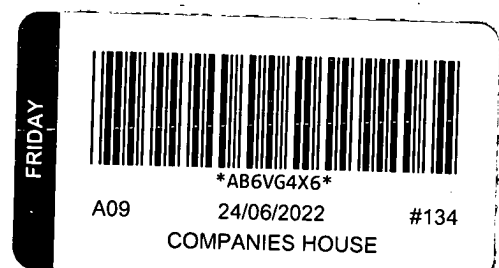


Registered number: 02190393

**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
**(A Company Limited by Guarantee)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2021**



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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
**(A Company Limited by Guarantee)**

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**COMPANY INFORMATION**

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<b>Directors</b>	A F Smith CBE FRAeS (Chairman) P A Atherton C Basnett CBE MA C Bell S L Gunyon (resigned 5 January 2021) C Rogers R B Hoyle S Lindsell K McKinley S Oldfield (appointed 16 September 2021) G Gager (appointed 1 June 2021)
<b>Company secretary</b>	C A Murray OBE
<b>Registered number</b>	02190393
<b>Registered office</b>	Douglas Bader House Horcott Hill Fairford Gloucestershire GL7 4RB
<b>Independent auditor</b>	Crowe U.K. LLP Fourth Floor St James House St James Square Cheltenham GL50 3PR
<b>Banker</b>	Barclays Bank PLC 18 Southgate Street Gloucestershire GL1 2DH
<b>Solicitor</b>	Charles Russell LLP 5 Fleet Place London EC4M 7RD

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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
**(A Company Limited by Guarantee)**

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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
**(A Company Limited by Guarantee)**

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**STRATEGIC REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Introduction**

Royal Air Force Charitable Trust Enterprises (RAFCTE) is a company limited by guarantee and is the commercial and principal fundraising arm of its parent charity the Royal Air Force Charitable Trust (RAFCT). Formed on 26 January 2005, RAFCTE is an event company with aviation and safety at its heart. Normal working practice is for any annual surplus generated from organising events, including the Royal International Air Tattoo (RIAT) and other public events, to be gift aided to the RAFCT at the end of the financial year.

**Principal risks and uncertainties**

RIAT21 was to be the 50th Anniversary of the Air Tattoo. However the Government announced a third national COVID-19 lockdown on 6 Jan 21 prompting a decision by the Board, on 12 Feb 21, to cancel RIAT21 in order to reduce financial exposure.

Following the RIAT21 cancellation, the Board produced a Recovery Plan which set out the immediate actions needed to reduce the Company's overheads, generate new revenue and re-design business processes to ensure the successful delivery of RIAT22. With significant pressure on the business, a 'minimise' approach was taken on all expenditure and whilst the Coronavirus Job Retention Scheme (CRJS) undoubtedly helped, the difficult decision was taken by the Board to restructure the organisation which resulted in a 20 per cent reduction in staff numbers. Significantly, in recognition of the value placed in its trading company, in May 21, the parent Charity agreed a Capital Contribution of £1.7M in FY 20/21 which enabled the Board to confirm with confidence that the business remained a going concern.

With no airshow for a second successive summer, the Company looked to build on the critically acclaimed inaugural Virtual Air Tattoo (vAT) that was staged in 2020. Again, this free-to-view online event, streamed from the Company headquarters in Fairford, received an excellent response. With this new initiative firmly established, the Company has begun exploring a variety of income models that would see the vAT start to generate revenue in 2022 and beyond.

Despite the profound impact of COVID-19 on the Company's financial position, the continued support of key stakeholders, including RAFCT, corporate sponsors, the Royal Air Force, United States Air Force (USAF) and the public, gave the Board confidence that the Company would be able to deliver a successful RIAT22. The Board recognises the importance of this support, particularly from the USAF, in helping overcome a number of operational challenges as RAFCTE plans RIAT22. These include: staging the event on a now operational, USAF-managed airfield; identifying new volunteer accommodation options; and re-locating the prestigious RIAT Gala Dinner in light of infrastructure changes at RAF Fairford.

Furthermore, due to the ongoing uncertainty surrounding COVID-19, the Board took the decision to develop three financial projections for the financial year 21/22 largely based on differing income and expenditure outcomes for RIAT 2022. The Recovery Plan has now been superseded by the Company Business Plan (FY 21/22 to 24/25) detailing RAFCTE's growth strategy over the next four years. Among its key objectives are to:

- recover from the COVID-19 legacy by delivering a significant profit in 21/22.
- identify and establish a portfolio of new and enduring commercial projects and events from 2023
- optimise the Company's relationships with key stakeholders and customers to generate new revenue.

The Board's immediate priority, however, remains the successful staging of RIAT22 and mitigating the most significant delivery risks as identified in the Company's Delivery and Strategic Business Risk Registers.

As we move forward, trade debtors will once again be managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the monitoring of amounts outstanding for both time and credit limits. The amounts presented in the Statement of Financial Position are net of allowances for doubtful debts. As mentioned, many of our creditors have also helped enormously by rolling monies paid to them as deposits for RIAT 20 and RIAT 21 through to RIAT 22. The Board extends its thanks to each of the suppliers that has made

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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
(A Company Limited by Guarantee)

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**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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this significant contribution to help ensure the future of RIAT. The business will of course continue to manage trade creditors' liquidity risk by ensuring sufficient funds are available to meet amounts due. More than ever, we recognise the real value of strong, supportive and capable suppliers and we actively seek to ensure they are paid promptly and on time.

In addition to the existing loan of a Programme Related Investment from the Company's parent Charity, in June 2020 additional funding of £1.53M was put in place under the government-backed Coronavirus Business Interruption Loan Scheme (CBILS) on a six-year term. The business manages the liquidity risk by ensuring that there are sufficient funds to meet all payments on these loans. Accordingly, the Board is delighted to report that with the significant support of our parent Trust, customers, suppliers and key advisors, we are confident that the Company will be able to deliver a successful RIAT22.

**BUSINESS REVIEW AND FINANCIAL KEY PERFORMANCE INDICATORS**

Despite the cancellation of RIAT 20 and RIAT 21, RAFCTE remains confident about its future prospects. The Company's recorded loss in the period has prevented it making any donation to its parent charity and, as no public events were held in the accounting period covered by this report, no comment is provided concerning Key Performance Indicators.

**CONCLUSION**

The Board believes that past and continued efforts to develop and consolidate its financial base have now helped to ensure that the business remains a going concern, despite the impact of COVID-19 and the necessary cancellation of the 2020 and 2021 events. It confidently expects to stage RIAT 22 in July next year. The Company will continue to actively provide for the needs of RAFCT in promoting the Royal Air Force and inspiring the younger generation, and intends to continue to develop and consolidate its financial base for future years.

This report was approved by the board on

and signed on its behalf.



**A F Smith CBE FRAeS**  
Director

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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
**(A Company Limited by Guarantee)**

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**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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The directors present their report and the financial statements for the year ended 30 September 2021.

**Directors' responsibilities statement**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Results**

The result for the year, after taxation and the donation to RAFCT, amounted to a loss of £1,852,310 (*September 2020: £139,355 loss*).

**Directors**

The directors who served during the year were:

A F Smith CBE FRAeS (Chairman)  
P A Atherton OBE  
C Basnett CBE  
MA C Bell  
S L Gunion (resigned 5 January 2021)  
C Rogers  
R B Hoyle  
S Lindsell  
K McKinley  
S Oldfield (appointed 16 September 2021)  
G Gager (appointed 1 June 2021)

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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
(A Company Limited by Guarantee)

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**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**Charitable donations**

During the period the Company made the following contributions:

	2021 £	2020 £
<b>Charitable</b>	-	1,500
<b>Individual Contributions were:</b>		
Fairford Town and Football Club	-	1,500

**Qualifying third party indemnity provisions**

A qualifying third party indemnity provision for the benefit of the directors was in force during the financial year.

**Matters covered in the strategic report**

Under s414C(11), the strategic report contains a fair review of the business; the principal risks and uncertainties faced by the business; and the key financial and non-financial performance indicators as considered by the board of directors. This information is therefore excluded from the Directors' report.

**Disclosure of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

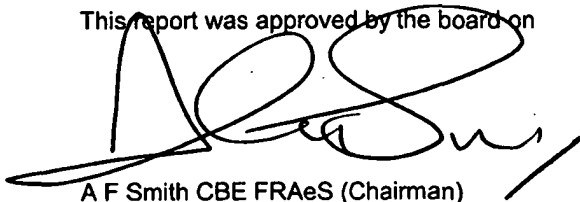
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

**Auditor**

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on

and signed on its behalf.



A F Smith CBE FRAeS (Chairman)  
Director

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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
(A Company Limited by Guarantee)

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ROYAL AIR FORCE  
CHARITABLE TRUST ENTERPRISES**

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**Opinion**

We have audited the financial statements of The Royal Air Force Charitable Trust Enterprises (the 'company') for the year ended 30 September 2021, which comprise the Statement of income and retained earnings, the Statement of financial position, the Statement of cash flows and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

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

**Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ROYAL AIR FORCE  
CHARITABLE TRUST ENTERPRISES (CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

**Opinion 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

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

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

- adequate accounting records have not been kept, 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
**(A Company Limited by Guarantee)**

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ROYAL AIR FORCE  
CHARITABLE TRUST ENTERPRISES (CONTINUED)**

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**Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management and completeness of income. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases and designing audit procedures to test the timing of income.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
**(A Company Limited by Guarantee)**

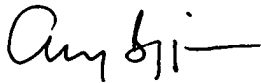
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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE ROYAL AIR FORCE  
CHARITABLE TRUST ENTERPRISES (CONTINUED)**

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**Use of our report**

This report is made solely to the 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 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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Guy Biggin (Senior Statutory Auditor)

for and on behalf of  
**Crowe U.K. LLP**

Statutory Auditor

Fourth Floor  
St James House  
St James Square  
Cheltenham  
GL50 3PR  
Date: 23 June 2022

**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
(A Company Limited by Guarantee)

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	Year ended 30 September 2021 £	7 months ended 30 September 2020 £
Turnover	4	234,381	433,680
Cost of sales		(140,406)	(523,187)
<b>Gross profit/(loss)</b>		<b>93,975</b>	<b>(89,507)</b>
Administrative expenses		(2,311,230)	(1,624,499)
Other operating income	5	364,638	1,569,104
<b>Operating loss</b>		<b>(1,852,617)</b>	<b>(144,902)</b>
Interest receivable	9	307	5,944
Interest payable	10	-	(397)
<b>Loss before tax</b>		<b>(1,852,310)</b>	<b>(139,355)</b>
Tax on loss		-	-
<b>Loss after tax</b>		<b>(1,852,310)</b>	<b>(139,355)</b>
Retained earnings at the beginning of the year		266,002	405,357
Loss for the year		(1,852,310)	(139,355)
<b>Retained earnings at the end of the year</b>		<b>(1,586,308)</b>	<b>266,002</b>

The notes on pages 14 to 27 form part of these financial statements.

**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
**(A Company Limited by Guarantee)**  
**REGISTERED NUMBER: 02190393**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible fixed assets		1,183,401	1,260,208
<b>Current assets</b>			
Stocks	13	96,693	-
Debtors: amounts falling due within one year	14	1,157,710	957,050
Cash at bank and in hand	15	3,894,757	4,253,795
		<u>5,149,160</u>	<u>5,210,845</u>
Creditors: amounts falling due within one year	16	(4,994,869)	(4,100,551)
<b>Net current assets</b>		<u>154,291</u>	<u>1,110,294</u>
<b>Total assets less current liabilities</b>		<u>1,337,692</u>	<u>2,370,502</u>
Creditors: amounts falling due after more than one year	17	(1,224,000)	(2,104,500)
<b>Net assets</b>		<u><u>113,692</u></u>	<u><u>266,002</u></u>
<b>Capital and reserves</b>			
Capital contribution	19	1,700,000	-
Profit and loss account	19	(1,586,308)	266,002
		<u><u>113,692</u></u>	<u><u>266,002</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



**A F Smith CBE FRAeS (Chairman)**  
**Director**

**P A Atherton**  
**Director**

The notes on pages 14 to 27 form part of these financial statements.

**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	2021 £	2020 £
<b>Cash flows from operating activities</b>		
Loss for the financial year	(1,852,310)	(139,355)
<b>Adjustments for:</b>		
Depreciation of tangible assets	78,075	62,209
Government grants	(364,638)	(343,984)
Interest paid	-	397
Interest received	(307)	(5,944)
(Increase) in stocks	(96,693)	-
(Increase)/decrease in debtors	(200,660)	185,711
Increase/(decrease) in creditors	1,737,191	(1,369,946)
(Decrease) in amounts owed to groups	(1,123,373)	-
<b>Net cash used in operating activities</b>	<b>(1,822,715)</b>	<b>(1,610,912)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(1,268)	(2,925)
Government grants received	364,638	343,984
Interest received	307	5,944
Sale of short term unlisted investments	-	2,500,000
<b>Net cash from investing activities</b>	<b>363,677</b>	<b>2,847,003</b>
<b>Cash flows from financing activities</b>		
New secured loans	-	1,530,000
Repayment of loans	-	(32,099)
Repayment of other loans	(600,000)	-
Interest paid	-	(397)
Capital contribution from parent	1,700,000	-
<b>Net cash used in/generated by financing activities</b>	<b>1,100,000</b>	<b>1,497,504</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(359,038)</b>	<b>2,733,595</b>
Cash and cash equivalents at beginning of year	4,253,795	1,520,200
<b>Cash and cash equivalents at the end of year</b>	<b>3,894,757</b>	<b>4,253,795</b>

**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
(A Company Limited by Guarantee)

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	2021 £	2020 £
<b>Cash and cash equivalents at the end of year comprise:</b>		
Cash at bank and in hand	3,894,757	4,253,795
	<u>3,894,757</u>	<u>4,253,795</u>

**ANALYSIS OF NET DEBT**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	At 1 October 2020 £	Cash flows £	At 30 September 2021 £
Cash at bank and in hand	4,253,795	(359,038)	3,894,757
Debt due after 1 year	(2,104,500)	600,000	(1,504,500)
Debt due within 1 year	(25,500)	-	(25,500)
	<u>2,123,795</u>	<u>240,962</u>	<u>2,364,757</u>

The notes on pages 14 to 27 form part of these financial statements.

**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
(A Company Limited by Guarantee)

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Capital contribution £	Profit and loss account £	Total equity £
At 1 October 2020	-	266,002	266,002
<b>Comprehensive income for the year</b>			
Loss for the year	-	(1,852,310)	(1,852,310)
Investment from parent	1,700,000	-	1,700,000
<b>At 30 September 2021</b>	<b>1,700,000</b>	<b>(1,586,308)</b>	<b>113,692</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Profit and loss account £	Total equity £
At 1 March 2020	405,357	405,357
<b>Comprehensive income for the year</b>		
Loss for the period	(139,355)	(139,355)
<b>At 30 September 2020</b>	<b>266,002</b>	<b>266,002</b>

The notes on pages 14 to 27 form part of these financial statements.



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**THE ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES**  
(A Company Limited by Guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2021**

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**1. General information**

The Royal Air Force Charitable Trust Enterprises is a private company limited by guarantee and is domiciled in the United Kingdom. Each of the members are liable to contribute an amount not exceeding £5 towards the assets of the company in the event of liquidation. The Royal Air Force Charitable Trust Enterprises is registered as a company in England and Wales (registered no. 02190393).

The address of its registered office is Douglas Bader House, Horcott Hill, Fairford, Gloucestershire, GL7 4RB.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

**2.2 Going concern**

The emergence of the Covid-19 has brought unprecedented uncertainty and Challenges through the cancellation of RIAT 2020 and 2021, the company's main source of external revenue in each year.

Nevertheless, substantial work has been performed in the period since the cancellation which the Directors are pleased to report has stabilised the current financial position. Planning continues for RIAT 2022, with considerable support from and engagement with our stakeholders: our Volunteers; the Public; Corporate customers and Military Air Arms. In Sept 2021, the parent Trust, RAFCT, made a capital contribution of £1.7m in the financial year ending 30 September 2021 which has enabled the Board to confirm with confidence that the business remains a going concern and is well placed to deliver a world class event in 2022.

This has enabled the Directors to take the view that the company is able to continue as a going concern as we plan for RIAT 2022 and beyond. The Directors remain confident that RIAT 2022 can evolve to meet the prevailing regulations and conditions we will face in July 2022. There of course remains a risk that RIAT 2022 might still face cancellation in these uncertain times; however with the continuing support of our stakeholders, the Directors believe that we will continue to have access to sufficient cash to remain solvent. Accordingly, the going concern basis continues to be adopted in preparing the financial statements.

**2.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Turnover is recognised at the point at which the company has fulfilled its contractual obligations to the customer.

**2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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**2. Accounting policies (continued)**

**2.4 Tangible fixed assets (continued)**

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property	- over 50 years
Motor vehicles	- over 5 years
Fixtures & fittings	- over 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

**2.5 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.6 Debtors**

Trade debtors, intercompany debtors and accrued income are measured at the settlement amount due after any impairments. Prepayments are valued at the moment pre-paid net of any trade discounts due.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions.

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**2. Accounting policies (continued)**

**2.8 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade debtors and other debtors, creditors, loans from banks and loans from related parties.

Basic financial assets and liabilities that are payable or receivable within one year, typically trade debtors or creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received.

**2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at the amortised cost using the effective interest method.

Concessionary loans are initially measured at transaction price, and are measured subsequently at amortised cost using the effective interest method.

**2.10 Government grants**

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

**2.11 Operating leases: Lessee**

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the period of the lease.

**2.12 Pensions**

**Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in other creditors as a liability in the Statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

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**2. Accounting policies (continued)**

**2.13 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of income and retained earnings in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date, of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

**2.14 Termination benefits**

Redundancy and termination costs are accounted for on an accruals basis when the commitment to terminate a post on the grounds of redundancy has been made.

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**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

**3.1 Useful economic lives of tangible assets**

The annual depreciation charge for the tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 12 for the carrying amount of tangible assets and Note 2.4 for the useful lives for each class of asset.

**3.2 Recoverability of debtors**

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See Note 14 for the net carrying amount of the debtors.

**3.3 Historic accruals**

In the instances where invoices are not received in relation to services that have been provided to The Royal Air Force Charitable Trust Enterprises, the company makes an estimate of the expected cost to the company. When assessing the value of these accruals/provisions, management considers previous invoices relating to similar services and discussions held with the third parties in relation to the expected costs. Where invoices have not been received for 2 years, the accruals and provisions are written down over 5 years. When invoices are received/payments are made, the corresponding accrual is released to the Statement of income and retained earnings. See Note 16 for inclusion of the year end accruals/provisions.

**3.4 Stock provision**

It is necessary to consider the recoverability of the cost of finished goods and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods, see Note 13.

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**4. Analysis of turnover**

The turnover and profit before tax are mostly attributable to the principal activity of the company being the Royal International Air Tattoo (RIAT), along with other streams of income which are shown below:

	Year ended 30 September 2021 £	7 months ended 30 September 2020 £
Royal International Air Tattoo (RIAT)	-	379,611
Consultancy income	11,570	38,285
Trading income	165,189	7,618
Other income	57,622	8,166
	<u>234,381</u>	<u>433,680</u>

All turnover arose within the United Kingdom.

**5. Other operating income**

	Year ended 30 September 2021 £	7 months ended 30 September 2020 £
Government grants receivable	364,638	343,984
Insurance claims receivable	-	1,225,120
	<u>364,638</u>	<u>1,569,104</u>

Government grants receivable relates to the Coronavirus Job Retention Scheme (CJRS) income received during the financial period.

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**6. Auditor's remuneration**

	Year ended 30 September 2021 £	7 months ended 30 September 2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	11,950	11,950
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Non-audit services	<u>2,210</u>	<u>4,000</u>

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	Year ended 30 September 2021 £	7 months ended 30 September 2020 £
Wages and salaries	1,532,095	1,049,687
Social security costs	138,410	105,151
Pension costs	87,858	54,800
	<u>1,758,363</u>	<u>1,209,638</u>

The Senior Management Team of the company are deemed to be the directors. The remuneration for this team, including social security costs, amounted to £624,715 (7 months ended 30 September 2020: £334,430).

In addition to wages and salaries are costs totalling £55,575 (7 months ended 30 September 2020: £9,027) incurred in relation to self employed contractors.

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**7. Employees (continued)**

The average monthly number of employees, including the directors, during the year was as follows:

	Year ended 30 September 2021 No.	7 months ended 30 September 2020 No.
Administration	39	45
Temporary	-	4
	<u>39</u>	<u>49</u>

**8. Directors' remuneration**

	Year ended 30 September 2021 £	7 months ended 30 September 2020 £
Directors' emoluments	529,974	281,430
Company contributions to pension schemes	34,910	19,354
	<u>564,884</u>	<u>300,784</u>

During the year retirement benefits were accruing to 5 directors (*7 months ended 30 September 2020: 4*) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £153,727 (*7 months ended 30 September 2020: £92,484*). No contributions (*7 months ended September 2020: £nil*) were made into the defined contribution pension scheme for this director by the company.

Included within Directors' remuneration are termination payments totalling £85,353 (*7 months ended September 2020: £Nil*). These amounts relate to agreements made to end employment contracts. There was £nil outstanding at the year end (*2020: £nil*).



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**9. Interest receivable**

	<b>Year ended 30 September 2021 £</b>	<b>7 months ended 30 September 2020 £</b>
Bank interest receivable	<b>307</b>	<b>5,944</b>

**10. Finance costs**

	<b>Year ended 30 September 2021 £</b>	<b>7 months ended 30 September 2020 £</b>
Bank interest payable	<b>-</b>	<b>397</b>

**11. Taxation**

No provision is included for any potential tax liability arising on the company's results for the year.

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**12. Tangible fixed assets**

	Freehold land & buildings £	Motor vehicles £	Fixtures & fittings £	Total £
<b>Cost</b>				
At 1 October 2020	1,663,394	52,763	645,540	2,361,697
Additions	-	-	1,268	1,268
At 30 September 2021	1,663,394	52,763	646,808	2,362,965
<b>Depreciation</b>				
At 1 October 2020	488,806	32,337	580,346	1,101,489
Charge for the year on owned assets	23,714	5,846	48,515	78,075
At 30 September 2021	512,520	38,183	628,861	1,179,564
<b>Net book value</b>				
At 30 September 2021	1,150,874	14,580	17,947	1,183,401
At 30 September 2020	1,174,588	20,426	65,194	1,260,208

Included within freehold land and buildings is land of £477,550 (2020: £477,550).

**13. Stocks**

	2021 £	2020 £
Finished goods and goods for resale	96,693	-
	96,693	-

Stocks are stated after a provision of £6,781 (2020 - £89,636)

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**14. Debtors**

	2021 £	2020 £
Trade debtors	394,763	100,756
Amounts owed by group undertakings	10,101	-
Prepayments and accrued income	752,846	856,294
	<u>1,157,710</u>	<u>957,050</u>

**15. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	<u>3,894,757</u>	<u>4,253,795</u>

**16. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Bank loans	306,000	25,500
Trade creditors	78,451	49,035
Amounts owed to group undertakings	-	1,123,373
Corporation tax	63,379	63,379
Other taxation and social security	88,810	203,605
Other creditors	13,764	16,010
Accruals and deferred income	4,444,465	2,619,649
	<u>4,994,869</u>	<u>4,100,551</u>

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**17. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Bank loans	1,224,000	1,504,500
Other loans	-	600,000
	<u>1,224,000</u>	<u>2,104,500</u>

**Secured Loan**

The bank loan totalling £1,530,000 is from Barclays Bank and is secured by a mortgage debenture incorporating a first legal charge over the freehold property and land at Douglas Bader House, Horcott Hill, Fairford, Gloucestershire, GL7 4RB. £25,500 is due for repayment no later than 30 September 2021. The net book value of the freehold land and property at the year end was £1,150,875 (2020: £1,174,588). An interest rate of 2.75% is applied to the balance of the fixed rate loan facility of £1,530,000.

**Concessionary Loan**

During 2016 it was agreed that the £600,000 loan from The Royal Air Force Charitable Trust (RAFCT) was to be converted into a Programme Related Investment, and therefore a concessionary loan for the company given that it was provided from RAFCT to further their charitable aims.

On 6th July 2021, RAFCTE repaid fully the concessionary loan to RAFCT.

**18. Loans**

Analysis of the maturity of loans is given below:

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Bank loans	306,000	25,500
<b>Amounts falling due 2-5 years</b>		
Bank loans	1,224,000	1,224,000
Other loans	-	600,000
<b>Amounts falling due after more than 5 years</b>		
Bank loans	-	280,500
<b>Total loans</b>	<u>1,530,000</u>	<u>2,130,000</u>

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**19. Reserves**

**Other reserves**

This reserve relates to a £1.7m capital contribution made by RAFCT to RAFCTE during the year.

**Profit and loss account**

This reserve includes all current and prior year retained profits and losses.

**20. Pension commitments**

The pension cost charge for the year represents contributions payable by the company to the defined contribution scheme and amounted to £87,858 (*7 months ended 30 September 2020: £54,800*). Contributions totalling £13,764 (*2020: £16,010*) were payable to the scheme at the end of the year and are included in creditors.

**21. Commitments under operating leases**

At 30 September 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	-	1,770

Total lease payments recognised as an expense in the year amounted to £1,170 (*7 months ended 30 September 2020: £2,065*)

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**22. Related party transactions**

**Royal Air Force Charitable Trust (RAFCT)**

The Royal Air Force Charitable Trust is the company's ultimate parent. See note 23 for further details. During the year, RAFCTE were reimbursed costs of £103,445 (*7 months ended 30 September 2020: £55,406*) which were paid on behalf of RAFCT. There was an outstanding balance of £10,101 due from RAFCT at year end, (*2020: £1,123,373 due to RAFCT*)

**Scampton Airshow Limited (SAL)**

Both Scampton Airshow Limited and RAFCTE are 100% subsidiaries of The Royal Air Force Charitable Trust and are therefore part of the same group. Scampton Airshow Limited was dormant throughout the year.

**Royal Air Tattoo Flying Scholarships For Disabled People**

The company has a close relationship with the Royal International Air Tattoo Flying Scholarships For Disabled People and through it the Royal International Air Tattoo from which it derives its name.

During the year the charity paid £7,000 (*7 months ended 30 September 2020: £4,083*) to reimburse RAFCTE for costs incurred on behalf of the Charity. There was an outstanding balance of £Nil (*2020: £nil*) at the year end.

There were no other related party transactions during the year (*7 months ended 30 September 2020: None*).

**23. Ultimate parent undertaking and controlling party**

The parent undertaking of the smallest and largest group for which consolidated financial statements are prepared is The Royal Air Force Charitable Trust, the company's sole member, a charity registered in England and Wales. A copy of the charity's consolidated financial statements are available from the Charity Commission.