

Fly Navy Heritage Trust Limited
(A Charitable Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 December 2015

Company Number: 05971284
Charity Registered in England and Wales Number: 1117272

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Fly Navy Heritage Trust Limited
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For the Year Ended 31 December 2015

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Fly Navy Heritage Trust Limited
Reference and Administrative Details
For the Year Ended 31 December 2015

Patron

HRH The Duke of York KG GCVO

President

Rear Admiral Colin Cooke-Priest CB CVO

Trustee Directors:

Chairman

Rear Admiral T Loughran CB (resigned 26/02/2015)

Rear Admiral T A Cunningham CBE (appointed 17/03/2015)

Ex- Officio

Commodore R S Alexander OBE RN – Commanding Officer RNAS Yeovilton (resigned 22/09/2015)

Commodore J P Pentreath OBE RN – Commanding Officer RNAS Yeovilton (appointed 22/09/2015)

Captain M Garratt RN – Commanding Officer RNAS Culdrose (resigned 22/01/2015)

Captain A P Orchard OBE RN – Commanding Officer RNAS Culdrose (appointed 22/01/2015)

Rear Admiral R G Harding CBE – Assistant Chief of Naval Staff (Aviation and Carriers) (resigned 29/05/2015)

Rear Admiral K Blount OBE – Assistant Chief of Naval Staff (Aviation and Carriers) (appointed 29/05/2015)

Commodore A C Lison RN – Head of Helicopters, Defence Equipment and Support (resigned 15/10/2015)

Elected

Commodore S F Baldwin RN – Programme Director, Rolls Royce Plc

Sir T F Boughton GCM CStJ – Private Banker (resigned 14/10/2015)

Rear Admiral S Charlier CBE FRAeS – Chairman FAA Officers' Association

Rear Admiral C H T Clayton – Chairman, Fly Navy Federation

Commodore W M Covington CBE RN – Business Executive, aircraft owner

Mr J H Craig – Solicitor

Mr L A Edwards – Business Executive (resigned 17/03/2015)

Mr R E Edwards – Managing Director, AgustaWestland Ltd (resigned 01/08/2015)

Air Vice Marshal J M M Ponsonby
OBE FRAeS – Managing Director, Leonardo Helicopters (appointed 01/08/2015)

Mr R Kramer – Vice President, Lockheed Martin UK Integrated Systems

Mr T J Manna – President, Kennet Aviation

Captain A P Orchard OBE RN – Captain (appointed 22/01/2015)

M J Ryan – Business Executive, aircraft owner

M J F Strong – Chartered Accountant

Rear Admiral I P G Tibbitt CBE – Deputy Chairman FNHT, Business Executive

Mr H Mason – Heritage Manager, BAE Systems

Chief Executive Officer

Captain M C Nixon OBE RN (resigned 04/03/2015)

Mr J Longworth-Krafft (appointed 04/03/2015) (resigned 15/10/2015)

Rear Admiral I P G Tibbitt CBE (appointed 15/10/2015) (resigned 29/02/16) (Acting CEO)

Commodore R S Alexander OBE RN (appointed 29/02/16)

Company Secretary

Mr J H Craig

Charity Number

1117272

Company Number

05971284

Principal Address and Registered Office

Building 412, South Dispersal, RNAS Yeovilton, Ilchester, Somerset, BA22 8HT

Fly Navy Heritage Trust Limited
Reference and Administrative Details
For the Year Ended 31 December 2015

Auditors

Albert Goodman LLP, Mary Street House, Mary Street, Taunton, Somerset, TA1 2LE

Bankers

Barclays Bank Plc, King George Street, Yeovil, Somerset, BA20 1PX

The Trustee Directors ("Trustees") present their report and accounts for the year ended 31 December 2015. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charity's governing document, applicable law and the requirement of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

References and Administrative Details

Administrative information is given in a separate section at the front of these accounts.

Structure Governance and Management

The Fly Navy Heritage Trust was registered with the Charity Commission and is constituted and regulated by a Declaration of Trust dated 16 July 1991. In December 2006 the Trust transferred its assets and undertakings, in accordance with the incorporation agreement dated 31 December 2006, to the Fly Navy Heritage Trust Limited. This company, limited by guarantee, (company registration number 05971284) was incorporated on 18 October 2006; it is registered with the Charity Commission (charity registration number 01117272). In accordance with the governing document, the current trustees may appoint additional trustees and have absolute discretion and unrestricted powers to invest trust monies. Trustees may serve for up to three years before requiring re-appointment.

Induction and training of trustees

New Trustees are inducted and trained using information obtained from various sources, including the Charity Commission, attendance as required at specialist courses and by personal briefings.

Organisational structure

A full list of trustees and directors (all trustees are also directors of the company) who have served since 31 December 2014 is shown on page 1. The Trustees meet at least three times a year to discuss and review the current and future position of the Charity. The Charity occupies office space within MOD owned buildings within RNAS Yeovilton and now, in accordance with the Trustees' directive to increase the fundraising capacity of the charity, employs eleven staff members, seven of them part time.

Related parties

Naval Aviation Limited (NA Ltd) (company registration number 07052646) is a wholly owned subsidiary of the Charity and exists as the trading operation of the Charity. Activities include sales of aircraft displays, sales of souvenir merchandise and the operation of the Hawker Sea Fury T20 (G-RNHF) and the Sea Vixen FAW2 XP924 (G-CVIX).

The Charity also has a close affinity with the Royal Navy Historic Flight (RNHF), a unit whose purpose is to preserve the Royal Navy's aviation heritage by maintaining in flying condition a small number of other notable British naval aircraft and displaying them before the public.

Charitable donations made by the charity have supported the activity of both the RNHF and NA Ltd. One of the trustees of the Charity, Commodore J Pentreath RN, is a senior member of the management team of the RNHF. RNHF aircraft airworthiness is regulated by the MOD and NA Ltd aircraft airworthiness by the Civil Aviation Authority

Risk management

The Trustees routinely assess the risks to which the Charity is exposed to ensure that systems and procedures are in place to mitigate exposure in these areas. A Risk Register is held in the Charity's Business Plan and is reviewed at Management Group level and at each Trustees' meeting. Risk mitigation actions are included as part of the charity's annual Work Plan.

Objects

The Charity's objects are set out in the Memorandum of Association as follows:

- To educate members of the Royal Navy and the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Navy aviation generally.
- To provide a memorial and tribute to the men and women who have flown, maintained or contributed in any way to the operation of aircraft within the fleet.
- To advance the effectiveness of the armed forces of the Crown by promoting the efficiency of aviation in the Royal Navy.

This can be summed up as: To Educate, Inspire and Remember; this is articulated as a single aim as follows: *Inspiring future generations by bringing together the aircraft, people and the story of flying from ships.*

Activities

A new Chief Executive Officer, Mr John Longworth-Krafft, joined the Trust in March 2015 but resigned for personal reasons in September 2015. The Charity was then directed and administered by the Deputy Chairman acting as interim CEO supported by the Management Group until the end of the year. Since the year end Commodore R S Alexander OBE RN has been appointed CEO.

All of the activities during the year were aimed at achieving the Charity's objects. 2015 saw the nation mark several centenaries from the Great War, including the centenary of the award of the Royal Naval Air Service's first two Victoria Crosses and also the 75th Anniversary of the Battle of Taranto, which provided themes for the charity's fundraising activities. Fund raising events were successfully carried out, assisted by considerable input of effort from unpaid volunteer supporters. These events included prestigious dinners, a golf tournament and attendance at air displays. The net contribution from these events totalled £269,452; an increase of 17.4 per cent compared with the previous year.

Achievements and Performance

The principal achievement of the Charity has been the raising and provision of funds to support the activities and maintenance of naval heritage aircraft, those of the RNHF and the Sea Fury and Sea Vixen aircraft operated by NA Ltd. A particular success this year involved the flying of three iconic, carrier borne aircraft, particularly at the RNAS Yeovilton and RNAS Culdrose Air Days; the Swordfish, the Sea Vixen and most generously, a Seafire aircraft privately owned by one of the

charity's trustees. This aircraft also participated in the 75th Battle of Britain fly past, highlighting and paying tribute to the 56 naval aviators who flew in the Battle of Britain. The Trust also achieved national press coverage in remembrance of the contribution by the British Pacific Fleet to victory over Japan in September 1945. Support to the RNHF totalled £136,483 in year, representing a reduction of 18.4 per cent compared with 2014. The grants were paid primarily in support of manufacturing new pistons, sleeves and rings, and the testing and overhaul of engines for the RNHF's Hawker Sea Fury FB11 and two Fairey Swordfish. In a significant development, the Trust was selected as one of the military charities to benefit from the Armed Forces Covenant Libor Fund and was granted £500K to fund repairs and build a contingency of spares to keep the Swordfish aircraft flying.

The formal Fly Navy Heritage Trust Business Plan was published in updated form at the start of the year. This document, detailing six individual fundraising streams, allowed the Trust to prioritise the effort of the Office Team and underpinned the detailed Work Plan. A finite target donor population and the continuing national culture of fiscal restraint, coupled with strong competition from "heart strings" charities, provide ongoing fundraising challenges. Work continues to restore the Sea Fury T20 which, as previously reported, suffered a wheels-up landing at the RNAS Culdrose Air Day on 31 July 2014. The airframe damage has been rectified under our insurance policy, however, the Trust through NA Ltd must fund a replacement Centaurus engine, Fundraising for the engine, continued through 2015, has so far achieved a total of £112,050 with approximately £188,000 still to be found.

Swordfish and Sea Vixen displays were conducted throughout the season, although the accident involving a Hawker Hunter at the 2015 Shoreham Air Show curtailed some of the planned activity for the Sea Vixen.

Reserves policy

Since there can be no guarantee of the quantum of future income streams, the Trustees' policy is to retain funds in excess of the current needs to meet unanticipated expenditure which is an inherent feature of maintaining historic aircraft. In addition, Trustees continue to ensure that free reserves cover at least 6 months of short term operating costs presently valued at £187,000.

Review of financial position

The group had no recognised gains or losses other than a surplus for the financial period of £490,736. Income during the year increased by 96% from £619,359 in 2014 to £1,211,900 in 2015; this large income increase can in the main be attributed to the, previously mentioned, Libor grant of £500,000 in support of the RNHF Swordfish aircraft. Without the Libor grant, the total increase in income amounted to 14.9%. The total income includes £715,859 of restricted income (59.1%) and £496,131 of unrestricted income (40.9%). Restricted income was applied to the purposes for which it was provided (of this £500,000 related to the Libor grant). Charitable expenditure increased by 3.4% from £697,821 in 2014 to £721,254 in 2015. The charity held £424,212 of restricted funds at the year end and £512,426 in unrestricted funds. Cash and short term investments totalled £878,825 at 31 December 2015 compared with £440,394 at the previous year end. Capital expenditure totalled £4,156 during the year, comprising mainly office equipment. Turnover for NA Ltd in 2015 was £238,806 which included £177,596 support provided by the FNHT related to NA Ltd aircraft operation. Overall, a net profit of £15,698 was returned at year end.

Plans for future periods

The Charity regularly reviews its ten year rolling plan as well as annual plans and budgets. The aircraft of the RNHF require extensive overhauls of their engines and the provision of back-up engines and spares. The engines, particularly for the Fairey Swordfish, are extremely rare and the plans anticipate an increase in expenditure and therefore income to support this activity. The Trust is in the process of developing sustainability plans for all heritage aircraft, to enable the RNHF and NA Ltd to achieve a level of resilience that will provide spare engines and will cater for the financial gusts which are a normal feature of operating vintage aircraft. Despite initial promises, this year saw a reduction in the income stream from the Royal Navy, which has led to a reduced hours programme for the Swordfish in 2016; there is little prospect of this increasing again and every chance of a further decrease. The themes for 2016's fundraising events will centre around: the centenary of the battle of the Somme and Jutland and; the 75th Anniversary of the sinking of Bismarck.

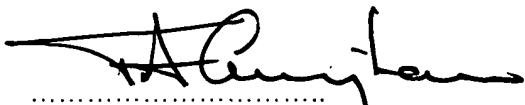
Grant making policy

The trustees consider the needs of potential beneficiaries, primarily the RNHF and our subsidiary NA Ltd, ensuring that by doing so, any support is provided in accordance with the objects of the charity.

Auditors

The auditors, Albert Goodman LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Approved by the Trustees on 23/6/16 and signed on their behalf by:



Rear Admiral T A Cunningham CBE
Chairman and Trustee

The trustees (who are directors of the Fly Navy Heritage Trust Limited for the purposes of company law) are responsible for preparing the Trustee Directors' 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 which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable 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;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

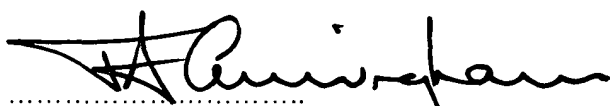
The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding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

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report of which the group's auditor is unaware; and
- The trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all the steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information

Approved by the Trustees on 28/6/16 and signed on their behalf by:


.....
Rear Admiral T A Cunningham CBE
Chairman and Trustee

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2015

We have audited the financial statements of the Fly Navy Heritage Trust Limited for the year ended 31 December 2015, which comprise the Consolidated Statement of Financial Activities (including Income and Expenditure Account), the Consolidated and Parent Company Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of trustees and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 6, the trustees' (who are also the directors of the 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

Matters on which we are required to report by exception

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

- the parent charitable company has not kept proper and adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or

Fly Navy Heritage Trust Limited
Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2015

- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.

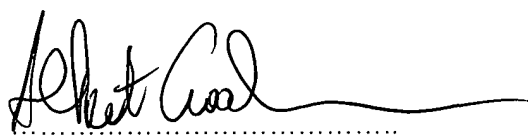
Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2015, 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 Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



Paul Hake FCCA
Senior Statutory Auditor
for and on behalf of
Albert Goodman LLP
Chartered Accountants
Statutory Auditor

Date: 30 June 2016

Mary Street House
Mary Street
Taunton
Somerset
TA1 3NW

Fly Navy Heritage Trust Limited**Consolidated Statement of Financial Activities (including income and expenditure account)**
For the Year Ended 31 December 2015

	Notes	Unres- tricted £	Res- tricted £	Total 2015 £	Unres- tricted £	Res- tricted £	Total 2014 £
Income:							
Grants, donations and legacies	2	165,085	715,859	880,944	169,662	190,713	360,375
Other trading activities	3	330,661	-	330,661	258,879	-	258,879
Investments	4	385	-	385	105	-	105
Total income		496,131	715,859	1,211,990	428,646	190,713	619,359
Expenditure:							
Costs of raising funds	5	108,152	212,293	320,445	162,058	128,485	290,543
Charitable activities	6	269,227	131,582	400,809	316,772	90,506	407,278
Total expenditure		377,379	343,875	721,254	478,830	218,991	697,821
Net income/(expenditure) and net movement in funds for the year	7	118,752	371,984	490,736	(50,184)	(28,278)	(78,462)
Reconciliation of funds							
Total funds brought forward		393,674	52,228	445,902	436,158	88,206	524,364
Total funds carried forward		512,426	424,212	936,638	385,974	59,928	445,902

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

Fly Navy Heritage Trust Limited – Company Number 05971284
Balance Sheet and Consolidated Balance Sheet
As at 31 December 2015

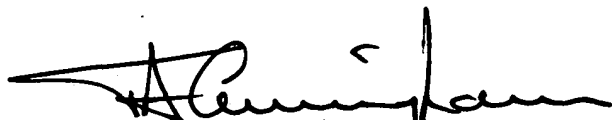
	Notes	2015		2014	
		£ Group	£ Charity	£ Group	£ Charity
Fixed assets					
Tangible fixed assets	10	3,813	3,812	5,494	5,493
Investments	11	-	1	-	1
		<u>3,813</u>	<u>3,813</u>	<u>5,494</u>	<u>5,494</u>
Current assets					
Stock	12	14,487	-	10,245	-
Debtors	13	172,173	177,598	52,247	73,558
Cash at bank and in hand		878,825	878,453	440,394	440,394
		<u>1,065,485</u>	<u>1,056,051</u>	<u>502,886</u>	<u>513,952</u>
Liabilities:					
Creditors falling due within one year	14	(132,660)	(82,211)	(62,478)	(16,831)
		<u>932,825</u>	<u>973,840</u>	<u>440,408</u>	<u>497,121</u>
Total net assets		<u>936,638</u>	<u>977,653</u>	<u>445,902</u>	<u>502,615</u>
The funds of the charity:					
Restricted funds	15	424,212	458,909	52,228	52,228
Unrestricted funds	15	512,426	518,744	393,674	450,387
		<u>936,638</u>	<u>977,653</u>	<u>445,902</u>	<u>502,615</u>
Total charity funds		<u>936,638</u>	<u>977,653</u>	<u>445,902</u>	<u>502,615</u>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.


The notes from page 14 – 26 form part of these accounts.

Fly Navy Heritage Trust Limited
Balance Sheet and Consolidated Balance Sheet
As at 31 December 2015

Approved by the Board on 28/6/16 and signed on their behalf by:



Rear Admiral T A Cunningham CBE
Trustee Director



Mr J Manna
Trustee Director

Fly Navy Heritage Trust Limited
Statement of Cash Flows and Consolidated Statement of Cash Flows
For the Year Ended 31 December 2015

	Notes	Total 2015		Total 2014	
		£ Group	£ Charity	£ Group	£ Charity
Cash flows from operating activities					
Net movements in funds for the year		490,736	475,038	(78,462)	(43,262)
Adjustments to cash flows from non-cash items					
Depreciation and amortisation	10	5,837	5,837	5,492	5,492
Finance Income	4	(385)	(385)	(105)	(105)
		<hr/>	<hr/>	<hr/>	<hr/>
		496,188	480,490	(73,075)	(37,875)
Working capital adjustments					
Decrease/(increase) in stocks	12	(4,242)	-	(2,776)	-
Increase in trade debtors	13	(119,926)	(104,040)	(17,598)	(16,853)
(Decrease)/increase in trade creditors	14	67,155	61,423	38,018	(4,428)
		<hr/>	<hr/>	<hr/>	<hr/>
Net cash flow from operations		439,175	437,873	(55,431)	(59,156)
Cash flows from investing activities					
Interest received	4	385	385	105	105
Acquisitions of tangible assets	10	(4,156)	(4,156)	(1,627)	(1,627)
		<hr/>	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		435,404	434,102	(56,953)	(60,678)
		<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the beginning of the reporting period		439,464	440,394	496,417	501,072
		<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at the end of the reporting period		874,868	874,496	439,464	440,394
		<hr/>	<hr/>	<hr/>	<hr/>
Cash & Cash equivalents reconciliation:					
Cash at bank		878,825	878,453	440,394	440,394
Bank overdraft		(3,957)	(3,957)	(930)	-
		<hr/>	<hr/>	<hr/>	<hr/>
Total cash & cash equivalents at the end of the reporting period		874,868	874,496	439,464	440,394
		<hr/>	<hr/>	<hr/>	<hr/>

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

1.1 Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fly Navy Heritage Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Naval Aviation Limited, on a line by line basis. The "Group" heading within the balance sheet refers to the consolidated accounts of the Fly Navy Heritage Trust Limited and Naval Aviation Limited.

A separate Statement of Financial Activities or income and expenditure account, for the Charity itself has not been presented because the Charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

1.2 Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. No restatements were required.

1.3 Transition to FRS 102

The opening fund balances at the date of transition have not required restatement of items in making the transition to FRS 102. The transition date was 1 January 2014.

1.4 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The company is incorporated in England and Wales and the company registered office is detailed on page 1, reference and administration details.

1.5 Income

Income from grants and donations is recognised in the year in which they are receivable when there is evidence of entitlement, receipt is probable and the amount can be reliably measured.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from charitable activities and other trading income is included in the period in which the group is entitled to receipt, it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Expenditure and irrecoverable VAT

Resources expended are recognised on the accruals basis to match the period in which the expenditure was incurred.

Grants payable are at the discretion of the Trustees. They are in furtherance of the charity's objects, to support and promote the efficiency of aviation in the Royal Navy and to educate the members of the public in the history, traditions and exploits of the Fleet Air Arm and the history of royal Naval aviation.

1.8 Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1.9 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

1.10 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 or valuation less estimated residual value of each asset over its expected useful life as follows:

Computer equipment	33% reducing balance
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1.11 Stock

Stock consists of merchandise for resale and is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

1.12 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.13 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.14 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

1.15 Taxation

As a registered charity, the company is not liable to corporation tax or capital gains tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is not recoverable by the company, and is therefore included in the relevant costs in the Statement of Financial Activities. The charity subsidiary is able to recover Value Added Tax and therefore not included within the relevant costs in the Statement of Financial Activities.

2 Grants, donations and legacies

	Unres- tricted £	Res- tricted £	Total 2015 £	Unres- tricted £	Res- tricted £	Total 2014 £
Grants, donations and legacies	165,085	715,859	880,944	169,662	190,713	360,375
	<u>165,085</u>	<u>715,859</u>	<u>880,944</u>	<u>169,662</u>	<u>190,713</u>	<u>360,375</u>
	<u><u>165,085</u></u>	<u><u>715,859</u></u>	<u><u>880,944</u></u>	<u><u>169,662</u></u>	<u><u>190,713</u></u>	<u><u>360,375</u></u>

3 Other trading income

	Unres- tricted £	Res- tricted £	Total 2015 £	Unres- tricted £	Res- tricted £	Total 2014 £
Display fees	34,984	-	34,984	8,100	-	8,100
Merchandise	26,225	-	26,225	21,331	-	21,331
Fundraising event income	269,452	-	269,452	229,448	-	229,448
	<u>330,661</u>	<u>-</u>	<u>330,661</u>	<u>258,879</u>	<u>-</u>	<u>258,879</u>

4 Investments

	Unres- tricted £	Res- tricted £	Total 2015 £	Unres- tricted £	Res- tricted £	Total 2014 £
Bank interest	385	-	385	105	-	105
	<u>385</u>	<u>-</u>	<u>385</u>	<u>105</u>	<u>-</u>	<u>105</u>

5 Costs of raising funds

	Unres- tricted £	Res- tricted £	Total 2015 £	Unres- tricted £	Res- tricted £	Total 2014 £
Fundraising costs	87,020	-	87,020	86,736	-	86,736
PR and advertising	10,317	-	10,317	10,688	-	10,688
Trading costs (Note 11)	10,815	212,293	223,108	64,634	128,485	193,119
	<u>108,152</u>	<u>212,293</u>	<u>320,445</u>	<u>162,058</u>	<u>128,485</u>	<u>290,543</u>

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6 Charitable activities

	Unres- tricted £	Res- tricted £	Total 2015 £	Unres- tricted £	Res- tricted £	Total 2014 £
Grants paid to institutions	4,901	131,582	136,483	73,416	88,206	161,622
Insurance	4,111	-	4,111	4,747	-	4,747
Payroll fees	512	-	512	643	-	643
Staff costs	223,480	-	223,480	195,647	2,300	197,947
Consultancy	2,246	-	2,246	370	-	370
Other administration	22,263	-	22,263	30,053	-	30,053
Other direct costs	530	-	530	1,104	-	1,104
Depreciation	5,834	-	5,834	5,492	-	5,492
Governance costs	5,350	-	5,350	5,300	-	5,300
	<u>269,227</u>	<u>131,582</u>	<u>400,809</u>	<u>316,772</u>	<u>90,506</u>	<u>407,278</u>

Grants paid to institutions are broken down as follows:

RNHF general	4,901	-	4,901	2,047	-	2,047
RNHF aircraft	-	131,582	131,582	70,856	88,206	159,062
Other	-	-	-	513	-	513
	<u>4,901</u>	<u>131,582</u>	<u>136,483</u>	<u>73,416</u>	<u>88,206</u>	<u>161,622</u>

7 Net income/(expenditure) for the year

This is stated after charging:

	Charity		Subsidiary		Total	
	2015	2014	2015	2014	2015	2014
	£	£	£	£	£	£
Depreciation of owned assets	5,837	5,492	-	-	5,837	5,492
Operating leases	7,618	-	-	-	7,618	-
Auditors remuneration						
Audit services	3,300	3,250	715	1,750	4,015	5,000
Other services	2,050	2,050	500	500	2,550	2,550

8 Trustee directors

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2014: £nil) neither were they reimbursed expenses during the year (2014: £nil). No charity trustee received payment for professional or other services supplied to the charity (2014: £nil).

The charity has paid £nil (2014 - £745) for directors and officers indemnity insurance.

9 Employees

Number of employees

The average monthly number of employees during the year was:

	2015	2014
Chief Executive	1	1
Management and administration	7	6
	<u>8</u>	<u>7</u>

Employment costs

	2015 £	2014 £
Wages and salaries	206,007	180,040
Social security costs	16,094	14,508
Recruitment costs	1,379	3,399
	<u>223,480</u>	<u>197,947</u>

No employee had annual emoluments of £60,000 or more.

The key management personnel of the group comprise those of the Trust and the key management personnel of its wholly owned subsidiary Naval Aviation Limited. The wholly owned subsidiary does not have remuneration costs as all staff are paid with the parent charity, the Trust. Therefore the key management personnel of the parent charity, the Trust, comprise the trustees and the Chief Executive Officer. The total employee benefits of the key management personnel of the Trust were £49,037 (2014: £45,535).

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10 Tangible fixed assets

Group	Aircraft	Computer Equipment	Total
	£	£	£
Cost			
At 1 January 2015	1	28,957	28,958
Additions	-	4,156	4,156
At 31 December 2015	1	33,113	33,114
Depreciation			
At 1 January 2015	-	23,464	23,464
Charge for the year	-	5,837	5,837
At 31 December 2015	-	29,301	29,301
Net book value			
At 31 December 2015	1	3,812	3,813
At 31 December 2014	1	5,493	5,494
Charity		Computer Equipment	Total
		£	£
Cost			
At 1 January 2015		28,957	28,957
Additions		4,156	4,156
At 31 December 2015		33,113	33,113
Depreciation			
At 1 January 2015		23,464	23,464
Charge for the year		5,837	5,837
At 31 December 2015		29,301	29,301
Net book value			
At 31 December 2015		3,812	3,812
At 31 December 2014		5,493	5,493

11 Investments

	Charity	
	2015	2014
	£	£
Naval Aviation Limited		
Ordinary shares of £1 each	1	1

Naval Aviation Limited (company no. 07052646) was incorporated in England and Wales on 21 October 2009 as a wholly owned trading subsidiary of Fly Navy Heritage Trust Limited. The parent charity holds 100% of the issued share capital and 100% of the voting rights of the subsidiary trading company.

The principal activity of the company is that of commercial merchandising on behalf of Fly Navy Heritage Trust Limited. The subsidiary gift aids its taxable profits to Fly Navy Heritage Trust Limited, and files audited accounts with the Registrar of Companies.

A summary of the trading results is shown below:

	2015	2014
	£	£
Turnover	238,806	157,916
Cost of sales	(220,920)	(184,378)
Gross (loss)/ profit	17,886	(26,462)
Administrative expenses	(2,188)	(8,741)
Net (Loss)/ Profit before tax	15,698	(35,203)
Retained in subsidiary	15,698	(35,203)
The assets and liabilities were:		
Fixed assets	1	1
Current assets	60,755	33,976
Current liabilities	(101,771)	(56,714)
Total net assets	(41,015)	(22,737)
Called up share capital	1	1
Profit and loss account	(41,016)	(22,738)
	(41,015)	(22,737)

12 Stocks

	Group	2015	Group	2014
	£	Charity	£	Charity
		£		£
Goods for resale	14,487	-	10,245	-

Stock recognised in the Statement of Financial Activities as an expense is £15,023 (2014: £13,533).

13 Debtors

	Group	2015	Group	2014
	£	Charity	£	Charity
		£		£
Trade debtors	64,626	42,828	9,035	8,524
Other debtors	80,218	76,181	32,551	10,591
Prepayments and accrued income	27,329	11,527	10,661	4,096
Amounts owed by group undertakings	-	47,062	-	50,347
	172,173	177,598	52,247	73,558

14 Creditors: Amounts falling due within one year

	Group	2015	Group	2014
	£	Charity	£	Charity
		£		£
Trade creditors	82,887	37,680	27,142	1,125
Accruals	44,328	34,826	18,518	5,123
Bank loans and overdrafts	3,957	3,957	930	-
Taxation and social security	1,488	5,748	15,888	10,583
	132,660	82,211	62,478	16,831

15 Summary of movement in funds

Group	Opening Balance £	Incoming Resources £	Outgoing Resources £	Transfers £	Closing Balance £
<u>Unrestricted funds</u>					
General	393,674	496,130	(412,075)		477,729
<u>Restricted funds</u>					
Sea Fury	10,804	112,050	(89,590)	-	33,264
Swordfish W5856	-	500,200	(131,582)	-	368,618
Sea Vixen	41,424	103,609	(88,006)	-	57,027
	<u>445,902</u>	<u>1,211,989</u>	<u>(721,253)</u>	<u>-</u>	<u>936,638</u>
Charity	£	£	£	£	£
<u>Unrestricted funds</u>					
General	450,387	434,922	(366,565)	-	518,744
<u>Restricted funds</u>					
Sea Fury	10,804	112,050	(89,590)	-	33,264
Swordfish W5856	-	500,200	(131,582)	-	368,618
Sea Vixen	41,424	103,609	(88,006)	-	57,027
	<u>502,615</u>	<u>1,150,781</u>	<u>(675,743)</u>	<u>-</u>	<u>977,653</u>

- The Sea Fury income has come from private individuals wishing to fund the restoration of the Sea Fury. The amount was used by Naval Aviation for this purpose.
- The Swordfish W5856 fund represents monies received from HM Treasury's LIBOR Fines Fund specifically for the provision of onward funding to the Royal Navy Historic Flight for the essential maintenance, repair and operation of Swordfish W5856.
- The Sea Vixen income has come from private individuals wishing to fund the restoration of the Sea Vixen. The amount was used by Naval Aviation for this purpose.

16 Analysis of assets between funds

	Tangible Fixed Assets	Investments	Net Current Assets	Total
	£	£	£	£
Group				
Unrestricted funds	3,813	-	508,613	512,426
Restricted funds	-	-	424,212	424,212
As at 31 December 2015	3,813	-	932,825	936,638
As at 31 December 2014	5,494	-	440,408	445,902
	Tangible Fixed Assets	Investments	Net Current Assets	Total
	£	£	£	£
Charity				
Unrestricted funds	3,812	1	514,931	518,744
Restricted funds	-	-	458,909	458,909
As at 31 December 2015	3,812	1	973,840	977,653
As at 31 December 2014	5,493	1	497,121	502,615

17 Income and expenditure account of the company

The company has taken advantage of Section 408 of the Companies Act and has not included its own Income and Expenditure Account or separate Statement of Financial Activities.

Prior to gift aid amounts received from the subsidiary, the Fly Navy Heritage Trust Limited has net incoming resources for the year of £475,038 (2014: net outgoing resources of £43,260) based on turnover of £1,150,781 (2014: £589,927).

18 Related parties

There are no related party transactions in the reporting period that require disclosure.

Fly Navy Heritage Trust Limited
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19 Obligations under leases

Operating leases

The total future minimum rentals payable under non-cancellable operating leases funded by unrestricted funds are as follows;

	2015 £	2014 £
Within one year	7,618	-
In two to five years	7,618	-
	<u>15,236</u>	<u>-</u>