

COMPANY NUMBER: 3203724
CHARITY NUMBER: 1058111

VULCAN RESTORATION TRUST
(COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2002

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

CONTENTS

	PAGE
Directors' Report	1
Auditors' Report	2
Statement of Financial Activities	3
Summary Income and Expenditure Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 10

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT

The directors present their report and audited financial statements for the year ended 31 December 2002. The directors' report also represents the trustees' report which is required to be prepared under Part VI of the Charities Act 1993.

The financial statements comply with current statutory requirements, the charity's governing document, and the Statement of Recommended Practice – Accounting and Reporting by Charities.

The directors of the company are the trustees of the charity.

Principal Activity

The company was incorporated as a company limited by guarantee registered in England and Wales (No. 3203724) on 24 May 1996. It was registered as a charity (No. 1058111) on 18 September 1996.

The principal activities of the company which represent its charitable objects are:

1. To preserve and protect Avro Vulcan aircraft and other aircraft which may or have been in the past associated with the Avro Vulcan as historical objects for the benefit of the public and to demonstrate and display such aircraft at public events.
2. The advancement of education of the general public in items of historical interest together with the associated equipment thereto in particular in the field of aviation.

The charity's income is generated by membership fees, appeals, donations, fund-raising draws and public displays. During the year the charity attended various air shows and held social meetings.

Legal and Administrative Information

The company is limited by guarantee of its members to the extent of £1 each.

The governing documents of the charity are the Memorandum and Articles of Association of the company. Other details are as follows:

PRINCIPAL AND REGISTERED OFFICE	39 Breakspears Drive St Paul's Cray Orpington Kent BR5 2RX
AUDITORS	Blueprint Audit Limited The Old Mill Park Road Shepton Mallet Somerset BA4 5BS
ACCOUNTANTS	Tenon Limited The Old Mill Park Road Shepton Mallet Somerset BA4 5BS

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)

Legal and Administrative Information (Continued)

BANKERS

National Westminster Bank Plc
Southend-on-Sea Branch
P O Box 98
132 High Street
Southend-on-Sea
Essex SS1 1BA

Trustees and Organisational Structure

The trustees of the charity are a self appointed body and are also directors of the company. Service on the board is for three years. Retiring trustees can be re-elected.

The board of trustees met formally on 8 occasions. The board is responsible for the overall management of the charity, takes policy decisions and ratifies all decisions made by the Engineering, Social and Stock & Stand sub-committees. The refurbishment by the charity of a former RAF building at Southend Airport for use as a workshop, stores and Visitors' Centre has been managed directly by the board. When this is up and running, the board will review the need for a separate sub-committee to manage the building and Visitors' Centre. The Steering Committee did not meet in 2002 and has now not met since 1999. The board is, however, happy with the charity's continuing development but will review the need to re-form a Steering Committee on a regular basis.

Kevin Packard was appointed chair of the charity on the 29 November 2001, having held the position on an acting basis since April 2001. Graham Cash resigned as a trustee on 13 April 2002 and subsequently accepted the Board's invitation to take up the non-executive position as Vice-President of the Trust.

The trustees who served throughout the year were: Kevin Packard (Chair), Richard Clarkson (Secretary), Andrew Vass (Treasurer), Linda Penn (Membership Secretary), Trevor Bailey, Trevor Bliss, Graham Cash (resigned 13 April 2002), James Fletcher, David Griffiths, Paul Hartrup, Colin King, Dennis Marriott (resigned 9 September 2003), Donald Packard, Geoff Penn, Norman Skinner, Nicholas Snow (resigned 28 January 2003) and Stephen Williams.

Keith Harvey and Matt Lawrence were co-opted to the Board of Trustees (without voting rights) with effect from 17 September 2002.

None of the trustees/directors received any remuneration or benefits from the charity.

Review of Affairs

2002 saw a number of significant anniversaries relating to the Avro Vulcan; namely the 50th anniversary of the first flight of the prototype; the 20th anniversary of the Falklands War (during which the Vulcan flew the 'Black Buck' missions – its only use operationally and, at the time, the longest bombing missions in the history of aerial warfare) and the 40th anniversary of the first flight of the charity's own aircraft, XL426. The charity marked the 50th anniversary of the Vulcan by holding a public Open Day on 31 August and celebrated XL426's birthday with a special Members' event, also in August.

During the year the charity continued to fulfil its object to preserve and protect Avro Vulcan aircraft by maintaining Avro Vulcan B2 XL426 (G-VJET) in full ground running condition at London Southend Airport, Essex. In 2002, XL426 was the only Vulcan in the world capable of taxiing (although XH558 and XM655 can also be taxied) and is listed by the British Aviation Preservation Council in its National Aviation Heritage Register as a 'benchmark'

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)

Review of Affairs (Continued)

example of type. As well as the 50th Anniversary of the Vulcan Open Day, the charity also fulfilled its aim of displaying Vulcan aircraft at public events by carrying out a taxi run on each day of the Southend Airport Open Weekend in May.

The charity managed a charitable fund, the Vulcan Restoration Trust Appeal, to raise funds to restore Avro Vulcan B2 XH558 (G-VLCN) at Bruntingthorpe Airfield, Leicestershire, to airworthy condition so it can fly at air displays and other public events in the United Kingdom. The Appeal, known as 'Vulcan To The Sky', raised over £88,000 during the course of the year.

Aircraft and Engineering

The charity continued its policy of running XL426's engines every 28 days, with all four engines running without difficulty during the year. Taxi-runs were performed for maintenance purposes, as well as for public display. The charity's programme of regular checks, coupled with numerous works of maintenance and repair on XL426 and its associated ground equipment, continued in 2002. The aircraft's electrical systems, including the flying control surfaces, were exercised weekly whenever possible and faults rectified when they occurred.

The charity continued its ongoing programme of inspection of XL426's airframe for signs of corrosion. Where found, corrosion was removed in accordance with the Vulcan's Structural Repair Manual and the affected areas treated with chemicals. In the summer a patch repair was carried out to replace an area of corrosion on the aircraft's crew door. The charity continued to run heaters and dehumidifiers in certain areas of the aircraft to prevent corrosion.

During the early spring the charity overhauled a number of its wheel sets and replaced a number of the Vulcan's tyres. FLS Aerospace at Stansted Airport cleaned and bead blasted the wheel hubs and the charity's Engineering Team fitted new tyres from the charity's stock. The charity continued its work to ensure the aircraft's powered flying control units (PFCUs) remained serviceable. A number of the aircraft's brake lines and hoses were replaced prior to the August taxi runs.

One of the charity's aircraft brake parachutes was damaged following an incident at the end of the taxi run on the first day of the Southend Airport Open Weekend in May. The Airport Fire Section had been tasked to collect the jettisoned parachute from the runway but positioned their tender too close to the Vulcan when the parachute was blown clear of the aircraft. The parachute became entangled with the fire tender and was damaged. The charity is currently considering its options for repairing the parachute and the Fire Section has revised its operating procedures to ensure this type of incident does not happen again. Damage was also caused to the aircraft's brake parachute bay on the same day when the brake parachute shackle did not exit the bay properly. A temporary repair was made pending a permanent repair being put in place in 2003.

The charity continued to attempt to resolve the fault encountered with the left-hand windscreen wiper that had caused a taxi-run at the 2000 Airport Open Weekend to be aborted but, as of the end of 2002, this problem had not been resolved. The charity will continue its efforts to locate the necessary spare parts and, until then, will restrict the parameters for taxiing XL426 in rainy conditions.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)

Aircraft and Engineering (Continued)

Work was begun restoring the charity's large giraffe steps and this work is ongoing. Further modifications were made to the charity's air tug; the Palouste air starter hose being re-routed to prevent it being damaged by jet exhaust and a fuel drain being installed to collect unburnt fuel from the Palouste.

Towards the end of the year, a formal restructuring of the Engineering Team and its working practices was begun. Trevor Bailey's position as Chief Engineer was confirmed with Nick Snow becoming responsible for engines, Matt Lawrence for airframes, Mark Goodliffe for avionics and Steve Williams for buildings, ground equipment and infrastructure. A programme of work covering all areas of engineering activity was put in hand and this will be expanded and developed throughout 2003. The aim of this is to ensure the charity makes full use of the opportunities that will be provided when its workshop facility becomes fully operational.

Workshop Building and Dispersal Pan

During the spring and summer the charity completed the major task of extending and resurfacing its aircraft parking pan (the 'dispersal pan') on the eastern perimeter of Southend Airport. The pan's surface had deteriorated over a number of years and the Board agreed to resurface it in 2000, the project being designed and managed 'in house' by the charity's Engineering Team. Work began immediately after the Airport Open Weekend in May and was complete by the end of July in time for the charity's open events in August. The charity took the opportunity to extend the pan's overall area to incorporate a storage area for ground equipment at its rear and to provide additional space for ground equipment to be moved all around the aircraft, something that had not been possible before. The total cost of the project was £17,013 with £10,962 being provided by the VRT 200 Club (see below).

Refurbishment of the former RAF building on the airport's eastern perimeter continued during the year, although work was suspended during June and July to concentrate resources on the dispersal pan project. The charity finished installing benches in the workshop area in 2002 and completed construction of the majority of the racking and shelving required for the stores. Some additional shelving was purchased during the autumn and the first items of spares were being moved into the stores as the year drew to a close. The building's external walls were painted during 2002 along with the floor of the workshop and stores.

During January the charity moved its two spares containers previously located on the north side of Southend Airport to the eastern perimeter. The larger of the two containers was located to the rear of the workshop building and the small container was placed at the rear of the dispersal pan (following its resurfacing) to be used for line equipment storage. Racking was installed in the larger container to allow it to act as an additional spares store.

The charity was the victim of two attacks of theft and vandalism during 2002. In March, a vandal damaged the charity's air tug and workshop container. The culprit was caught and found guilty of criminal damage, with the charity subsequently being awarded damages. In August the charity's workshop container was broken in to and a number of tools and items of equipment were stolen. The charity has increased its security measures during 2002, which has included installing an alarm system in the workshop and stores and fencing-off the area to the rear of the workshop building. The Board will continue to review the need for improved security measures during 2003.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)

Membership

Membership subscriptions remained the charity's largest source of income. The percentage of renewals (79%) fell short of the record renewal rate in 2001 (83%) but was still very encouraging, 686 out of 860 members due to renew choosing to continue their membership of the charity. The number of new members joining during the year fell to 145 (2001: 165) and the charity ended the year with 1100 members, 25 down on the previous year's figure.

The charity's website continued to be the source of most new members (51); followed by visitors to the 50th Anniversary Open Day (35) and the air display stand (26).

In the light of increasing costs, the charity increased most of its membership fees from 1 April. The annual adult subscription (UK) was increased by £2 to £18; the Life Membership subscription by £30 to £330; and the Senior Citizen Life Membership subscription by £20 to £180. Overseas subscription rates were increased proportionately. There was no increase in Child subscriptions. By the end of the year, 75% of members had completed a Gift Aid declaration, which will enable the charity to reclaim the tax they have paid on their subscriptions and other donations.

Open Days and Other Events

The charity held a public Open Day on 31st August to commemorate the 50th Anniversary of the Vulcan's first flight. The event received extensive pre-publicity in the aviation press, the *RAF News* and in the local media and was attended by more than 2500 people. The charity was conscious that the event would be a very 'high profile' one in terms of its historical significance and formed an Open Day sub-committee to organise and manage the event (the sub-committee was also responsible for organising the August social meeting – see below). XL426 performed two taxi runs during the day and a number of invited local charities displayed at the event, which also included food stalls, a licensed bar and other attractions. The charity's own display stand was also present and took record sales over a single day. A Royal Air Force Hawk aircraft performed a flypast to close the event. The day received much favourable comment from those attending and was named as one of the highlights of the year by *Aircraft Illustrated* magazine in its Review of the Year.

A single taxi-run was carried out on both days of the Southend Airport Open Weekend at the request of the airport's management and these were watched by over 5,000 people. The charity provided the commentary on both days of the event.

Five social meetings (including the AGM) were held during the year, four of which took place at Hawkwell Village Hall. The August event took the form of a Special Members' Day held at Southend Airport and was attended by 175 members. A marquee was hired for this meeting, being retained on site for use at the 50th Anniversary Open Day the following week (see above). XL426 performed a single taxi run as part of the August Members Day. This, together with the two taxi runs made the following week, meant the charity taxied XL426 three times in the space of one week, a testament to the serviceability of the aircraft and the efforts of the Engineering Team. The charity (via its trading arm VRT Enterprises Limited – see below) provided refreshments and ran a licensed bar at each social meeting. Full buffets were laid on at the August and Christmas socials, and hot meals were provided at the three other meetings.

VULCAN RESTORATION TRUST (LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)

Education and Information

The charity gave talks about the Vulcan to 7 interested societies during the year and gave guided tours of XL426 to groups (including Air Training Corps and scout groups) on a number of occasions. A members' visit to RAF Marham took place in September. The charity continued to maintain and add to its collection of Vulcan photographs and slides. The charity's secretary continued cataloguing the extensive collection of Vulcan images owned by member Alan Todd. The images will be transferred onto electronic media once this work is complete, with the original slides and photographs being passed to Air Britain in accordance with Alan's wishes.

The charity published three issues of its magazine *Vulcan News*. These were distributed free to its members, with back issues being sold to the public at air displays and other events. The charity purchased a reconditioned Apple Mac computer (for £150), which allowed it to use more up to date publishing software and so further improve the appearance of the magazine. *Vulcan News* continued to include a mix of historical and contemporary articles and received many favourable comments from members and the public alike.

A new style membership form, incorporating a general history of the Vulcan and Vulcan XL426, was introduced in 2002 and was distributed free of charge to the public at air displays and other events.

The charity's website registered 15,000 hits during 2002. The site contains historical and contemporary information about the Vulcan and the charity's work and its contents were updated every 2-3 weeks. The site's domain name was changed to www.avrovulcan.com during the course of the year. The charity also changed its telephone 'hotline' operating company in 2002, the new company providing a facility that enables the charity to change its 'hotline' message remotely via the Internet. The new 'hotline' number is 0870 1624825.

Financial Review

Incoming resources for the year amounted to £149,912 (2001: £318,732). There were unrealised losses on investments of £55 (2001: gain £305). Total resources expended for the year was £171,444 (2001: £305,537).

The total of net incoming resources and unrealised losses is the net movement in funds of £(21,587) (2001: £13,500).

Included in total funds carried forward is a restricted fund of £24,874 (2001: £37,101), this relates to the XH558 Appeal. Income for the Appeal during the year was £88,285 (2001: £278,593) and expenditure £100,512 (2001: £259,092). The income includes tax reclaims of £14,417 (2001: £40813) for payments under gift aid to 31 December 2002. The net movement on this fund was £(12,227) outgoing (2001: £19,501 incoming).

The net assets of the charity as at 31 December 2002 were £65,300 (2001: £86,887). The charity's fixed assets comprise an Avro Vulcan B2 aircraft at London Southend Airport and its associated ground equipment and spare parts, three container stores and their fixtures and fittings, and a caravan. The net book value of these assets as at 31 December was £7,892 (2001: £9,084).

Under the memorandum and articles of association, the charity has the power to make any investment which the trustees see fit.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)

Financial Review (Continued)

The trustees/directors are satisfied with the financial position of the charity and would like to thank the many volunteers, companies and organisations who give their time and services to the charity.

Fund-raising

The annual Prize Draw remained an important source of income, although profit was down on that of the previous year. The 2002 draw produced a profit of £2,337 compared with £2,972 in 2001, with 6634 tickets sold (2001: 8,000). The charity again offered cash prizes and provided members with Freepost envelopes for the easy return of cheques and ticket stubs. Raffles and/or tombolas were held at each social meeting (plus an auction at the Christmas meeting) and provided very valuable sources of extra income.

VRT Enterprises (Company Limited by Guarantee) was set up to operate the trading activities of the charity. The charity controls the operations of this company as the directors of the charity are members of VRT Enterprises. VRT Enterprises Limited reported a trading profit of £9,812 for the 2002 financial year.

The VRT 200 Club (a private club, operating within the charity, with membership restricted to the charity's members) continued to raise funds for the charity. At the end of 2002, £1,417 was held in the 200 Club account (compared with £9,747 at the end of 2001). The results and balances of the VRT 200 Club are incorporated into the charity accounts. The VRT 200 Club contributed a substantial amount towards the cost of reconstructing the dispersal pan. Although this amount fell short of the £12,000 target set by the Board in 2001, it was still a very vital contribution.

Publicity

The 50th Anniversary of the Vulcan received widespread coverage in the aviation press, with an article about the charity appearing in the August 2002 issue of *FlyPast* as part of the magazine's review of surviving Vulcan airframes, A human interest story, *Saving Private Vulcan*, centred on the charity's Chair, Kevin Packard, appeared in *The Times* newspaper on 20 July and an article about the charity and its work appeared in the October 2002 issue of *Essex Life & Countryside* magazine.

The charity's stand attended 10 different air displays during the year, compared with 9 in 2001. The main stand was used for all of these. An advert for the 50th Anniversary Open Day was placed in the Royal International Air Tattoo programme and the charity's name and contact details appeared in the Aviation Clubs & Societies Guide in *FlyPast*. Adverts for stock items (paid for by VRT Enterprises Limited) appeared in the RAF Yearbook and the Waddington and Shoreham Airshow programmes.

Posters advertising the 50th Anniversary of the Vulcan Open Day were distributed for display in local museums, shops, libraries, tourist offices and aviation museums across the country. Production of the posters was very kindly sponsored by the Vulcan 558 Club.

Vulcan Restoration Trust Appeal

The 'Vulcan to The Sky' campaign to return Vulcan XH558 to airworthy condition continued during 2002, receiving widespread coverage in the aviation enthusiast press. Felicity Irwin DL, an experienced charity fundraiser, managed the fundraising campaign voluntarily on the charity's behalf, with overall management of the project carried out by Dr Robert Pleming of R W Pleming Consulting Limited. The charity was pleased to continue its close working

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)

Vulcan Restoration Trust Appeal (Continued)

relationship with the Vulcan 558 Club (the official XH558 supporters club) collecting donations at air displays. The Vulcan 558 Club also attended the charity's 50th Anniversary of the Vulcan Open Day to promote the 'Vulcan to The Sky' campaign.

The role of the charity's trustees is to ensure that all sums raised are applied correctly in pursuance of the Appeal's aims (so ensuring public confidence in the campaign) and in pursuance of the charity's own objects and aims. A legal agreement has been signed with XH558's owners, C Walton Limited, to this effect. All donations were recorded on computer software designed and provided by the charity. The charity also administers the Appeal's bank account, which is separate from the charity's normal account.

During the course of the year, extensive efforts continued to be made to secure funding for the restoration and flying programmes. In March, Vulcan to The Sky Limited, an independent company formed to manage the restoration project and ultimately operate XH558 in flying condition, submitted an application for £2.5 million of Lottery funding to the Heritage Lottery Fund (HLF). The charity agreed to receive the award if the application was successful and provided the HLF with a separate letter of support. However, the HLF decided not to offer an award on the grounds that the limited flying life of the aircraft after restoration, when set against the cost of restoration, did not offer value for money in the use of Lottery funds. The HLF also expressed some concern about the lack of certainty on securing funding for the future operation of the aircraft. In December, Robert Fleming and Felicity Irwin met with the HLF to gain a better understanding of the reasons behind the HLF's decision. As the year closed, the outcomes of this meeting were still being considered, with a decision concerning the future of the project to be made in early 2003. The Appeal fund was subsequently closed on the 31 March 2003.

XH558 remained dismantled in the hangar at Brintingthorpe during 2002. The support of all the OEMs (Original Equipment Manufacturers) was secured during the year and the Civil Aviation Authority, BAE Systems, Rolls Royce and Marshall Aerospace of Cambridge all reaffirmed their support for the project. Work continued recording and packaging components for servicing by the OEMs ready for when the necessary funds became available.

VRT Enterprises Limited

The charity is connected with VRT Enterprises Limited (Registered Company No: 3300759) by virtue of the fact that it has common members and directors. All of the profits of VRT Enterprises Limited are transferred to the trust under Gift Aid. At the balance sheet date an amount of £4,599 (2001: £4,394) was due to the charity in respect of a loan to VRT Enterprises Limited, which is included in Other Debtors. Interest at 7% per annum reviewable annually is payable on this loan.

Risk Management

The directors have taken steps to identify the major strategic and operational risks which the charity faces and procedures have been put in place to mitigate these risks. The directors regularly review risk.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
DIRECTORS' REPORT (CONTINUED)

Reserves

	2002	2001
	£	£
Total Reserves	65,300	86887
Less: Designated Fund	(9,842)	(9,084)
Less: Restricted Fund	(24,874)	(37,101)
	<hr/>	<hr/>
Free Reserves	30,584	40,702
	<hr/> <hr/>	<hr/> <hr/>

Free Reserves equate to 5 month's unrestricted expenditure (2001: 11 month's unrestricted expenditure). In view of ongoing subscriptions income the directors consider that the level of reserves is satisfactory.

Statement Of Directors' Responsibilities

We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing those financial statements we are required to:-

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

We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

Small Company Provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD

RICHARD CLARKSON
COMPANY SECRETARY

DATED

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS
FOR THE YEAR ENDED 31 DECEMBER 2002

We have audited the financial statements on pages 3 to 10 which have been prepared under the historical cost convention (as modified by the revaluation of fixed asset investments), and the accounting policies set out on pages 6 and 7.

Respective Responsibilities of Directors and Auditors

As described on page 1(h) the directors of the company, (who are also its trustees for the purposes of charity law), are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements 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 directors' report is not consistent with the financial statements, if the company has not kept proper accounting records and if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

Basis of Audit 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of the company's incoming resources and application of resources, including its income and expenditure, for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

The Old Mill
Park Road
Shepton Mallet
Date:

Blueprint Audit Limited
Registered Auditor

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	Unrestricted Fund £	Restricted Fund £	2002 Total £	2001 Total £
INCOMING RESOURCES					
Subscriptions		26,703	-	26,703	23,490
Donations		11,352	88,285	99,637	283,727
Activities for Generating Funds:					
Fund-raising Income		7,405	-	7,405	10,019
Investment Income	2	353	-	353	757
Other Incoming Resources		2,688	-	2,688	739
Gift Aid Receipt from Trading Subsidiary		13,126	-	13,126	-
		-----	-----	-----	-----
Total Incoming Resources		61,627	88,285	149,912	318,732
RESOURCES EXPENDED					
Cost of Generating Funds:					
Fund-raising Expenses		9,657	13,434	23,091	51,555
Charitable Expenditure:					
Dispersal Pan Rent		2,644	-	2,644	2,372
Vulcan Running, Servicing and Restoration		7,466	64,120	71,586	218,352
Vulcan Dispersal Pan Renovation		17,013	-	17,013	-
Insurance		4,688	-	4,688	3,340
Support Costs		12,083	22,958	35,041	13,333
Property Costs		4,544	-	4,544	4,900
Newsletter Costs		7,016	-	7,016	6,678
Miscellaneous Expenses		1,489	-	1,489	1,254
Management and Administration		3,140	-	3,140	2,500
Depreciation		1,192	-	1,192	1,253
		-----	-----	-----	-----
Total Resources Expended	3	70,932	100,512	171,444	305,537
		-----	-----	-----	-----
NET (OUTGOING)/INCOMING RESOURCES FOR THE YEAR	4	(9,305)	(12,227)	(21,532)	13,195
Unrealised (Losses)/Gains on Investment Assets		(55)	-	(55)	305
		-----	-----	-----	-----
NET MOVEMENT IN FUNDS FOR THE YEAR CARRIED FORWARD		(9,360)	(12,227)	(21,587)	13,500

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

	Unrestricted Fund £	Restricted Fund £	2002 Total £	2001 Total £
NET MOVEMENT IN FUNDS FOR THE YEAR BROUGHT FORWARD	(9,360)	(12,227)	(21,587)	13,500
FUND BALANCES BROUGHT FORWARD	49,786	37,101	86,887	73,387
	-----	-----	-----	-----
FUND BALANCES CARRIED FORWARD	40,426	24,874	65,300	86,887
	=====	=====	=====	=====

The notes on pages 6 to 10 form an integral part of these financial statements.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £
Income of Continuing Operations	149,912	318,732
Expenditure of Continuing Operations	171,444	305,537
	—————	—————
Net (Expenditure)/Income for the Year	(21,532)	13,195
	=====	=====

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 3, which together with the notes to the accounts on pages 6 to 10, provides full information on the movement during the year of all funds of the charity.

There were no acquisitions or discontinued operations during the current or preceding year.

The notes on pages 6 to 10 form an integral part of these financial statements.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31 DECEMBER 2002

	Note	2002		2001	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	7		7,892		9,084
Investments	8		1,950		2,005
			-----		-----
			9,842		11,089
CURRENT ASSETS					
Debtors	9	51,844		51,409	
Cash at Bank and In Hand		20,568		43,333	
		-----		-----	
		72,412		94,742	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:					
	10	(16,954)		(18,944)	
		-----		-----	
NET CURRENT ASSETS			55,458		75,798
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			65,300		86,887
			-----		-----
NET ASSETS			65,300		86,887
			=====		=====
FUNDS					
Unrestricted Fund	11		40,426		49,786
Restricted Fund	11		24,874		37,101
			-----		-----
TOTAL FUNDS			65,300		86,887
			=====		=====

Approved by the board of directors on
behalf by:

and signed on their

K. PACKARD
Director

The notes on pages 6 to 10 form an integral part of these financial statements.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared in accordance with the historical cost convention (as modified for the revaluation of fixed asset investments), applicable accounting standards, the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP 2000) and the Companies Act 1985. The principal accounting policies which have been adopted on a consistent basis within that convention are set out below.

The charity has not presented a cash flow statement in accordance with exemptions conferred by Financial Reporting Standard Number 1 (Revised 1996).

Incoming Resources

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

Donations are recognised on a receivable basis. Donations received for the general purposes of the charity are credited to Unrestricted Funds. Donations subject to specific wishes of the donors are carried to relevant Restricted Funds.

Resources Expended

Resources expended are accounted for in the period in which they are incurred. The irrecoverable element of VAT is included with the item of expense to which it relates.

Where an item of expenditure falls directly within one cost category it is attributed to that category only. Where expenditure involves more than one category, it is apportioned on a reasonable and justifiable basis.

Tangible Fixed Assets and Depreciation

Items of expenditure of a capital nature costing more than £500 are capitalised.

Depreciation of tangible fixed assets is calculated to write off the cost less any residual value over its estimated useful life:

Vulcan XL426	10% per annum on the straight line basis
Plant and Equipment	15% per annum on the reducing balance basis

Listed Investments

Investments are included in the balance sheet at their market value at the balance sheet date. Realised and unrealised gains and losses on investments are included in the Statement of Financial Activities in the year in which they arise. Investment income is credited to income on an accruals basis.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

Unrestricted Funds

These are funds which can be used in accordance with the charitable objects at the discretion of the trustees and which have not been designated for other purposes.

Designated Funds

Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted Funds

Restricted funds are funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

2. INVESTMENT INCOME	2002	2001
	£	£
Dividends on UK Listed Securities	94	85
Interest Receivable and Similar Income	259	672
	-----	-----
	353	757
	=====	=====

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Other		Total
	Costs	Depreciation	£
	£	£	
Cost of Generating Funds	23,091	-	23,091
Charitable Expenditure:			
Dispersal Pan Rent	2,644	-	2,644
Vulcan Running, Servicing and Restoration	71,586	-	71,586
Vulcan Dispersal Pan Renovation	17,013	-	17,013
Insurance	4,688	-	4,688
Support Costs	35,041	-	35,041
Property Costs	4,544	-	4,544
Newsletter Costs	7,016	-	7,016
Miscellaneous Expenses	1,489	-	1,489
Management and Administration	3,140	-	3,140
Depreciation	-	1,192	1,192
	-----	-----	-----
	170,252	1,192	171,444
	=====	=====	=====

Management and administration consists of auditor's remuneration of £3,140 (2001: £2,500).

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

4. NET (OUTGOING)/INCOMING RESOURCES

Net (Outgoing)/Incoming Resources is stated after charging:-

	2002	2001
	£	£
Depreciation of Tangible Fixed Assets	1,192	1,253
Dispersal Pan Rental	2,644	2,372
Auditors' Remuneration	3,140	2,500
	<u> </u>	<u> </u>

5. TAX STATUS

The company, being a registered charity, is exempt from any taxation with the exemption of value added tax.

6. DIRECTORS

None of the directors who are the trustees received any remuneration or benefits from the company during the year (2001: £Nil). No directors were reimbursed any expenses during the year (2001: £Nil).

7. TANGIBLE FIXED ASSETS

	Vulcan XL426 £	Plant & Equipment £	Total £
COST			
As at 1 January 2002 and 31 December 2002	8,500	5,504	14,004
	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION			
As at 1 January 2002	1,700	3,220	4,920
Charge for the Year	850	342	1,192
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2002	2,550	3,562	6,112
	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE			
As at 31 December 2002	5,950	1,942	7,892
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2001	6,800	2,284	9,084
	<u> </u>	<u> </u>	<u> </u>

All tangible fixed assets are used in direct furtherance of the charity's objectives.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

8.	FIXED ASSET INVESTMENTS	2002	2001
		£	£
	UK Listed Securities	1,950	2,005
		<hr/>	<hr/>
	The historic cost of UK listed securities at 31 December 2002 was £Nil (2001: £Nil).		
9.	DEBTORS	2002	2001
		£	£
	Tax Reclaims Due	34,119	47,015
	Amounts Due from Group Undertakings (see note 14)	17,725	4,394
		<hr/>	<hr/>
		51,844	51,409
		<hr/>	<hr/>
10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2002	2001
		£	£
	Trade Creditors	11,314	16,444
	Accruals	5,640	2,500
		<hr/>	<hr/>
		16,954	18,944
		<hr/>	<hr/>
11.	ANALYSIS OF FUNDS		
		Unrealised Gains/Losses and Resources Expended	
	Balance at 1 January 2002 £	Incoming Resources £	Balance at 31 December 2002 £
	Unrestricted Fund		
	General Reserve	40,702	61,627
			(69,795)
			<hr/>
	Designated Fund		
	Tangible Fixed Assets Fund	9,084	-
			(1,192)
			<hr/>
		49,786	61,627
			(70,987)
			<hr/>
	Restricted Fund		
	Vulcan Restoration Trust Appeal	37,101	88,285
			(100,512)
			<hr/>
		86,887	149,912
			(171,499)
			<hr/>
		<hr/>	<hr/>

The Tangible Fixed Asset Fund has been set up to assist in identifying those funds that are not free funds and it represents the net book value of tangible fixed assets.

The Vulcan Restoration Trust Appeal is a fund set up for the proceeds of an appeal to raise money specifically for the restoration of Avro Vulcan B2 XH558 (G-VLCN).

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Restricted Fund	-	-	24,874	24,874
Unrestricted Fund	7,892	1,950	30,584	40,426
	<hr/>	<hr/>	<hr/>	<hr/>
	7,892	1,950	55,458	65,300
	<hr/>	<hr/>	<hr/>	<hr/>

13. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee of its members to the extent of £1 each. At the balance sheet date there were 1100 members (2001:1125) of the company.

14. SUBSIDIARY UNDERTAKING

VRT Enterprises, Company Limited by Guarantee, (Registered in England Company No: 3300759) is a subsidiary of the company by virtue of the fact that the directors of the company are the members and directors of VRT Enterprises.

The results for the period ended 31 December 2002 was turnover of £28,409 (2001: £27,033) and a profit/loss at £Nil (2001: loss £2,566). The reserves of VRT Enterprises at 31 December 2002 were £13,892 (2001:£11,326).

The accounts for VRT Enterprises have not been consolidated with the charity as the gross income of the group is below the relevant threshold under the Charities Act 1993.

At the balance sheet date an amount of £4,599 (2001: £4,394) was due to the company in respect of a loan to VRT Enterprises Limited, which is included within Other Debtors. Interest at 7% per annum, reviewed annually, is payable on this loan and it is repayable on demand after one month's notice.

Also at the balance sheet date an amount of £13,126 (2001: £Nil) was due to the company in respect of Gift Aid from VRT Enterprises Limited.