

Charity Registration No. 1101948

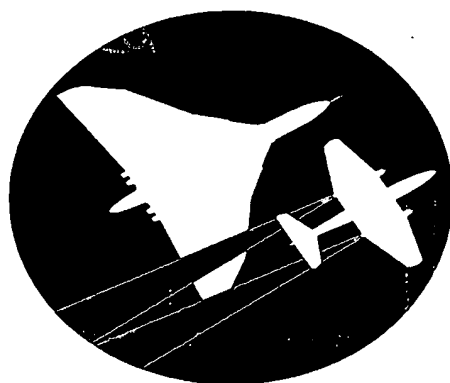
Company Registration No. 04478686 (England and Wales)

# REGISTRAR

## VULCAN TO THE SKY TRUST

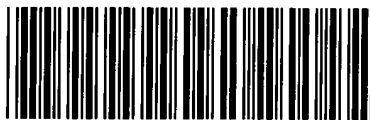
### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
31 OCTOBER 2021



**VULCAN TO THE SKY TRUST**  
HONOURING THE PAST, INSPIRING THE FUTURE

THURSDAY



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# **VULCAN TO THE SKY TRUST**

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# **VULCAN TO THE SKY TRUST**

## **TRUSTEES' REPORT**

### **FOR THE YEAR ENDED 31 OCTOBER 2021**

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#### **1. OBJECTIVES AND ACTIVITIES OF THE TRUST**

The principal objects of the Vulcan to the Sky Trust ("VTST", "the Trust") are to:

- (1) Preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to demonstrate and display her to the public and to conserve and return to full working order other aircraft and engineering artefacts in general which are of significant heritage interest and to maintain such in a purpose-built facility.
- (2) Advance the education of the general public in Avro Vulcan XH558, in aviation and engineering heritage, in its associated provenance, historical and social context and in the strategy of deterrence, for the benefit of British heritage, and historical knowledge.
- (3) Advance the education of the general public in Avro Vulcan XH558 and other aircraft and engineering artefacts in general of significant heritage interest, in their design, engineering and technologies, operational and maintenance processes and procedures; for the benefit of British heritage, and technical knowledge and conservation, by providing access to engineering demonstrations and practical activities.

The Trust provides these services throughout Great Britain.

#### Ensuring that VTST delivers on its objects

The Trust reviews its objectives and activities regularly throughout the year, looking at the success of its activities and the benefits that the Trust has brought to the public. The Trustees refer to the advice contained in the Charity Commission's general guidance on public benefit when deciding on its plans and activities. The particular public benefits generated from our work are detailed later in this report.

#### Background

Following a ten-year restoration project, Avro Vulcan XH558 ("XH558") returned to flight on 18<sup>th</sup> October 2007, having previously been grounded on 23<sup>rd</sup> March 1993 at the end of its RAF career. The Trust was granted approval by the Civil Aviation Authority ("CAA") to operate Vulcan XH558 under UK Civil Regulations on 2<sup>nd</sup> July 2008. The aircraft was granted a CAA Permit to Fly on 3<sup>rd</sup> July 2008, a condition of which was the continuing contractual support from the aircraft's Engineering Authority, Marshall Aerospace. This was a first for a Complex category ex-military aircraft on the UK Civil Register, and marked the successful completion of the world's most complex aircraft restoration project.

Subsequently, Vulcan XH558 was presented by the Trust to the public at air shows and events around the UK in each year following, supported by educational and interpretational activities.

In April 2011, XH558 flew in to Robin Hood Doncaster Sheffield Airport ("DSA"), and Hangar 3 there became its home operating base.

In January 2015, the Trust received notice from Marshall Aerospace, BAE Systems and Rolls-Royce that at the end of 2015, they would collectively be withdrawing the Engineering and Design Authority support required as a condition of the aircraft's Permit to Fly, thereby consequently bringing to the end the flying life of Vulcan XH558. The aircraft's final flight took place on Wednesday 28<sup>th</sup> October 2015 at Doncaster Sheffield Airport.

#### Future planning and its context

Grounded at DSA since autumn 2015, nevertheless Vulcan XH558 has been maintained in a safe ground-running and taxiing condition, and continues to attract much enthusiastic support from the public.

Until the beginning of 2017, the public were able to come to see XH558 in Hangar 3 at DSA on a pre-booked basis, receive educational guided tours of the aircraft, hear talks about the Vulcan and its history, and buy merchandise from an in-hangar shop. Much publicity was gained by offering the large space in the hangar for both private and corporate events "under the wings" of the Vulcan.

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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However, from the beginning of 2017, the Trust was forced to stop public visits because the airport required the hangar space for other uses. This effectively stopped the major revenue-earning activities of the Trust, and severely curtailed its main public benefit delivery activities. As a result of this forced cessation of public tours and events, the Trust had to rapidly restructure to match its costs with the much lower revenues expected.

In discussions with DSA, their management team were made aware of the impact the loss of Hangar 3 had on the VTST's business model and the loss of an appropriate environment to preserve an asset of significant heritage value. They decided to purchase land specifically to provide a site for a new hangar for this purpose from Anglian Water in April 2018. This was on the basis that the VTST would raise the necessary capital funding for the build.

Plans for a New Hangar were drawn up with significant help from local companies, Doncaster Municipal Borough Council and the Airport. In December 2017, the Trust received full planning approval for the new hangar from the council. DSA offered the Trust a lease on a site to build a new hangar specifically designed for its tour, event and engineering activities. Capital quotations were sought and an initial outline build cost of £4 million was set as a target, which due to the passage of time as set out below rose to £4.6 million.

A comprehensive business plan for the New Hangar was developed using the experience gained from the Trust's visitor and event activities in Hangar 3. This showed that the facility would be financially viable and could be an exciting new visitor attraction for South Yorkshire. The plan was independently tested and indeed re-visited with respect to likely visitor number impact in a post Covid-19 world.

Initially an investor came forward offering full funding in January 2018 but all efforts at due diligence and "know your customer" research failed to get satisfactory confirmation that the funds existed and reluctantly the VTST withdrew from the negotiations in March 2019 – 14 months had been lost.

The VTST Board then engaged in April 2019 with a commercial property developer based in Yorkshire who worked with investors who were looking to support a project with "Green" credentials and skills education objectives. A draft lease was provided by DSA but unfortunately the developer withdrew citing difficulties with the terms of the lease; 18 months had elapsed since the purchase of the land by DSA.

As DSA had no return on their investment, it was now vital that a new approach was found and with the assistance of interested parties, the VTST developed a modified funding model for the hangar. £2.4 million (52%) of the capital funding for the hangar build would be via a commercial mortgage (subject to negotiation) and the balance (£2.2 million) via a public appeal, "Operation Safeguard", and this was launched in October 2020. DSA instructed their lawyers to draw up an "Agreement for Lease" (AfL) in November 2020 that would form the full lease once funding was in place; the VTST received the first draft for review in June 2021 and, it was finally signed on the 19<sup>th</sup> October 2021. A condition of the AfL was a deadline that stated the funds needed to be in place by the 31<sup>st</sup> December 2021 or significant progress towards those funds being secured had been demonstrated.

Following a review into the progress of raising the necessary funds with DSA after 31<sup>st</sup> December 2021, the charity was informed that the deadline would not be extended, and the AfL had been terminated. All fund raising was stopped as, from this point, the VTST could not demonstrate tenure to the land.

In June 2022 the VTST signed a "parking lease" with DSA where the aircraft's tenure on site is secured until the end of June 2023 but we are now working on plans to move our aircraft to another site. The correspondence relating to this lease stated that "both aircraft will need to be taken off the airfield and removed from DSA by 30<sup>th</sup> June 2023".

In July 2022 we were informed that the Board of Doncaster Sheffield Airport had begun a review of strategic options for the Airport. The review follows lengthy deliberations by the Board of DSA which has reluctantly concluded that aviation activity on the site may no longer be commercially viable. It should be noted that our plans to move from the site pre-dated this announcement and so we believe we are not materially affected by this news, but we sought assurances from DSA to establish that their announcement does not affect our timeline for leaving the Airport.

When it became apparent that our future was likely to be away from DSA, we began the process of finding a safe and permanent home for XH558. We have explored various options and are now faced with the following:

- (1) Exploring with the relevant authorities the potential of a short ferry flight to a new home notwithstanding the fact that in 2017 this was deemed not possible by the CAA given the complex category of our Permit to Fly.
- (2) Dismantling the aircraft and rebuilding her with as much functionality as possible.

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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We have interested landlords for both options and the potential sites would all include excellent public access to the aircraft as a static exhibit in a New Hangar with as much functionality as possible. However, we fully understand that dismantling XH558 will end her days as a "live" airframe as defined by full engine functionality. WK163 will be moved to a site where restoration is possible – i.e., a live airfield with maintenance facilities.

As explained in note 23 of the financial statements, VTST may be required to repay some or all of a grant from the National Heritage Memorial Fund ("NHMF") in the event of the sale, disposal or mortgage charge of XH558 without prior approval of the NHMF. VTST met with the NHMF at the end of July 2022 who were fully briefed on our options and future plans. They continue to be supportive, but given our current agreement with them, they advised us to submit a project enquiry form that will enable them to support the VTST in assessing the options for relocation in the best interest of preserving the asset. If approved this would result in the existing arrangement being amended or replaced as necessary.

The Heritage Lottery Fund (HLF), in the form of its legal entity the National Heritage Memorial Fund (NHMF), maintains a charge over the Avro Vulcan XH558 on a reducing amount based on the HLF grant and the flying life of the aircraft, which is covered by the aircraft's Hull insurance. The contract between the VTST and the NHMF is for 80 years from 2005, requiring the Trust to deliver its public benefits based on the aircraft over this time. When XH558 finally ended its flying life, it had completed 346 hours flying since its return to flight in 2007, successfully exceeding its flying commitment to the NHMF of 250 flying hours.

#### Operation Safeguard

Income donated for "*Operation Safeguard*", in accordance with the terms and conditions of the appeal, was restricted for the purpose of building The Vulcan Experience at DSA. Following the termination of the AfL, The Vulcan Experience at DSA can no longer be built, which has therefore resulted in the Operation Safeguard appeal failing. We have taken legal advice from specialist lawyers in respect of this and followed their advice. We declared a "serious incident" with the Charity Commission, a statutory requirement in the event of a "failed appeal". Protocols have been followed where the failed appeal was publicly advertised and all donors were contacted and offered either a full refund or the opportunity to allow VTST to "retain" their donation.

In May 2022 63% of donors had responded with 89% agreeing to the VTST's retention of the donated funds. The charity applied to the Charity Commission to make a "Scheme" to allow these donations to be used in pursuance of its charitable objects. On the 21<sup>st</sup> June 2022 the Charity Commission authorised a Scheme which allows the trustees to use £323,400 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 for the benefit of the public and to demonstrate and display her to the public. These funds will therefore continue to be held in restricted funds.

The charity is currently liaising with the Charity Commission in relation to the options that will apply in respect of donations received from donors who have not responded to the invitation to either disclaim the funds or request a refund. It is intended to apply for a Scheme to enable any donations that are claimed to be used in pursuance of the charity's charitable objects.

As explained in note 1.5 of the financial statements, all income received in respect of Operation Safeguard up to 31<sup>st</sup> October 2021, has been recognised in these accounts (note 3) as restricted income, and includes income where donors have not responded to the charity's offer of a full refund or the opportunity to allow VTST to "retain" their donation. Donations which have been refunded after the year end, have been recognised in creditors (note 20).

#### Other Activities

The Trust, continues to plan for its future activity taking into account the current status. In accordance with its objects, the Trust broadened its scope and interests by the acquisition of another aircraft in May 2016; an important English Electric Canberra aircraft that broke the world altitude record in 1957.

The Trust's activities include charitable fundraising in many different ways to ensure that sufficient funds are available to allow the continuation of the Trust's public benefit delivery.

The Trust has become much more reliant on volunteer support. A team of appropriately-skilled volunteers has been trained as the Vulcan ground support team, to permit demonstrations of the aircraft with its engines and systems running, and slow taxiing under its own power while this still remains an option.

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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The Trust continues to carry out limited public benefit delivery activities at sites remote from the airport, including talks and presentations, and a presence at events such as air shows.

The Trust rents an industrial unit at DSA that also is the registered Head Office of the VTST – 4 Delta Court, Third Avenue, Doncaster Sheffield Airport, Doncaster DN9 3GN. This building is used for VTS Enterprises, the VTST's wholly owned retail subsidiary for merchandise stores, order fulfilment and also the management of all VTST fundraising fulfilment including donor and customer queries. It also houses small engineering bays, spares and stores required to keep Vulcan XH558 in full working order. Stores for Canberra WK163's restoration to flight and non-essential XH558 spares are managed in a separate location near to Stratford-upon-Avon. The administrative finance and HR functions is housed in serviced office space in Hinckley.

VTST's subsidiary, The Vulcan Operating Company Ltd ("VOC"), relinquished its CAA Maintenance Approvals in 2018, but is maintaining its safety management and quality procedures for heritage aircraft to ensure that XH558 can be operated safely.

VTST also has undertaken activities to provide interpretation of the aircraft under its care, and to educate a broad range of audiences on the Cold War: the Avro Vulcan and the English Electric Canberra including their history, design & engineering. These activities have included giving educational talks, and planning and providing school activities in line with the National Curriculum.

## 2. ACHIEVEMENTS AND PERFORMANCE OF THE TRUST

The move from Hangar 3 in February 2017 to a location which does not allow public access caused the suspension of much of the Trust's public benefit delivery activities. This has effectively put the Trust's future at risk because of the financial impact of the cessation of revenue earning tours and events.

Following this event, a significant restructure of the charity was undertaken, so that going forward the much-reduced cost structure can be sustained by the forecast level of income. The support of our current donors is fundamental to the charity's future until our new trading model is established in our planned new and permanent home.

### Public Benefit Delivery: Conservation of Avro Vulcan XH558 in full working order, and of other heritage aircraft and engineering artefacts

Vulcan XH558 continues to be maintained to the same servicing regime as when she was flying, with regular engine runs, systems tests and slow taxi movements. For safety, the explosives associated with the ejection seats and canopy gun have been removed, but in all other aspects, Vulcan XH558 remains serviceable. Annual services were carried out on XH558 in 2021 and again in early 2022. For avoidance of doubt – moving XH558 to a new site may involve dismantling and rebuilding the airframe and the functionality will be much reduced with no live engines.

In May 2016 the Trust acquired an important English Electric Canberra aircraft, serial number WK163, together with a large amount of spare equipment including engines. An initial survey showed that the aircraft is in generally good shape, however there are some areas of corrosion on the fuselage, and the cockpit requires a complete rebuild (or possibly replacement with another complete cockpit). Also, the five Avon 100-series engines acquired at the same time need a full service, and the completion of a series of Mandatory Permit Directives required on these engines by the CAA.

In November 2020, the Trust purchased a second Canberra, WT327, at auction in the USA that included WK163's original cockpit which brings both a significant technical benefit and a very fortuitous heritage provenance. The Trust plans to repatriate this aircraft to the UK when funding allows and to store it until the restoration of WK163 begins. Of note, this restoration will not begin until the new hangar and permanent home for XH558 is secured.

This project will be the subject of a separate specific targeted fundraising campaign specifically to achieve the series of milestones that will result in a return to flight for WK163.

The Trustees are very grateful for the continuing support from the following:

- All the Trust's volunteers, who performed important roles in support of the important hangar tour, merchandising and web store activities, in support of engineering and logistics activities, and in promoting the Trust and its activities around the country, including fundraising.

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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- The public who have consistently supported the project as evidenced in the donations to Operation Safeguard.
- Doncaster Sheffield Airport, Doncaster Metropolitan Borough, The Doncaster Chamber of Commerce, and the many local and regional businesses who have offered support.
- The Founding Guardians, who were members of the now-disbanded Vulcan to the Sky Club, who have given freely their time, effort and commitment at air shows and other fundraising events, and the "Friends" of the Trust and members of the general public, whose support has been vital.

#### Public Benefit Delivery: Presentation of Avro Vulcan XH558 at air displays and other outside events

The Vulcan was seen by many millions of people during the eight years that the aircraft was flying, and by the end of its flying life XH558 had become quite famous. The Trustees remain pleased at the positive effect of the aircraft on spectators, especially on the young, and are delighted that so many happy memories have been laid down.

Following the end of flying, the Trust has worked with the Airport to establish an agreed method and risk assessment for ground-running the Vulcan with spectators present.

Over the period, the Trust marketed and delivered opportunities for paying visitors to experience the sights and sounds of the Vulcan during its monthly ground runs in the summer months, and latterly at her parking site.

The Trust used the opportunities presented by the regular monthly anti-deterioration engine ground runs of the Vulcan to offer close-up demonstrations of the aircraft as she exercises her engines and systems to supporters. The Trust is also now able to demonstrate the aircraft taxiing. The sights and sounds of the running Vulcan are highly valued and much in demand, and represent an important revenue stream.

Visits to the aircraft were paused for majority of 2021 due to the UK continuing to be affected by the coronavirus pandemic. When we were able to safely recommence events in August 2021, our volunteers worked hard to give their time so as many supporters as possible could access the aircraft. Between 8<sup>th</sup> August and 18<sup>th</sup> December, a total of 32 successful sessions of Vulcan XH558 Engine Ground-Runs and Airside Tours were carried out. At each event supporters were able to stand beneath the aircraft to view their names under the Vulcan's massive delta-wing, discuss the work being carried out on the aircraft on the day, listen to the history of the Vulcan's design, development and service life, and engage with the team and fellow Vulcan fans.

Engine Ground-Runs – 10 sessions | each with 30 visitors | total of 300 people.

Airside Tours – 8 sessions | each with 30 visitors | total of 240 people.

Post year end, a further 22 Airside Tours and 7 Engine Ground-Runs have been carried out with 510 people attending the Airside Tours and 230 people attending the Engine Ground-Runs

During the tours, supporters heard a talk on the Vulcan, an update on maintenance activities and are shown some systems functioning. A highlight is a visit to the cockpit. These tours have been very well received.

The Trust plans for popular open days at the Stratford site and air shows (managed from that site) were severely restricted, and a summary as follows;

#### 2021

Open Days – Due to the continued uncertainty over the Covid-19 Virus the decision was taken to cancel all Open Days in 2021. The multiple changes to governmental rules and availability of volunteer staff made the position unsustainable.

Cadet Days – Due to the continued uncertainty over the Covid-19 Virus the decision was taken to cancel all Air Cadet Activity Days in 2021.

Other Events – The multiple changes to governmental rules and availability of volunteer staff made the position unviable and there were no events.

Air-shows – All major UK based international level Air-shows were cancelled by the organisers on the basis of governmental rules in force for the middle part of the year.

# **VULCAN TO THE SKY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 OCTOBER 2021**

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However, with relaxed rules in place, we did attend Abingdon Air and Country Show on the 11<sup>th</sup> September. This proved to be a popular event both with the public, traders and air participants. With an attendance of around 15,000 there was good support for ourselves and other traders who had been starved of action for the previous 18 months.

#### 2022

Open Days – It is the intention to hold a number of Open Days during the year especially over the mid-summer period, the exact number dependent on the other activities listed below.

Cadet Days – An invitation has been made to RAF Air Cadet Squadrons in the area to re-commence the Air Cadet Activity Days. We are aiming for around one a month from May onwards.

Other Events – It is proposed to hold a selection of events within the stores. Including Talks (e.g., S. Liddle, a VTST Trustee has prepared a lecture on aerodynamics and this will be replicated in Doncaster. Film nights are also planned using rare footage of RAF origin that has been donated to the VTST. We envisage this to be a regular programme.

Air shows – At this time we have confirmed our attendance at the RAF Cosford Air show on 12<sup>th</sup> June. We have also reserved pitch for the Royal International Air Tattoo on 15<sup>th</sup> – 17<sup>th</sup> July and likewise for Abingdon Air show on 11<sup>th</sup> September. Yeovilton Air Day, the Royal Navy equivalent of RIAT, appears to have been cancelled for 2022. Consideration is being given to The Midland Air Festival.

#### Education

The VTST has always worked on the two key themes that are defined in our objects, namely, Honouring the Past and Inspiring the future. With the former, we continue via our regular communications, to put the Vulcan aircraft type in to context historically. This year is a case in point where we will be covering the Falklands conflict at the Vulcan and Victor aircraft's crucial role.

2021 saw a major advance in our education activity where our programmes have engaged with youngsters in the region in creative ways to show that there are meaningful and well-paid careers in engineering. The Trust's volunteers continue to play absolutely key roles in delivering educational and inspirational outcomes.

The VTST has been working in partnership with The Work-wise Foundation and CBE+ to deliver bespoke education programmes to schools in the South Yorkshire Region led by The Work-wise Foundation. A summary of the programmes delivered and being developed is outlined below.

#### Operation Vulcan

Project Summary: Launched in March 2021 at Get up to Speed with STEM: The Virtual Experience, Operation Vulcan is a competition which invited secondary schools to design an interactive exhibition to display one of the Bomb Bay Fuel Tanks from the Vulcan XH558 at The Vulcan Experience. Between September 2021 and December 2021 students worked on designs supported virtually by the team and then participated in a judging day at CBE+. The winning design was then turned into a model between January 2022 and March 2022 which was displayed at Get up to Speed with STEM.

Dates: 23<sup>rd</sup> March 2021 - 23<sup>rd</sup> March 2022

Total Schools Engaged: 8 (Secondary)

Total Students Engaged: 72

Total Businesses Engaged: 5

#### Get up to Speed with STEM

Project Summary: Vulcan to the Sky Trust had a combined presence with CBE+ at Get up to Speed with STEM on 23<sup>rd</sup> March. Displays included: work of the students who took part in Operation Vulcan including the model of the winning design, the flight simulator, the bomb bay fuel tank, wing tips and engine plus other display materials.

Dates: 23<sup>rd</sup> March 2022



# **VULCAN TO THE SKY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 OCTOBER 2021**

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Total Schools Engaged: 55 (90% Secondary and 10% Primary)

Total Students Engaged: 3,445

Total Businesses Engaged: 77

#### Flying Futures

Project Summary: A joint bid between The Work-wise Foundation University of Sheffield Maker Spaces has been successful and this programme will be rolled out and delivered between June 2022 and July 2023. Aimed at recruiting Engineering Volunteers to go into Schools with projects designed around aerospace to engage the students, with the Vulcan XH558 as the inspiration and theme throughout. The project will deliver 10 Flying Futures Roadshow outreach days, produce 15 school kits with materials, 15 Flying Futures Roadshow activity days, 2 teacher information events and 2 engineer training events.

Dates: 1<sup>st</sup> June 2022 - 30<sup>th</sup> July 2023

Total Schools to be Engaged: 95 Primary

Total Students to be Engaged: 3,600

Total Businesses to be Engaged: 15

#### Dr Fleming's Delta Wings Project x2

Project Summary: Building on the success of the pilot programmes and due to be launched in March 2022, Dr Fleming's Delta Wings Project will ask both Primary and Secondary schools from the Delta Academies Trust to get involved in creating displays to showcase the Delta Wings from the Vulcan XH558. These designs will initially be displayed at Get up to Speed 2023, then go on to become a permanent display in the new home of the Vulcan XH558. Each primary school taking part will be sponsored and linked with a local business to fund the materials for their model.

Dates: 1<sup>st</sup> April 2022 - 29<sup>th</sup> March 2023

Total Schools to be Engaged: 47 (30 Primary, 15 Secondary & 2 alternative provisions)

Total Students to be Engaged: 1,410

Total Businesses to be Engaged: 30

#### Doncaster University Technical College UTC

Year 10 students at Doncaster UTC spent six weeks reinventing the wing of the RAF's longest-serving Avro Vulcan, XH558, under a partnership with the Vulcan to the Sky Trust (VTST).

The UTC recently won a national award and this curriculum project was cited as a key reason in this employer-led engineering project. It will see students using the original plans and sketches of the Vulcan, an iconic example of British aeronautical design excellence being used.

Leading on from this and continuing to build the relationship the Vice Principal, Lyndsey Glasby has asked Ian Straw (Education Coordinator) to join the Employer Advisory Committee which he has accepted and attended an initial meeting. We are looking at how we can map Vulcan into some of their key curriculum areas and The VTST is also developing follow up topics to the Wing Design idea.

Students visited the Vulcan at DSA to have hands on educational experience around the aircraft in the spring of 2022.

The Trust commissioned detailed aspirational education and community plans in its planning for the permanent home for XH558 and they will be rolled out once the aircraft is secure. We also plan to ensure that the education activity will be available on-line in future and this will be Dr Robert Fleming's finest legacy.

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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Public Benefit Delivery: Education of the general public in the Cold War, the Avro Vulcan and related topics

#### Newsletter

In January 2021 we had an emailable audience of 40,470. By the end of 2021 that number increased to 43,710. We currently have an audience of 46,125 emailable addresses, with an audience predicted demographic of 41% female / 57% male / 2% unknown. The ages of subscribers range from 18 to 65+.

#### Age range split:

- 18-24 – 1.4%
- 25-34 – 4.2%
- 35-44 – 11.3%
- 45-54 – 24.5%
- 55-64 – 31.2%
- 65+ – 24.8%
- Unknown – 2.6%

The monthly newsletters contain updates on the ongoing care and protection of XH558, news of educational outreach and articles on the history of the Vulcan, the RAF and the Cold War. Our newsletters were opened 146,427 times during 2021, with an average 'open rate' of 30%.

#### Social media

Articles that appear in the newsletter are hosted on our website – [www.vulcantothesky.org](http://www.vulcantothesky.org) so that educational content can be further shared on social media, where we have a possible reach of 367,583 people.

#### Social media followers/likes:

- Facebook = 276,318
- Twitter = 80,268
- Instagram = 8,120
- LinkedIn = 2,156

#### Founding Guardians

The Founding Guardians scheme was used as an incentive to donate to the Operation Safeguard appeal as it demonstrates core support and regular giving. Each member receives a high-quality magazine twice a year and the circulation figures are below. We intend to develop this initiative once we have secured a permanent home for XH558.

The Summer 2021 magazine started landing on doormats on 23 August 2021. Distribution was:

- Founding Guardians = 1,405
- Guardians = 1,451.

The Winter 2021 magazine started landing on doormats on 15 November 2021. Distribution was:

- Founding Guardians = 936
- Guardians = 2,561

Founding Guardians were members of the now-disbanded Vulcan to the Sky Club who migrated to the Founding Guardians scheme when the Club was wound up. Guardians became members as part of their donation rewards for Operation Safeguard. For the avoidance of doubt, neither are members of the Trust.

The majority of our social media posts are broadcast on all of our social channels. On Facebook alone in 2021, posted 139 history and news articles. The best performing post was an article on the Falklands Conflict in 1982 and the engineering work required for Vulcans to take part. The post reached 166,810 people. The second-best performance was a post on the history of Vulcan XH558 and her first display with the RAF in 1986, which reached 122,915 people.

#### Revenue generation and public relations

Following the forced move from Hangar 3, the Trust has found itself under very significant cash constraints, but with the help of the on-going public donation stream, continuing merchandise revenues especially in high profit lines,

# **VULCAN TO THE SKY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 OCTOBER 2021**

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monthly donations, a lottery and annual five-figure philanthropic donations, the Trust has been able to continue its operations.

The Trust has continued to invest in marketing, advertising and social media streaming aimed at both the general public and potential sponsors. The focus has been on small to mid-range giving and appeals for specific needs. Incentives have included opportunities for donors to have their names on XH558's wing and a dynamic merchandise strategy.

The Names Under the Wing campaign launched in the autumn of 2019 was the most successful single funding appeal of recent years raising circa £1.2 million net of marketing costs.

The funding strategy is under constant review and will evolve given the challenges we face in relocating the Vulcan in June 2023. However, the planned new and permanent home will deliver a return to our full trading model, not available to us since leaving Hangar 3 at DSA in January 2017.

With relocation to a new site now in active planning, the VTST is restructuring. It should be noted that the VTST CEO, Dr Robert Fleming passed away in February 2021 and was not replaced. Michael Trotter has managed the business in the interim with review by the VTST Board of Trustees. Michael will be leaving the VTST in the autumn and will ensure a smooth transition to the new CEO including briefing on plans that are in place now to review all streams of fundraising.

Key fundraising initiatives for the future are;

- Re-develop our Standing Order, Direct Debit and Perpetual Lottery income received monthly in line with the potential new visitor attraction. The team believes that the Perpetual Lottery needs a significant review and relaunch urgently.
- Gift Aid will continue to be claimed on all eligible donations.
- Raffles made a significant contribution to revenues in recent years but this activity was suspended to comply with Gambling Commission rules on credit card purchases. We have recently relaunched our raffle ensuring it is compliant with GC rules.
- A final "Names Under XH558's Wing" campaign is currently in development, as with the failure of Operation Safeguard, there is still space available for new donors. The theme will be the Platinum Anniversary of Her Majesty the Queen's accession to the throne and the first flight of the Vulcan type aircraft both of which fall in 2022.
- The Founding Guardian scheme for people who were members of the Vulcan to the Sky Club continues with positive feedback. We plan to re-market this scheme that will recruit new members and generate vital regular monthly income. This will become attractive once again as a permanent home is secured. For the avoidance of doubt, Founding Guardians are not Members of the Trust.
- The sale on eBay of Vulcan and other spares that will never be required by the Trust continues to contribute to income, managed at our Stratford facility.
- Merchandise gross sales are currently averaging approximately £15,000 per month. It should be put on record that that Enterprises team lead by Marc Walters has performed well considering the loss of Hangar 3 and, consequently, our physical store – which is a demonstration of the affection still reserved for XH558. Given the success of VTSE, we plan to actively review other areas of retail on-line in the heritage and education sector given Doncaster's history. Once relocated, the VTSE will also have a full-time hangar shop giving us a much more substantial revenue.
- A campaign to encourage legacy giving was launched in conjunction with the Free Wills Network and we plan to invest in this initiative once again as all research shows legacy giving is vital to a charity's ongoing revenue. Two significant legacies have been received in the last 18 months.
- It is our view that a new and focused approach needs to be made to secure corporate sponsorship to target aerospace and the engineering industry and retail/FMCG companies for sponsorship. We believe that commercial sponsorship will have a key role as we develop the Vulcan Experience on a new site with the twin objectives of

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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promoting a significant heritage asset (XH558) and our exciting education plans; "Honouring the Past, Inspiring the Future"

- The Trust also needs to begin a structured approach to securing funds from local and regional government bodies, grant making foundations and High Net Worth Individuals (HNWI's) and that the VTST should urgently invest in resource dedicated to professional bid writing.
- Fundraising for the restoration of English Electric Canberra WK163 will be the subject of a separate and dedicated campaign when time allows and after a permanent home for XH558 is secured.
- It must be noted that a dedicated fundraising project will need to be developed to relocate XH558 and the current quotation for the dismantle and rebuild option is £727K + VAT. We await the quotation for the engineering, insurance and feasibility of a ferry flight at the time of this report.

The Trust's monthly email newsletters enable further fundraising opportunities.

The Trust's website [www.vulcantothetsy.org](http://www.vulcantothetsy.org) is the one of the Trust's primary communications vehicles for its supporters. It is updated on a regular basis and continues to provide news and pictorial evidence of the Trust's progress. The website also hosts the Trust's "e-donate" funding stream.

#### Fundraising policy

The Trust undertakes charitable fundraising in a variety of ways including through regular newsletters via email and mail, and at events. Funding contributions come mainly from the Trust's loyal supporter base, currently of some 46,125 people. Without their valued contributions, the Trust would not be able to continue delivering its public benefits.

Supporters are able to make regular donations through appeals, and customers can add a donation at the web store online checkout. The Trust also receives one-off donations, and supporters also engage in a monthly lottery and annual raffles. The Trust also offers speaker events throughout the country for which tickets are sold and merchandise is available.

On major public fundraising initiatives in recent years, the VTST, mindful of the changing environment has also invested in paid advertising via social media. Returns on investment in this area can be and are measured on a daily basis to ensure the activity is worthwhile.

Fundraising activities are carried out by the employees and volunteers of the Trust; the Trust does not carry out any fundraising through professional fundraising agencies. The Board of Trustees regularly reviews the Trust's fundraising activities and outcomes.

Furthermore, the Trust does not carry out any fundraising through cold contact, whether unsolicited mailing, face-to-face fundraising or telemarketing. The Trust has never received a complaint about its fundraising activities. The Trust is registered with the Fundraising Regulator, and is aware of and follows its Code of Fundraising Practice and the Charity Commission's fundraising guidance. The Trust has had the benefit of advice from a consultant who is a member of the Institute of Fundraising. The Trust itself is a member of the Association of Independent Museums.

#### Vulcan to the Sky Enterprises Limited

Vulcan to the Sky Enterprises Limited ("VTSE") is the merchandise trading arm of the charity, and has enabled the Trust to receive funds through the sale of merchandise, memorabilia and services at events and through an 'online' shop, a revenue stream which is continuing to be successful. The financial results for the year ended 31<sup>st</sup> October 2021 are summarised in note 17 to the accounts. Performance is expected to improve once the New Hangar opens. VTSE covenants any taxable profits to VTST under the Gift Aid scheme.

### 3. FINANCIAL REVIEW

Total income of the group for the 12 months ended 31<sup>st</sup> October 2021 amounted to £1,032,747 (2020: £2,348,827). The Trust's principal funding comes from several sources such as donations, fundraising draws and lotteries, and merchandise sales. Total expenditure for the 12 months ended 31<sup>st</sup> October 2021 was £1,132,437 (2020: £1,416,590).

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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Expenditure on raising funds for the year totalled £796,345 (2020: £1,174,560) which generated income of £982,539 (£2,344,427), being income from donations (note 3) and other trading activities (note 5).

The net assets of the group as at 31<sup>st</sup> October 2021 were £1,694,472 (2020: £1,794,162).

The group's fixed assets comprise the Avro Vulcan XH558, its associated spare parts, ground equipment and tools, together with miscellaneous items, and are valued as at 31<sup>st</sup> October 2021 at £757,161 (2020: £755,067).

There is a charge over the aircraft in favour of the National Heritage Memorial Fund in the amount of £427,000 reducing on a straight-line basis from 31<sup>st</sup> October 2016 until 2085. The amount repayable is currently limited to £396,060.

The Trustees believe that income in the form of donation streams, sponsorship, and merchandise revenues will allow the Trust to continue its activities for the foreseeable future. The Trust is also running an ongoing campaign to gain commercial sponsorship to help fund the future plans for the aircraft and supporting activities; central to this is securing funding to relocate the Vulcan to a new permanent site.

#### Reserves Policy

The Trust's reserves policy has been to aim to build up, over time, free reserves (unrestricted funds less fixed assets) to a level equivalent to 6 months of core expenditure, being approximately £360,000. As at 31<sup>st</sup> October 2021 the Group's funds totalled £1,694,472, of which £421,746 is restricted and £1,272,726 is unrestricted. Following the highly successful Names Under the Wing campaign last year, the group's free reserves (unrestricted funds less fixed assets) totalled £515,565 (2020: £1,023,824), the equivalent to 8-9 months of expenditure. The trustees retain the 6 month policy as an important target, and, subject to the success of future fundraising appeals, intend to use any surplus to assist with the Trust's running costs whilst the aircraft are being relocated.

#### **4. PLANS FOR FUTURE PERIODS**

The Vulcan to the Sky Trust's objectives for future periods are to:

- Maintain Avro Vulcan XH558 in full working order, and to operate the aircraft on the ground safely to the benefit of spectators at DSA for as long as possible. As detailed in this report, this will change if the aircraft is dismantled and moved to another site.
- Plan to restore Canberra WK163 to an airworthy condition, and to display the aircraft to the benefit of the public at air shows and other outside events around the country, and to raise funds specifically for that purpose.
- Continue to deliver our education and community plans for the Trust to provide relevant public benefits, in particular in inspiring the young in engineering, technology and aviation.
- Build and develop a permanent home for XH558 to ensure growing public access to this important aircraft, and ensure affordability, visitor and school accessibility, catchment area and local & regional support.
- Deliver inspirational education experiences on design, science, technology, engineering and mathematics (STEM), to a range of audiences, including national curriculum topics for school children, on Cold War history and related subjects focused around the aircraft, and inform all of the various methods and technologies by which aviation's impact on climate change will be minimised.
- Secure the funding needed to achieve the above objectives, from a diverse range of sources so as to minimise risk, including expanding the Guardians scheme to all.

#### **5. ORGANISATIONAL STRUCTURE, GOVERNANCE AND MANAGEMENT**

Vulcan to the Sky Trust was granted charitable status on 6 February 2004, and is registered with the Charity Commission under number 1101948.

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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Vulcan to the Sky Trust is constituted as an incorporated company limited by guarantee, its governing document comprising its memorandum and articles of association.

The Trustees (who are also the Trust's Directors) who have served since 1 November 2020 are as detailed in section 6.

The Board of Trustees met formally once between 1<sup>st</sup> November 2020 and 31<sup>st</sup> October 2021, and conducted three conference calls over this period. The Trustees are the only Members of the Trust. None of the Trustees received any remuneration or benefits apart from receipted expenses.

The Trust needs to repeat the statement made in the last trustees' report and put on record within this report a significant event that occurred on February 2<sup>nd</sup>, 2021. The charity's CEO, Dr Robert Fleming passed away suddenly.

Robert worked tirelessly on the project setting up the Vulcan to the Sky Trust to return the last potentially airworthy RAF V-force aircraft, Avro Vulcan XH558 to flight. In 1997, when the idea first came to him, he built a Project Steering Team from key members of the aerospace establishment and former members of the RAF's Vulcan Display Flight.

Against all the odds, Robert and the team succeeded in their mission, raising millions of pounds in donations and returning XH558 to flight. The Vulcan to the Sky project succeeded spectacularly on October 18<sup>th</sup> 2007, with the first test flight of the restored Vulcan, some 14 years after its last flight, oversaw the aircraft's operational life and led the campaign to build a permanent home for XH558. It is the Trust's ambition to replace Robert with a new CEO once the funds are in place for the permanent home.

#### Recruitment and training of Trustees

Given the nature of its past activities, the recruitment of new Trustees had been primarily from the aviation community. However, as the Trust's activities broaden, Trustees are now being sought from the wider engineering, industry and education sectors, and the South Yorkshire region. New Trustees are appointed in accordance with the articles of association. Any new Trustees are provided with a one-on-one induction by the Company Secretary, including briefings on the workings of the Trust, its formal documentation, the Trustee's role, the financial status of the Trust and its future plans.

#### The activities of the Board

The Board is responsible for policy and overall management of the charity, but has delegated necessary operating powers and decision-making to an Executive Committee, which during the period comprised of Robert Fleming (Company Secretary) until February 2021, Michael Trotter (Commercial and Business Development) and Andrew Edmondson (Engineering Director). The Executive Committee meets on approximately a monthly basis. The remuneration of key management is approved by the Chairman of Trustees and is set against established pay scales, benchmarked in comparison with similar sized charities.

Following its restructure, the Trust had 6 full-time employees and 2 part-time employees as at 31<sup>st</sup> October 2021. The Trust also benefits significantly from a large amount of volunteer support, including specifically assisting with public relations, events, merchandise fulfilment and the Trust's air show presence.

#### Subsidiaries

Vulcan to the Sky Enterprises Limited is the wholly-owned retail trading subsidiary of VTST. VTSE covenants its taxable profits to VTST under the Gift Aid scheme.

There are three additional wholly-owned subsidiaries of the Trust, which were incorporated to enable the Trust to undertake certain activities aimed at creating a sustainable business model during its occupation Hangar 3 at Doncaster Sheffield Airport. These subsidiaries, the Vulcan Marketing Company, The Vulcan Operating Company and the Vulcan Property Management Company are now dormant.

Andrew Edmondson remains a director of the Trust's subsidiaries, except Vulcan Marketing Company which Michael Trotter is a director of.

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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#### Risk Management

The Trust, through its management team, continues to identify and review the major risks that the charity faces. Procedures, including a Safety Management System, have been put in place to mitigate and monitor these risks. Health and Safety are included as topics at every Executive Meeting. The Trust's principal risks and uncertainties are:

- Securing funding for its charitable activities each year and managing working capital;
- The occurrence of an event that threatens the reputation or integrity of the Trust;
- The relocation to a new site;
- Sudden loss of key personnel;
- Potential for overtrading with limited resources; and
- The implications to its plans of the coronavirus pandemic and changes in public behaviour.

The Trust's public liabilities arising from operation of the Vulcan aircraft are insured through K M Dastur and Company Ltd Aviation Insurance Brokers. Additional aviation insurance policies include cover for damage to the aircraft, for war and terrorism risks, and for personal injury insurance for the aircrew.

#### 6. REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

##### **Trustees**

Mr John Sharman FRAeS (Chairman)  
Air Commodore Ed Jarron (Vice Chairman)  
Mr Richard Clarke  
Sir Gerald Howarth  
Dr Stephen Liddle  
Mr Ken Smart CBE  
Sir Donald Spiers CB TD FRAeS  
Mr Phillip Spiers

##### **Company secretary**

Mr Michael Trotter (appointed 2 February 2021)

##### **Charity number**

1101948

##### **Company number**

04478686

##### **Principal address**

Unit 4, Delta Court  
Third Avenue  
Doncaster Sheffield Airport  
Doncaster  
DN9 3GN

##### **Registered office**

Unit 4, Delta Court  
Third Avenue  
Doncaster Sheffield Airport  
Doncaster  
DN9 3GN

# VULCAN TO THE SKY TRUST

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

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<b>Auditors</b>	Newby Castleman LLP West Walk Building 110 Regent Road Leicester LE1 7LT
<b>Bankers</b>	HSBC Bank Plc 58 High Street Winchester Hampshire SO23 9BZ
<b>Solicitors</b>	Laceys Solicitors 5 Poole Road Bournemouth Dorset BH2 5QL

### 7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Vulcan to the Sky Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs for the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in operation.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company and group's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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



# **VULCAN TO THE SKY TRUST**

## **TRUSTEES' REPORT (CONTINUED)**

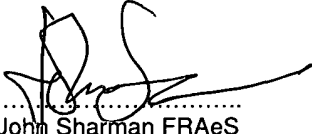
**FOR THE YEAR ENDED 31 OCTOBER 2021**

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### **8. SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the Trustees

  
.....  
Mr John Sharman FRAeS  
**Chairman of Trustees**

Approved by the Board of Trustees on 24/8/22.....

# VULCAN TO THE SKY TRUST

## INDEPENDENT AUDITORS' REPORT

### TO THE TRUSTEES OF VULCAN TO THE SKY TRUST

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#### Opinion

We have audited the financial statements of Vulcan to the Sky Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 October 2021 which comprise the Group Consolidated Statement of Financial Activities, the Group and Charity Balance Sheet, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 October 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

#### 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 group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Material uncertainty related to going concern

We draw attention to note 1.3 of the financial statements, concerning the group's ability to continue as a going concern. This indicates that the group is reliant on the continued support of the National Heritage Memorial Fund, Doncaster Sheffield Airport, the future support from new landlords and the future financial support from its donors to relocate and be able to continue operating. These conditions, along with the other matters as set forth in note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

#### Other information

The trustees are responsible for the other information included in the trustees' report. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 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.

# VULCAN TO THE SKY TRUST

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE TRUSTEES OF VULCAN TO THE SKY TRUST

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed auditor under section 151 of the Charities Act 2011 and report in accordance with this Act.

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.

#### **Extent to which the audit was considered capable of detecting irregularities**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. However, responsibility for the prevention and detection of fraud ultimately rests with both those charged with governance and management of the charity.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory framework applicable to the group and parent charitable company by considering the nature of the industry in which the group and parent charitable company operates and enquiring of management; and
- identifying the key laws and regulations considered to have a direct impact on the financial statements including the UK Companies Act 2006, UK Charities Act 2011, UK Generally Accepted Accounting Practice and UK tax legislation; and
- assessing how the group and parent charitable company is complying with the applicable legal and regulatory framework by making further enquiries of management and observing the group's and parent charitable company's control environment regarding compliance with regulations and fraud prevention; and
- assessing the susceptibility of the group's and parent charitable company's financial statements to material misstatement, including how fraud might occur, by considering the effectiveness of the group's and parent charitable company's accounting systems and controls and how these were monitored by management. Where the risk of material misstatement was considered to be higher in certain areas, further audit procedures were designed to address this increased risk; and

# VULCAN TO THE SKY TRUST

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE TRUSTEES OF VULCAN TO THE SKY TRUST

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- discussing amongst the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

#### **Audit response to risks of irregularities identified**

Our procedures to respond to risks identified included the following:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- enquiry of charity staff responsible for compliance to identify any instances of non-compliance with laws and regulations; and
- enquiry of management, those charged with governance and other relevant parties around actual and potential litigation claims; and
- reviewing supporting documentation regarding actual and potential litigation claims; and
- reviewing minutes of meetings of those charged with governance; and
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- communicating identified laws and regulations and potential fraud risks to all engagement team members and assessing whether there are any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

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

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



**Newby Castleman LLP**  
Chartered Accountants  
Statutory Auditor  
West Walk Building  
110 Regent Road  
Leicester  
LE1 7LT

Date: 30 August 2022

Newby Castleman LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# VULCAN TO THE SKY TRUST

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2021

	Notes	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 as restated £
<b>Income from</b>					
Donations and legacies	3	353,193	444,923	798,116	2,074,872
Charitable activities	4	49,848	-	49,848	4,153
Other trading activities	5	184,423	-	184,423	269,555
Investments	6	106	-	106	195
Other	7	254	-	254	52
<b>Total</b>		<b>587,824</b>	<b>444,923</b>	<b>1,032,747</b>	<b>2,348,827</b>
<b>Expenditure on</b>					
Raising funds	8	789,528	6,817	796,345	1,174,560
Charitable activities	9	253,953	-	253,953	216,622
Other expenditure	14	50,508	31,631	82,139	25,408
<b>Total</b>		<b>1,093,989</b>	<b>38,448</b>	<b>1,132,437</b>	<b>1,416,590</b>
<b>Net income / (expenditure) for the year / Net movement in funds</b>		<b>(506,165)</b>	<b>406,475</b>	<b>(99,690)</b>	<b>932,237</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		1,778,891	15,271	1,794,162	861,925
<b>Total funds carried forward</b>		<b>1,272,726</b>	<b>421,746</b>	<b>1,694,472</b>	<b>1,794,162</b>

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

# VULCAN TO THE SKY TRUST

## GROUP AND CHARITY BALANCE SHEET

AS AT 31 OCTOBER 2021

	Notes	Group 2021 £	Charity 2021 £	Group 2020 as restated £	Charity 2020 as restated £
<b>Fixed assets</b>					
Tangible assets	15	10,586	9,446	6,811	3,984
Heritage assets	16	746,575	746,575	748,256	748,256
Investments	17	-	5	-	5
<b>Total fixed assets</b>		<b>757,161</b>	<b>756,026</b>	<b>755,067</b>	<b>752,245</b>
<b>Current assets</b>					
Stocks	18	91,994	-	85,148	-
Debtors	19	263,759	437,003	56,631	234,952
Cash at bank and in hand		701,312	693,736	987,614	985,343
<b>Total current assets</b>		<b>1,057,065</b>	<b>1,130,739</b>	<b>1,129,393</b>	<b>1,220,295</b>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	20	(119,754)	(121,120)	(90,298)	(85,145)
<b>Net current assets</b>		<b>937,311</b>	<b>1,009,619</b>	<b>1,039,095</b>	<b>1,135,150</b>
<b>Total assets less current liabilities</b>		<b>1,694,472</b>	<b>1,765,645</b>	<b>1,794,162</b>	<b>1,887,395</b>
<b>Total net assets</b>	22	<b>1,694,472</b>	<b>1,765,645</b>	<b>1,794,162</b>	<b>1,887,395</b>
<b>The funds of the charity</b>					
Restricted funds	21	421,746	421,746	15,271	15,271
Unrestricted funds		1,272,726	1,343,899	1,778,891	1,872,124
<b>Total charity funds</b>		<b>1,694,472</b>	<b>1,765,645</b>	<b>1,794,162</b>	<b>1,887,395</b>

These financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies' regime.

As permitted by s408 Companies Act 2006, the charity has not presented its own statement of financial activities and related notes. The charity's deficit for the year was £121,750 (2020 - £917,974 surplus).

For the year ending 31 October 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as the company is a charity, it is subject to audit under the Charities Act 2011.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

# VULCAN TO THE SKY TRUST

## BALANCE SHEETS (CONTINUED)

AS AT 31 OCTOBER 2021

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The financial statements were approved and authorised for issue by the board of trustees on 24/8/22  
and are signed on its behalf by:

  
.....  
Chairman of Trustees

Company Registration No. 04478686

The notes on pages 23 - 41 form part of these financial statements.

# VULCAN TO THE SKY TRUST

## GROUP STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 OCTOBER 2021

	Notes	£	2021 £	£	2020 £
<b>Net cash (outflow) / inflow from operating activities</b>	<b>28</b>		<b>(267,405)</b>		<b>930,736</b>
<b>Cash flow from investing activities</b>					
Purchase of tangible fixed assets		(10,471)		-	
Proceeds on disposal of tangible fixed assets		501			
Purchase of heritage assets		(9,033)			
Interest received		106		195	
<b>Net cash (outflow) / inflow from investing activities</b>			<b>(18,897)</b>		<b>195</b>
<b>Net (decrease) in cash of cash equivalents</b>			<b>(286,302)</b>		<b>930,931</b>
<b>Cash or cash equivalents at 1 November 2020</b>			<b>987,614</b>		<b>56,683</b>
<b>Cash or cash equivalents at 31 October 2021</b>			<b>701,312</b>		<b>987,614</b>



# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 OCTOBER 2021

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#### 1 Accounting policies

##### **Charity information**

Vulcan to the Sky Trust ("the charity") is a private company limited by guarantee, incorporated in England and Wales. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the reference and administration section of the trustees' report.

The group consists of Vulcan to the Sky Trust and all of its subsidiaries ("the group"), being Vulcan to the Sky Enterprises Limited, The Vulcan Operating Company Limited, The Vulcan Property Management Company Limited, and The Vulcan Marketing Company Limited.

#### 1.1 Basis of preparation

*The charity constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with: the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.*

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements are prepared under the historical cost convention, modified to include the revaluation of certain heritage assets. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this charity, which are intended to give a true and fair view of the assets, liabilities, financial position and net movement in funds of the group. The charity has taken advantage of the exemption from preparing a statement of financial activities and a statement of cash flows on the basis that these are incorporated into the group statement of financial activities and statement of cash flows.

#### 1.2 Basis of consolidation

The consolidated financial statements incorporate those of Vulcan to the Sky Trust and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 October 2021. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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#### **1 Accounting Policies (continued)**

##### **1.3 Going concern**

These financial statements are prepared on the going concern basis. The trustees have a reasonable expectation that the group will continue in operational existence for the foreseeable future.

As explained more fully in the trustees' report set out on pages 2 and 3, the trust entered into a parking lease with Doncaster Sheffield Airport ("DSA") to ensure the aircraft's tenure on site is secured until the end of June 2023. The correspondence relating to this lease stated that "both aircraft will need to be taken off the airfield and removed from DSA by 30<sup>th</sup> June 2023". The trustees are currently faced exploring with the relevant authorities the potential of a short ferry flight to a new home, although in 2017 the Civil Aviation Authority ("CAA") deemed this not possible, or dismantling and rebuilding the aircraft with as much functionality as possible. Once a decision has been made the trust will launch a fundraising appeal to raise the necessary funds.

Based on all of the information that is currently available, the trustees have a reasonable expectation that they will secure the necessary funds for this project and be able to relocate by 30<sup>th</sup> June 2023. Should the need arise, the trustees expect the National Heritage Memorial Fund ("NHMF") to approve their application to dismantle and rebuild XH558. They also expect to receive the continued support of Doncaster Sheffield Airport ("DSA") throughout the duration of the parking lease, and new landlords once an agreement has been entered into. Whilst the trust is conscious of the need to bring the permanent home project to a resolution by securing the necessary funds it will continue its on-going fundraising activities to maintain Avro Vulcan XH558 to the usual high standards and to deliver public access through the team of dedicated volunteers and staff. However, the failure to raise the necessary funds, and / or the withdrawal of NHMF, DSA or new landlords, would cast a significant doubt over the charity's going concern status.

The trustees have prepared forecasts for the period ended 31 August 2023 which incorporate the above plans. Based on these forecasts, and the voluntary income that has been received since the year end date, the trustees are of the opinion that the group will receive sufficient donations for a period of at least 12 months from the date of approval of these financial statements to relocate and continue operating. However, donations are intrinsically uncertain and the ongoing support of the charity's current donors and supporters will be fundamental until the new trading model has been established.

On this basis, the trustees consider it appropriate to prepare the financial statements on the going concern basis.

##### **1.4 Charitable funds**

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

##### **1.5 Income recognition**

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid is recognised at the time of the donation. This policy has been followed for all income received for Operation Safeguard up to 31 October 2021, and includes income where donors have not responded to the charity's offer of a full refund or the opportunity to allow VTST to "retain" their donation. Donations which have been refunded after the year end, due to the failed appeal (note 27), have been recognised in creditors (note 20).

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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#### 1 Accounting Policies (continued)

Legacies are recognised at the earlier of the charity being notified of an impending distribution or the legacy being received. Where legacies have been notified to the charity but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Government grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

Income from charitable activities includes Hangar tour, Engine ground-run and Educational visit income.

Hangar tour income is recognised when the tour takes place. Income from ticket sales received in advance of the tour are deferred.

Engine ground-run income is recognised when the ground-run takes place. Income from ticket sales received in advance of the ground-run are deferred.

Income from trading activities primarily includes income earned from the sale of merchandise and raffles.

Sale of merchandise represents all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, have been transferred to the customer.

Investment income is earned through holding assets for investment purposes. It comprises bank interest and is recognised on an accruals basis.

#### 1.6 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Expenditure is recognised when there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It is recognised under the following headings:

- Costs of raising funds includes costs incurred in seeking donations, legacies, grants and fundraising.
- Expenditure on charitable activities includes costs relating to restoration and maintenance, and exhibition and display, to further the delivery of the objectives of the charity.
- Other expenditure includes employees' salaries whilst on furlough leave, covered by the Coronavirus Job Retention Scheme.

Irrecoverable VAT has been posted to other costs included in support costs (note 11).

#### 1.7 Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and costs of raising funds and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objectives of the charity. Support costs are allocated to costs of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 11.

#### 1.8 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% straight line
Motor vehicles	20% straight line

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

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#### **1 Accounting Policies (continued)**

##### **1.9 Heritage assets**

Heritage assets comprise the Avro Vulcan G-VLCN (XH558) and the English Canberra (WK163). The Vulcan is stated at valuation less depreciation, whilst the Canberra is stated at cost. Depreciation is provided on the Vulcan at a rate calculated to write off the valuation less estimated residual value over its useful economic life, being 70 years from the date which the Vulcan ceased to fly. Depreciation is not yet provided for the Canberra because the asset is not yet available for display.

The trustees have estimated the remaining useful economic life of the Vulcan to be to October 2085 and the residual value of the aircraft to be £Nil. The charity's current policy is to maintain the aircraft in full working order and associated maintenance costs are charged to the Statement of Financial Activities.

Public access to the aircraft is achieved through visits to their permanent home at Doncaster Sheffield Airport. However, as noted in the trustees' report, public access was restricted due to the move in hangars and the Covid-19 pandemic.

##### **1.10 Impairment of fixed assets**

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount in order to determine the extent of the impairment loss (if any). Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the Statement of Financial Activities (SOFA) unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

##### **1.11 Investments in subsidiaries**

Investments are stated at cost less any provision for diminution in value.

##### **1.12 Stock**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Stock cost is recorded as invoice price net of any discounts received. Calculation of provisions for slow moving and obsolete stocks requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment, on the expectation that the group will continue in operational existence for the foreseeable future.

##### **1.13 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

##### **1.14 Financial instruments**

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at transaction price. Any losses arising from impairment are recognised in the SOFA.

##### **1.15 Employee benefits**

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

##### **1.16 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

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**1.17 Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to the SOFA on a straight-line basis over the term of the relevant lease.

**1.18 Taxation**

Vulcan to the Sky Trust is a registered charity and no taxation provision is required as its income from charitable activities falls within the various exemptions available to registered charities.

**2 Critical accounting estimates and judgements**

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

**Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

**Valuation of heritage asset (Vulcan)**

The valuation of the Vulcan is reassessed annually by the trustees and, when necessary, amended to reflect current estimates.

**Allocation of support costs**

The allocation of support costs is sensitive to changes in the level of work undertaken on each activity by the charity. The allocation is reassessed annually and amended when necessary to reflect current estimates.

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

#### 3 Income from donations and legacies

	Unrestricted funds	Restricted funds	Total 2021	Total 2020 as restated
	£	£	£	£
Regular donations	79,427	-	79,427	87,621
One off donations	22,076	-	22,076	29,524
Corporate donations and sponsorship	-	-	-	10,000
Other donations	79,114	-	79,114	78,082
Gift aid recovered	13,898	70,028	83,926	273,803
Legacies	140,636	-	140,636	-
Names under the Wing campaign	-	-	-	1,554,163
Operation Safeguard campaign	18,042	352,883	370,925	15,271
Government grants	-	22,012	22,012	25,408
Grant income	-	-	-	1,000
	<u>353,193</u>	<u>444,923</u>	<u>798,116</u>	<u>2,074,872</u>
Unrestricted funds				2,034,193
Restricted funds				40,679
				<u>2,074,872</u>

Income for Operation Safeguard, includes all income received up to 31 October 2021, but excludes the donations refunded after the year end, due to the failed appeal (note 27), which have been recognised in creditors (note 20).

#### 4 Income from charitable activities

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Exhibition and display	49,848	-	49,848	4,153
	<u>49,848</u>	<u>-</u>	<u>49,848</u>	<u>4,153</u>
Unrestricted funds				4,153
Restricted funds				-
				<u>4,153</u>

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

#### 5 Income from other trading activities

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Sale of merchandise	181,198	-	181,198	179,107
Raffle income	-	-	-	87,030
Commission income	3,225	-	3,225	3,418
	<u>184,423</u>	<u>-</u>	<u>184,423</u>	<u>269,555</u>
Unrestricted funds				269,555
Restricted funds				-
				<u>269,555</u>

#### 6 Income from investments

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Interest receivable	106	-	106	195
	<u>106</u>	<u>-</u>	<u>106</u>	<u>195</u>
Unrestricted funds				195
Restricted funds				-
				<u>195</u>

#### 7 Other income

	Unrestricted funds	Restricted funds	Total 2021	Total 2020
	£	£	£	£
Gain on disposal of tangible fixed assets	254	-	254	-
Income from recycling	-	-	-	52
	<u>254</u>	<u>-</u>	<u>254</u>	<u>52</u>
Unrestricted funds				52
Restricted funds				-
				<u>52</u>

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

### 8 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
<u>Fundraising and publicity</u>				
Staff costs	164,484	-	164,484	131,876
Purchase of merchandise	99,013	-	99,013	111,248
Raffle costs	-	-	-	27,871
Consultancy costs	5,820	-	5,820	6,907
Carriage and packaging	57,283	-	57,283	88,317
Advertising and promotion	290,339	6,817	297,156	633,033
Other costs	409	-	409	7,754
	<u>617,348</u>	<u>6,817</u>	<u>624,165</u>	<u>1,007,006</u>
Share of support costs (note 11)	172,180	-	172,180	167,554
	<u>789,528</u>	<u>6,817</u>	<u>796,345</u>	<u>1,174,560</u>
Unrestricted funds				1,174,560
Restricted funds				-
				<u>1,174,560</u>

### 9 Expenditure on charitable activities

	Activities undertaken directly (note 10) £	Support costs (note 11) £	Total 2021 £	Total 2020 £
Restoration and maintenance	115,857	41,783	157,640	146,014
Exhibition and display	77,837	18,476	96,313	70,608
	<u>193,694</u>	<u>60,259</u>	<u>253,953</u>	<u>216,622</u>
Unrestricted funds			253,953	216,622
Restricted funds			-	-
			<u>253,953</u>	<u>216,622</u>



# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2021

### 10 Expenditure on activities undertaken directly

	Restoration and maintenance £	Exhibition and display £	Total 2021 £	Total 2020 £
Staff costs	32,816	-	32,816	21,301
Depreciation	10,714	-	10,714	10,714
Aircraft costs	17,825	54,301	72,126	50,743
Hangar costs	51,953	-	51,953	49,817
Air show events	-	20,234	20,234	10,176
Travel costs	2,549	-	2,549	3,389
Printing, postage and stationery	-	3,302	3,302	4,508
	<u>115,857</u>	<u>77,837</u>	<u>193,694</u>	<u>150,648</u>

### 11 Expenditure on support costs

	Raising funds £	Restoration and maintenance £	Exhibition and display £	Total 2021 £	Total 2020 £
Staff costs	76,490	12	8,495	84,997	84,559
Depreciation	5,381	1,068	-	6,449	7,885
Computer costs	18,556	6,627	1,325	26,508	23,647
Bank charges	4,645	-	-	4,645	2,946
Other costs	67,108	34,076	8,656	109,840	114,491
	<u>172,180</u>	<u>41,783</u>	<u>18,476</u>	<u>232,439</u>	<u>233,528</u>

Support costs have been allocated to activities on a relevant basis to the nature of the underlying costs in proportion to resources used. Other costs include governance costs totalling £33,760 (2020 - £39,747). Governance costs include auditor's remuneration totalling £17,775 (2020 - £18,500).

### 12 Trustees remuneration

Except for Richard Clarke, none of the trustees received any remuneration, benefits or reimbursed expenses from the charity during the year, or the previous year. Richard Clarke claimed expenses relating to travel and subsistence, amounting to £Nil (2020 - £301).

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

#### 13 Employees

##### Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Management and administration	10	9
Aircraft crew	1	1
	<u>11</u>	<u>10</u>

##### Employment costs

	2021 £	2020 £
Wages and salaries	274,896	237,277
Social security costs	21,442	17,932
Pension costs	7,971	7,935
	<u>304,309</u>	<u>263,144</u>

There were no employees whose annual remuneration was £60,000 or more during the year.

##### Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2021 £	2020 £
Aggregate compensation	<u>102,213</u>	<u>85,448</u>

#### 14 Other expenditure

	Unrestricted funds £	Restricted funds £	Total 2021 £	Total 2020 £
Wages	-	22,012	22,012	25,408
New Hangar Development	50,508	9,619	60,127	-
	<u>50,508</u>	<u>31,631</u>	<u>82,139</u>	<u>25,408</u>
Unrestricted funds				-
Restricted funds				25,408
				<u>25,408</u>

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

#### 15 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>(a) Group</b>			
<b>Cost</b>			
At 1 November 2020	360,448	8,821	369,269
Additions	2,855	7,616	10,471
Disposals	(322,400)	(2,845)	(325,245)
<b>At 31 October 2021</b>	<b>40,903</b>	<b>13,592</b>	<b>54,495</b>
<b>Depreciation</b>			
At 1 November 2020	354,328	8,130	362,458
On disposals	(322,153)	(2,845)	(324,998)
Charge for the year	4,870	1,579	6,449
<b>At 31 October 2021</b>	<b>37,045</b>	<b>6,864</b>	<b>43,909</b>
<b>Net book value</b>			
<b>At 31 October 2021</b>	<b>3,858</b>	<b>6,728</b>	<b>10,586</b>
At 31 October 2020	6,120	691	6,811
<b>(b) Charity</b>			
<b>Cost</b>			
At 1 November 2020	318,438	8,821	327,259
Additions	2,363	7,616	9,979
Disposals	(297,873)	(2,845)	(300,718)
<b>At 31 October 2021</b>	<b>22,928</b>	<b>13,592</b>	<b>36,520</b>
<b>Depreciation</b>			
At 1 November 2020	315,144	8,131	323,275
On disposals	(297,626)	(2,845)	(300,471)
Charge for the year	2,691	1,579	4,270
<b>At 31 October 2021</b>	<b>20,209</b>	<b>6,865</b>	<b>27,074</b>
<b>Net book value</b>			
<b>At 31 October 2021</b>	<b>2,719</b>	<b>6,727</b>	<b>9,446</b>
At 31 October 2020	3,294	690	3,984

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

### 16 Heritage assets

	Vulcan (valuation) £	Canberra (cost) £	Total £
<b>Group and Charity</b>			
Carrying amount at 1 November 2020	696,430	51,826	748,256
Purchases	-	9,033	9,033
Depreciation / impairment	(10,714)	-	(10,714)
<b>Carrying amount at 31 October 2021</b>	<b>685,716</b>	<b>60,859</b>	<b>746,575</b>

At 31 October 2021 the charity held two heritage assets:

- 1) Avro Vulcan G-VLCN (XH558) – held at valuation
- 2) English Canberra (WK163) – held at cost

#### The Avro Vulcan B.MK2 G-VLCN (XH558)

XH558 was the last Vulcan to leave RAF service, flying on from 1986 to 1993 as the single RAF Display Vulcan, a career of 33 years. In 1997, a small team headed by Dr Robert Fleming started an audacious plan to return her to flight at Bruntingthorpe Aerodrome in Leicestershire. In 1999 Marshall of Cambridge Aerospace was appointed Engineering Authority for the restoration project. In December 2003, the Heritage Lottery Fund announced a grant of £2.7million for XH558's restoration. After extensive restoration work and tests, the Vulcan returned to the sky in October 2007.

However, the CAA Permit to Fly was withdrawn at the end of the 2015 calendar year, and so despite being technically able to fly, the aircraft was not permitted to fly. As a result, the trust's business model changed, from flying a globally-unique heritage asset to having the aircraft as the still-serviceable centrepiece of a new visitor attraction and education facility. This change in the status of the asset has had an impact on its residual valuation. As at 31 October 2015, the board valued the aircraft at £750,000. The nature of the asset means it is not possible to derive a market valuation. The trustees therefore valued the aircraft, based on their knowledge and experience of working in the aviation industry. As at 31 October 2021, the board have reassessed their valuation of the aircraft and still consider it to be reasonable.

The aircraft has developed a loyal following of many thousands of supporters. She is and will remain the best preserved all-British four-engined jet aircraft anywhere in the world still capable of powered ground runs.

XH558 is maintained in the current working state, albeit not flying, under the terms of the trust's contract with the National Heritage Memorial Fund (NHMF) until 6 February 2085. The aircraft is subject to a first charge by the Trustees of The National Heritage Memorial Fund (see note 23 for further details).

#### English Electric Canberra B.2 (WK163)

The English Electric Canberra aircraft was the Royal Air Force's first jet bomber, and entered service in January 1951. The design was very successful and the type was in service for more than 50 years. Many aircraft were sold around the world to the air forces of 17 countries. The trust's example, Canberra WK163 (G-CTTS) captured the world altitude record of over 70,000 feet in August 1957, and is a very important national aviation heritage asset.

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

#### 16 Heritage assets (continued)

##### Five-year financial summary of heritage asset transactions (group and charity)

	2021	2020	2019	2018	2017
	£	£	£	£	£
<b>Purchases</b>					
Vulcan	-	-	-	-	-
Canberra	9,033	-	-	-	-
	<u>9,033</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Charge for impairment</b>					
Vulcan	-	-	-	-	-
Canberra	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

#### 17 Fixed asset investments

##### (a) Group

The group holds no investments

##### (b) Charity

	Shares in group undertakings
	£
<b>Carrying amount</b>	
At 1 November 2020	5
At 31 October 2021	<u>5</u>

##### Holdings of more than 20%

The charity holds 100% of the ordinary share capital in the following companies registered in England and Wales:

Subsidiary undertakings		Principle Activities
Vulcan to the Sky Enterprises Limited (04899710)	VTSE	That of selling merchandise through its website store and at air shows.
The Vulcan Operating Company Limited (03787161)	TVOC	Dormant.
The Vulcan Property Management Company Limited (09924223)	TVPMC	Dormant.
The Vulcan Marketing Company Limited (09906368)	TVMC	Dormant.

Where applicable, the subsidiaries covenant all available profits to Vulcan to the Sky Trust.

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

#### 17 Fixed asset investments (continued)

The trading results for the period and the aggregate amount of capital and reserves, as extracted from the financial statements of the subsidiary companies, are summarised below:

	TVOC	TVMC	TVPMC	VTSE	Total 2021	Total 2020 as restated
	£	£	£	£	£	£
Turnover	-	-	-	184,424	184,424	182,524
Cost of sales	-	-	-	(155,473)	(155,473)	(128,098)
Gross profit	-	-	-	28,951	28,951	54,426
Administrative expenses	-	-	-	(6,891)	(6,891)	(40,161)
Profit/Loss before taxation	-	-	-	22,060	22,060	14,265
Tax charge	-	-	-	-	-	-
Profit/loss for the year	-	-	-	22,060	22,060	14,265
<b>Assets and liabilities:</b>						
Assets	11,636	16,003	19,095	119,203	165,937	157,662
Liabilities	(13,805)	(6,612)	(12,566)	(204,123)	(237,106)	(250,891)
Total net assets	(2,169)	9,391	6,529	(84,920)	(71,169)	(93,229)
<b>Capital and reserves:</b>						
Called up share capital	2	1	1	1	5	5
Profit and loss account	(2,171)	9,390	6,528	(84,921)	(71,174)	(93,234)
	(2,169)	9,391	6,529	(84,920)	(71,169)	(93,229)
<b>Statement of movement on profit and loss:</b>						
Balance at 1 November 2020	(2,171)	9,390	6,528	(106,981)	(93,234)	(107,499)
Profit/Loss for the year	-	-	-	22,060	22,060	14,265
Donations paid to parent charity	-	-	-	-	-	-
Balance at 31 October 2021	(2,171)	9,390	6,528	(84,921)	(71,174)	(93,234)

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

<b>18 Stock</b>	<b>Group 2021 £</b>	<b>Charity 2021 £</b>	<b>Group 2020 £</b>	<b>Charity 2020 £</b>
Goods for resale	91,994	-	85,148	-
	<u>91,994</u>	<u>-</u>	<u>85,148</u>	<u>-</u>
<b>19 Debtors</b>	<b>Group 2021 £</b>	<b>Charity 2021 £</b>	<b>Group 2020 £</b>	<b>Charity 2020 as restated £</b>
Amounts falling due within one year:				
Trade debtors	12,475	11,023	11,905	3,700
Amounts due from subsidiary undertakings	-	191,772	-	155,212
Other debtors	32,628	19,942	400	43,790
Prepayments and accrued income	218,656	214,266	44,326	32,250
	<u>263,759</u>	<u>437,003</u>	<u>56,631</u>	<u>234,952</u>
<b>20 Creditors: Amounts falling due within one year</b>	<b>Group 2021 £</b>	<b>Charity 2021 £</b>	<b>Group 2020 as restated £</b>	<b>Charity 2020 £</b>
Trade creditors	58,045	51,089	50,749	43,540
Amounts due to subsidiary undertakings	-	11,621	-	11,621
Other creditors	2,531	1,531	2,043	1,543
Accruals	31,905	31,431	23,927	23,927
Taxes and social security costs	6,733	4,908	13,579	4,514
Operation Safeguard	20,540	20,540	-	-
	<u>119,754</u>	<u>121,120</u>	<u>90,298</u>	<u>85,145</u>

Operation Safeguard comprise amounts refunded to donors after the year end, due to the failed appeal (see note 27).

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

21 Restricted funds	Balance at 1 Nov 2020 as restated £	Income £	Expenditure £	Balance at 31 Oct 2021 £
<b>Group and Charity</b>				
Operation Safeguard	15,271	422,911	(16,436)	421,746
Coronavirus Job Retention Scheme	-	22,012	(22,012)	-
	<u>15,271</u>	<u>444,923</u>	<u>(38,448)</u>	<u>421,746</u>
	Balance at 1 Nov 2019 £	Income as restated £	Expenditure £	Balance at 31 Oct 2020 as restated £
<b>Group and Charity</b>				
Operation Safeguard	-	15,271	-	15,271
Coronavirus Job Retention Scheme	-	25,408	(25,408)	-
	<u>-</u>	<u>40,679</u>	<u>(25,408)</u>	<u>15,271</u>

#### Operation Safeguard

This represents amounts received through the Operation Safeguard appeal for the purpose of building The Vulcan Experience at DSA. As explained in note 1.5 of the financial statements, all income received in respect of Operation Safeguard up to 31 October 2021, has been recognised in these accounts (note 3) as restricted income, and includes income where donors have not responded to the charity's offer of a full refund or the opportunity to allow VTST to "retain" their donation. Donations which have been refunded after the year end, due to the failed appeal (note 27), have been recognised in creditors (note 20). Expenditure includes transaction fees from online donations as well as actual works done at the site.

#### Coronavirus Job Retention Scheme

This represents amounts received from the Government to cover staff costs during the Covid-19 pandemic.

## 22 Analysis of net assets between funds

(a) Group	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 as restated £	Restricted funds 2020 as restated £	Total 2020 as restated £
Funds balances are represented by:						
Tangible fixed assets	10,586	-	10,586	6,811	-	6,811
Heritage assets	746,575	-	746,575	748,256	-	748,256
Current assets	614,779	442,286	1,057,065	1,114,122	15,271	1,129,393
Creditors: amounts falling due within one year	(99,214)	(20,540)	(119,754)	(90,298)	-	(90,298)
	<u>1,272,726</u>	<u>421,746</u>	<u>1,694,472</u>	<u>1,778,891</u>	<u>15,271</u>	<u>1,794,162</u>



# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

#### 22 Analysis of net assets between funds (continued)

(b) Charity	Unrestricted funds 2021	Restricted funds 2021	Total 2021	Unrestricted funds 2020	Restricted funds 2020 as restated	Total 2020 as restated
	£	£	£	£	£	£
Funds balances are represented by:						
Tangible fixed assets	9,446	-	9,446	3,984	-	3,984
Heritage assets	746,575	-	746,575	748,256	-	748,256
Investments	5	-	5	5	-	5
Current assets	688,453	442,286	1,130,739	1,205,024	15,271	1,220,295
Creditors: amounts falling due within one year	(100,580)	(20,540)	(121,120)	(85,145)	-	(85,145)
	<u>1,343,899</u>	<u>421,746</u>	<u>1,765,645</u>	<u>1,872,124</u>	<u>15,271</u>	<u>1,887,395</u>

#### 23 Contingent liabilities

In previous years the trust received funding from the National Heritage Memorial Fund (NHMF) in the sum of £2,734,000. The trust may be required to repay some or all of this grant in the event of the sale, disposal or mortgage charge of the plane without prior approval of the NHMF. The amount repayable is currently limited to £396,060.

The trust will also require an interest in the plane or right to the exclusive use and possession of the aircraft to 6 February 2085.

#### 24 Operating lease commitments

At 31 October 2021 the group and charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021	Charity 2021	Group 2020	Charity 2020
	£	£	£	£
Within one year	48,854	44,987	23,087	19,321
Between two and five years	75,250	75,250	-	-
	<u>124,104</u>	<u>120,237</u>	<u>23,087</u>	<u>19,321</u>

Lease payments totalling £46,072 (2020 – £44,850) have been recognised as an expense during the year.

#### 25 Ultimate controlling party

The charity is controlled by its trustees acting in accordance with the terms of the memorandum and articles of association.

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

#### 26 Related parties

The charity has taken advantage of the exemption given by FRS 102, from disclosing transactions with its wholly owned subsidiaries.

During the year, Angela Trotter (the spouse of Michael Trotter, a member of key management personnel), invoiced the company £7,021 (2020 – £3,805) for her accountancy services from Greenways Business Services, a partnership in which Michael Trotter is a member. The amount due to be paid at the year-end amounts to £Nil (2020 – £Nil).

#### 27 Post balance sheet events

As explained in the trustees' report set out on page 3, the Operation Safeguard appeal failed after date. All donors were contacted and offered either a full refund or the opportunity to allow the VTST to "retain" their donation. Where donors have requested a refund, the donation has been recognised as a liability at 31 October 2021 (note 20).

On the 21 June 2022 the Charity Commission authorised a Scheme which allows the trustees to use £323,400 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 for the benefit of the public and to demonstrate and display her to the public.

#### 28 Net cash flow from operating activities

	2021	2020
	£	as restated £
Net income/(expenditure) for the year	(99,690)	932,237
Investment income	(106)	(195)
Gain on disposal of tangible fixed assets	(254)	-
Depreciation of heritage assets	10,714	10,714
Depreciation of tangible assets	6,449	7,885
Movements in working capital:		
(Increase)/decrease in stocks	(6,846)	6,377
(Increase)/decrease in debtors	(207,128)	18,116
Increase/(decrease) in creditors	29,456	(44,398)
<b>Net cash flow from operating activities</b>	<b>(267,405)</b>	<b>930,736</b>

#### 29 Analysis of changes in net funds

During the year the group had no borrowings or obligations under finance leases. The changes in net funds of the charity therefore solely comprise of cash and cash equivalents.

# VULCAN TO THE SKY TRUST

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2021

#### 30 Prior Period Adjustment

The prior period adjustment relates to a restatement of the Statement of Financial Activities and Balance Sheet figures for the year ended 31 October 2020 in relation to income that should have been included in the parent undertaking. The comparative figures have been adjusted as follows:

	As previously reported £	Adjustment £	As restated at 31 Oct 2020 £
<b>(a) Group</b>			
<b>Changes to the Statement of Financial Activities</b>			
Income from donations and legacies	2,059,601	15,271	2,074,872
Income from other trading activities	282,281	(12,726)	269,555
Net income for the year / movement in funds	<u>929,692</u>	<u>2,545</u>	<u>932,237</u>
<b>Changes to the Balance Sheet</b>			
Creditors: Amounts falling due within one year	92,843	(2,545)	90,298
Restricted funds	-	15,271	15,271
Unrestricted funds	<u>1,791,617</u>	<u>(12,726)</u>	<u>1,778,891</u>
Total funds / Net assets	<u>1,791,617</u>	<u>2,545</u>	<u>1,794,162</u>
<b>(b) Charity</b>			
<b>Changes to the Balance Sheet</b>			
Debtors	219,681	15,271	234,952
Restricted funds	-	15,271	15,271
Unrestricted funds	<u>1,872,124</u>	<u>-</u>	<u>1,872,124</u>
Total funds / Net assets	<u>1,872,124</u>	<u>15,271</u>	<u>1,887,395</u>