



Annual Report and Financial Statements

Financial Year to 31 December 2019

Registered Charity Number: 1168287

RAF SPORTS FEDERATION
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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**RAF SPORTS FEDERATION
TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2019**

Trustees

C Elliot CBE MA BSc RAF(Chair)	Resigned 12.05.20
G A Opie MDA MA BSc FCIPD RAF	
W A W James CBE MA CMgr CCMI FRAeS	Resigned 12.05.20
G Watterson MCSI ACoI TEP MICA	Resigned 12.05.20
R Faulkner BSc	Resigned 01.10.19
P Thorogood (Chair from 12.05.20)	Appointed 09.12.19
S Gray	Appointed 12.05.20
S Harper	Appointed 12.05.20
M Byford	Appointed 12.05.20

Key management

Louise Griew – CEO	Resigned 14.06.19
David Whittingham BSc, MSc, DChA – CEO –	Appointed 01.10.19
W J Morley RAF – Head of Operational Delivery	Resigned 16.05.19
B Jones ACMA CGMA – Head of Finance	Resigned 15.03.19
Clifford Hedley ACMA CGMA – Head of Finance and Resources	Appointed 29.07.19
Pascale Hunt – Head of Income Generation & Communications	Appointed 01.04.19, Resigned 08.10.19

Committee Members

S Lewis LLM LLB MCIPS
S Willis BA (Hons) MSc ACMA CGMA
D. Holt BA

Registered Address

Room 43, Kermode Hall
RAF Halton
Aylesbury
Buckinghamshire
HP22 5PG

Investment Managers

BlackRock Investment Management (UK) Ltd
12 Throgmorton Avenue
London EC2N 2DL

Independent Examiners

Crowe U.K. LLP
Aquis House
49 – 51 Blagrove Street
Reading Berkshire
RG1 1PL

RAF SPORTS FEDERATION
TRUSTEES AND ADVISERS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Bankers

Holt's Military Banking
The Royal Bank of Scotland plc
Farnborough
GU14 7JP

Legal Advisors

Stone King LLP
91 Charterhouse St
Clerkenwell
London
EC1M 6HR

RAF SPORTS FEDERATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustees present their report for the year ended 31 December 2019. The trustees confirm that the annual report and financial statements have been prepared in accordance with the Charities Act 2011, and the Financial Reporting Standards of the UK, SORP FRS102.

References throughout this document to 'the financial year 2018' mean to period from 5 January 2018 to 31 December 2018.

Legal status and organisation

The RAF Sports Federation is a Charitable Incorporated Organisation (CIO), No. 1168287. The CIO is governed by its constitution document dated 19 July 2016.

The constitution of the charity requires that the trustee body comprises of up to ten persons, comprising of one ex-officio trustee plus between two and nine other trustees, and with regard to appointing new trustees they should aim to ensure that the board of trustees is composed of 50% military serving trustees and 50% non-serving trustees, so far as is practicable. The Chief of Staff (Personnel) shall automatically be a charity trustee (the "Ex Officio Trustee"), for as long as he/she holds that office. With the exception of the ex-officio trustee, all trustees are appointed for a term of three years.

Objectives and Activities

The purpose of the RAF Sports Federation is to promote the efficiency of Her Majesty's Armed Forces with particular reference to that deemed applicable to members of the Royal Air Force by increasing physical fitness, fostering the esprit de corps and raising morale. Furtherance of this purpose is achieved through the playing of, encouragement of, participation in and providing or assisting, in the provision of facilities for sport in the Royal Air Force. These purposes promote military efficiency, which underpins esprit de corps team working, and encourages personnel to develop the character, spirit and attitude to face challenges and dangers also associated with military service.

Public Benefit Statement

Careful consideration is given to the charity commission guidance on public benefit, and continues to be prominent whilst planning the future strategic direction, and the activities, which will support the RAF Sports Federations aims and objectives.

For the RAF Sports Federation the public benefit is not only direct to the RAF personnel but also to the General Public as it promotes the efficiency of the armed forces, by helping to provide personnel, through Sport, who are prepared and motivated to serve their country. Furthermore, most military personnel transition back into civilian occupations at some stage; an effective transition where they stay healthy and in good jobs reduces the burden on the state and supports national prosperity

The Trustees confirm that they have complied with their duty laid out at Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

Supporting Our Beneficiaries

The beneficiaries of the RAF Sports Federation are the Servicemen and women of the Royal Air Force who benefit through their sporting activities of the 49 RAF Sports Associations. We provide essential financial oversight, charitable governance, HR, payroll, legal support and contracts for sponsorship/coaching for the 49 RAF Sports Associations.

The Sports Federation administers a range of grants providing funding for equipment, small capital projects, corporate clothing, coaches, umpires and first aid courses. The terms of these grants are agreed with the funders and are published on the Federation's website.

RAF SPORTS FEDERATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Main Activities

Our financial management services include:

- Financial planning and budgeting
- Full bookkeeping services
- Financial and management accounting
- Tax advice
- Grant financial administration and oversight
- Insurance management
- Trustees annual reports drafting and compliance

Our legal services include:

- Constitution review and toolkit implementation
- Organisational status including incorporation
- Legal advice including third-party signposting
- Lease advice and management
- Charity law insight and advice

Our charity governance services include

- Code of governance checks
- Strategy development
- Risk management advice
- Independent examinations and inspection
- Charity policy review, challenge and recommendation.

Our human resources and education services include:

- HR policy guidance and review
- Drafting and guidance on employment contracts
- Contractor/IR35 advice and support
- Safeguarding guidance
- GDPR advice
- Compliance reviews and support
- Education in charity finance training, communications, financial governance and trustee induction.

Our impact and income generation services include:

- Fundraising advice and lead development
- Sponsorship and grant funding development
- Sponsorship agreement facilitation and management
- Impact analysis and planning

Our communications and advocacy services include:

- Hosting sports associations websites
- Social media training
- Communications planning and strategy
- Hosting of email services
- Hands on communications support

RAF SPORTS FEDERATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Grant Making

RAF Sports Federation receives restricted grant funding from various sources, including Nuffield Trust for the Forces of the Crown, RAF Charitable Trust, and the Royal Air Force.

The RAF Sports Associations are able to apply for these grants during the year, providing they meet the criteria, as set out in the application forms. These grants continue to provide essential income for the RAF Sports Associations' delivery of sport for RAF personnel.

Contribution made by Volunteers

Volunteers play a vital role in the governance of the RAF Sports Federation, as Trustees, and as part of our Sub-Committees. We value everyone's contribution, understanding the added value, which this brings to our charity, along with knowledge and enthusiasm to support the employees of the RAF Sports Federation in achieving its Aims & Objectives.

Achievements and Performance

RAF Sports Federation provides a comprehensive financial management service, certain legal advice, charity governance services, human resources and education services, impact and income generation services and communications and advocacy services to 45 RAF sports associations. Ensuring the effectiveness and efficiency of those charities ensures the achievement of our charitable objectives and public benefit requirements. The Sports Associations deliver over 1,000 sporting fixtures against military and civilian opposition during the year.

The year was a period of change for the RAF Sports Federation with the appointment of a new Head of Finance and Resources and a new CEO. Following these appointments, the Federation's trustees requested a review of the strategic direction and business plan. The Federation had undertaken work during the second half of 2018 and the first half of 2019 to clarify its purpose and value to its key stakeholders. This work was successfully completed with the Federation producing an impact report that articulated these key messages to its beneficiaries, and wider stakeholders.

The current CEO undertook a review of the position of the Federation upon his appointment in October 2019 and the progress that had been made on key projects. In addition to its usual support services, the Federation adopted two major objectives for the 2019 financial year:

- Improving stakeholders' understanding of the role and value of the RAF Sports Federation;
- To develop and implement a model that increases the total value of sponsorship income received by RAF Sport, and its associations.

At the end of the year both objectives had been implemented and progress was good, further detail is provided under the headings below.

Understanding the role of the RAF Sports Federation

A range of content was produced with support from specialist agencies to provide easily accessible information about the Federation, the work it does and the value that provides to the Royal Air Force and the Sports Associations. Though such objectives are never complete, the development of a core narrative and supporting content was an important step towards improving understanding of the Federation amongst its key stakeholders.

RAF SPORTS FEDERATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Sponsorship model

The Federation was asked to lead on this project on behalf of the Royal Air Force to develop and implement a model of sponsorship management that seeks to increase the total value of income received by RAF Sport and its associations.

The Federation, in consultation with the RAF's Directorate of Sport, determined that the most effective approach was to appoint a specialist agency to identify and approach potential sponsors, bringing expertise and experience to help implement and develop the model.

Following a competitive tender process, the contract was awarded to Mongoose Sports & Entertainment as the financial year ended. Work to develop a proposition has begun with the intent to "go to market" for new sponsors in mid-2020.

The Sports Federation is managing the contract with Mongoose Sports & Entertainment and the model developed with DRS for centrally contracted sponsorship. The Federation also offers guidance and advice to associations and individual athletes on how to manage sponsorship effectively and efficiently, in a transparent and compliant manner.

Core services

The provision of professional services to the Servicemen and women who volunteer to run RAF Sport is at the centre of what the RAFSF achieves, including:

- Annual accounts production and preparation for independent examination, of 45 RAF sports associations, CLG's, CIO's, and Excepted Charities.
- Financial Management service for 45 RAF Sports Associations, including monthly bookkeeping, bank account management, checking & making payments, monthly reconciliations, budgeting & forecasting, six monthly & annual grant returns
- Trustee Annual Report, guidance and compliance review.
- Management of an ePCS card system on behalf of the Sports Associations, which supports fraud prevention on expenditure.
- Provision of a payroll service.
- VAT support & compliance.
- Filing of Annual Returns with the Charity Commission, ensuring compliance.
- Support in the production of CT600, Corporation Tax Return.
- Financial guidance on SORP FRS102 and guidance on internal financial controls.
- Support in Lease negotiations
- Grant management, of Restricted Funds, donated to support the RAF beneficiaries. This includes funding for equipment, coaching, umpires and first aid courses. 26 grants were awarded for coaching, 44 for continuous personal development and 30 undertook first aid training.
- Management of a group Insurance policy for the RAF Sports Associations, ensuring the right level of coverage whilst yielding economies of scale.
- Provision of charitable governance advice to those sports associations that have exceeded the financial threshold for mandatory registration with the Charity Commission and assisting their trustees with the drafting of a new constitution and the CIO application process.
- Provision of website hosting for the RAF Sports Associations, supporting the volunteers of RAF Sport to have a professional digital presence.
- Provision of HR advice to Associations for employees, and volunteers, including testing of self-employed vs employee
- Support for recruiting and inducting a balanced board.
- Provision of corporate clothing for continuity of identity for all RAF Sports Associations.
- Formalisation of contracts between associations and sponsors/partners.
- Centralised trustee training for RAF volunteers, who manage the RAF Sports Associations.

RAF SPORTS FEDERATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

- GDPR implementation and review of policies.
- Application and successful approval of 4 CIOs, and 3 applications for registration in progress.
- Drafting of Excepted charity constitutions to reflect the changes and guidance from the charity commission, in preparation for a meeting with the charity commission in 2019.
- Provision of e-mail address through MS Office 365.
- Development of a communications and marketing plan.
- Development of an impact model, and measurement to demonstrate the impact of the work of the RAF Sports Federation on Sport in the RAF.

Future Plans

Sport and physical activity in the RAF have never been more important. It provides a bedrock to improve the physical and mental wellbeing of personnel across the service. It also helps develop the core skills of teamwork, leadership and confidence; skills needed in an effective fighting force. This continues to be the driver behind the work of the RAF Sports Federation.

The board have asked the CEO to bring forward a three-year plan in 2020 for its consideration that affirms and further develops the role of the RAF Sports Federation as a trusted partner for RAF Sport and the Associations. It is anticipated that this will be informed by three core themes:

1. The development and implementation of a strategy for RAF Sport; including income diversification and growth, assurance of governance within sport, increased participation and the identification and provision of appropriate resources to enable the effective delivery of sport within the RAF.
2. A process of review and improvement to ensure the organisational health of both the Sports Federation, and the Sports Associations, providing advice and guidance on appropriate governance arrangements, membership management and organisational sustainability.
3. The final theme is the need for the Sports Federation to diversify its own income, so developing a strategy to generate non-restricted income to enable the Sports Federation to further its charitable objects.

The Board anticipate seeing this plan in Q2 of 2020 for outline approval.

Investments

Professional Investment management of the Armed Forces Common Investment Fund (AFCIF) is currently placed with Blackrock Fund Managers Limited, whom manage the AFCIF a Charity No. 1093529, together with the Corporate Trustee, The Bank of New York Mellon (International) Limited, and an independent Advisory Board, comprising representatives of participating charities, and senior City individuals.

RAF Sports Federation Trustee board invests the reserves, of approx. £1.2m, primarily as long-term reserves, to provide income, to enable the development of the charity, and to support overheads. As reflected in the reserves policy, this is to ensure that the charity has time to diversify its income streams following a strategic review. In the event of the charity ceasing to operate, the investment and reserve policy make provision for payment of all liabilities.

Accumulated dividend income of £40,698 (2018: £41,075) was received in 2018.

An overall 12% gain (2018: 7% loss) resulted in 2019, which included investment income of £44,356 (2018 £41,990). The total investment was £1,209,490 (2018: £1,081,177) as at 31 December 2019.

RAF SPORTS FEDERATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Financial Review

As at 31 December 2019, RAFSF had a net gain on unrestricted funds of £130,124 (2018: £119,715 loss). This includes a gain on investment of £153,220 (2018: £116,888 loss) therefore the loss before movements in investments was £23,096 (2018: £2,827 loss).

Restricted funding of £110,713 was carried forward into 2020. (2018: £203,693).

The total unrestricted reserves as at 31 December 2019 were £1,436,083 (2018: £1,344,306), which provides a stable platform for the charity.

During 2019, the RAF Sports Federation was reliant on the grant funding from the MOD, with a new strategy to diversify income in the future.

In 2019, the funding received from the Royal Air Force was via Grant in Aid. A Grant Framework sets out an agreement between the Royal Air Force (RAF) and the RAF Sports Federation on the conditions governing payment of RAF's financial contribution to RAFSF, which in 2019 was £320,000 (2018: £290,000) to support the operational running costs of the charity.

In view of the recent Covid-19 outbreak, the key management have reviewed the financial threats to the organisation and the majority of the significant risk is within the Armed Forces Common Investment Fund. The valuation of the fund dropped by in excess of £150,000 in March 2020 but had recovered its position by the April 2020 valuation to a loss of approximately £90,000. Being a dividend accumulation fund, there was also a threat to the ongoing dividends received and reinvested to the fund. The current loss is valuation only and not yet crystallised – regular review of the position is undertaken.

Reserves

Charity law requires that any income received by a charity is required to be spent within a reasonable timescale on charitable objects. Trustees must be able to justify reserves held, to stakeholders, and explain how reserves will be used to manage uncertainty. They are also required to explain the strategy regarding how reserves are to be spent and how future activity and outcomes will be funded. The need for a reserves policy:

- To ensure that the trustees have considered reserves, discussed how they will secure and sustain the charity's viability, and manage unforeseen financial risks.
- Explain to funders, stakeholders, beneficiaries and the public, reasons for holding reserves.

Free reserves are defined as unrestricted funds that are freely available to spend on the charity's objects. Therefore, it excludes restricted funds, designated funds, and tangible fixed assets. Free reserves at the 31 December 2019 are £1,431,603 (2018: £1,283,080).

Deciding the level of reserves that the RAF Sports Federation needs to hold, is an important part of financial governance and financial planning. Higher than required, reserves levels, may reduce the ability of the charity in achieving its objectives, and delivering an output to its beneficiaries. In reverse, if reserves are too low then the charity's solvency and its future activities can be at risk.

The RAF Sports Federation has set its reserve policy by considering the need for the following:

- Free reserves to provide funds for 12 months known expenditure, allowing for the plans for income diversification to be developed.
- Sufficient provision of free reserves to cover unforeseen liabilities.
- An investment for income generation pending the diversification of income streams
- An amount to cover working capital if required.

RAF SPORTS FEDERATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

This policy is reviewed annually as part of the budgeting process ensuring that it is fit for purpose. The RAF Sports Federation trustees reserve the right to amend this policy at any time, taking into consideration any changes to the financial priorities of the charity.

Reserves Description	£
Reserves for Income Generation	900,000
To support overheads deficit for 2 years whilst sustainable income sources are developed	240,000
Working Capital	<u>50,000</u>
Required free reserves Level 2019	<u>1,190,000</u>
Current Free Reserves	<u>1,436,083</u>
Over/(under) Reserve	246,081

Risk Management

Risk is managed in accordance with the RAFSF Risk Management Policy, and is an agenda item at each Trustee meeting.

The RAFSF acknowledges the risks inherent in its business and is committed to managing those risks that pose a significant threat to the achievement of its charitable objectives and financial health.

A six-stage approach is followed:

- Identify Risk
- Assess Risk
- Risk Appetite
- Address Risk (controls)
- Review and Monitor Risk
- Report and Communicate Risk

Potential risks identified include:

- The need for income diversification due to majority of charitable income coming from only one source i.e. RAF - Grant in Aid.
- Relationships – the need for formalise working agreements with the RAFSF's key stakeholders: the RAF Directorate of Sport, the RAF Central Fund and the Royal Air Force.

Fundraising

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Trustee Induction and Training

The Board of Trustees, provide strategic direction whilst the CEO and Head of Finance and Resources are the key personnel who operate the Charity on a day to day basis. All Trustees give of their time freely and no Trustee remuneration was paid in 2019. Trustee expenses and related party transactions are disclosed within the financial statements. Trustees are required to disclose all relevant interests and register them with the CEO and, in accordance with the Charity's policy, withdraw from decisions where a conflict of interest arises.

RAF SPORTS FEDERATION
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The Remuneration Committee reviews annually the remuneration of the CEO and staff. Pay levels are set by the Board with reference to benchmarks in the Charitable Sector and average earnings.

The Board of Trustees runs a formal, rigorous and transparent procedure for the appointment of new trustees, and all appointments are made on merit in line with the skills required of the Board. No individual shall be appointed as a trustee until he or she has provided to the organisation a declaration of good character.

All new trustees receive an induction briefing and pack which includes relevant declarations, policies and procedures and provides details of the Charity's regulatory and statutory reporting requirements, including those of the Charity Commission.

Trustees are invited to attend suitable external Trustee training courses to ensure an appropriate and ongoing understanding is maintained within the Board with regards to significant issues such as: governance; the role and responsibilities of the Trustees; understanding charity finance and investments; identifying and managing risks and strategic planning.

Statement of Trustees' Responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees Report has been approved by the Board of Trustees on 1 September 2020 and is signed on their behalf by:-

P Thorogood (Chair)

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF RAF SPORTS FEDERATION

I report to the trustees on my examination of the accounts of RAF Sports Federation for the year ended 31 December 2019 which are set out on pages 12 to 27.

This report is made solely to the charity's trustees, as a body, in accordance with section 154 of the Charities Act 2011. My independent examiner's work has been undertaken so that I might state to the charity's trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charity, the charity's members as a body and the charity's trustees as a body for my independent examiner's work, for this report, or for the opinions I have formed.

Responsibilities and basis of report

As the charity trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the 2011 Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Janette Joyce FCA
Crowe U.K. LLP
Aquis House
49 – 51 Blagrove Street
Reading
Berkshire
RG1 1PL

Date: 25 January 2021

RAF SPORTS FEDERATION
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Unrestricted General Fund £	Designated Fund £	Restricted Fund £	Total 2019 £	Total 2018 £
Income from:						
Donations	3	140	-	113,443	113,583	113,443
Charitable activities	3	320,800	-	69,990	390,790	446,678
Other trading activities	3	1,889	-	-	1,889	2,018
Investments	3	<u>44,356</u>	-	-	<u>44,356</u>	<u>41,990</u>
Total income		<u>367,185</u>	-	<u>183,433</u>	<u>550,618</u>	<u>604,129</u>
Expenditure on:						
Charitable activities		<u>390,281</u>	<u>38,347</u>	<u>276,413</u>	<u>705,041</u>	<u>554,968</u>
Total expenditure	4	<u>390,281</u>	<u>38,347</u>	<u>276,413</u>	<u>705,041</u>	<u>554,968</u>
Net gain/(loss) on investment assets		<u>153,220</u>	-	-	<u>153,220</u>	<u>(116,888)</u>
Net (expenditure)/income	5	130,124	(38,347)	(92,980)	(1,203)	(67,727)
Transfers	11a	<u>16,908</u>	<u>(16,908)</u>	-	-	-
Net movement in funds		147,032	(55,255)	(92,980)	(1,203)	(67,727)
Total funds brought forward		<u>1,289,051</u>	<u>55,255</u>	<u>203,693</u>	<u>1,547,999</u>	<u>1,615,726</u>
Total funds carried forward		<u>1,436,083</u>	<u>-</u>	<u>110,713</u>	<u>1,546,796</u>	<u>1,547,999</u>

The notes on pages 15 to 27 form part of these financial statements

**RAF SPORTS FEDERATION
BALANCE SHEET
31 DECEMBER 2019**

	Note	Total 2019 £	Total 2018 £
Fixed Assets			
Tangible assets	7	4,480	5,971
Investments	8	<u>1,209,490</u>	<u>1,081,177</u>
Total fixed assets		1,213,970	1,087,148
Current assets			
Stock and work in progress		4,919	5,282
Debtors	9	14,745	18,299
Cash at bank and in hand		<u>477,750</u>	<u>737,316</u>
Total current assets		497,414	760,897
Creditors: Amounts falling due within one year	10	<u>(164,588)</u>	<u>(300,046)</u>
Net current assets		<u>332,826</u>	<u>460,851</u>
Total net assets		<u>1,546,796</u>	<u>1,547,999</u>
Funds of the charity			
Unrestricted funds - General		1,436,083	1,289,051
Unrestricted funds – Designated	11a	-	55,255
Restricted funds	11b	<u>110,713</u>	<u>203,693</u>
Total Funds	12	<u>1,546,796</u>	<u>1,547,999</u>

The financial statements were approved and authorised for issue by the Board of Trustees and were signed on their behalf by:

P Thorogood

G A Opie

Trustee

Trustee

Date: 16 October 2020

The notes on pages 15 to 27 form part of these financial statements

**RAF SPORTS FEDERATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Net cash (used in)/provided by operating activities (see below)	<u>(282,221)</u>	<u>410,191</u>
Cash flows from investing activities:		
Reinvested dividends	(41,093)	(40,721)
Disposal of investments	66,000	-
Purchase of fixed assets	<u>(2,252)</u>	<u>(5,957)</u>
Net cash used in investing activities	<u>22,655</u>	<u>(46,678)</u>
Change in cash and cash equivalents in the year	(259,566)	363,513
Cash and cash equivalent brought forward	<u>737,316</u>	<u>373,803</u>
Cash and cash equivalents carried forward	<u>477,750</u>	<u>737,316</u>
Reconciliation of cash flows from operating activities:		
Net (expenditure) (as per statement of financial activities)	(1,203)	(67,727)
Depreciation of fixed assets	3,743	6,842
Investment (gains)/losses	(153,220)	116,888
Decrease in stock	363	207
Decrease in debtors	3,554	78,647
(Decrease)/increase in creditors	<u>(135,458)</u>	<u>275,334</u>
Net cash provided by operating activities	<u>(282,221)</u>	<u>410,191</u>

CHANGE IN MOVEMENT IN NET FUNDS	<i>At 1 January 2019</i>	Cash Flow £	At 31 December 2019 £
Cash at bank and in hand	737,316	(259,566)	477,750
Cash held with investment manager	<u>-</u>	<u>-</u>	<u>-</u>
Net Funds	<u>737,316</u>	<u>(259,566)</u>	<u>477,750</u>

The notes on pages 15 to 27 form part of these financial statements

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. CHARITY INFORMATION

The RAF Sports Federation is a Charitable Incorporated Organisation (CIO) registered in the UK (charity number 1168287) with its registered office at RAF Halton, Aylesbury, Buckinghamshire, HP22 5PG.

RAF Sports Federation registered as a CIO on 19 July 2016. A transfer agreement was signed by the Board of the previously unincorporated entity (The Royal Air Force Sports Board) on 15 September 2016, transferring all the operations, assets and liabilities of that charity to the newly registered CIO on that date.

2. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and the Charities Act 2011 and UK Generally Accepted 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 (FRS102) issued on 16 July 2014 (as amended by Update Bulletin 1, issued in 2016) rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

In their assessment of going concern the trustees have considered the current and developing impact on the charity as a result of the COVID19 virus. This has not had a significant, immediate impact on the charity's operations as sufficient reserves are retained to enable the charity to function in uncertain times, but the trustees are aware that if the current situation becomes prolonged then this may change.

Having regard to the above, the trustees believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements

The RAF Sports Federation meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

b) Incoming Resources

Investment income is accounted for when received and comprises dividend income and interest on cash deposits. Income from Gilts is accounted for net of any previously incurred transaction costs.

Grants are credited as income in the year in which they are receivable. Grants are recognised as receivable when all conditions for receipt have been complied with. Where donor-imposed restrictions apply to the timing of the related expenditure as a precondition of its use, the grant is treated as deferred income until those restrictions are met.

The accruals basis is used for all other income.

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

c) Taxation Status

As a registered charity the Charity is exempt from tax based on the charity applying all of its income and gains for wholly charitable purposes.

d) Tangible Fixed Assets and Depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Assets under £500 are expensed to the Statement of Financial Activities. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over their expected useful lives as follows:

Computer equipment	33% straight line basis
Equipment	33% straight line basis

e) Stock

Stock is valued at the lower of cost and net realisable value.

f) Debtors

Short term debtors are measured at transaction price, less any impairment.

g) Creditors

Short term creditors are measured at the transaction price.

h) Investments and Gains and Losses on Investment Assets

Quoted investments are stated at market value at the balance sheet date. Gains and losses arising on investment assets, both through sale and changes in valuation, are taken to the Statement of Financial Activity in the period they occur.

i) Resources Expended

All expenditure is on an accruals basis and is recognised when there is a legal or constructive obligation to pay. All costs have been directly attributed to one of the functional categories of resources expended in the Statement of Financial Activities. Any irrecoverable VAT is charged to the Statement of Financial Activities, or capitalised as part of the cost of the related asset, where appropriate.

Cost of raising funds includes all expenditure incurred by the charity to raise funds for charitable purposes.

Charitable activity costs include grants payable. Grants payable are charged to the Statement of Financial Activities in the year in which the offer is conveyed to the recipient.

Included within charitable activity costs are governance costs. Governance costs relate to the direct costs associated with the constitutional and statutory requirements of the Charity and include the costs of external examination, secretariat and other constitutional related costs.

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

j) Funds Structure

Unrestricted funds represent funds which are expendable at the discretion of the Trustees in furtherance of the objects of the charity.

Designated funds are amounts which have been put aside at the discretion of the Trustees for specific purposes. Such purposes are within the overall aims of the organisation.

Restricted funds are accounted for in accordance with the express wishes of the donor.

k) Operating leases: the Charity as lessee

Rentals paid under operating leases are charges to the Statement of financial activities on a straight line basis over the lease term.

l) Pensions

The charity operates a defined contribution pension scheme. The charge in the Statement of Financial Activities is the amount of contributions payable to the pension scheme in respect of the accounting year.

m) Financial Instruments

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

n) Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to make judgements and estimates. The trustees consider that there are no material judgements or estimates critical to these accounts.

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

3. INCOME

	2019 £	2018 £
Voluntary income		
Donations	140	-
BAE Systems	30,000	30,000
Annual Nuffield Trust Grant	<u>83,443</u>	<u>83,443</u>
	<u>113,583</u>	<u>113,443</u>
Other trading activities		
Sales of merchandise and miscellaneous income	<u>1,889</u>	<u>2,018</u>
	<u>1,889</u>	<u>2,018</u>
Investment Income		
Main Fund - Dividends	40,698	41,075
Main Fund – Interest on Cash Deposits	<u>3,658</u>	<u>915</u>
	<u>44,356</u>	<u>41,990</u>
Income from Charitable Activities		
Grant in Aid	320,000	291,878
Grant in Aid - Sports Equipment Grant	58,000	58,000
RAF Charitable Trust	-	35,000
Sponsorship	<u>12,790</u>	<u>61,800</u>
	<u>390,790</u>	<u>446,678</u>
Total income	<u>550,618</u>	<u>604,129</u>

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

4. EXPENDITURE – Charitable activities

	2019 £	2018 £
Direct grants		
Forces Mutual	2,000	-
SEG	99,056	19,484
Nuffield Trust Grant	97,483	76,526
BAE Systems	46,600	30,771
RAF Charitable Trust	<u>18,371</u>	<u>14,351</u>
Total direct grants paid	263,509	141,132
Support costs		
Charitable overheads	20,271	32,075
Staff costs	313,362	270,203
Recruitment	26,295	-
Sponsorship	12,902	60,420
Legal fees	3,000	8,590
Office Space and expenses	14,795	9,855
Governance costs (Constitutional, Trustee and Audit Fee)	6,846	15,922
Miscellaneous Expenses	5,714	6,026
Development Fund	<u>38,347</u>	<u>10,745</u>
Total support costs	<u>441,532</u>	<u>413,836</u>
Total charitable expenditure	<u>705,041</u>	<u>554,968</u>

5. NET (EXPENDITURE)/INCOME

	2019 £	2018 £
Net incoming resources are stated after charging:		
Auditors' remuneration – for audit	-	9,295
Independent Examiners fee	<u>3,241</u>	<u>-</u>

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

6. STAFF COSTS AND NUMBERS AND REMUNERATION OF KEY MANAGEMENT PERSONNEL

	2019 £	2018 £
Wages and salaries	232,194	238,132
Employer's national insurance costs	21,243	22,987
Pension costs	<u>9,458</u>	<u>4,117</u>
	262,895	265,236
Contractor costs	47,800	-
Other staff costs	<u>2,667</u>	<u>4,967</u>
	<u>313,362</u>	<u>270,203</u>
The average number of persons employed during the year	<u><u>6</u></u>	<u><u>7</u></u>
Aggregate employee benefits of key management personnel including Employers NIC and Pension costs	<u>£ 166,879</u>	<u>£ 181,182</u>

Trustee Expenses

One (2018: two) Trustee was reimbursed for subsistence expenses totalling £3,148 (2018: £3,438). No Trustees were remunerated during the financial year 2018 (2018: £nil).

No employees earned in excess of £60,000 in the year (2018: nil).

7. TANGIBLE FIXED ASSETS

	Computer equipment	Equipment	Total £
	£	£	£
Cost			
At 1 January 2019	17,088	4,680	21,768
Additions	2,252	-	2,252
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>19,340</u>	<u>4,680</u>	<u>24,020</u>
Depreciation			
At 1 January 2019	14,367	1,430	15,797
Charge for the year	2,183	1,560	3,743
On disposal	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2019	<u>16,550</u>	<u>2,990</u>	<u>19,540</u>
Net Book Value			
31 December 2019	<u><u>2,790</u></u>	<u><u>1,690</u></u>	<u><u>4,480</u></u>
31 December 2018	<u><u>2,721</u></u>	<u><u>3,250</u></u>	<u><u>5,971</u></u>

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
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8. FIXED ASSET INVESTMENTS

	2019 £	2018 £
Summary of listed investments		
Market value brought forward	1,081,177	1,157,344
Reinvested dividends	41,093	40,721
Disposals/transfers at carrying value	(66,000)	-
Net gain/(loss) on revaluation	<u>153,220</u>	<u>(116,888)</u>
Market value at 31 December 2019	<u>1,209,490</u>	<u>1,081,177</u>
Historic cost as at 31 December 2019	<u>762,623</u>	<u>816,736</u>

The investments are held in the BlackRock Armed Forces Common Investment Accumulation Fund.

9. DEBTORS

	2019 £	2018 £
Other debtors	-	1,931
Prepayments	4,745	5,973
Accrued dividend and grant income	<u>10,000</u>	<u>10,395</u>
	<u>14,745</u>	<u>18,299</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade creditors	1,997	6,786
Social security and other taxes	401	179
Accruals	162,190	293,036
Other creditors	-	45
	<u>164,588</u>	<u>300,046</u>

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11a. DESIGNATED FUNDS

Current year	Fund balances brought forward £	Incoming resources £	Outgoing resources £	Transfers £	Fund balances 31 December 2019 £
Fund names:					
Development Fund	<u>55,255</u>	<u>-</u>	<u>(38,347)</u>	<u>(16,908)</u>	<u>-</u>
	<u>55,255</u>	<u>-</u>	<u>(38,347)</u>	<u>(16,908)</u>	<u>-</u>

Development Fund – Designated from the unrestricted fund to develop strategies set out in the period to drive the charity forwards.

Transfers

In 2018 the Trustees designated £66,000 of unrestricted funds to undertake specific strategies. The projects were completed in 2019 under budget and as such £16,908 of the designated fund was returned to general unrestricted funds.

<i>Prior year</i>	<i>Fund balances brought forward £</i>	<i>Incoming resources £</i>	<i>Outgoing resources £</i>	<i>Transfers £</i>	<i>Fund balances 31 December 2018 £</i>
Fund names:					
Development Fund	<u>-</u>	<u>-</u>	<u>(10,745)</u>	<u>66,000</u>	<u>55,255</u>
	<u>-</u>	<u>-</u>	<u>(10,745)</u>	<u>66,000</u>	<u>55,255</u>

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11b. RESTRICTED FUNDS

Current year	Fund balances brought forward £	Incoming resources £	Outgoing resources £	Transfers £	Fund balances 31 December 2019 £
Fund names:					
BAE Systems	29,106	30,000	(46,600)	-	12,506
CAE	4,000	9,200	(9,467)	-	3,733
RAF Charitable Trust	20,649	-	(18,372)	-	2,277
Sports Equipment Grant	79,183	58,000	(99,056)	-	38,127
Royal British Legion	1,689	-	(1,293)	-	396
Nuffield Trust Grant	65,854	83,443	(97,483)	-	51,814
BAE (other)	1,212	2,790	(2,142)	-	1,860
Forces Mutual	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>
	<u>203,693</u>	<u>183,433</u>	<u>(276,413)</u>	<u>-</u>	<u>110,713</u>

BAE Systems – This is donated to support elite and high performing athletes.

CAE – Provided for RAF Equitation and RAF Sports Awards

RAF Charitable Trust – Used to grow RAF sport by investing in serving personnel (coaching, match officials, and first aiders).

Sports Equipment Grant – To be used by the Associations on Sports Equipment and Clothing.

Royal British Legion - A partnership for 5 RAF Sports Associations.

Nuffield Trust Grant – To be used by the Associations on sports equipment.

BAE (Other) – To be used to produce RAF Sports calendars

Forces Mutual – Funds to be used to promote the growth of RAF Hockey.

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

11b. RESTRICTED FUNDS (continued)

<i>Prior year</i>	<i>Fund balances brought forward</i>	<i>Incoming resources</i>	<i>Outgoing resources</i>	<i>Transfers</i>	<i>Fund balances 31 December 2018</i>
	£	£	£	£	£
Fund names:					
BAE Systems	29,877	30,000	(30,771)	-	29,106
CAE	5,000	-	(1,000)	-	4,000
RAF Charitable Trust	-	35,000	(14,351)	-	20,649
CC AIR (HQAC)	3,958	-	(3,958)	-	-
Sports Equipment Grant	40,667	58,000	(19,484)	-	79,183
Royal British Legion	1,309	59,800	(59,420)	-	1,689
Nuffield Trust Grant	62,447	83,443	(76,526)	(3,510)	65,854
BAE (other)	1,212	-	-	-	1,212
Forces Mutual	-	2,000	-	-	2,000
	<u>144,470</u>	<u>268,243</u>	<u>(205,510)</u>	<u>(3,510)</u>	<u>203,693</u>

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. ANALYSIS OF NET FUNDS

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total Funds £
Tangible Fixed Assets	4,480	-	-	4,480
Fixed Asset Investments	1,209,490	-	-	1,209,490
Net Current Assets	<u>222,113</u>	<u>-</u>	<u>110,713</u>	<u>332,826</u>
Total net assets at 31 Dec 2019	<u>1,436,083</u>	<u>-</u>	<u>110,713</u>	<u>1,546,796</u>
<i>2018 comparative figures</i>	<i>Unrestricted Funds £</i>	<i>Designated Funds</i>	<i>Restricted Funds £</i>	<i>Total Funds £</i>
<i>Tangible Fixed Assets</i>	<i>5,971</i>	<i>-</i>	<i>-</i>	<i>5,971</i>
<i>Fixed Asset Investments</i>	<i>1,081,177</i>	<i>-</i>	<i>-</i>	<i>1,081,177</i>
<i>Net Current Assets</i>	<u><i>201,903</i></u>	<u><i>55,255</i></u>	<u><i>203,693</i></u>	<u><i>460,851</i></u>
<i>Total net assets at 31 Dec 2018</i>	<u><i>1,289,051</i></u>	<u><i>55,255</i></u>	<u><i>203,693</i></u>	<u><i>1,547,999</i></u>

13. RELATED PARTY TRANSACTIONS

There were no related party transactions during 2019 (2018: none).

14. CAPITAL COMMITMENTS

There were no capital commitments at the period end (2018: nil).

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2019 the charity had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	6,800	6,800
Later than 1 year and not later than 5 years	<u>6,800</u>	<u>13,600</u>
	<u>13,600</u>	<u>20,400</u>

The lease payments recognised in the period as an expense were £6,800 (2018: £6,800).

16. FINANCIAL INSTRUMENTS

	2019 £	2018 £
Basic financial assets	<u>1,697,240</u>	<u>1,830,819</u>
Basic financial liabilities	<u>14,187</u>	<u>29,867</u>

Basic financial assets are all investments, debtors plus cash in hand less prepayments. Investments are measured at fair value, and debtors and cash at amortised cost.

Basic financial liabilities are all creditors less social security and deferred income and are measured at amortised cost.

The entity's income, expense, gains and losses in respect of financial instruments are summarised below:

	2019 £	2018 £
Total dividend and interest income for basic financial assets	<u>44,356</u>	<u>41,990</u>
Total gains/(losses) in respect of basic financial assets	<u>153,220</u>	<u>(116,888)</u>

RAF SPORTS FEDERATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2019

17. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted		Restricted	Total
	General Fund	Designated Fund	Fund	2018
	£	£	£	£
Income from:				
Donations	-	-	113,443	113,443
Charitable activities	291,878	-	154,800	446,678
Other trading activities	2,018	-	-	2,018
Investments	<u>41,990</u>	<u>-</u>	<u>-</u>	<u>41,990</u>
Total income	<u>335,886</u>	<u>-</u>	<u>268,243</u>	<u>604,129</u>
Expenditure on:				
Charitable activities	<u>338,713</u>	<u>10,745</u>	<u>205,510</u>	<u>554,968</u>
Total expenditure	<u>338,713</u>	<u>10,745</u>	<u>205,510</u>	<u>554,968</u>
(Loss) on investment assets	<u>(116,888)</u>	<u>-</u>	<u>-</u>	<u>(116,888)</u>
Net expenditure	<u>(119,715)</u>	<u>(10,745)</u>	<u>62,733</u>	<u>(67,727)</u>
Transfers	<u>(62,490)</u>	<u>66,000</u>	<u>(3,510)</u>	<u>-</u>
Net movement in funds	<u>(182,205)</u>	<u>55,255</u>	<u>59,223</u>	<u>(67,727)</u>
Total funds brought forward	<u>1,471,256</u>	<u>-</u>	<u>144,470</u>	<u>1,615,726</u>
Total funds carried forward	<u>1,289,051</u>	<u>55,255</u>	<u>203,693</u>	<u>1,547,999</u>