £27k (2018: £6k) and a loss on disposal of fixed assets of £10k (2018: £3k profit).

Fees payable to RSM UK Audit LLP and its associates in respect of non-audit are for Tax compliance £2,500 (2018: £2,500) and other services £17,000 (2018: £500).

**Association**

	<b>Employee and related costs £'000</b>	<b>Depreciation £'000</b>	<b>Other costs £'000</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
Costs of raising funds:					
Direct costs	838	-	2,810	3,648	3,327
Allocated support costs	-	107	23	130	61
Charity's charitable activities					
Direct costs	3,774	-	3,037	6,811	4,810
Allocated support costs	2,203	371	2,707	5,281	5,641
Other expenditure					
Interest Paid on Branch Deposits	-	-	(10)	(10)	10
Interest on Defined Benefit Pension Liabilities	-	-	2	2	37
	<b>6,815</b>	<b>478</b>	<b>8,569</b>	<b>15,862</b>	<b>13,886</b>

	<b>2019 £'000</b>	<b>2018 £'000</b>
Allocated support costs:		
Heat and light	45	63
Other site costs	64	46
Advertising and promotions	287	442
Printing and stationery	58	91
Telephone	46	75
Insurance	128	133
Repairs and maintenance	66	61
Depreciation	478	365
Other expenditure	1,169	1,493
Other equipment	52	336
Staff costs	2,203	1,982
Governance costs	815	615
	<b>5,411</b>	<b>5,702</b>



**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**8. GRANTS PAYABLE**

<b>Group and Association</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Welfare grants to individuals	33	24

**9. TRANSACTIONS WITH TRUSTEES**

The Trustees neither received nor waived any emoluments during the year (2018 - £nil).

Trustees expenses of £47,794 were reimbursed for directly incurred travel and subsistence expenses (2018 - £43,590) to 23 trustees (2018: 25 trustees).

**10. STAFF COSTS**

	<b>Group</b>		<b>Association</b>	
	<b>2019 £'000</b>	<b>2018 £'000</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Wages and salaries	6,610	5,597	5,813	5,415
Social security costs	561	501	509	488
Employer contributions to defined contributions schemes	513	472	486	463
	<u>7,684</u>	<u>6,570</u>	<u>6,808</u>	<u>6,366</u>

The average number of employees throughout the year, calculated on a full-time equivalent basis, analysed by location was:

	<b>Group</b>		<b>Association</b>	
	<b>2019 Number</b>	<b>2018 Number</b>	<b>2019 Number</b>	<b>2018 Number</b>
Welfare	84	85	84	85
Membership	30	30	30	30
Headquarters and Rafatrad	68	56	64	52
Families Federation Service	10	10	10	10
RAFA Housing	1	1	-	-
Nursery	36	-	-	-
	<u>229</u>	<u>182</u>	<u>188</u>	<u>177</u>

The average number of employees (head count) during the year was 313 (2018: 244).

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**10. STAFF COSTS (continued)**

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

<b>Group and Association</b>	<b>2019 Number</b>	<b>2018 Number</b>
£60,001 to £70,000	2	2
£70,001 to £80,000	-	1
£80,001 to £90,000	6	4
£100,001 to £110,000	-	1
£120,001 to £130,000	1	-
	<b>9</b>	<b>8</b>

8 employees (2018: 8) earning more than £60,000 participated in an Association defined contribution pension scheme. Employer contributions to individual stakeholder schemes were £57,086 (2018: £59,248).

The total employee benefits of the key management personnel of the Association were £907k (2018: £777k).

**11. PENSION SCHEMES (Group and Association)**

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

The most recent actuarial valuation of the scheme was carried out as at 1 January 2019 by an independent actuary using the projected unit method. This valuation showed that the value of the scheme's assets was £15,990,000 which represented only 91 per cent of the benefits that had accrued to members, after allowing for expected future increases in earnings. In valuing the fund, it was assumed that the investment return would be 5.5 per cent per annum compound. The scheme deficit is secured against a charge on the Association's headquarters Atlas House at Leicester.

A full actuarial valuation was carried out at 1 January 2019 and updated on 31 December 2019 by a qualified independent actuary. The major assumptions used by the actuary were:

	<b>2019</b>	<b>2018</b>
Rate of increase of pensions in payment	2.9%	3.3%
Discount rate	1.9%	2.9%
Inflation assumption (RPI)	2.9%	3.3%

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

	<b>2019 Years</b>	<b>2018 Years</b>
Retiring today (currently aged 65):		
Males	21.6	21.8
Females	23.7	23.5
Retiring in 20 years (currently aged 45):		
Males	22.6	22.8
Females	24.5	24.4

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**11. PENSION SCHEMES (continued)**

The Association's assets were transferred from Legal and General with-profits policy to managed fund investments on 15 January 2010. The Association's assets in the scheme at 31 December 2019 were:

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Bonds	3,151	2,578
Equities	4,020	3,273
Property	1,226	1,189
Insurance contracts	5,859	5,759
Diversified funds	1,908	1,637
LDI funds	818	942
Net current assets	51	62
Total assets	<u>17,033</u>	<u>15,440</u>
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of scheme assets	17,033	15,440
Present value of scheme liabilities	(17,463)	(15,696)
Deficit in the scheme	<u>(430)</u>	<u>(256)</u>

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

**Analysis of the amounts charged to Statement of Financial Activities**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Past service cost	-	100
Expenses paid by the scheme	88	43
	<u>88</u>	<u>143</u>

**Analysis of financial element of pensions cost**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Interest on assets	442	426
Interest on pension scheme liabilities	(444)	(463)
Net cost	<u>(2)</u>	<u>(37)</u>

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**11. PENSION SCHEMES (continued)**

<b>Analysis of the actuarial gain / (loss) on defined benefit pension scheme</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Gain/(loss) on asset return	1,523	(1,213)
Experience (loss)/gain on liabilities	(133)	25
Changes in assumptions underlying the present value of the scheme liabilities	(1,944)	2,276
Actuarial gain recognised in Statement of Financial Activities	(554)	1,088
Cumulative actuarial gain/(loss) recognised in Statement of Financial Activities	(2,744)	(2,190)
<b>Changes in the present value of defined benefit obligations</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Opening defined benefit obligation	15,696	18,201
Past service cost	-	100
Interest cost	444	463
Experience loss/(gain) on liabilities	133	(25)
Gain/(loss) on changes in assumptions	1,944	(2,276)
Benefits paid	(754)	(767)
Closing defined benefit obligation	17,463	15,696
<b>Changes in the fair value of plan assets</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Opening plan assets	15,440	16,580
Interest on assets	442	426
Gain/(loss) on asset return	1,523	(1,213)
Contributions by employer	470	457
Benefits paid	(754)	(767)
Expenses paid by the scheme	(88)	(43)
Closing defined benefit obligation	17,033	15,440

The actual return on plan assets was £1,965k (2018: £(£787k)).

The Association expects to contribute £411k to its defined benefit pension plans in the year ended 31 December 2020.

The Association also contributes to a WPP scheme. The Association's contribution to the scheme is 9 per cent or 10 per cent of each member's gross salary and the pension cost for the year was £ 506k (2018 - £452k).

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**12. TANGIBLE FIXED ASSETS**

Group	Properties			Total £'000
	Freehold £'000	Short Leasehold £'000	Equipment and Furniture £'000	
<b>Cost or valuation:</b>				
At 1 January 2019	9,455	59	3,966	13,480
Additions	100	-	883	983
Disposals	(831)	-	(953)	(1,784)
Revaluation	(378)	-	-	(378)
At 31 December 2019	<u>8,346</u>	<u>59</u>	<u>3,896</u>	<u>12,301</u>
<b>Depreciation:</b>				
At 1 January 2019	2,031	25	2,103	4,159
Charge for year	163	1	344	508
Depreciation on disposal	(191)	-	(751)	(942)
At 31 December 2019	<u>2,003</u>	<u>26</u>	<u>1,696</u>	<u>3,725</u>
<b>Net book Value:</b>				
At 31 December 2019	<u>6,343</u>	<u>33</u>	<u>2,200</u>	<u>8,576</u>
At 31 December 2018	<u>7,424</u>	<u>34</u>	<u>1,863</u>	<u>9,321</u>

Association	Properties			Total £'000
	Freehold £'000	Short Leasehold £'000	Equipment and Furniture £'000	
<b>Cost or valuation:</b>				
At 1 January 2019	8,781	59	3,622	12,462
Additions	90	-	830	920
Disposals	(831)	-	(953)	(1,784)
Revaluation	(378)	-	-	(378)
At 31 December 2019	<u>7,662</u>	<u>59</u>	<u>3,499</u>	<u>11,220</u>
<b>Depreciation:</b>				
At 1 January 2019	1,744	25	1,873	3,642
Charge for year	154	1	323	478
Depreciation on disposals	(191)	-	(751)	(942)
At 31 December 2019	<u>1,707</u>	<u>26</u>	<u>1,445</u>	<u>3,178</u>
<b>Net book Value:</b>				
At 31 December 2019	<u>5,955</u>	<u>33</u>	<u>2,054</u>	<u>8,042</u>
At 31 December 2018	<u>7,037</u>	<u>34</u>	<u>1,749</u>	<u>8,820</u>

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**12. TANGIBLE FIXED ASSETS (continued)**

Freehold property with a carrying amount of £1,850k (2018: £2,280k) was revalued at 31 December 2019 by an employee of the Association, who is a member of the Royal Institution of Chartered Surveyors, on an existing use open market value basis. The historical cost of the freehold property carried at valuation is £468k (2018: £468k).

**13. INVESTMENTS**

Group	Fair Value		Historical Cost	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>a) Fixed assets</b>				
Listed investments	23,326	21,104	15,639	16,419
Investment properties	3,049	2,169	165	165
Investment in joint venture	252	661	252	661
Loan to joint venture	-	32	-	32
Long term savings bond	155	155	155	155
	<u>26,782</u>	<u>24,121</u>	<u>16,211</u>	<u>17,432</u>

Association	Fair Value		Historical Cost	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>a) Fixed assets</b>				
Listed investments	23,326	21,104	15,639	16,419
Investment properties	3,049	2,169	165	165
Loan to joint venture	-	32	-	32
Long term savings bond	155	155	155	155
	<u>26,530</u>	<u>23,460</u>	<u>15,959</u>	<u>16,771</u>

It is the Association's intention to undertake a professionally reviewed valuation of the investment properties every five years. The last professional valuation was at 30 November 2010 and was undertaken by Frank Marshall & Co, qualified chartered surveyors. The Trustees consider the valuation at the 31 December 2019 to be not materially different to the 30 November 2010 valuation and the valuation is therefore the Trustees' estimated fair value, but it is our intention to have these professionally valued in 2021. The basis of valuation is the open market value of the long leasehold interests in the property, subject to existing tenancies.

**Movements on fair value during the year - Association**

	Listed Investments £'000	Investment property £'000	Joint venture £'000	Long term savings bond £'000	Total £'000
1 January 2019	21,104	2,169	32	155	23,460
Additions	1,018	880	-	-	1,898
Disposals	(1,706)	-	(32)	-	(1,738)
Net investment gains	2,910	-	-	-	2,910
31 December 2019	<u>23,326</u>	<u>3,049</u>	<u>-</u>	<u>155</u>	<u>26,530</u>

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

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**13. INVESTMENTS (continued)**

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

**Investment in joint venture**

	Share of joint venture	
	2019 £'000	2018 £'000
Carrying value at beginning of year	661	600
Share of net (expenditure)/income in joint venture	(409)	61
Carrying value at end of year	<u>252</u>	<u>661</u>

The Group holds an interest in a jointly controlled entity, The RAF 100 Appeal (Company No. 09977273) which is a company not having a share capital. The Group has guaranteed an amount of £1 contribution to assets of the charity in the event of it being wound up.

The RAF100 Appeal is a joint venture between the Association and three other charities. The investment is accounted for under the equity method. The registered office of The RAF100 Appeal is 67 Portland Place, London, W1B 1AR.

A summary of the Association's share of RAF100 Appeal's results is shown below:

	2019 £'000	2018 £'000
Income	27	318
Expenditure	(436)	(257)
Net (expenditure)/income	<u>(409)</u>	<u>61</u>

The Association's share of RAF100 Appeal's assets and liabilities is as follows:

	2019 £'000	2018 £'000
Current assets	264	667
Current liabilities	(12)	(6)
Net assets	<u>252</u>	<u>661</u>

The Association holds investments of £104 (2018: £103) representing the entire ordinary share capital of its subsidiary, companies which are eliminated on the group consolidation, details of the subsidiary companies are given in note 4 of the accounts.

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**13. INVESTMENTS (continued)**

**Overseas investments**

	<b>Branch Deposit Fund £'000</b>	<b>Branch Deposit Fund – Formby Branch £'000</b>	<b>Total £'000</b>
<b>2019</b>			
North America	3,053	149	3,202
European	306	13	319
Asia Pacific	1,071	51	1,122
Emerging market	118	-	118
Global	3,262	159	3,421
	<b>7,810</b>	<b>372</b>	<b>8,182</b>
<b>2018</b>			
North America	202	124	326
European	-	25	25
Asia Pacific	-	19	19
Emerging Market	151	-	151
Global	84	307	391
	<b>437</b>	<b>475</b>	<b>912</b>

**b) Net (losses)/gains on investment assets**

<b>Group and Association</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Net gains /(losses) on listed investments	2,910	(1,695)
Net gains on current asset properties	100	-
Net gains on current asset investments		
- Kaupthing Singer and Friedlander distribution (see note 27)	-	11
	<b>3,010</b>	<b>(1,684)</b>

The Revaluation Reserve of £11,953k (2018: £8,501k) included within the unrestricted funds within the balance sheet of both the Group and Association, arises on the year end fair value of investments and freehold property held at fair value, less their historical costs.

**14. LOANS TO BRANCHES**

Included under this heading is an amount of £4,442 (2018 - £16,970) falling due within one year.



**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**15. ASSETS HELD FOR RESALE**

<b>Group and Association</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Freehold properties	1,415	1,990

**16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Association</b>	
	<b>2019 £'000</b>	<b>2018 £'000</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Trade debtors	166	139	115	41
Amounts due from subsidiaries	-	-	644	194
Prepayments and accrued income	392	407	304	405
Other debtors	61	256	10	219
	<b>619</b>	<b>802</b>	<b>1,073</b>	<b>859</b>

Within the Association, amounts due from subsidiaries includes £50,000 (2018: £nil) which is due after more than one year. Within the Group, other debtors includes £22,725 (2018: £nil) which is due after more than one year.

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Association</b>	
	<b>2019 £'000</b>	<b>2018 £'000</b>	<b>2019 £'000</b>	<b>2018 £'000</b>
Taxation and social security costs	164	130	151	128
Other creditors	668	576	606	527
Accruals and deferred income	825	1,821	780	1,799
Deposits by branches	1,170	902	1,170	902
Formby Branch	940	967	940	967
Amounts owed to subsidiaries	-	-	68	-
	<b>3,767</b>	<b>4,396</b>	<b>3,715</b>	<b>4,323</b>

Deposits by branches are held in a separate portfolio of investments comprising UK listed investments and cash deposits, managed by Rathbones Investment Management Limited.

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

The amounts included in accruals and deferred income can be analysed as follows:

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Accruals	487	515	462	505
Due to branches	-	8	-	8
Due to third parties	-	925	-	925
Deferred income	338	373	318	361
	<u>825</u>	<u>1,821</u>	<u>780</u>	<u>1,799</u>

Included in accruals is an amount of £131k (2018 - £58k) in respect of unpaid pension contributions.

	Group £'000	Association £'000
<b>Movement in deferred income:</b>		
2019 opening balance	373	361
Release during the year	(373)	(361)
2019 donations and subscriptions in advance	338	318
	<u>338</u>	<u>318</u>
2019 Closing balance	<u>338</u>	<u>318</u>

Within the Association, deferred income comprises membership subscription income in advance (£199k), donations in advance (£2k) and other deferred income (£117k).

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

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Deferred income – capital grant	283	288	-	-
	<u>283</u>	<u>288</u>	<u>-</u>	<u>-</u>

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**19. OPERATING LEASE COMMITMENTS**

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

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Equipment:				
Due within one year	10	24	10	24
Due between two and five years	-	6	-	6
Land and buildings:				
Due within one year	46	28	13	20
Due between two and five years	40	42	7	11
Due greater than five years	-	30	-	-
	96	130	30	61

**20. RESTRICTED FUNDS**

Group and Association	At	Income	Expenditure	Transfers	At
	1 January				31 December
	2019	£'000	£'000	£'000	2019
	£'000				£'000
Eastern Area Chalet Fund	84	4	(4)	-	84
Homes Refurbishment	151	-	-	-	151
Richard Peck House	82	-	-	-	82
Flowerdown House	115	38	(40)	-	113
Rothbury House	34	34	(30)	-	38
Richard Peck House Stairlift	11	-	-	-	11
Respite Care and Welfare	361	806	(806)	-	361
Sussexdown Residents' Fund	60	-	-	-	60
Ivor Conway	86	-	-	-	86
Scottish Development Fund	22	-	-	-	22
Talking Air Mail	16	-	(18)	-	(2)
Preston Office	52	2	(3)	-	51
Forces in Mind Trust	(2)	86	(21)	-	63
Storybook Wings	4	2	(2)	-	4
RAF Benevolent Fund Grants	207	1,408	(1,418)	-	197
Libor	109	2	(2)	-	109
Vehicle fund for Areas	56	-	-	-	56
Volunteer Welfare Officers	12	69	(69)	-	12
Wexford	66	13	(13)	-	66
Befriending	89	178	(267)	-	-
Other Restricted Funds	191	305	(291)	-	205
	1,806	2,947	(2,984)	-	1,769

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**20. RESTRICTED FUNDS (continued)**

<b>Group and Association</b>	<b>At 1 January 2018 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Transfers £'000</b>	<b>At 31 December 2018 £'000</b>
Eastern Area Chalet Fund	82	3	(1)	-	84
Homes Refurbishment	151	-	-	-	151
Richard Peck House	51	73	(42)	-	82
Flowerdown House	45	93	(23)	-	115
Rothbury House	30	21	(17)	-	34
Richard Peck House Stairlift	11	-	-	-	11
Respite Care and Welfare	391	41	(71)	-	361
Sussexdown Residents' Fund	60	-	-	-	60
Ivor Conway	86	-	-	-	86
Scottish Development Fund	20	2	-	-	22
Talking Air Mail	11	5	-	-	16
Preston Office	34	20	(2)	-	52
Forces in Mind Trust	-	25	(27)	-	(2)
Storybook Wings	3	2	(1)	-	4
RAF Benevolent Fund Grants	56	1,567	(1,416)	-	207
Libor	135	1	(27)	-	109
Vehicle fund for Areas	35	23	(2)	-	56
Volunteer Welfare Officers	10	2	-	-	12
Wexford	18	91	(43)	-	66
Befriending	73	125	(109)	-	89
Other Restricted Funds	36	157	(2)	-	191
	<b>1,338</b>	<b>2,251</b>	<b>(1,783)</b>	<b>-</b>	<b>1,806</b>

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

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**21. DESIGNATED FUNDS**

<b>Group and Association</b>	<b>At 1 January 2019 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Transfers £'000</b>	<b>At 31 December 2019 £'000</b>
Council Projects	18	-	-	(18)	-
Other Projects	413	-	-	(413)	-
Fixed Assets	4,562	-	-	(1,187)	3,375
Homes Review	86	-	-	-	86
Membership Innovation	346	-	-	-	346
Investment Fund	2,505	-	-	1,805	4,310
Homes Fund	1,500	-	-	(145)	1,355
Investment in Strategic Growth Fund	3,114	-	-	(3,114)	-
Welfare Fund	902	-	-	598	1,500
Property Repairs and Maintenance	4,894	-	-	2,481	7,375
Defined Benefit Pension Scheme	-	-	-	1,988	1,988
	<b>18,340</b>	<b>-</b>	<b>-</b>	<b>1,995</b>	<b>20,335</b>

<b>Group and Association</b>	<b>At 1 January 2018 £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Transfers £'000</b>	<b>At 31 December 2018 £'000</b>
Council Projects	18	-	-	-	18
Other Projects	413	-	-	-	413
Fixed Assets	4,562	-	-	-	4,562
Homes Review	86	-	-	-	86
Membership Innovation	346	-	-	-	346
Investment Fund	4,200	-	(1,695)	-	2,505
Homes Fund	1,500	-	-	-	1,500
Investment in Strategic Growth Fund	3,250	-	(136)	-	3,114
Welfare Fund	1,000	-	(98)	-	902
Property Repairs and Maintenance	5,000	-	(106)	-	4,894
	<b>20,375</b>	<b>-</b>	<b>(2,035)</b>	<b>-</b>	<b>18,340</b>

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**21. DESIGNATED FUNDS (Continued)**

In support of the plan to 2023 the Trustees have approved a number of changes to designated funds. The value of the property fund has increased in order to address the future accommodation requirements of the Association as it continues to grow and diversify. The property fund is now sufficient to meet the Association's growth plans whilst at the same time being able to meet the costs of property maintenance and compliance across the whole property portfolio.

A new designated fund of £1,988k has been created to cover any future shortfall on the defined benefit pension scheme resulting from adverse financial market movements and the resulting impact on the scheme assets.

A number of funds, which were more generic in nature, have been removed to allow designated funds to be created on more specific and measurable projects. The following designated funds have been withdrawn, Council Projects, £18k, Other Projects, £413k and the Investment for Strategic Growth fund of £3,114k.

A full review of the membership offering is planned for 2020 and 2021 and it is therefore believed that the Membership Innovation fund of £346k is still valid.

The Investment Fund, which was £2,505k has been bolstered to £4,310k to take account of the continued uncertainties seen in the financial markets resulting from the ongoing uncertainties around Brexit and global political and trade uncertainties. The Trustees believe that this fund is sufficient to withstand a significant market correction.

Whilst difficult to quantify with any degree of uncertainty it is widely believed that the Welfare needs of the Association's beneficiaries will continue to evolve with increasing complexity. The Trustees have therefore increased the amounts set aside for Welfare delivery by £598k to £1,500k to enable research and design of Welfare products to be undertaken.

The Homes Review fund has been reviewed and it is believed that the current total of £86k is sufficient to cover any anticipated costs around reviewing this service in 2020. The Homes fund has been reduced down to £1,355k, to take account of the closure of Richard Peck House.

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

<b>Group:</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total Funds £'000</b>
<b>Funds balances at 31 December 2019 are represented by:</b>			
Tangible fixed assets	8,576	-	8,576
Investments	26,782	-	26,782
Loans to branches	132	-	132
Current assets	2,944	1,769	4,713
Current liabilities	(3,767)	-	(3,767)
Creditors due after one year	(283)	-	(283)
Pension provision	(430)	-	(430)
<b>Total net assets</b>	<b>33,954</b>	<b>1,769</b>	<b>35,723</b>

<b>Association:</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total Funds £'000</b>
<b>Funds balances at 31 December 2019 are represented by:</b>			
Tangible fixed assets	8,042	-	8,042
Investments	26,530	-	26,530
Loans to branches	132	-	132
Current assets	2,653	1,769	4,422
Current liabilities	(3,715)	-	(3,715)
Pension provision	(430)	-	(430)
<b>Total net assets</b>	<b>33,212</b>	<b>1,769</b>	<b>34,981</b>

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**22. ANALYSIS OF NET ASSETS BETWEEN FUNDS (Continued)**

<b>Group:</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total Funds £'000</b>
<b>Funds balances at 31 December 2018 are represented by:</b>			
Tangible fixed assets	9,321	-	9,321
Investments	24,121	-	24,121
Loans to branches	139	-	139
Current assets	3,793	1,806	5,599
Current liabilities	(4,396)	-	(4,396)
Creditors due after one year	(288)	-	(288)
Pension provision	(256)	-	(256)
<b>Total net assets</b>	<b>32,434</b>	<b>1,806</b>	<b>34,240</b>

<b>Association:</b>	<b>Unrestricted Funds £'000</b>	<b>Restricted Funds £'000</b>	<b>Total Funds £'000</b>
<b>Funds balances at 31 December 2018 are represented by:</b>			
Tangible fixed assets	8,820	-	8,820
Investments	23,460	-	23,460
Loans to branches	139	-	139
Current assets	3,465	1,806	5,271
Current liabilities	(4,323)	-	(4,323)
Pension provision	(256)	-	(256)
<b>Total net assets</b>	<b>31,305</b>	<b>1,806</b>	<b>33,111</b>



**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

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

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Net income/(expenditure)	2,037	(781)	2,424	(879)
Adjustments for:				
Donation gift in kind	(128)	-	-	-
Gifted properties	(1,375)	(3,210)	(1,375)	(3,210)
Share of joint venture	409	(61)	-	-
Contributions to defined benefit scheme	(470)	(457)	(470)	(457)
Expenses borne by pension scheme	88	43	88	43
Past service cost on pension scheme	-	100	-	100
Depreciation charges	508	390	478	365
Amortisation of capital grant	(5)	-	-	-
Loss on disposal of fixed assets	10	-	10	-
Gains on investments	(2,978)	1,684	(2,978)	1,684
Deficit on fixed assets	378	-	378	-
Investment income	(1,023)	(809)	(1,023)	(809)
Return on defined benefit scheme assets	(442)	(426)	(442)	(426)
Interest paid	(10)	10	(10)	10
Interest on defined benefit pension liabilities	444	463	444	463
Decrease in assets for resale	1,170	-	1,170	-
(Increase)/decrease in stocks	(114)	(70)	87	(86)
Decrease(increase) in debtors	184	(218)	(214)	(112)
(Decrease)/increase in creditors	(924)	945	(876)	906
Net cash (used in) by operating activities	<u>(2,241)</u>	<u>(2,397)</u>	<u>(2,309)</u>	<u>(2,408)</u>

**24. CASH AND CASH EQUIVALENTS**

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Cash and cash equivalents represent:				
Cash at bank	1,465	1,334	1,047	1,075
Cash held by investment managers	879	1,252	879	1,252
	<u>2,344</u>	<u>2,586</u>	<u>1,926</u>	<u>2,327</u>

**25. LEGACIES**

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

**26. CONTINGENT ASSET**

The Association has recovered 85.75p in the £ in respect of its claim in the Kaupthing Singer & Friedlander Administration. The Administrators currently estimate that total distributions to unsecured creditors should be a maximum of 86.5p in the £. The asset is not recognised in the accounts as there is no certainty regarding the amount and timing of future distributions.

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**27. RELATED PARTY TRANSACTIONS**

The branches forwarded Wings Appeal income of £967k (2018: £1,220k) to the Association which is included in Wings Appeal income. The Association returned £199k (2018: £208k) to the branches for them to use for their own welfare funds which is included in expenditure. In addition, £9,430 (2018: £12,247) was paid to the branches in respect of Wings Appeal expenditure and these expenses are included in the cost of raising funds.

Membership subscription rebates of £146k (2018: £149k) are to be paid to branches are included in expenditure.

The Association paid interest of £9,649 (2018: £10,006) to the branches holding deposit accounts with the Association (see note 13). The Association received interest of £604 (2018: £NIL) from branches that have received loans from the Association (see note 14).

**28. FINANCIAL INSTRUMENTS**

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

	<b>Group</b>		<b>Association</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial assets:</b>				
Debt instruments measured at amortised cost	580	886	1,122	945
Equity instruments measured at fair value through net income / expenditure	23,326	21,104	23,326	21,104
	<u>23,906</u>	<u>21,990</u>	<u>24,448</u>	<u>22,049</u>
<b>Financial liabilities:</b>				
Debt instruments measured at amortised cost	<u>3,265</u>	<u>3,893</u>	<u>3,246</u>	<u>3,834</u>

**29. POST BALANCE SHEET EVENTS**

The World Health Organisation declared COVID-19 a global pandemic on 11 March 2020, following which the UK Government made a series of recommendations culminating in a prolonged nationwide lockdown commencing on 23 March 2020.

The impact on the Association has been significant, impacting on our income levels and how we deliver our services. We have managed our cost base in line with anticipated revenues. More information is provided on page 17. The Trustees do not feel that COVID-19 requires any adjustments to the 2019 financial statements.

**30. DONATIONS – GIFTED PROPERTY ASSETS**

During the year, a number of Royal Air Forces Association branches closed resulting in seven properties being transferred to The Royal Air Forces Association for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The properties transferred were valued at their fair values and recognised in the Balance Sheet under the appropriate heading with a corresponding net amount recognised in the Statement of Financial Activities as Donations – Assets Gifted from Closed Branches.

**THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019**

**30. DONATIONS – GIFTED PROPERTY ASSETS (continued)**

The following table sets out the fair values of properties transferred and an analysis of their recognition in the Statement of Financial Activities.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Investment properties	880	1,220
Assets held for resale	495	1,990
	<u>1,375</u>	<u>3,210</u>
	<u><u>1,375</u></u>	<u><u>3,210</u></u>

All properties transferred are classified as Unrestricted Funds.

**31. DONATIONS – GIFT IN KIND ON ACQUISITION**

On 15 September 2019 the Association acquired RAFA Kidzone Ltd (formerly Kidzone Cranwell Limited) for nil consideration. This acquisition has been treated as a gift in kind within the financial statements of the Association and the Group. At the date of transfer the assets and liabilities of RAFA Kidzone Ltd (formerly Kidzone Cranwell Limited) were consolidated at their fair values to the Group as set out below:

	<b>Book</b>		<b>Fair</b>
	<b>Value</b>	<b>Adjustments</b>	<b>Value</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Debtors	1	-	1
Cash at bank and in hand	154	-	154
Current liabilities	(27)	-	(27)
	<u>128</u>	<u>-</u>	<u>128</u>
	<u><u>128</u></u>	<u><u>-</u></u>	<u><u>128</u></u>

Contribution of the acquired Charity for the reporting period included in the group statement of financial activities since acquisition.

**RAFA Kidzone Ltd (formerly Kidzone Cranwell Limited)**

Income	<u>125</u>
Net movement in funds	<u><u>(3)</u></u>

THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019

32. PRIOR YEAR GROUP STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total £'000
<b>INCOME:</b>				
<b>Donations and Legacies</b>	3	5,953	471	6,424
Donations – assets gifted from closed branches	30	3,210	-	3,210
<b>Charitable Activities:</b>				
Residential and respite care homes	6	1,385	1,780	3,165
<b>Other Trading Activities:</b>				
Trading income	4	867	-	867
Grand Draw and other fundraising income		1,083	-	1,083
<b>Investment Income</b>	5	809	-	809
<b>Other Income</b>				
Share of net profit in joint venture	13	61	-	61
<b>Total Income</b>		<b>13,368</b>	<b>2,251</b>	<b>15,619</b>
<b>EXPENDITURE:</b>				
<b>Cost of Raising Funds</b>		4,218	-	4,218
<b>Charitable Activities:</b>				
Residential & Respite Care Home		2,905	126	3,031
Friendship & Welfare Support		4,653	1,513	6,166
Grants		441	144	585
Other Support Costs		669	-	669
<b>Other Expenditure:</b>				
Interest Paid on Branch Deposits		10	-	10
Interest on Defined Benefit Pension Liabilities		37	-	37
<b>Total Expenditure</b>	7	<b>12,933</b>	<b>1,783</b>	<b>14,716</b>
<b>Net losses on investment assets</b>	13	(1,684)	-	(1,684)
<b>Net expenditure</b>		<b>(1,249)</b>	<b>468</b>	<b>(781)</b>
<b>Other recognised gains/(losses):</b>				
Gains on revaluation of fixed assets for the Charity's own use		985	-	985
Actuarial gains on defined benefit pension scheme	11	1,088	-	1,088
<b>Net movement in funds</b>		<b>824</b>	<b>468</b>	<b>1,292</b>
<b>Reconciliation of Funds</b>				
<b>Total Funds Brought Forward</b>		<b>31,610</b>	<b>1,338</b>	<b>32,948</b>
<b>Total Funds Carried Forward</b>		<b>32,434</b>	<b>1,806</b>	<b>34,240</b>

THE ROYAL AIR FORCES ASSOCIATION  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 31 DECEMBER 2019

32. PRIOR YEAR ASSOCIATION STATEMENT OF FINANCIAL ACTIVITIES

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	Total £'000
<b>INCOME:</b>				
<b>Donations and Legacies</b>	3	5,953	471	6,424
Donations – assets gifted from closed branches		3,210	-	3,210
<b>Charitable Activities:</b>				
Residential and respite care homes	6	1,385	1,780	3,165
<b>Other Trading Activities:</b>				
Grand Draw and other fundraising income		1,083	-	1,083
<b>Investment Income</b>	5	809	-	809
<b>Total Income</b>		<u>12,440</u>	<u>2,251</u>	<u>14,691</u>
<b>EXPENDITURE</b>				
<b>Cost of Raising Funds</b>		3,388	-	3,388
<b>Charitable Activities:</b>				
Residential & Respite Care Home		2,905	126	3,031
Welfare Support		4,653	1,513	6,166
Grants		441	144	585
Other Support Costs		669	-	669
<b>Other Expenditure:</b>				
Interest Paid on Branch Deposits		10	-	10
Interest on Defined Benefit Pension Liabilities		37	-	37
<b>Total Expenditure</b>	7	<u>12,103</u>	<u>1,783</u>	<u>13,886</u>
<b>Net losses on investment assets</b>	13	(1,684)	-	(1,684)
<b>Net (expenditure)/income</b>		<u>(1,347)</u>	<u>468</u>	<u>(879)</u>
<b>Other recognised gains/(losses):</b>				
Gains on revaluation of fixed assets for the charity's own use		985	-	985
Actuarial gains on defined benefit pension scheme	11	1,088	-	1,088
<b>Net movement in funds</b>		<u>726</u>	<u>468</u>	<u>1,194</u>
<b>Reconciliation of Funds</b>				
<b>Total Funds Brought Forward</b>		30,579	1,338	31,917
<b>Total Funds Carried Forward</b>		<u>31,305</u>	<u>1,806</u>	<u>33,111</u>