

CHARITY NUMBER: 1058111
COMPANY NUMBER: 3203724

VULCAN RESTORATION TRUST
(COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

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VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

COMPANY INFORMATION

Charity Registration Number: 1058111

Company Registration Number: 3203724

Charity Address and Registered Office: 39 Breakspears Drive
St Paul's Cray
Orpington
Kent
BR5 2RX

CONSTITUTION

The company was constituted by the Memorandum and Articles of Association on the 24 May 1996. It was registered as a charity on the 18 September 1996.

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

TRUSTEES AND DIRECTORS

The trustees of the charity are its directors for the purpose of company law. The trustees serving during the year and since the year end are set out below:

Mr Kevin Packard (Chairman)
Mr Richard Clarkson (Secretary)
Mr Andrew Vass (Treasurer)
Ms Linda Penn (Membership Secretary)
Mr Trevor Bailey
Mr Trevor Bliss
Mr James Fletcher
Mr David Griffiths
Mr Paul Hartrop
Mr Colin King
Mr Dennis Marriott (resigned 9 September 2003)
Mr Donald Packard
Mr Geoff Penn
Mr Norman Skinner
Mr Nicholas Snow (resigned 28 January 2003)
Mr Stephen Williams
Mr Keith Harvey (appointed 11 October 2003)
Mr Matt Lawrence (appointed 11 October 2003)

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

PROFESSIONAL ADVISERS

Auditors: Blueprint Audit Limited
The Old Mill
Park Road
Shepton Mallet
Somerset
BA4 5BS

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION (CONTINUED)

PROFESSIONAL ADVISERS (CONTINUED)

Accountants:

Tenon Limited
The Old Mill
Park Road
Shepton Mallet
Somerset
BA4 5BS

Bankers:

National Westminster Bank plc
Southend-on-Sea Branch
PO Box 98
132 High Street
Southend-on-Sea
Essex
SS1 1BA

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003

The trustees present their report and audited financial statements for the year ended 31 December 2003. The trustees' report also represents the directors' report which is required to be prepared under Section 234 of the Companies Act.

The legal and administrative information set out on pages 1 and 1(a) form part of this report.

The financial statements comply with current statutory requirements, the charity's governing document, and the Statement of Recommended Practice – "Accounting and Reporting by Charities" (SORP 2000).

OBJECTS

The charitable objectives of the charity which represent its principal activity 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.

TRUSTEES AND ORGANISATIONAL STRUCTURE

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 2003 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.

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

REVIEW OF AFFAIRS

Preservation and Protection of Avro Vulcan Aircraft

During 2003 the charity continued to fulfil its charitable objective to preserve and protect Avro Vulcan aircraft by maintaining former RAF Avro Vulcan B2 XL426 (G-VJET) in full ground running condition at London Southend Airport, Essex. XL426 is listed by the British Aviation Preservation Council in its National Aviation Heritage Register as a 'benchmark' example of type and is one of only three Vulcans in the world capable of being taxied.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Preservation and Protection of Avro Vulcan Aircraft (Continued)

The restructuring of the Engineering Team and its working practices, begun in 2002, continued in 2003. A formal programme of work was agreed and is reviewed at monthly meetings of the charity's Engineering Committee. Responsibility for individual work areas continued as in 2002, excepting that Matt Lawrence took on the combined responsibility for engines and airframes following Nick Snow's departure. High priority was given in 2003 to developing the charity's engineering infrastructure to improve productivity and to make the best possible use of the very valuable time donated to the charity by its volunteers.

Refurbishment of the former RAF building on the airport's eastern perimeter continued, with work on the workshop and store areas almost complete at the year end. These facilities are now providing very real value to the charity's engineering operation. Movement of items into the stores was completed during the year and these will be catalogued in 2004. The external condition of the building is good although the charity had to re-render some of the walls during the year. The charity decided to alter the use of its workshop container and this now contains an avionics workshop and an office. Work to bring the office into full operation was in hand at the year end, with new furniture and shelving installed.

Work was ongoing throughout the year servicing and maintaining the charity's items of ground equipment, including giraffe steps, ladders and servicing platforms. A full overhaul of the charity's air tug was begun and this is due for completion in 2004. The charity continued maintenance of its aircraft hardstanding, including painting marker lines down the centre and around the edge of the 'pan', filling cracks and smoothing parts of the concrete surface.

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 (see below). The charity's programme of regular checks, coupled with numerous works of maintenance and repair on XL426 and its associated ground equipment, continued. The aircraft's electrical systems, including the flying control surfaces and the airborne auxiliary power plant (AAPP), were run weekly and faults rectified as and when they occurred.

Extensive work was carried out on XL426's braking system prior to taxi-runs being performed at the Southend Airport *Wings and Wheels* event in May. This involved replacing the flow and return lines to each brake unit with new lines. The Engineering Team also overhauled two brake units and continued the overhaul of XL426's powered flying control units (PFCUs); this including major repairs to the rudder PFCUs during the spring.

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. The surface of the aircraft was also treated with corrosion inhibiting fluids. Towards the end of the year, plans were put in hand to carry out an intensive 'one-off' airframe survey, the findings of which will shape the pattern of airframe rectification work over the years to come. The charity continued to run heaters and dehumidifiers in certain areas of the aircraft to inhibit corrosion.

During the summer the charity carried out work on the aircraft's undercarriage to return XL426 to its proper running height. In 1990 fluid had been drained from the shock absorbers to reduce the height of the aircraft so it could enter a hangar for a public display. The charity had returned XL426 to something like its correct height in the mid-1990s but had been

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Preservation and Protection of Avro Vulcan Aircraft (Continued)

unable to complete the work due to a faulty jack on the day. The aircraft was jacked again (using facilities provided by ATC Lasham at Southend Airport) and XL426 now stands at its correct height. This means all the aircraft's drain holes are now properly aligned, which helps prevent corrosion by allowing swifter egress of rainwater from the airframe.

The charity overhauled the aircraft's left hand windscreen wiper motor in the early part of the year. Since 2000 the charity had placed restrictions on taxiing XL426 in the wet following a failure of the left hand wiper system at the 2000 Southend Airport Open Weekend. Following the overhaul, the system was declared fully serviceable and the restrictions have now been lifted.

The charity continued to acquire spare parts and additional ground equipment whenever possible to assist its operation. This included purchase of an Olympus engine stand (which is being stored for possible future use), ancillary engine components and a periscope sextant. This last item will enable the charity to demonstrate one of the aircraft's back-up navigation systems to visitors.

Following the instances of thefts and vandalism in 2002, the charity continued to review its security measures at Southend Airport. This included the manufacture by the charity of a bespoke device to prevent unauthorised opening of the aircraft's cockpit door.

The charity loaned various items of ground equipment to the Solway Aviation Society at Carlisle Airport to assist them with moving their Vulcan (XJ823) to a new location on the airport.

The charity considered purchasing the nose section of Vulcan XL388, which was put up for sale in the spring of 2003. As well as being a possible source of spare parts, the nose section would provide the charity with an ideal display and educational tool that it could use at locations away from Southend Airport. However, it was felt that the condition of the nose section was such that it would require too much work to bring it up to a suitable standard and no bid was offered. The purchase of a nose section to assist the charity with its preservation and educational objectives remains a charity target.

Demonstration and Display of Avro Vulcan aircraft

The charity fulfilled its charitable objective to demonstrate and display Vulcan aircraft by organising a *Visit the Vulcan* public open weekend on 5-6 July and performing taxi-runs at the *Wings and Wheels* public event at Southend Airport on 25-26 May.

An estimated 1500 people attended the charity's *Visit the Vulcan* event. XL426's cockpit was opened for inspection and the charity's display stand was present, along with a display unit from the local branch of the RAF Benevolent Fund. The charity (via its trading arm VRT Enterprises Limited – see below) also provided a refreshment stand. The event was publicised in the local media and aviation press, with advertising posters distributed to local museums, libraries and tourist offices, as well as aviation museums nationwide.

A single taxi-run was carried out on both days of Southend Airport's *Wings and Wheels* event 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. Another taxi-run was performed for VRT members as part of the charity's social afternoon on 9 August.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Education and Information

The charity continued to fulfil its educational objectives by giving talks and guided tours of XL426 to interested groups and societies, by maintaining an Internet website containing information about the Vulcan, by distributing information about the Vulcan to the public (including publishing its own magazine) and by organising meetings for its members.

Talks were given to eight interested societies during the year and groups (including school groups and engineering societies) visited XL426 on a number of occasions. The charity's website (www.avrovulcan.com) registered 17,700 hits during 2003 (2002: 15,000 hits). The site contains historical and contemporary information about the Vulcan and the charity's work. The site's contents were updated every 2-3 weeks and its 'front page' underwent a major facelift during the summer. The charity also continued to operate a telephone 'hotline' (0870 1624825) for the benefit of the public and its members.

The charity published three issues of its magazine *Vulcan News*. These were distributed free to its members, with back issues sold to the public at air displays and other events. *Vulcan News* continued to include a mix of historical and contemporary articles and received many favourable comments from members and the public alike. Membership forms, incorporating a history of the Vulcan and Vulcan XL426, were distributed free of charge to the public at air displays and other events. Many of the stock items sold by VRT Enterprises Limited are educational in nature, including books, videos, DVDs, flown philatelic covers (with informational inserts about the Vulcan's history), posters and postcards.

The charity continued to maintain and add to its collection of Vulcan photographs, slides and other memorabilia. The charity's secretary completed cataloguing the extensive collection of Vulcan images owned by member Alan Todd. The images are now being transferred onto electronic media and, once this work is complete, the original slides and photographs will be passed to Air Britain in accordance with Alan's wishes.

The charity did not make any progress with its proposed Visitors' Centre at Southend Airport. The board took the decision early in the year to concentrate resources on finishing the workshop and stores before any work was begun on the Visitors' Centre. With the workshop and stores almost complete at the end of the year, the charity intends beginning work on planning and developing the Visitors' Centre in 2004.

Five social meetings for VRT members (including the charity's annual general meeting) were held during the year. Each meeting featured a guest speaker and the subjects of talks in 2003 were: the Vulcan and the V-Force; the history of the RAF Museum; and flying training in the RAF. Special mention must be given to Alan Painter who gave a talk on the V-Force in May and then stepped in, at short notice, in December when the scheduled speaker was taken ill to speak on flying training. The charity (via VRT Enterprises Limited) provided refreshments and ran a licensed bar at each social meeting. A full buffet was laid on at the Christmas social, and hot meals were provided at the four other meetings.

An email group for VRT Members was established so important news and updates could be sent out without the delays inherent in postal mail shots. At the year end, 231 members had chosen to be part of the group. The email group will supplement, not replace, the charity's traditional means of communicating with its members i.e. *Vulcan News* and other newsletters.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Education and Information (Continued)

The charity did not arrange any visits to RAF bases or other places of aviation interest in 2003. An appeal was included in *Vulcan News* for a VRT member to assist the board in organising the charity's visits programme but no offers were received and the board reluctantly agreed to discontinue the programme. It will be re-started if resources permit in the future.

Membership

Membership subscriptions remained the charity's largest source of income. The percentage of renewals (79%) was the same as in 2002, with 693 out of 875 members due to renew choosing to continue their membership of the charity. The number of new members joining was 140 (2002: 145) and the charity ended the year with 1,065 members, 35 down on the previous year. This is the second year running that membership of the charity has fallen. The charity's website continued to be the source of most new members (53).

There was no increase in membership subscriptions in 2003. By the end of the year, 80% 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. The charity introduced a new style membership card in 2003. Following some initial teething problems, this has greatly speeded-up processing new memberships and membership renewals. The charity also introduced a facility for new members to join 'on line' via the website (to be extended to on line membership renewals in 2004) and introduced a new Gift Membership scheme. This has proved popular, with 27 gift memberships being purchased during the course of the year.

Fund-raising

The charity's annual Prize Draw remained an important source of income. The 2003 draw produced a profit of £2,630 (2002: £2,337), with 7,227 tickets sold (6,634 in 2002). 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. A seat on the taxi run was raffled at the August social meeting and raised over £450.

VRT Enterprises Limited (Company Limited by Guarantee) is set up to operate the trading activities of the charity. The charity controls the operations of this company as the trustees of the charity are members of VRT Enterprises. VRT Enterprises reported a trading loss of £2,171 (2002: profit £9,812) for the 2003 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 2003, £4,200 was held in the 200 Club account (compared with £1,417 at the end of 2002). The Club was not called upon to make any contributions to the charity's activities during 2003. The results and balances of the VRT 200 Club are incorporated into the charity accounts.

Financial Review

Incoming resources for the year amounted to £64,818 (2002: £149,912). There were unrealised gains on investments of £271 (2002: loss £55). Total resources expended for the year were £56,524 (2002: £188,944 as restated, see note 13).

The total of net incoming resources and unrealised gains/losses is the net movement in funds of £8,565 (2002: £(39,087) as restated, see note 13).

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Financial Review (Continued)

Included in total funds carried forward is a restricted fund of £10,978 (2002: £7,374 as restated, see note 13), this relates to the XH558 Appeal. Income for the Appeal during the year was £7,599 (2002: £88,285) and expenditure £3,995 (2002: £118,012 as restated, see note 13). The income includes tax reclaims of £1,672 (2002: £14,417) for payments under gift aid to 31 December 2003. The net movement on this fund was £3,604 incoming (2002: £(29,727) outgoing as restated, see note 13).

The net assets of the charity as at 31 December 2003 were £56,365 (2002: £47,800 as restated, see note 13). 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 £6,751 (2002: £7,892).

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

The trustees 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.

Publicity

Richard Clarkson was interviewed for a feature on the Vulcan that appeared in the American journal *Air and Space*. Trevor Bailey was interviewed twice by local radio stations for features connected with the charity's *Visit the Vulcan* open event.

XL426 was filmed by Discovery Channel for its TV series *Great British Planes* in which the public were asked to vote for their favourite British aircraft of all time. Author Frederick Forsyth made the case for the Vulcan and was at Southend Airport for the filming on 26 July. The series was broadcast on Discovery Wings in the autumn and viewers voted the Vulcan runner-up to Concorde as their most favourite British aircraft.

The charity's stand attended 8 different air displays during the year, compared with 10 in 2002. Adverts for stock items (paid for by VRT Enterprises Limited) appeared in the RAF Yearbook and the Waddington and Shoreham Airshow programmes. An advert was also placed in the RAF Central Band Concert Tour programme.

Vulcan Restoration Trust Appeal

From October 2000 to March 2003, the charity ran a charitable appeal as part of the 'Vulcan to The Sky' campaign to return Avro Vulcan XH558 to airworthy condition. Following the rejection by the Heritage Lottery Fund (HLF) in November 2002 of an application for funding, Project Director, Dr Robert Fleming, and Fundraising Manager, Felicity Irwin DL, met with the HLF to gain a better understanding of the reasons behind the decision. The HLF state that they would welcome a re-application but had expressed the view that the funding stream for the project should be simplified.

It was subsequently agreed that all future fundraising for the project should be carried out by Vulcan to The Sky Limited, who submitted a second application to the HLF in June. Vulcan to The Sky (Company Limited by Guarantee) is not related to the charity in any way. The charity's fundraising role formally ceased on 31 March, the Vulcan Restoration Trust Appeal being closed on that date. The balance on the Appeal Fund at the year end was £10,978. Further costs after the year end will result in this balance being largely expended.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Vulcan Restoration Trust Appeal (Continued)

The Vulcan Restoration Trust Appeal raised in total over £300,000. The role of the charity's trustees was to ensure that all sums raised were 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 was signed with XH558's owners, C Walton Limited, to this effect and this is still in force. The charity also administered the Appeal's bank account, which was separate from the charity's normal account.

XH558 remained dismantled in the hangar at Brintingthorpe during 2003. The support of all the OEMs (Original Equipment Manufacturers), the Civil Aviation Authority, BAE Systems, Rolls Royce and Marshall Aerospace of Cambridge remained secure. In December the HLF announced that it had granted the project a 'Stage 1 Pass', with £2.5 million funding set aside for the project subject to Vulcan to The Sky Limited achieving the requirements needed to gain a full 'Stage 2 Pass'.

VRT Enterprises Limited

The charity is connected with VRT Enterprises Limited (Registered Company No: 3300759) by virtue of the fact that it has common 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 £4,921 (2002: £4,599) 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.

VRT Enterprises Limited carried out the sale of aviation goods and memorabilia via the charity's stand at air displays and other events. It also operated a mail order service for goods and operated bar and catering services at charity events. An illustrated mail order catalogue was produced for the first time in 2003 and this was sent out with the autumn issue of *Vulcan News*. Initial indications are that it had a very positive effect on sales, particularly in the period leading up to Christmas.

Risk Management

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

Reserves

	2003 £	2002 £
Total Reserves as at 31 December (2002 Restated)	56,365	47,800
Less: Designated Fund	(6,751)	(7,892)
Less: Restricted Fund (2002 Restated)	(10,978)	(7,374)
	<hr/>	<hr/>
Free Reserves	38,636	32,534
	<hr/> <hr/>	<hr/> <hr/>

Free Reserves equate to 9 month's unrestricted expenditure (2002: 5 month's). In view of ongoing subscriptions income the directors consider that the level of reserves is satisfactory.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

STATEMENT OF TRUSTEES' 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 then 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.

Approved by the trustees on

and signed on their behalf by

..... Richard Clarkson
Secretary

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
FOR THE YEAR ENDED 31 DECEMBER 2003

We have audited the financial statements on pages 4 to 12 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 7 and 8.

This report is made solely to the charity'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 charity'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 charity and the charity'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 described on page 2(g) the trustees of the charity, (who are also its directors for the purposes of company 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 charity 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 trustees' remuneration and transactions with the company is not disclosed.

We read other information contained in the trustees' 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)**

Opinion

In our opinion the financial statements give a true and fair view of the state of the charity's affairs as at 31 December 2003 and of the charity'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 2003

	Note	Unrestricted Funds £	Restricted Fund £	Total Funds 2003 £	Total Funds (Restated) 2002 £
INCOMING RESOURCES					
Subscriptions		26,949	-	26,949	26,703
Donations		18,932	7,599	26,531	99,637
Activities for Generating Funds:					
Fund-raising Income		6,877	-	6,877	7,405
Investment Income	2	425	-	425	353
Other Incoming Resources		4,036	-	4,036	2,688
Gift Aid Receipt from Trading Subsidiary		-	-	-	13,126
		-----	-----	-----	-----
Total Incoming Resources		57,219	7,599	64,818	149,912
		-----	-----	-----	-----
RESOURCES EXPENDED					
Cost of Generating Funds:					
Fund-raising Expenses		6,336	2,202	8,538	23,091
Charitable Expenditure:					
Dispersal Pan Rent		2,350	-	2,350	2,644
Vulcan Running, Servicing and Restoration		10,515	1,510	12,025	71,586
Vulcan Dispersal Pan Renovation		-	-	-	17,013
Insurance		5,163	-	5,163	4,688
Support Costs		10,168	283	10,451	52,541
Property Costs		5,737	-	5,737	4,544
Newsletter Costs		6,988	-	6,988	7,016
Miscellaneous Expenses		1,546	-	1,546	1,489
Management and Administration		2,585	-	2,585	3,140
Depreciation		1,141	-	1,141	1,192
		-----	-----	-----	-----
Total Resources Expended	3	52,529	3,995	56,524	188,944
		-----	-----	-----	-----
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR	4	4,690	3,604	8,294	(39,032)
Unrealised Gains/(Losses) on Investment Assets		271	-	271	(55)
		-----	-----	-----	-----
NET MOVEMENT IN FUNDS FOR THE YEAR CARRIED FORWARD		4,961	3,604	8,565	(39,087)

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

Note	Unrestricted Funds £	Restricted Fund £	Total Funds 2003 £	Total Funds (Restated) 2002 £
NET MOVEMENT IN FUNDS FOR THE YEAR BROUGHT FORWARD	4,961	3,604	8,565	(39,087)
FUND BALANCES BROUGHT FORWARD				
As Previously Stated	40,426	24,874	65,300	86,887
Prior Year Adjustment	13	-	(17,500)	-
	40,426	7,374	47,800	86,887
FUND BALANCES CARRIED FORWARD	45,387	10,978	56,365	47,800

The notes on pages 7 to 12 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 2003

	2003 (Restated)	2002
	£	£
Income of Continuing Operations	64,818	149,912
Expenditure of Continuing Operations	(56,524)	(188,944)
	<hr/>	<hr/>
Net Income/(Expenditure) for the Year	8,294	(39,032)
	<hr/> <hr/>	<hr/> <hr/>
	2003 (Restated)	2002
	£	£
Statement of Total Recognised Gains and Losses:		
Total Recognised Gains and Losses relating to the Year	8,294	(39,032)
Prior Year Adjustment	(17,500)	<hr/>
	<hr/>	
Total Gains and Losses Recognised Since Last Annual Report	(9,206)	
	<hr/> <hr/>	

The Summary Income and Expenditure Account is derived from the Statement of Financial Activities on page 4, which together with the notes to the accounts on pages 7 to 12, 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 7 to 12 form an integral part of these financial statements.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31 DECEMBER 2003

	Note	2003		2002 (Restated)	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	7		6,751		7,892
Investments	8		2,221		1,950
			<hr/>		<hr/>
			8,972		9,842
CURRENT ASSETS					
Debtors	9	33,785		51,844	
Cash at Bank and In Hand		20,513		20,568	
		<hr/>		<hr/>	
		54,298		72,412	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR:					
	10	(6,905)		(34,454)	
		<hr/>		<hr/>	
NET CURRENT ASSETS			47,393		37,958
			<hr/>		<hr/>
NET ASSETS			56,365		47,800
			<hr/> <hr/>		<hr/> <hr/>
FUNDS					
Unrestricted Funds	11		45,387		40,426
Restricted Fund	11		10,978		7,374
			<hr/>		<hr/>
TOTAL FUNDS			56,365		47,800
			<hr/> <hr/>		<hr/> <hr/>

Approved by the board of trustees on
behalf by:

and signed on their

.....
K PACKARD
Chairman

The notes on pages 7 to 12 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 2003

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.

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.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

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	2003	2002
	£	£
Dividends on UK Listed Securities	103	94
Interest Receivable and Similar Income	322	259
	<hr/>	<hr/>
	425	353
	<hr/> <hr/>	<hr/> <hr/>

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Other	Depreciation	Total
	Costs		
	£	£	£
Cost of Generating Funds	8,538	-	8,538
Charitable Expenditure:			
Dispersal Pan Rent	2,350	-	2,350
Vulcan Running, Servicing and Restoration	12,025	-	12,025
Insurance	5,163	-	5,163
Support Costs	10,451	-	10,451
Property Costs	5,737	-	5,737
Newsletter Costs	6,988	-	6,988
Miscellaneous Expenses	1,546	-	1,546
Management and Administration	2,585	-	2,585
Depreciation	-	1,141	1,141
	<hr/>	<hr/>	<hr/>
	55,383	1,141	56,524
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Management and administration consists of auditor's remuneration of £2,585 (2002: £3,140).

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

4. NET INCOMING/(OUTGOING) RESOURCES

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

	2003	2002
	£	£
Depreciation of Tangible Fixed Assets	1,141	1,192
Dispersal Pan Rental	2,350	2,644
Auditors' Remuneration	2,585	3,140
	<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 (2002: None). Five directors were reimbursed travel expenses totalling £6,176 during the year (2002: Five directors, total £3,389).

7. TANGIBLE FIXED ASSETS

	Vulcan XL426 £	Plant & Equipment £	Total £
COST			
As at 1 January 2003 and 31 December 2003	8,500	5,504	14,004
	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION			
As at 1 January 2003	2,550	3,562	6,112
Charge for the Year	850	291	1,141
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2003	3,400	3,853	7,253
	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE			
As at 31 December 2003	5,100	1,651	6,751
	<u> </u>	<u> </u>	<u> </u>
As at 31 December 2002	5,950	1,942	7,892
	<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 2003 (CONTINUED)

8.	FIXED ASSET INVESTMENTS	2003	2002		
		£	£		
	UK Listed Securities	2,221	1,950		
		<hr/>	<hr/>		
	The historic cost of UK listed securities at 31 December 2003 was £Nil (2002: £Nil).				
9.	DEBTORS	2003	2002		
		£	£		
	Tax Reclaims Due	19,052	34,119		
	Amounts Due from Group Undertakings (see note 15)	14,733	17,725		
		<hr/>	<hr/>		
		33,785	51,844		
		<hr/>	<hr/>		
10.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2003	2002		
		£	£		
	Trade Creditors				
	As Previously Stated	1,500	11,314		
	Prior Year Adjustment (see note 13)	-	17,500		
		<hr/>	<hr/>		
	As Restated	1,500	28,814		
	Accruals	5,405	5,640		
		<hr/>	<hr/>		
		6,905	34,454		
		<hr/>	<hr/>		
11.	ANALYSIS OF FUNDS				
		Balance Brought Forward (As Previously Stated)	Prior Year Adjustment (note 13)	Incoming Resources	Unrealised Gains/ (Losses) and Balance Carried Forward
		£	£	£	£
	Unrestricted Fund				
	General Reserve	32,534	-	57,219	(51,117)
		<hr/>	<hr/>	<hr/>	<hr/>
		40,426	-	57,219	(52,258)
	Designated Fund				
	Tangible Fixed Assets Fund	7,892	-	-	(1,141)
		<hr/>	<hr/>	<hr/>	<hr/>
		40,426	-	57,219	(52,258)
	Restricted Fund				
	Vulcan Restoration Trust				
	Appeal	24,874	(17,500)	7,599	(3,995)
		<hr/>	<hr/>	<hr/>	<hr/>
		65,300	(17,500)	64,818	(56,253)
		<hr/>	<hr/>	<hr/>	<hr/>
		65,300	(17,500)	64,818	(56,253)
		<hr/>	<hr/>	<hr/>	<hr/>
		65,300	(17,500)	64,818	(56,253)
		<hr/>	<hr/>	<hr/>	<hr/>

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

11. ANALYSIS OF FUNDS (CONTINUED)

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).

12. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Unrestricted Funds	6,751	2,221	36,415	45,387
Restricted Fund	-	-	10,978	10,978
	<hr/>	<hr/>	<hr/>	<hr/>
	6,751	2,221	47,393	56,365
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

13. PRIOR YEAR ADJUSTMENT

The prior year adjustment arises as a result of the omission from the accounts for the year ended 31 December 2002 of an Appeal support costs purchase invoice for £17,500, which related to that year but was paid in 2003.

The effect on total support costs for the year ended 31 December 2002 is as follows:-

	£
As Previously Stated	35,041
Prior Year Adjustment	17,500
	<hr/>
As Restated	52,541
	<hr/> <hr/>

14. 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 1,065 members (2002:1,100) of the company.

15. SUBSIDIARY UNDERTAKING

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

The results for the period ended 31 December 2003 was turnover of £21,567 (2002: £28,409) and a loss of £2,171 (2002: profit, £9,812). The reserves of VRT Enterprises at 31 December 2003 were £11,721 (2002: £13,892).

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003 (CONTINUED)

15. SUBSIDIARY UNDERTAKING (CONTINUED)

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 £4,921 (2002: £4,599) was due to the charity 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 £9,812 (2002: £13,126) was due to the charity in respect of Gift Aid from VRT Enterprises Limited.