

VULCAN TO THE SKY TRUST

(A REGISTERED CHARITABLE COMPANY, LIMITED
BY GUARANTEE AND WITHOUT A SHARE CAPITAL)

CONSOLIDATED REPORT AND ACCOUNTS

31 JULY 2004



**TENON LIMITED
Amberley Place
107-111 Peascod Street
Windsor
Berkshire**

VULCAN TO THE SKY TRUST

(A registered Charitable Company)

REPORT AND ACCOUNTS

31 JULY 2004

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VULCAN TO THE SKY TRUST

(A registered Charitable Company)

LEGAL AND ADMINISTRATIVE INFORMATION

31 JULY 2004

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ADDRESS OF THE COMPANY:	VTST PO Box 3240 Wimborne Dorset BH21 4YP
COMPANY REGISTRATION NUMBER:	04478686
CHARITY REGISTRATION NUMBER:	01101948
REGISTERED OFFICE:	5 Poole Road Bournemouth Dorset BH2 5QL
DIRECTORS: (WHO ARE ALSO TRUSTEES)	Air Chief Marshal Sir Michael Knight KCB AFC FRAeS (Chairman) Mrs Felicity Irwin DL (Campaign Director) Mr Edward Inman OBE Mr Giles Irwin FCA Mr Keith Mans FRAeS Sir Charles Masefield FRAeS Mr Geoffrey Pool Mr John Sharman FRAeS Sir Donald Spiers CB TD FRAeS
COMPANY SECRETARY:	Dr Robert Fleming MBCS CITP
BANKERS:	HSBC Bank Plc 58 High Street Winchester Hampshire SO23 9BZ
AUDITORS:	Tenon Audit Limited Chartered Accountants Amberley Place 107-111 Peascod Street Windsor Berkshire
ACCOUNTANTS:	Tenon Limited Amberley Place 107-111 Peascod Street Windsor Berkshire
SOLICITORS:	Laceys Solicitors 5 Poole Road Bournemouth Dorset BH2 5QL

VULCAN TO THE SKY TRUST

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TRUSTEES REPORT

31 JULY 2004

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1. CONSTITUTION AND OBJECTS OF THE VULCAN TO THE SKY TRUST

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

The principal objects of the company are;

(1) To preserve and protect Avro Vulcan G-VLCN (XH558) and return her to full working order for the benefit of the public and to demonstrate and display such aircraft at public events and to conserve her as a heritage asset in perpetuity;

(2) To advance the education of the general public, and specifically engineers and aviators, in the Avro Vulcan, her design, technologies and maintenance process and procedures, for the benefit of British Heritage, historical interest and conservation;

(3) To assist in the conservation in full working order of other heritage aircraft of the 20th century.

The company provides these services throughout England and Wales.

2. TRUSTEES OF THE COMPANY

The trustees in office during the year were as follows:

Air Chief Marshal Sir Michael Knight KCB AFC FRAeS	(Chairman)
Mrs Felicity Irwin DL	(Campaign Director)
Mr Edward Inman OBE	Appointed 14 July 2004
Mr Giles Irwin FCA	Appointed 22 January 2004
Mr Keith Mans FRAeS	Appointed 14 July 2004
Sir Charles Masefield FRAeS	Appointed 14 July 2004
Mr Geoffrey Pool	Appointed 14 July 2004
Mr John Sharman FRAeS	Appointed 20 January 2004
Sir Donald Spiers CB TD FRAeS	Appointed 14 July 2004

3. REVIEW OF THE DEVELOPMENT, ACTIVITIES AND ACHIEVEMENTS OF THE COMPANY

Since the Vulcan to the Sky Trust was established in July 2002, the plan to return Avro Vulcan XH558 to flight has taken some very significant steps forward. In this first Trustees' Report, it is appropriate to record some of the history of the Trust's activities prior to the current year.

Following the submission of the second, enhanced, Heritage Lottery Fund (HLF) grant application in June 2003, the project entered a six-month 'black-out' period imposed by the HLF, during which everyone associated with the project metaphorically held their collective breath.

But in the middle of December 2003, a week before the centenary of the Wright Brothers' first flight, Robert Fleming was informed that the HLF Trustees had made the decision to award our application a "Stage One Pass", earmarking £2.5million for the broader Vulcan to the Sky programme - a decision which the HLF admitted in their press release was "exceptional".

The HLF's two-stage process demanded further work before the grant could be confirmed: more detailed and specific plans on proposed educational and interpretational activities were drawn up and submitted to the HLF. Proposals as to how the public would gain access to the aircraft were required, including descriptions of the planned Visitor Centre and Mobile Unit. VTST also had to state how it intended to measure its success in providing public benefits - counting spectator, visitor and student numbers, for example. Lastly, VTST needed to demonstrate that aircraft hull insurance would be available, to recover the HLF's investment in the event of any catastrophic incident.

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TRUSTEES REPORT (continued)

31 JULY 2004

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3. REVIEW OF THE DEVELOPMENT, ACTIVITIES AND ACHIEVEMENTS OF THE COMPANY (continued)

Following the HLF's assessment of our submissions, formal confirmation of the grant award was made on 22nd June 2004, for an uplifted amount of £2,734,000, to include a pro-rata element for the rental of the hangar at Bruntingthorpe in Leicestershire during the 18-month life of the Restoration Phase, representing 73% of the total HLF project costs of £3,749,000.

Vulcan to the Sky Trust achieved registered charitable status in February 2004, and in July 2004, Sir Michael Knight, Chairman of Trustees, welcomed Ted Inman, Giles Irwin, Keith Mans, Sir Charles Masfield, Geoffrey Pool, John Sharman and Sir Donald Spiers to the Board of Trustees and as Members of the Trust. Felicity Irwin remained a member of the Trust.

The HLF's contract was presented to VTST in September 2004, and, following certain legal clarification, was finally signed by Sir Michael Knight in December 2004, and countersigned by the HLF in early February. The formal date of the commencement of the HLF-funded projects was 23rd February 2005.

Whilst the contract for the purchase of Avro Vulcan XH558 and related assets from C. Walton Ltd was relatively simple, the conditions under which the hangar, office and storage facilities were to be rented from C. Walton Ltd. required significant concessions on both sides before agreement was reached. Contracts were finally signed on 28th February, and Avro Vulcan XH558 finally passed into the ownership of the Trust on 3rd March, 2005 for the benefit of the Nation.

Protracted negotiations between VTST, Marshall of Cambridge Aerospace, several of its subcontractors and their respective insurers meant that the main Prime Contract for the restoration activity has only recently been agreed, and was signed on the 28th April 2005.

Pending this event, preparation of the facilities at Bruntingthorpe Aerodrome has been under way for some weeks. The Vulcan Operating Company (the engineering and operational arm of VTST) now has a management team reporting to Robert Fleming as the Project Director, and recruitment of the remainder of the engineering staff has commenced.

VTST has a Risk Management Plan in place, and taken out insurance to cover both third-party liabilities, and any damage to the aircraft on an "All Risks" basis.

Support and enthusiasm for Vulcan to the Sky remains high amongst those companies needed formally to support the restoration and flying programme. Principal among these are prime contractor Marshall of Cambridge Aerospace, design authority BAE SYSTEMS, Rolls-Royce and Smiths Aerospace, but there are many others. A 'kick-off' meeting for these companies at Bruntingthorpe in May 2004 provided VTST with the opportunity to bring all the main players up-to-date with the programme; many of these companies are now active on component servicing scope-of-work tasks.

The profile of the project has increased yet further, thanks to Felicity Irwin's sterling efforts: press articles, radio and TV items, and an increasing presence across the UK airshow scene have stimulated a growing knowledge of Vulcan to the Sky in the minds of the public and industry alike.

The most pressing current challenge remains the required level of HLF partnership funding, of about £1,017,000 over the Restoration Phase. Of this amount, approximately £200,000 has been raised to date, over and above the costs of sustaining the project from March 2002, and a further £172,000 identified and committed, such as the Gift Aid credit. The Revenue Plan for the Restoration Phase currently forecasts £664,000 gross, yielding £167,000 net after the costs of those aspects of Trust activity not funded by the HLF are taken into account. This leaves about £500,000 still to find. Felicity Irwin has demonstrated that, with a determined and imaginative approach, sums of the required magnitude can be raised.

Without doubt the determination shared by both Robert and Felicity has brought the project to its current position; the support of the Trustees remains of considerable strength to them.

The Trustees therefore look forward with anticipation to the coming year, in which they expect to see substantial real progress towards returning Vulcan XH558, now G-VLCN, to flight, and in providing the public educational benefits which we have promised.

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TRUSTEES REPORT (continued)

31 JULY 2004

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4. REVIEW OF TRANSACTIONS AND FINANCIAL POSITION OF THE COMPANY

Incoming resources totalled £434,808 (2003: £38,378). Total resources expended amounted to £188,501 (2003: £82,861) resulting in a net surplus in funds for the year ended 31 July 2004 of £246,301 (2003: deficit £44,483). While the income to be derived in the future can never be accurately determined, the Trustees are satisfied that with the cash resources available at 31 July 2004 and the expected income for the forthcoming year to 31 July 2005, the objects of the company can be met for the foreseeable future.

5. RESERVES POLICY

The Trustees currently aim to have sufficient reserves to complete the renovation and rebuilding of the aircraft and then to maintain her airworthiness.

6. RISK MANAGEMENT

The Trustees have assessed the major risks to which the company is exposed, in particular those related to the operations and finances of the company. The Trustees are satisfied that systems are in place to mitigate or lessen exposure to the major risks faced by the company.

7. STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Vulcan To The Sky Trust and of its financial activities for that period. In preparing those accounts the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the company and which enable them to ascertain the financial position of the company and ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

8. AUDITORS

On 28 February 2005 our auditors, Blueprint Audit Limited, changed their name to Tenon Audit Limited and have signed the audit report in their new name.

Tenon Audit Limited have expressed their willingness to continue as auditors of the company. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Tenon Audit Limited be re-appointed as auditors of the company will be put to the Annual General Meeting.

Signed on behalf of the Trustees


.....
Air Chief Marshal Sir Michael Knight KCB AFC FRAeS
Chairman

Approved by the Board of Trustees on 27 May 2005

VULCAN TO THE SKY TRUST

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS

31 JULY 2004

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We have audited the accounts on pages 6 to 13, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS

The Trustees' responsibilities for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities on page 4.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the accounts, if the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We are not required to consider whether the statement in the Trustees' Report concerning the major risks to which the company is exposed covers all existing risks and controls, or to form an opinion on the effectiveness of the company's risk management and control procedures.

We read other information contained in the Trustees' Report and consider whether it is consistent with the audited accounts. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the accounts. Our responsibilities do not extend to any other information.

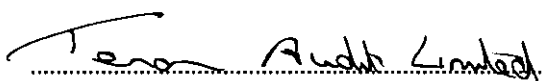
BASIS OF OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the accounts, and of whether the accounting policies are appropriate to the company and group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In our opinion the accounts give a true and fair view of the company and the group's state of affairs as at 31 July 2004 and of its incoming resources and application of resources in the year then ended and have been properly prepared in accordance with the Companies Act 1985.



TENON AUDIT LIMITED
Chartered Accountants
Amberley Place
107-111 Peascod Street
Windsor
Berkshire SL4 1TE

Date: 27 May 2005

VULCAN TO THE SKY TRUST

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CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 JULY 2004

Page 6

	<u>Note</u>	<u>2004 Total Funds</u> £	<u>Period ended 2003 Total Funds</u> £
Incoming resources			
Donations, legacies and similar income	3	445,376	38,345
Investment income	3	<u>1,089</u>	<u>33</u>
Total incoming resources		<u>446,465</u>	<u>38,378</u>
Resources expended			
Cost of generating funds:			
- Fundraising costs	5a	76,544	-
Costs of activities in furtherance of the company's objects:	5b		
- Restoration and maintenance costs		62,284	79,372
- Exhibition and display costs		1,250	-
- Support costs		17,468	-
Other expenditure:			
Management and administration of the company	5c	<u>42,612</u>	<u>3,489</u>
Total resources expended		<u>200,158</u>	<u>82,861</u>
Net incoming/(outgoing) resources for the year and net movement in fund		246,307	(44,483)
Fund balances brought forward at 1 August 2003		<u>(44,483)</u>	<u>-</u>
Fund balances carried forward at 31 July 2004		<u>201,824</u>	<u>(44,483)</u>

The consolidated statement of financial activities has been prepared on the basis that all operations are continuing operations.

There are no recognised gains or losses other than those passing through the statement of financial activities.

The notes on pages 8 to 13 form part of these accounts.

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BALANCE SHEETS

AS AT 31 JULY 2004

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	Note	Group 2004 £	Charity 2004 £	2003 £
Fixed Assets				
Tangible fixed assets	7	2,602	2,359	-
Investments	8	<u>-</u>	<u>1</u>	<u>-</u>
		2,602	2,360	-
Current Assets				
Debtors	9	74,074	73,809	-
Cash at bank and in hand		<u>203,415</u>	<u>202,049</u>	<u>35,913</u>
		277,489	275,858	35,913
Creditors: amounts falling due within one year	10	<u>(78,267)</u>	<u>(76,394)</u>	<u>(80,396)</u>
Net Current Assets		<u>199,222</u>	<u>199,464</u>	<u>(44,483)</u>
Net Assets		<u>201,824</u>	<u>201,824</u>	<u>(44,483)</u>
Funds				
Restricted funds	12	-	-	-
Unrestricted funds		<u>201,824</u>	<u>201,824</u>	<u>(44,483)</u>
		<u>201,824</u>	<u>201,824</u>	<u>(44,483)</u>

Approved by the Board of Trustees on 27 May 2005

and signed on its behalf by


.....
Air Chief Marshal Sir Michael Knight KCB AFC FRAeS
Chairman


.....
Mrs Felicity Irwin DL
Campaign Director

The notes on pages 8 to 13 form part of these accounts.

VULCAN TO THE SKY TRUST

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2004

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1. Accounting policies

1.1 **Basis of accounting**

The consolidated accounts are prepared under the historical cost convention and include the results of the company and trading subsidiary's operations as set out in the report of the trustees.

The company has taken advantage of the exemptions in Financial reporting Standard No. 1 'Cashflow statements' from the requirement to produce a cash flow statement on the grounds that it is a small group.

The accounts have been drawn up in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) and applicable accounting standards, in view of the company's charitable status. The company has also modified the Companies Act formats to more fairly reflect the charitable operation of the company, as allowed by the Companies Act.

Consolidated accounts

The accounts present information about Vulcan to the Sky Trust and its fully controlled quasi-subsiary company, Vulcan to the Sky Enterprises Limited, which was incorporated on 15 September 2003. A separate statement of financial activities is not presented because the Charity has taken advantage of the exemption available under Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2000) not to do so.

1.2 **Income**

Income is recognised on the following basis;

Donation income is recognised along with any applicable gift aid on a receivable basis

Gifts in kind for subsequent application are recognised when received and valued at market value at the point of donation.

1.3 **Expenditure**

Expenditure includes all material costs received after the period end but relevant to the period ended 31 July 2004.

1.4 **Allocation of costs**

Costs are allocated according to function and hence into appropriate categories. Where expenditure relates to more than one functional category a reasonable method of allocation is determined.

1.5 **Funds**

Unrestricted Funds

Unrestricted funds are expendable at the discretion of the trustees in furtherance of the objects of the company.

Restricted Funds

Restricted funds are funds that can only be used for particular restricted purposes within the objects of the company. Restrictions arise when specified by the donor or when funds raised are for a particular restricted purpose.

1.6 **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	33.3%	Straight Line
Fixtures and fittings	20%	Straight Line

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 JULY 2004

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1.7 Investments

Investments are stated at cost.

1.8 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

2. Comparative figures

The comparative figures relate to the period from 5 July 2002 to 31 July 2003.

3. Incoming resources

Income comprises amounts receivable from the following sources.

	Period ended	
	2004	2003
	<u>Total</u>	<u>Total</u>
	£	£
Donations, legacies & similar incoming resources		
- Donations received	439,776	38,345
- Gifts in kind	<u>5,600</u>	<u>-</u>
	445,376	38,345
Investment income		
Bank interest received	<u>1,089</u>	<u>33</u>
	<u>446,465</u>	<u>38,378</u>

Included in donations received during the year are amounts totalling £42,497 that were donated by related parties of the Vulcan To The Sky Trust. Refer to note 14 for further details.

4. Net Income from the Trading Activities of Subsidiary

The Charity controls 100% of the ordinary share capital, consisting of 1 ordinary share of £1 each, of Vulcan to the Sky Enterprises Limited which sells goods to support Vulcan to the Sky Trust. As a result it has been treated as a quasi-subsiary and fully consolidated within these accounts. Since the year end legal direct ownership of the shares has occurred. The quasi-subsiary donates its taxable profits to the Charity by gift aid. Its trading results for the period, as extracted from the audited financial statements are summarised below:

	2004
	<u>Total</u>
	£
Turnover	11,329
Cost of sales	<u>(7,209)</u>
	4,120
Administration expenses	(4,448)
Other operating income	<u>3,100</u>
	2,772
Operating Profit	2,772
Gift aided to the Charity	<u>(2,772)</u>
Profit on ordinary activities before tax	-
Tax on profit on ordinary activities	<u>-</u>
Retained profit in the subsidiary	<u>-</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 JULY 2004

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5. Expended Resources

a) Cost of generating funds

	Period ended	
	2004	2003
	<u>Total</u>	<u>Total</u>
	£	£
Purchase of memorabilia	1,028	-
Air show event costs	6,181	-
Wages and salaries	5,090	-
Lottery costs	14,972	-
Consultancy costs	5,233	-
Printing, postage and stationery	4,305	-
Advertising and promotion	35,635	-
Computer costs	658	-
Travel and entertaining expenses	<u>3,442</u>	<u>-</u>
	<u>76,544</u>	<u>-</u>

b) Costs in furtherance of the charities objects

	Period ended	
	2004	2003
	<u>Total</u>	<u>Total</u>
	£	£
	Restoration & maintenance	Exhibition & display
	£	£
Aircraft costs	-	-
Wages and salaries	-	5,090
Consultancy costs	48,684	5,233
Printing, postage and stationery	-	5,186
Travel and entertaining expenses	-	1,959
Professional fees	13,600	-
Educational support	<u>-</u>	<u>1,250</u>
Totals	<u>62,284</u>	<u>17,468</u>

c) Management and Administration costs

	Period ended	
	2004	2003
	<u>Total</u>	<u>Total</u>
	£	£
Telephone	1,870	-
Insurance	744	-
Travel and entertaining	1,703	-
Wages and salaries	5,090	-
Consultancy	5,233	-
Casual labour	625	-
Printing, postage and stationery	7,383	-
Accounting	7,437	-
Legal and professional	4,457	-
Bank charges	626	-
Depreciation	481	-
Meeting costs	706	-
Sundries	<u>6,257</u>	<u>3,489</u>
Totals	<u>42,612</u>	<u>3,489</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 JULY 2004

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6. <u>Staff costs</u>	Period ended	
	2004	2003
Charity	<u>Total</u>	<u>Total</u>
	£	£
Wages and salaries	14,438	-
Social security	<u>831</u>	<u>-</u>
	<u>15,269</u>	<u>-</u>

The average number of staff employed by the company during the year ended 31 July 2004 was 3 (2003: 0). No employee earned over £50,000 during the period.

Included in wages and salaries for the year ended 31 July 2004 is an amount totalling £1,530 (2003: £nil) paid to related parties. Refer to note 13 for further details.

F Irwin, a trustee of the company, received reimbursement of expenses incurred whilst on charity business totalling £583 during the year ended 31 July 2004 (2003: £nil).

7. <u>Tangible fixed assets</u> (for own use)	Group	Charity	Total
	2004	2004	2003
	Fixtures, fittings & equipment	Fixtures, fittings & equipment	
	£	£	£
Cost			
As at 1 August 2003	-	-	-
Additions	<u>3,083</u>	<u>2,779</u>	<u>-</u>
As at 31 July 2004	<u>3,083</u>	<u>2,779</u>	<u>-</u>
Depreciation			
As at 1 August 2003	-	-	-
Charge for the year	<u>481</u>	<u>420</u>	<u>-</u>
As at 31 July 2004	<u>481</u>	<u>420</u>	<u>-</u>
Net book value			
As at 31 July 2004	<u>2,602</u>	<u>2,359</u>	<u>-</u>
As at 31 July 2003	<u>-</u>	<u>-</u>	<u>-</u>

8. <u>Investments</u>	Total	
	£	
Charity		
<i>Shares in Trading Subsidiary</i>		
1 Ordinary share of £1 (nominal value)		<u>1</u>
	Shares in group	
	Undertaking	
	£	
Cost		
At 1 August 2003		-
Addition		<u>1</u>
At 31 July 2004		<u>1</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 JULY 2004

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8. Investments (continued)

Holdings of more than 20%

The company controls more than 20% of the share capital of the following companies:

Company

Subsidiary undertakings	Country of incorporation	Class	Shares held
Vulcan to the Sky Enterprises Limited	England	Ordinary	100%

The aggregate amount of capital and reserves and result of this undertaking for the last relevant financial year was as follows:

	Capital and Reserves 2004 £	Profit for the year 2004 £
Vulcan to the Sky Enterprises	<u>1</u>	<u>2,772</u>

Shares in the subsidiary undertaking are stated at cost.

	Group 2004 £	Charity 2004 £	2003 £
9. <u>Debtors</u>			
Stocks	264	-	-
Other debtors	71,929	71,928	-
Prepayments	<u>1,881</u>	<u>1,881</u>	-
	<u>74,074</u>	<u>73,809</u>	-

	Group 2004 £	Charity 2004 £	2003 £
10. <u>Creditors: amounts falling due within one year</u>			
Trade creditors	2,244	1,277	-
Accruals	12,114	12,114	-
Amounts due to subsidiary undertakings	-	2,606	-
Other creditors	<u>63,909</u>	<u>60,397</u>	<u>80,396</u>
	<u>78,267</u>	<u>76,394</u>	<u>80,396</u>

11. Capital and reserves

Vulcan To the Sky Trust is a company limited by guarantee without a share capital. Instead of a share capital, each member guarantees to pay an amount not exceeding £10 in the event of the company's liquidation. The amount of the members' guarantee represents a contingent asset of the company, which will crystallise only if the company goes into liquidation. As the company is a going concern, the members have no obligation to pay the sum guaranteed.

In the circumstances noted above it is considered that the distinction between equity and non-equity interests required by Financial Reporting Standard No. 4 'Capital Instruments' is not applicable.

VULCAN TO THE SKY TRUST

(A registered Charitable Company)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 31 JULY 2004

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12. Other reserves

Restricted funds

A restricted fund is created when a donor sets conditions on what the amount donated can be used for. None of the donations in the year ended 31 July 2004 (2003: £nil) had any such restrictions imposed and so all donations have been treated as unrestricted funds, expendable at the discretion of the trustees in furtherance of the company's objects.

13. Reconciliation of movements in funds

	<u>2004</u> £	<u>2003</u> £
Net movement in funds per Consolidated Statement of Financial Activities	246,307	(44,483)
Opening funds at 1 August 2003	<u>(44,483)</u>	<u>-</u>
Closing funds at 31 July 2004	<u>201,824</u>	<u>(44,483)</u>

14. Related party transactions

Vulcan To The Sky Trust occupied a room and used services such as water and electricity provided by G Irwin and F Irwin (both trustees of the company) free of charge during the year ended 31 July 2004.

R Pleming, a director of Vulcan To The Sky Enterprises Limited, which is 100% owned by Vulcan To The Sky Trust, is also a director of RW Pleming Consulting Limited. During the year ended 31 July 2004, Vulcan To The Sky Trust paid RW Pleming Consulting Limited an amount of £48,684 (2003: £nil) for consultancy services.

In accordance with the provisions made in the Vulcan To The Sky Memorandum of Association, C Irwin, the daughter of G Irwin and F Irwin (both trustees of the company), is employed by the company and during the year ended 31 July 2004 received £1,530 (2003: £nil) in remuneration.

G Pool, a director of the company, is chairman of the Vulcan To The Sky Club (formerly the Vulcan 558 Club). During the year the club organised and administered events on behalf of the Vulcan To The Sky Trust, resulting in income from the Vulcan To The Sky Club to Vulcan To The Sky Trust of £39,275 (2003: £nil). As at 31 July 2004, £19,275 (2003: £nil) of this amount was outstanding.

15. Post balance sheet events

After the year end, Vulcan To The Sky Trust has been successful in securing funding totalling £2,734,000 from the Heritage Lottery Commission for the purchase and restoration of the aircraft known as the Avro Vulcan G-VLCN (XH558). The grant received has restrictions attached that it may only be used for the purchase and restoration of this aircraft.