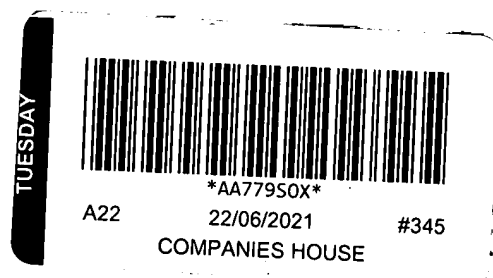


Registered number: 02190393

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

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020



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

COMPANY INFORMATION

Directors	A F Smith CBE FRAeS (Chairman) P A Atherton C Basnett CBE MA C Bell S L Gunion (resigned 5 January 2021) C Rogers R B Hoyle S Lindsell K-McKinley
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Company secretary	C A Murray OBE
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Registered number	02190393
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Registered office	Douglas Bader House Horcott Hill Fairford Gloucestershire GL7 4RB
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Independent auditor	Crowe U.K. LLP Carrick House Lypiatt Road Cheltenham Gloucestershire GL50 2QJ
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Banker	Barclays Bank PLC 18 Southgate Street Gloucestershire GL1 2DH
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Solicitor	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)

STRATEGIC REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Introduction

Royal Air Force Charitable Trust Enterprises (RAFCTE) is a company limited by guarantee and is the commercial and principal fundraising arm of 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.

The Directors present their strategic report for the year ended 30 September 2020.

Principal risks and uncertainties

	2020	2019/20	2018/19	2017/18	2016/17
Turnover	£433,680	£11,568,955	£13,035,513	£10,835,365	£9,830,314
Turnover (Fall)/Growth	(94%)	(11%)	(20%)	10%	11%
Profit/(Loss) after tax	(£139,355)	£846,022	£1,250,579	£1,076,394	£981,305
PaT/(LaT) Margin	(32%)	8%	10%	10%	10%
Donation to RAFCT	£0	£1,123,373	£1,250,579	£1,225,000	£1,002,095

The decision to cancel RIAT 20 as a result of the COVID-19 pandemic was publically announced on 20 March 2020. The Board took the view at that time that an early cancellation was essential to avoid the potential risk to public health; a position that was justified when a national 'lockdown' came into force the following week. Furthermore, an early decision to cancel ensured that the Company limited its financial exposure by avoiding the need to make contractual commitments with suppliers. In reaching the decision, as well as having customers' safety in mind, the Board had to ensure that the business remained solvent and could continue to trade to deliver RIAT 21 and future events. Whilst doing so, the Board strongly believed that the loyalty of its public and corporate customers should be recognised, and that it was essential that they be offered the option of either a RIAT 20 refund or a roll-over of their tickets and fees to RIAT 21. Alongside showing good faith to our customers, the Board also recognised that we should work closely with our highly valued suppliers to ensure, as far as the Company possibly could, that they should also be supported and helped to continue to be part of RIAT 21 delivery. The response from all stakeholders was extremely positive and approximately 70% of the public decided to roll-over their tickets to RIAT 21; all our sponsors decided to roll-over and the majority of our suppliers who had received advanced deposits agreed to carry them over to 2021.

Notwithstanding this remarkable display of commitment and confidence in both the Company and the event, immediate action was taken to reduce expenditure and to take maximum advantage of the Government's Coronavirus Job Retention Scheme (CJRS). Wherever possible staff were furloughed and non-essential expenditure was put on hold. The cancellation decision also served to focus the Board's attention on the inconsistency with the timing of the trading company's major event (RIAT) and the end of its financial accounting period (28 February) some seven months after that event. It was therefore agreed to align the accounting period with the main activity of the Company and, consequently, the financial year end was changed to 30 September; hence, the reason for this reduced accounting period.

Although running RIAT, the UK's largest military airshow, is the Company's principal activity, it also normally offers consultancy services to other airshows and had also planned to stage two concerts in March 2020. Owing to the COVID-19 pandemic, these concerts and supported airshows were also regrettably cancelled.

RIAT 20 was to be the 50th Anniversary of the Air Tattoo and, as such, a number of celebratory activities had been planned. One significant venture was the creation and publication of a 50th Anniversary book. The planning for the book had been ongoing for some time, but work to ensure its publication and create appropriate marketing activity commenced in March with the intent of launching the book in July. Customers were invited to

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

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

pre-order and this generated income.

With no event in the summer, the Company quickly put its mind to developing an online offer for its stakeholders. It was decided to hold a virtual Air Tattoo (vAT) over the RIAT weekend in July. Featuring interviews, historic footage, new RAF, international and industry material, along with 'virtual' flying displays through the support of Virtual Airshows, the event proved a great success. The vAT also provided us with an opportunity to sell vAT merchandise as well as launch tickets for the RIAT 21 event. The event received an excellent response although did not raise significant income as sponsorship opportunities were limited and the Board decided to deliver the event free of charge to the public in recognition of their loyalty and support. It is now likely that this virtual activity will become an annual occurrence.

Throughout the accounting period work was undertaken to scope what a COVID-safe RIAT 21 would look like. Several early event models were developed to enable the Company to adapt to whatever restrictions might be in place at the time of delivery, assuming public gatherings would be permitted by July 21. Throughout this work, we worked closely with the Local Authority's Event Safety Advisory Group which included representation from Public Health England. In the planning, safety remained the Company's number one priority and all key processes, risk assessments and documentation were again under review; where relevant, external subject matter experts were involved. As it transpired, the COVID pandemic necessitated the cancellation of RIAT 21 in February 2021. The Company remains totally compliant with the Military Aviation Authority and Civil Aviation Authority Regulations and often exceeds the stringent requirements imposed to ensure that our proud safety record is maintained.

Notwithstanding the financial challenges imposed due to the cancellation of RIAT 20, the business remained in a good financial position. As in previous years, the business' principal financial instruments comprise bank balances, trade debtors, trade creditors, and loans to the business. Continuing Government support through the CJRS and the previously arranged Coronavirus Business Interruption Loan Scheme (CBILS) has been extremely helpful during the period and the Company has received CJRS funding of £343,984 through to the end of September 2020. In addition, following the cancellation of RIAT 20 RAFCTE also received insurance recoveries totalling £1,225,120. These funds and financial instruments helped to maintain the Company's operations through the ongoing crisis and have enabled the business to continue to manage the liquidity risk by maintaining a balance between the continuity of funding and flexibility through the availability of adequate cash reserves.

In January 2021, Government announced a third national COVID lockdown and the second wave of the pandemic presented the Company with unprecedented challenges. Again, to reduce our financial exposure, a decision was taken by the Board on 12 February 2021 to cancel RIAT 21; this was announced publicly on 16 February 2021. This second consecutive cancellation placed significant pressure upon the business and a 'minimise' approach was taken on all expenditure. The Company's cash position was challenging and the Board were forced to take some significant measures. Whilst the assistance provided from the CJRS scheme undoubtedly helped it was deemed necessary to restructure the organisation to reduce the ongoing overhead. All internal investment was withdrawn and expenditure reduced to the bare minimum. Once again, both our public customer and sponsor base demonstrated their loyalty and support for the organisation and event; only 10% of public ticket holders asked for a refund whilst the majority of sponsors agreed to roll-over their funding to RIAT 22. Similarly, our supplier base showed similar support and loyalty. Of necessity, the Company had to draw upon deferred income to support its ongoing overheads and it also became known that insurance cover for a cancellation arising from communicable diseases including COVID-19 would no longer be available. Significantly, in recognition of the value placed in its trading company, in May 2021, the parent Trust, RAFCT, agreed to make a Capital Contribution of £1.7M in financial year 2020/2021 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.

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

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

STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

RIAT 20 and RIAT 21 through to RIAT 22. The Board extends its thanks to each of the suppliers that has made 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 Trust, in June 2020 additional funding of £1.53M was put in place under the government-backed Coronavirus Business Interruption Loan Scheme (CBILS) on a 6-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 RIAT 22, at which the 50th Anniversary can be belatedly recognised.


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 them 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. The Board confidently expects to stage RIAT 22 in July next year. The Company will continue in future to actively provide for the needs of its parent Trust, the RAFCT, in promoting the Royal Air Force and inspiring the younger generation. The Board intends to continue to develop and consolidate its financial base for future years.

This report was approved by the board on 9 June 2021 and signed on its behalf.



A F Smith CBE FRAeS
Director

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

DIRECTORS' REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

The directors present their report and the financial statements for the period ended 30 September 2020.

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 £139,355 (*February 2020: £846,022 profit*).

Directors

The directors who served during the period were:

A F Smith CBE FRAeS (Chairman)
P A Atherton OBE
C Basnett CBE
MA C Bell
S L Gunyon (resigned 5 January 2021)
C Rogers
R B Hoyle
S Lindsell
K McKinley

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

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Charitable donations

During the period the Company made the following contributions:

	2020 £	2019/20 £
Charitable	1,500	1,132,573
Individual Contributions were:		
The Royal Air Force Charitable Trust	-	1,123,373
Other donations:		
Lechlade Lions	-	2,000
Cirencester Rotary Club	-	5,500
British American Committee	-	1,200
Support to local Village Halls	-	500
Fairford Town and Football Club	1,500	-

Future developments

RAF Fairford continues to be used for its primary role as a USAF forward operating base and continues to host several operational deployments throughout the year. The base presently has a detachment of a sensitive reconnaissance aircraft and support personnel. RAFCTE will continue to work collaboratively with the base to adapt to a likely increasing operational tempo. While there will inevitably be delivery challenges, contingency planning is underway to mitigate known risks and the Company anticipates being able to host RIAT at RAF Fairford for the foreseeable future. The Company and RAFCT are extremely grateful for the USAF's invaluable and ongoing support for the Air Tattoo.

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.

Post balance sheet events

On 12 February 2021, the Board announced the cancellation of RIAT 21 due to the COVID-19 pandemic. The Directors have evaluated the financial consequences and, largely due to an agreed Capital Contribution of £1.7m from its parent charity, believe the business remains a going concern and will be able to stage RIAT 22 in July

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

DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

next year. In forming this opinion, the directors recognise the benefits of Government COVID-19 financial support initiatives and the continuing support of its customers, suppliers, insurers and financial advisors. The Company currently expects there to be a loss of £1.7m for the year ended 30 September 2021.. See note 23 for more details.

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 9 June 2021 and signed on its behalf.



A F Smith CBE FRAeS (Chairman)
Director

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

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

Opinion

We have audited the financial statements of The Royal Air Force Charitable Trust Enterprises (the 'company') for the period ended 30 September 2020, 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 2020 and of its loss 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 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

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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual 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.

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 period 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.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, 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.

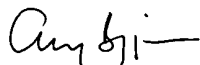
Auditor's responsibilities for the audit of the financial statements

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.

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

Use of our report

This report is made solely to the company's shareholders 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 shareholders 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 shareholders 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

Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ
Date: 16 June 2021

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

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Note	2020 £	2020 £
Turnover	4	433,680	11,568,955
Cost of sales		(523,187)	(7,843,899)
Gross (loss)/profit		(89,507)	3,725,056
Administrative expenses		(1,624,499)	(2,831,047)
Other operating income	5	1,569,104	-
Operating (loss)/profit		(144,902)	894,009
Interest receivable	9	5,944	20,592
Interest payable	10	(397)	(5,200)
(Loss)/profit before tax		(139,355)	909,401
Tax on (loss)/profit	11	-	(63,379)
(Loss)/profit after tax		(139,355)	846,022
Retained earnings at the beginning of the period		405,357	682,708
(Loss)/profit for the period		(139,355)	846,022
Gift aid donation		-	(1,123,373)
Retained earnings at the end of the period		266,002	405,357

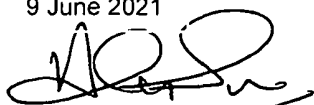
The notes on pages 14 to 27 form part of these financial statements.

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

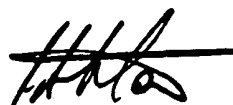
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	Note	30 September 2020 £	29 February 2020 £
Fixed assets			
Tangible assets	12	1,260,208	1,319,492
Current assets			
Debtors: amounts falling due within one year	13	957,050	1,142,761
Current asset investments	14	-	2,500,000
Cash at bank and in hand	15	4,253,795	1,520,200
		<u>5,210,845</u>	<u>5,162,961</u>
Creditors: amounts falling due within one year	16	(4,100,551)	(5,477,096)
Net current assets/(liabilities)		<u>1,110,294</u>	<u>(314,135)</u>
Total assets less current liabilities		<u>2,370,502</u>	<u>1,005,357</u>
Creditors: amounts falling due after more than one year	17	(2,104,500)	(600,000)
Net assets		<u><u>266,002</u></u>	<u><u>405,357</u></u>
Capital and reserves			
Profit and loss account	19	266,002	405,357
		<u><u>266,002</u></u>	<u><u>405,357</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 9 June 2021



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 PERIOD ENDED 30 SEPTEMBER 2020

	30 September 2020 £	29 February 2020 £
Cash flows from operating activities		
(Loss)/profit for the financial period	(139,355)	846,022
Adjustments for:		
Depreciation of tangible assets	62,209	118,851
Government grants	(343,984)	-
Interest paid	397	5,200
Interest received	(5,944)	(20,592)
Taxation charge	-	63,379
Decrease in debtors	185,711	261,416
(Decrease) in creditors	(1,369,946)	(80,747)
Increase/(decrease) in amounts owed to groups	-	(119,894)
Accrued gift aid donation	-	(1,123,373)
Net cash generated from operating activities	(1,610,912)	(49,738)
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,925)	(73,341)
Government grants received	343,984	-
Interest received	5,944	20,592
Sale of short term unlisted investments	2,500,000	500,000
Net cash from investing activities	2,847,003	447,251
Cash flows from financing activities		
New secured loans	1,530,000	-
Repayment of loans	(32,099)	(68,506)
Interest paid	(397)	(5,200)
Net cash used in financing activities	1,497,504	(73,706)
Net increase in cash and cash equivalents	2,733,595	323,807
Cash and cash equivalents at beginning of period	1,520,200	1,196,393
Cash and cash equivalents at the end of period	4,253,795	1,520,200

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

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	2020 £	2020 £
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	4,253,795	1,520,200
	<u>4,253,795</u>	<u>1,520,200</u>

ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	At 1 October 2019 £	Cash flows £	At 30 September 2020 £
Cash at bank and in hand	1,520,200	2,733,595	4,253,795
Debt due after 1 year	(600,000)	(1,504,500)	(2,104,500)
Debt due within 1 year	(32,099)	6,599	(25,500)
	<u>888,101</u>	<u>1,235,694</u>	<u>2,123,795</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)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see Note 3).

The company's ultimate parent undertaking is The Royal Air Force Charitable Trust, a charity registered in England, and therefore is part of a public benefit group.

During the financial period The Royal Air Force Charitable Trust Enterprises shortened its accounting period from 29 February 2020 to 30 September 2020 in order to align with the Company's project year. The Royal Air Force Charitable Trust Enterprises has the legal authority to shorten its year end in line with its governing documents. As such, these financial statements are prepared for the seven month period from 1 March 2020 to 30 September 2020 and are not directly comparable to the previous year's results.

The following principal accounting policies have been applied:

2.2 Going concern

With the emergence of the Covid-19 pandemic, 2020 has brought unprecedented uncertainty and challenges. RIAT 2020, the company's main source of external revenue in each year, was cancelled in March 2020, potentially putting at risk the future financial security of the company at that time. In January 2021, Government announced a third national lockdown and the second wave of the pandemic presented the Company with unprecedented challenges. The decision was taken by the board on 12 February 2021 to cancel RIAT 21. Indeed, even at the date of signing these financial statements, there continues to be a lack of clarity around the development of the pandemic and how that might impact events in 2021 and beyond.

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 May 2021, the parent Trust, RAFCT, agreed to make 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

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2. Accounting policies (continued)

2.2 Going concern (continued)

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.

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.

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2. Accounting policies (continued)

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

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.

2.13 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

2.14 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.

2.15 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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NOTES TO THE FINANCIAL STATEMENTS
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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 13 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.

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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:

	2020 £	2020 £
Royal International Air Tattoo (RIAT)	379,611	11,213,972
Consultancy income	38,285	132,914
Trading income	7,618	151,630
Other income	8,166	70,439
	<u>433,680</u>	<u>11,568,955</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2020 £
Government grants receivable	343,984	-
Insurance claims receivable	1,225,120	-
	<u>1,569,104</u>	<u>-</u>

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

6. Auditor's remuneration

	2020 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	11,950	13,930
Fees payable to the Company's auditor and its associates in respect of:		
Non-audit services	<u>4,000</u>	<u>2,210</u>

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7. Employees

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

	2020 £	2020 £
Wages and salaries	1,049,687	1,982,803
Social security costs	105,151	202,850
Pension costs	54,800	88,357
	<u>1,209,638</u>	<u>2,274,010</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 £334,430 (*February 2020: £671,681*).

In addition to wages and salaries are costs totalling £9,027 (*February 2020: £34,394*) incurred in relation to self employed contractors.

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

	2020 No.	2019 No.
Administration	45	42
Temporary	4	8
	<u>49</u>	<u>50</u>

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8. Directors' remuneration

	2020 £	2020 £
Directors' emoluments	281,430	570,030
Company contributions to pension schemes	19,354	32,185
	<u>300,784</u>	<u>602,215</u>

During the year retirement benefits were accruing to 4 directors (February 2020: 5) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £92,484 (*February 2020: £160,854*). No contributions (*February 2020: £nil*) were made into the defined contribution pension scheme for this director by the company.

Included within Directors' remuneration are ex-gratia payments totalling £nil (*February 2020: £12,500*). These amounts relate to agreements made to end employment contracts. There was £nil outstanding at the year end (*February 2020: £nil*).

9. Interest receivable

	2020 £	2020 £
Bank interest receivable	<u>5,944</u>	<u>20,592</u>

10. Finance costs

	2020 £	2020 £
Interest on bank loan	<u>397</u>	<u>5,200</u>

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11. Taxation

No provision is included for any potential tax liability arising on the company's profits for the year because the directors propose that a gift aid donation to the parent charity will be paid within 9 months of the Statement of financial position date at an amount sufficient to reduce any such potential tax liability to £Nil (February 2020: £63,379).

12. Tangible fixed assets

	Freehold land & buildings £	Motor vehicles £	Fixtures & fittings £	Total £
Cost				
At 1 March 2020	1,663,394	52,763	642,615	2,358,772
Additions	-	-	2,925	2,925
At 30 September 2020	1,663,394	52,763	645,540	2,361,697
Depreciation				
At 1 March 2020	474,974	28,928	535,378	1,039,280
Charge for the period on owned assets	13,832	3,409	44,968	62,209
At 30 September 2020	488,806	32,337	580,346	1,101,489
Net book value				
At 30 September 2020	1,174,588	20,426	65,194	1,260,208
At 30 September 2020	1,188,420	23,835	107,237	1,319,492

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

13. Debtors

	September 2020 £	February 2020 £
Trade debtors	100,756	518,784
Prepayments and accrued income	856,294	623,977
	957,050	1,142,761

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Current asset investments

	September 2020 £	<i>February 2020 £</i>
Fixed term deposit	-	2,500,000

15. Cash and cash equivalents

	September 2020 £	<i>February 2020 £</i>
Cash at bank and in hand	4,253,795	1,520,200

16. Creditors: Amounts falling due within one year

	September 2020 £	<i>February 2020 £</i>
Bank loans	25,500	32,099
Trade creditors	49,035	532,436
Amounts owed to group undertakings	1,123,373	1,123,373
Corporation tax	63,379	63,379
Other taxation and social security	203,605	198,647
Other creditors	16,010	1,783
Accruals and deferred income	2,619,649	3,525,379
	4,100,551	<i>5,477,096</i>

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

	September 2020 £	<i>February 2020 £</i>
Bank loans	1,504,500	-
Other loans	600,000	<i>600,000</i>
	<u>2,104,500</u>	<i><u>600,000</u></i>

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 £1,174,588 (*February 2020: £1,188,420*). 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.

The concessionary loan is interest free and unsecured, with no additional amounts committed at the year end not taken.

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18. Loans

Analysis of the maturity of loans is given below:

	September 2020 £	<i>February 2020 £</i>
Amounts falling due within one year		
Bank loan	25,500	32,099
Amounts falling due 2-5 years		
Bank loan	1,224,000	-
Concessionary loan	600,000	600,000
Amounts falling due after more than 5 years		
Bank loans	280,500	-
	<u>280,500</u>	<u>-</u>
Total loans	<u><u>2,130,000</u></u>	<u><u>632,099</u></u>

19. Reserves

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 period represents contributions payable by the company to the defined contribution scheme and amounted to £54,800 (*February 2020: £88,357*). Contributions totalling £16,010 (*February 2020: £1,783*) were payable to the scheme at the end of the year and are included in creditors.

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21. Commitments under operating leases

At 30 September 2020 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	September 2020 £	<i>February 2020 £</i>
Not later than 1 year	1,770	3,540
Later than 1 year and not later than 5 years	-	295
	<u>1,770</u>	<u>3,835</u>

Total lease payments recognised as an expense in the year amounted to £2,065 (*February 2020: £3,540*).

22. Related party transactions

Royal Air Force Charitable Trust (RAFCT)

The Royal Air Force Charitable Trust is the company's ultimate parent. See note 24 for further details.

During the year, RAFCTE were reimbursed costs of £55,406 (*February 2020: £102,434*) which were paid on behalf of RAFCT. There was an outstanding balance of £1,123,373 (*February 2020: £1,123,373*) due to RAFCT at the year end.

At the year end £Nil (*February 2020: £1,123,373*) was accrued in respect of gift aid payable 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 £4,083 (*February 2020: £7,575*) to reimburse RAFCTE for costs incurred on behalf of the Charity. There was an outstanding balance of £Nil (*February 2020: £nil*) at the year end.

There were no other related party transactions during the year (*February 2020: None*).

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23. Post balance sheet events

The cancellation of RIAT 21 was publicly announced on 16 February 2021. The Board took the view at that time that an early cancellation was essential to avoid the potential risk to public health from a 3-day event attended by a total of up to 170,000 people with aircraft participation typically from over 25 countries. Furthermore, no event cancellation insurance was available for communicable disease/COVID-19. The cancellation of RIAT 21 is a non-adjusting post balance sheet event. As a result of the cancellation of RIAT 21 post period end, the following has occurred:

Deferred Income

At the period end, the Company had a deferred income balance of £2,205,069. As a result of the cancellation of RIAT 21, £1,620,756 has been rolled over to RIAT 22. £406,834 is still in contract with customers and £177,479 has been refunded to customers.

Prepayments

At the period end, the Company had a prepayments balance of £455,077. As a result of the cancellation of RIAT 21, £103,122 has been released to the profit and loss in 2020/21, £8,040 has been refunded by our suppliers and £343,915 has been rolled over to RIAT 22.

Trade Debtors

At the period end, the Company had trade debtors of £100,756. Since then this amount has been settled in full.

24. 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.