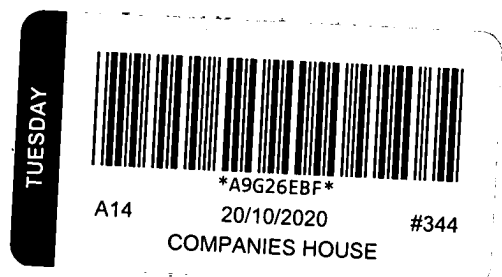


Company Registration No: 08418367 (England and Wales)  
Charity Registration No. 1154822

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 DECEMBER 2019**



**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**REFERENCE AND ADMINISTRATIVE DETAILS  
PERIOD ENDED 31 DECEMBER 2019**

<b>Registered charity number</b>	1154822 (England and Wales)
<b>Registered company number</b>	08418367 (England and Wales)
<b>OFSTED registered number</b>	EY475959
<b>Registered office</b>	Atlas House Wembley Road Leicester LE3 1UT England
<b>Trustees</b>	N J Bunting OBE R P O'Connor A Wilkinson-Sharpe
<b>Principal Office</b>	86C & 87 Wellesby Way RAF College Cranwell Sleaford Lincolnshire NG34 8HB
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants St Philips Point Temple Row Birmingham West Midlands B2 5AF
<b>Bankers</b>	Barclays Barclays Business Park Leicester LE87 2BD

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**TRUSTEES' REPORT  
PERIOD ENDED 31 DECEMBER 2019**

The Trustees of RAFA Kidzone Limited (formerly Kidzone Cranwell Limited) (the Charity) present this report and the financial statements of the Charity for the period ended 31 December 2019. The financial statements have been prepared based on the accounting policies set out in note 2 to the financial statements.

**Aims and Objects**

The object of the Charity is to enhance the development and education of children and provide for their individual needs. This is done by offering inclusive and appropriate play and learning facilities that meet the needs of all children regardless of family status, disability, colour, ethnic origin, religion and belief.

**Activities**

The Charity provides full and part time childcare for children aged between 6 months to 12 years old, between 07:30 – 17:30 five days a week for 50 weeks a year. The Charity delivers its service via a nursery, toddler room and two preschool rooms where it follows the Early Years Foundation Stage framework.

The Charity provides funded early education for two-, three- and four-year-old children. The Charity also operates as a breakfast, afterschool and holiday club for school age children. The Charity operates on a site leased from the Ministry of Defence comprising two buildings; the nursery building which can accommodate up to 72 children and the wrap-around care building which can accommodate up to 40 children.

**Achievements**

The Early Years Foundation Stage Framework enables all young children to have access to an integrated learning and care experience that will ensure they achieve the best outcomes. This is a learning through play curriculum and the Charity provides a range of adult directed and child-initiated activities within a rich and enabling environment. In addition, the Charity supports the families of children with a comprehensive parent events program throughout the year, providing a range of activities and events to promote parent partnerships. The Charity's 'Summer Gathering' in 2019 was set to the theme of 'The Tiger Who Came to Tea' where parents and children enjoyed a picnic with games and interactive story telling sessions from a local theatre group. Regular family breakfasts and teas also take place on a termly basis to enable military working parents to sample the meals provided in the nursery and to interact with their children in the setting. The Charity also utilised the Tesco 'Bags for Help' scheme to raise funds to create a new friendship garden which was completed in May 2019.

The Charity provides a flexible care setting for local families by providing a wrap-around and holiday club service for school age children. During 2019 the service provision was further supported by the lease of a new minibus which enabled the Charity to provide transport to and from the local primary school.

Notwithstanding the government's decision to close schools and nurseries in response to the Covid-19 pandemic, the Charity continues to operate the nursery for the children of critical workers and supporting the national emergency by welcoming children of key workers in the locality whose usual nurseries had closed, including children from RAF Digby.

**Public benefit**

Whilst the Charity primarily caters for the children of serving personnel, civil servants and contractors working at RAF Cranwell its services are available to families in the wider community as well. In setting fees, Trustees have considered the Charity Commission's guidance on charging for services and balanced the need to ensure the long-term sustainability of the Charity with the maintenance of affordable high-quality early years and childcare provision. The Charity accepts childcare vouchers and early years funding from the local authority.

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**TRUSTEES' REPORT (continued)  
PERIOD ENDED 31 DECEMBER 2019**

**Public benefit (continued)**

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.

**Reserves policy**

In January 2014 Trustees decided that the Charity should hold reserves based on three months' average operating costs. At 31 March 2019 Trustees designated £115,215 as a business continuity fund for this purpose with total unrestricted reserves of £136,512. As at 31 December 2019 total unrestricted reserves are £125,295. Average monthly expenditure during the nine months ended 31 December 2019 was £51,227 equating to three months' average operating costs of £153,681. Trustees have reviewed the Reserves Policy and agreed that the Charity should hold reserves in line with a minimum of three months' average operational expenditure.

During the period, the general fund fell into a slight deficit of £7,920 due to a change in accounting year end, which shortened the reporting period from twelve months to nine months. The third quarter of the year, October to December has traditionally been a quieter period with operational performance dipping and then recovering in quarter four. The Trustees are confident that the general fund will return to a positive position by the end of 2020.

The Trustees have created a number of designated funds as set out in note 12, which exist to ensure that the charity is able to refresh and renew the setting from time to time and to enable business continuity in the event of an unforeseen occurrence. To this end, a designated fund of £115,215 has been created to deal with such an unforeseen event and thus ensure that the setting continues to be a going concern, and a further £18,000 has been set aside to ensure that essential equipment can be replaced or maintained as and when required.

**Structure and Governance**

The Charity is a company limited by guarantee and a registered charity governed by its Articles of Association, which were amended on 15 October 2019 when Kidzone became part of the Royal Air Forces Association group. On 7 November 2019 the Charity changed its name from Kidzone Cranwell Limited to RAFA Kidzone Limited. The Charity is registered with the Charity Commission and with Ofsted.

The Charity is a wholly owned subsidiary of RAFA Kidz Limited, which is a wholly owned subsidiary of the Royal Air Forces Association (registered charity number 226686 and SC037673).

The Board of Trustees is collectively accountable for the long-term success of the Charity and Trustees act in accordance with their duties under charity law. Trustees are also company directors and subject to the directors' duties set out in sections 170-177 Companies Act 2006

The Board is responsible for the Charity's compliance with all relevant legislative and regulatory requirements. It is responsible for determining the strategy and values of the Charity, its performance, standards of conduct and corporate governance. The Board reviews the position of the Charity and receives reports from the Management Team led by the Manager. The Board is responsible for approving the annual business plan and a range of supporting strategies. The Board believes that good governance is key to the ongoing success of the organisation. In terms of maintaining high standards of governance and has adopted the Charity Governance Code for smaller charities.

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**TRUSTEES' REPORT (continued)  
PERIOD ENDED 31 DECEMBER 2019**

**Structure and Governance (continued)**

*Composition of the Board of Trustees*

The Trustees who served in the nine months to 31 December 2019 are listed below.

J A Ross	(resigned 30 April 2019)
E K Jenkins	(resigned 8 May 2019)
S K Lockhart	(resigned 8 May 2019)
N Batt	(resigned 24 September 2019)
C E Wood	(resigned 15 October 2019)
C J Wilson	(resigned 15 October 2019)
P A Royal	(resigned 15 October 2019)
J Chapman	(resigned 15 October 2019)
R J Raper	(appointed 8 April 2019 resigned 15 October 2019)
E I Long	(appointed 8 April 2019 resigned 15 October 2019)
J Hill	(appointed 8 April 2019 resigned 15 October 2019)
R Dunn-Moor	(appointed 8 April 2019 resigned 15 October 2019)
R A Bishop	(appointed 8 April 2019 resigned 15 October 2019)
L P Mullineux	(appointed 30 April 2019 resigned 5 November 2019)
R P O'Connor	(appointed 2 October 2019)
N J Bunting OBE	(appointed 15 October 2019)
A Wilkinson-Sharpe	(appointed 15 October 2019)

All Trustees give their time voluntarily and receive no benefits from the Charity. No expenses were reclaimed from the Charity. N. Bunting OBE, R. O'Connor and A. Wilkinson-Sharpe are employees of the Royal Air Forces Association and directors of RAFA Kidz Limited.

In accordance with the Charity's Articles of Association, Trustees are appointed by the Charity's sole member, RAFA Kidz Limited. When recruiting new Trustees appropriate due diligence is carried out to ensure that candidates have a valid DBS check, are eligible to act as charity trustees and company directors in accordance with the Articles of Association, Charities Act 2011 (as amended by Charities (Protection and Social Investment) Act 2016) and Companies Act 2006 and are fit and proper persons as defined under the management condition in Finance Act 2010.

Each Trustee is provided with a briefing pack and an individual induction programme is agreed and implemented covering all aspects of the role and the work of the Charity as required. Trustees also receive ongoing briefings and training from subject-matter experts and external advisers in critical areas such as Ofsted regulation, safeguarding, health and safety, data protection, risk management and reserves.

**Risk Management**

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

As a member of the Royal Air Forces Association group the Charity is subject to the Association's Risk Management Policy and Trustees have reviewed their risk appetite during the year. In terms of priorities, Trustees have agreed that the need to avoid reputational, compliance and excessive financial risk will take priority over other factors, whilst recognising a balanced assessment has to be taken as, in many cases, there are risks attached to both doing something and doing nothing.

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**TRUSTEES' REPORT (continued)  
PERIOD ENDED 31 DECEMBER 2019**

**Risk Management (continued)**

The risk management process set out in the policy is designed to identify and assess risks and so 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 being developed.

- Regulatory compliance. Mitigation includes employment of professionally qualified staff and mandatory training, the support of relevant subject matter experts employed by other group companies and regular reviews of policies.
- Long-term financial sustainability and short-term cash flow failure. Mitigation plans include financial planning and performance monitoring, both in terms of annual budgets and reserves and investments,
- Loss of operational capability. Plans include a range of processes to ensure recruitment and retention of appropriately qualified and trained employees.

**Impact of COVID19**

The COVID-19 pandemic meant that for a period of time the company was restricted in its operations. The pandemic has led to challenges with revenues and our cost base.

Our activities are now being delivered in line with government guidelines.

**Plans for the future**

The Trustees are committed to delivering affordable and nurturing early years' childcare in a welcoming and safe environment and ensuring the long-term sustainability of the Charity. The Charity is seeking to reduce its current operating loss in 2019 of £11,217 by increasing occupancy levels and carefully managing its expenditure whilst continuing to provide high quality childcare.

**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 (United Kingdom Generally Accepted Accounting Practice). Company law requires the Trustees to prepare financial statements for each financial period, which give a true and fair view of the Charity and of the incoming resources and application of resources, including the income and expenditure 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 Statement of Recommended Practice
- Make judgments and estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business

The Trustees are responsible for keeping adequate accounting records that 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 Companies Act 2006. 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.

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**TRUSTEES' REPORT (continued)  
PERIOD ENDED 31 DECMEBER 2019**

In so far as the Trustees are aware:

- There is no relevant audit information of which the Charity'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

This report was approved by the Trustees on 8/10/20 and signed on its behalf by:

  
Chair of Trustees

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**Opinion**

We have audited the financial statements of RAFA Kidzone Limited (formerly Kidzone Cranwell Ltd) (the 'charitable company') for the period ended 31 December 2019 which comprise the statement of financial activities, the balance sheet, the statement 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 charitable company's affairs as at 31 December 2019 and of its incoming resources and application of resources, including its income and expenditure, for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company 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 charitable company'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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

**Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Trustees' Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.



**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD) (continued)**

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

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustees' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with small companies' regime and taken advantage of the small companies exemption from the requirement to prepare a strategic report.

**Responsibilities of trustees**

As explained more fully in the Statement of Trustees' responsibilities set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

**RSM UK Audit LLP**

Keith Ward (Senior Statutory Auditor)  
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
St Philips Point  
Temple Row  
Birmingham  
West Midlands  
B2 5AF

Date 13 October 2020

**RAFA KIDZONE LIMITED**  
**(FORMERLY KIDZONE CRANWELL LTD)**

**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

				<b>Period ended 31 December 2019 Total £</b>	<b>Year ended 31 March 2019 Total £</b>
	<b>Notes</b>	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>		
<b>INCOME FROM</b>					
Donations		10	-	10	522
<b>Charitable activities</b>					
Fees	3	367,415	-	367,415	503,356
Grants		-	78,633	78,633	134,351
Miscellaneous		3,039	-	3,039	1,933
<b>Activities for fund raising</b>	4	343	-	343	3,538
<b>Investment income</b>		391	-	391	498
<b>TOTAL</b>		<u>371,198</u>	<u>78,633</u>	<u>449,831</u>	<u>644,198</u>
<b>EXPENDITURE ON</b>					
Raising funds	5	(243)	-	(243)	(4,597)
Charitable activities	6	(322,150)	(138,655)	(460,805)	(661,171)
<b>TOTAL</b>		<u>(322,393)</u>	<u>(138,655)</u>	<u>(461,048)</u>	<u>(665,768)</u>
<b>NET INCOME/(EXPENDITURE)</b>		<u>48,805</u>	<u>(60,022)</u>	<u>(11,217)</u>	<u>(21,570)</u>
<b>Transfer between funds</b>		<u>(60,022)</u>	<u>60,022</u>	<u>-</u>	<u>-</u>
<b>NET MOVEMENT IN FUNDS</b>		<u>(11,217)</u>	<u>-</u>	<u>(11,217)</u>	<u>(21,570)</u>
<b>Reconciliation of funds</b>					
Total funds balances brought forward		<u>136,512</u>	<u>-</u>	<u>136,512</u>	<u>158,082</u>
Total funds balances carried forward		<u>125,295</u>	<u>-</u>	<u>125,295</u>	<u>136,512</u>

All amounts relate to continuing operations.

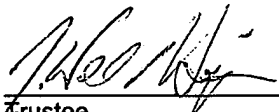
**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**BALANCE SHEET  
AT 31 DECEMBER 2019**

	Notes	31 December 2019		31 March 2019	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible fixed assets	9		4,846		-
<b>CURRENT ASSETS</b>					
Debtors	10	2,952		2,780	
Cash at bank and in hand		155,934		175,862	
		158,886		178,642	
<b>CREDITORS</b>					
Amounts falling due within one year	11	(38,437)		(42,130)	
<b>NET CURRENT ASSETS</b>			120,449		136,512
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			125,295		136,512
<b>FUNDS</b>					
Restricted funds	12		-		-
Unrestricted funds:	12				
Designated			133,215		133,215
General			(7,920)		3,297
<b>TOTAL FUNDS</b>			125,295		136,512

Approved by the Trustees and signed on their behalf on 8 October 2020

  
Chair of Trustees

  
Trustee

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

	<b>Period ended 31 December 2019 £</b>	<b>Year ended 31 March 2019 £</b>
<b>Cash flows from operating activities:</b>		
<b>Net cash used in operating activities</b>	<b>(15,473)</b>	<b>(16,708)</b>
<b>Cash flows from investing activities:</b>		
Interest received	391	498
Purchase of fixed assets	(4,846)	-
<b>Net cash (used in) provided by investing activities</b>	<b>(4,455)</b>	<b>498</b>
Change in cash and cash equivalents in the period	(19,928)	(16,210)
Cash and cash equivalents at the beginning of the period	175,862	192,072
Cash and cash equivalents at the end of the period	155,934	175,862
<b>Reconciliation of net movements in funds to net cashflow from operating activities</b>		
	<b>Period ended 31 December 2019 £</b>	<b>Year ended 31 March 2019 £</b>
<b>Net movement in funds for the reporting period</b>	<b>(11,217)</b>	<b>(21,570)</b>
Adjustments for:		
Interest received	(391)	(498)
(Increase)/decrease in debtors	(172)	441
(Decrease)/increase in creditors	(3,693)	4,919
<b>Net cash used in operating activities</b>	<b>(15,473)</b>	<b>(16,708)</b>
<b>Analysis of cash and cash equivalents</b>		
	<b>Period ended 31 December 2019 £</b>	<b>Year ended 31 March 2019 £</b>
Cash in hand	685	600
Bank accounts	155,249	175,262
<b>Total cash and cash equivalents</b>	<b>155,934</b>	<b>175,862</b>

**RAFA KIDZONE LIMITED  
(formerly KIDZONE CRANWELL LTD)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 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**

RAFA Kidzone Limited (formerly Kidzone Cranwell Ltd) is an incorporated private company (registered number 08418367) and a registered charity at the Charity Commission (charity registration no. 1154822) in England and Wales. The charity is a company limited by guarantee. The company changed its name from Kidzone Cranwell Ltd on 7 November 2019.

The address of the charity's registered office is Atlas House, Wembley Road, Leicester LE3 1UT. The nature of the charity's activities are set out in the Trustees Report.

**Basis of preparation**

The financial statements have been prepared under the historical cost convention 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 (FRS 102), 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 and the requirements of the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 April 2015.

RAFA Kidzone Limited (formerly Kidzone Cranwell Ltd) meets the definition of a public benefit entity under FRS 102 and has therefore applied the relevant public benefit requirements of FRS 102.

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

**Going concern**

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

In assessing the going concern the Directors have given careful consideration to the potential impact of the COVID-19 pandemic on the cashflows and liquidity over the next 12-month period. Despite income forecasts reducing against our pre-COVID19 targets, measures we have taken to reduce costs allow us to offset the impact of COVID-19.

The Company's accounts and cashflow forecasts take all the above factors into account and indicate that the Company will have sufficient funds to operate as a going concern for the foreseeable future.

**Reporting period**

The current figures are for the period 1 April 2019 to 31 December 2019. The comparative figures are for the year ended 31 March 2019. The Charity's period end date has been shortened to bring it in line with the ultimate parent charity. As the period end is different the prior period figures are not entirely comparable.

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**2. PRINCIPAL ACCOUNTING POLICIES (continued)**

**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 Charity 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 Charity 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 charity 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 is included when receivable.

Fundraising income is included in income in the period in which the Charity becomes entitled to receipt.

Investment income is included when receivable.

Income from charitable activities including grants receivable is included in income in the period in which the charity becomes entitled to receipt.

**Expenditure**

All expenditure is accounted for on an accruals basis as a liability is incurred or when the Charity 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. Expenditure includes irrecoverable VAT.

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

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

Support costs have been allocated to cost of raising funds and charitable activities on the most appropriate basis.

**Tangible fixed assets**

It is RAFA Kidzone Limited policy that all items either purchased by or donated to RAFA Kidzone Limited for use within the childcare sessions shall not be capitalised due to the heavy use and unusually high wear and tear expected within such an environment. These items shall be treated as immediate expenditure with no depreciation. The capitalisation limit for all other items is set at £500.

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**2. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Tangible fixed assets (continued)**

Tangible fixed assets are initially recorded at cost and subsequently measure 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:

- |                        |                   |
|------------------------|-------------------|
| - Office equipment     | 25% straight line |
| - Furniture & fixtures | 25% straight line |

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

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

**Donations of good and services**

Kidzone received donated goods and services during the period which has enabled it to operate at the present scale. These donations are not valued in the accounts.

**Financial instruments**

The Charity 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 Charity becomes a party to the contractual provisions of the instrument and are offset only when the Charity 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**

Trade debtors, 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.

**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 Charity after deducting all of its liabilities.

**Trade and other creditors and accruals**

Trade and other creditors (including accruals) payable within one's 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.

**RAFA KIDZONE LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 DECEMBER 2019**

**2. PRINCIPAL ACCOUNTING POLICIES (continued)**

**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.

**Retirement benefits**

For defined contribution schemes the amount charged to the Statement of Financial Activities is the contribution payable in the year. Difference between contributions payable in the period and contributions actually paid are shown as either accruals or pre payments.

**3. FEES**

			<b>Period ended 31 December 2019 Total £</b>	<b>Year ended 31 March 2019 Total £</b>
	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>		
Ladybirds	109,864	-	109,864	153,501
Busybees	74,632	-	74,632	89,939
Butter/Dragonflies	56,150	-	56,150	72,102
Clubs	109,641	-	109,641	122,080
Additional charges	12,406	-	12,406	20,633
Meals	4,722	-	4,722	45,101
	<u>367,415</u>	<u>-</u>	<u>367,415</u>	<u>503,356</u>

**4. ACTIVITIES FOR FUNDRAISING**

			<b>Period ended 31 December 2019 Total £</b>	<b>Year ended 31 March 2019 Total £</b>
	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>		
<b>Income</b>				
Summer gathering	83	-	83	99
Christmas market	260	-	260	-
Friendship garden grants	-	-	-	3,439
	<u>343</u>	<u>-</u>	<u>343</u>	<u>3,538</u>



**RAFA KIDZONE LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**5. RAISING FUNDS**

	Unrestricted funds	Restricted funds	Period ended 31 December 2019 Total £	Year ended 31 March 2019 Total £
	£	£		
Advertising	-	-	-	173
<u>Expenditure:</u>				
Summer gathering	70	-	70	226
Christmas market	173	-	173	-
Friendship garden	-	-	-	4,198
	<u>243</u>	<u>-</u>	<u>243</u>	<u>4,597</u>

**6. CHARITABLE ACTIVITIES**

	Unrestricted funds	Restricted funds	Period ended 31 December 2019 Total £	Year ended 31 March 2019 Total £
	£	£		
Staff costs	275,383	110,678	386,061	555,436
Other costs	27,490	14,965	42,455	62,432
Support costs	19,277	13,012	32,289	43,303
	<u>322,150</u>	<u>138,655</u>	<u>460,805</u>	<u>661,171</u>

Included within support costs for the year ended 31 March 2019 are governance costs of £2,400 relating to independent examination fees. Audit fees for the period ended 31 December 2019 have been paid by the ultimate parent undertaking, The Royal Air Force Association.

**7. STAFF COSTS**

	Period ended 31 December 2019 £	Year ended 31 March 2019 £
Total staff costs for the charity comprised:		
Gross salaries	360,146	521,967
Employer's National Insurance	19,323	27,605
Employer's pension	6,592	5,864
	<u>386,061</u>	<u>555,436</u>
	Period ended 31 December 2019 £	Year ended 31 March 2019 £
The average number of staff employed by the charity was		
Office/kitchen	8	8
Sessional staff numbers	27	30
	<u>35</u>	<u>38</u>

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
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**7. STAFF COSTS (continued)**

Following the transfer of ownership to The Royal Air Force Association, all key management personnel are paid through the parent charity and disclosed in their financial statements. The total employee benefit of the key management personnel of the Charity for the year ended 31 March 2019 was £109,390.

No employees was paid £60,000 or more in the current period or prior year.

**8. TRUSTEES REMUNERATION**

No remuneration or expenses were paid to the Trustees during the period.  
Professional indemnity insurance to cover the Trustees was paid by the charity during the period.

**9. TANGIBLE FIXED ASSETS**

	<b>Fixtures &amp; Fittings £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 April 2019	12,670	2,990	15,660
Additions	-	4,846	4,846
	<u>12,670</u>	<u>7,836</u>	<u>20,506</u>
At 31 December 2019	12,670	7,836	20,506
<b>Depreciation</b>			
At 1 April 2019 and 31 December 2019	12,670	2,990	15,660
	<u>12,670</u>	<u>2,990</u>	<u>15,660</u>
<b>Net book value</b>			
At 31 December 2019	-	4,846	4,846
	<u>-</u>	<u>4,846</u>	<u>4,846</u>
At 31 March 2019	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

**10. DEBTORS**

	<b>31 December 2019 £</b>	<b>31 March 2019 £</b>
Trade debtors	606	1,860
Prepayments	2,346	920
	<u>2,952</u>	<u>2,780</u>

**11. CREDITORS**

	<b>31 December 2019 £</b>	<b>31 March 2019 £</b>
<b>Amounts falling due within one year</b>		
Trade creditors	2,521	2,323
Accruals	13,935	12,084
Other taxation and social security	4,258	6,245
Other creditors	17,723	21,478
	<u>38,437</u>	<u>42,130</u>

Included within other creditors are pension contributions payable of £1,472 (31 March 2019: £981).

**RAFA KIDZONE LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**12. ANALYSIS OF FUNDS**

	Balance at 1 April 2019 £	Income £	Expenditure £	Transfer Funds £	Balance at 31 December 2019 £
<b>Restricted funds:</b>					
LCC funding	-	77,861	(137,408)	59,547	-
Pre-school milk funding	-	772	(1,247)	475	-
	-	78,633	(138,655)	60,022	-
<b>Unrestricted funds:</b>					
<b>Designated funds:</b>					
Business continuity reserve	115,215	-	-	-	115,215
White goods reserve	4,000	-	-	-	4,000
Project reserve	10,000	-	-	-	10,000
IT reserve	2,000	-	-	-	2,000
Decoration reserve	2,000	-	-	-	2,000
	133,215	-	-	-	133,215
General reserve	3,297	371,198	(322,393)	(60,022)	(7,920)
	136,512	371,198	(322,393)	(60,002)	125,295
<b>Total</b>	<b>136,512</b>	<b>449,831</b>	<b>(461,048)</b>	<b>-</b>	<b>125,295</b>

**Restricted funds**

Lincolnshire County Council provide funding for 3-5 year olds for up to 30 hours and 15 hours a week for qualifying 2 years old in line with Governmental guidelines. Resources used is the cost of activities during funded sessions for eligible 2 year olds and 3-5 year olds for a 38 week period.

Pre-School milk funding is provided by Nursery milk in line with Governmental guidelines regarding 0-5 year olds.

**Designated funds**

The Trustees have established a number of designated funds designed to ensure that the setting can continue to provide a high quality and modern service whilst at the same time being able to continue to operate and provide an essential childcare service during a period of difficulty, created by either internal or external factors. To this end a Business Continuity Reserve of £115,215 has been created together with other reserves of £18,000 to cover the cost of either replacing or maintaining essential equipment and/or furnishings.

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

Current period	Unrestricted funds £	Restricted funds £	Total £
Tangible fixed assets	4,846	-	4,846
Current assets	158,886	-	158,886
Current liabilities	(38,437)	-	(38,437)
<b>Total net assets</b>	<b>125,295</b>	<b>-</b>	<b>125,295</b>

**RAFA KIDZONE LIMITED  
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**13. ANALYSIS OF NET ASSETS BETWEEN FUNDS (continued)**

<b>Prior year</b>	<b>Unrestricted funds £</b>	<b>Restricted funds £</b>	<b>Total £</b>
Tangible fixed assets	-	-	-
Current assets	178,642	-	178,642
Current liabilities	(42,130)	-	(42,130)
<b>Total net assets</b>	<b>136,512</b>	<b>-</b>	<b>136,512</b>

**14. FINANCIAL INSTRUMENTS**

	<b>31 December 2019 £</b>	<b>31 March 2019 £</b>
Financial assets:		
Debt instrument measured at amortised cost	606	1,860
Financial liabilities:		
Debt instruments measured at amortised costs	34,179	35,885

**15. RELATED PARTY TRANSACTIONS**

The Charity is a wholly owned subsidiary undertaking of RAFA Kidz Limited. The Charity has taken advantage of the exemption under FRS 102 not to disclose transactions with RAFA Kidz Limited on the grounds that the company is a wholly owned subsidiary undertaking. No transactions with other related parties took place during the period.

**16. 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.

The impact on the Company has been significant, impacting on the delivery of our services and our income levels. We have managed our cost base in line with anticipated revenues. The Directors do not feel that COVID 19 requires any adjustments to the 2019 financial statements.

**17. PARENT COMPANY**

Up until 15 October 2019 the trustees do not consider there was an ultimate controlling party of the Charity.

On 15 October 2019 the Charity became a wholly owned subsidiary of RAFA Kidz Limited (Company number 11927027, registered in England and Wales). This is the Charity's immediate parent undertaking. The registered office is the same as its ultimate parent undertaking. The principal activity of RAFA Kidz Limited is that of running children's nursery.

RAFA Kidz Limited is a wholly owned subsidiary of The Royal Air Forces Association, a charity registered in England and Wales (registration number 226686) and Scotland (registered number SC037673). Purpose of Association is to promote the welfare by charitable means of all serving and former members of the Air Forces. This is the Charity's ultimate parent undertaking. The Charity is only included in the consolidated accounts of The Royal Air Force Association. Their accounts are available from the registered office being Atlas House, Wembley Road, Leicester LE3 1UT England.

**RAFA KIDZONE LIMITED  
(FORMERLY KIDZONE CRANWELL LTD)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE PERIOD ENDED 31 DECEMBER 2019**

**18. COMPARATIVE STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE YEAR ENDED 31 MARCH 2019**

	Unrestricted funds £	Restricted funds £	Total 2019 £
<b>INCOME FROM</b>			
Donations	522	-	522
<b>CHARITABLE ACTIVITIES</b>			
Fees	503,356	-	503,356
Grants	-	134,351	134,351
Miscellaneous	1,933	-	1,933
<b>Activities for fundraising</b>	<b>3,538</b>	<b>-</b>	<b>3,538</b>
<b>Investment income</b>	<b>498</b>	<b>-</b>	<b>498</b>
<b>TOTAL</b>	<b>509,847</b>	<b>134,351</b>	<b>644,198</b>
<b>EXPENDITURE ON</b>			
Raising funds	(4,597)	-	(4,597)
<b>Charitable activities</b>			
Pre-school	-	(198,769)	(198,769)
Other activities	(461,292)	(1,110)	(462,402)
<b>TOTAL</b>	<b>(465,889)</b>	<b>(199,879)</b>	<b>(665,768)</b>
<b>Net Income/(expenditure)</b>	<b>43,958</b>	<b>(65,528)</b>	<b>(21,570)</b>
Transfers between funds	(65,528)	65,528	-
<b>Net movement in funds</b>	<b>(21,570)</b>	<b>-</b>	<b>(21,570)</b>