

CHARITY NUMBER: 1058111
COMPANY NUMBER: 3203724

VULCAN RESTORATION TRUST
(COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2004

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

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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 Andy Vass (Treasurer)
Ms Linda Penn (Membership Secretary)
Mr Trevor Bailey (resigned on 14th September 2004)
Mr Trevor Bliss
Mr Jim Fletcher
Mr Dave Griffiths
Mr Keith Harvey
Mr Paul Hartrup
Mr Colin King
Mr Matt Lawrence
Mr Don Packard
Mr Geoff Penn
Mr Norman Skinner
Mr Steve Williams

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

Accountant: Paul Treby, FCA
9 Martins Paddock
West Cranmore
Shepton Mallet
Somerset
BA4 4QY

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

PROFESSIONAL ADVISERS (CONTINUED)

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 2004

The trustees present their report and audited financial statements for the year ended 31 December 2004. 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, entrance 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 10 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 Steering Committee did not meet in 2004 and has now not met since 1999. In 2005 the board will carry out a Strategic Review, as recommended by the Charity Commission (see below) to set out the charity's future direction, including its future management arrangements and organisational structure. The need or otherwise to re-form the Steering Committee will be decided by the review.

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

In February 2004 the charity received the Charity Commission's Review Visit Report arising out of the review visit carried out on 9th May 2003. The charity was selected at random for the visit, which is part of an ongoing Charity Commission programme that will eventually include nearly every registered charity in England and Wales. The report was generally very positive about the way the charity is organised and run, and praised the trustees for their high level of dedication and knowledge of the charity's work. It did, however, recommend that the charity produce a new strategic plan and review the way it recruits new trustees. The charity will address both these issues in 2005. The report also pointed out that some previous appeal literature had not been fully compliant with requirements and stated that the charity must produce consolidated accounts for the Trust and VRT Enterprises Limited. This last item had already been addressed in the charity's 2003 accounts.

It was with great sadness that the charity received news of the death of former trustee Dennis Marriott on 23rd January 2004. Dennis served as a board member with the charity's

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

predecessor, the Vulcan Memorial Flight Supporters Club, from 1989 through to the formation of the charity in 1993 and served as a trustee until he was forced to retire due to ill health in 2003. He was treasurer of the club and then the charity for the first half of the 1990s and made an immense contribution to the charity's work, especially in the early years. Dennis is greatly missed by everyone who had the good fortune to know him.

Preservation and Protection of Avro Vulcan Aircraft

During 2004 the charity continued to fulfill 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.

In August the charity was informed by its landlord the London Southend Airport Company Limited that it would have to leave its building on the airport's eastern perimeter, although by the end of 2004 no timescale had been set. Earlier in the year the airport gained permission to develop a new terminal on its eastern perimeter and the charity understands that a flying club to be displaced by the new development will be relocated to the charity's building. The airport offered the charity a new site adjacent to its aircraft hardstanding on which it could, subject to planning permission, construct a replacement building. The charity has a six-month 'rolling' lease on its existing building, which it has used as a workshop and stores since 2000, and the lease on the new site will be granted on a similar basis. The charity immediately began searching for a suitable replacement building and purchased a dismantled Romney Hut. The charity arranged delivery to Southend Airport in the autumn and began cleaning and de-corroding the building's metal components in preparation for construction in 2005. If planning permission for the new building is turned down, the Romney Hut will be sold and the charity will reconsider its options for workshop facilities and storage of spares.

The charity's Engineering Committee continued to set the formal programme of maintenance on XL426 and met monthly to review progress. After 10 years as the charity's Chief Engineer, Trevor Bailey resigned in September to concentrate on his family life and flying career. Since 1995 Trevor had led the transformation of XL426 from a decaying, static airframe to a ground running aircraft capable of being taxied. The charity would like to take this opportunity to thank Trevor for his immense contribution to its work and is pleased that his extensive knowledge will remain available to the charity in a consultancy role. Following Trevor's departure the board appointed Matt Lawrence as Chief Engineer with specific responsibility for engines and airframe. Other specific engineering responsibilities during 2004 were: Paul Hartrup (engineering administration); Steve Williams (buildings and infrastructure); Martin White (ground equipment); and Mark Goodliffe (avionics).

The charity completed the refurbishment of the former RAF building on the airport's eastern perimeter into a workshop and stores in 2004 prior to receiving the news that it would have to leave the building in due course. The charity's application for discretionary rate relief on the building was turned down by Rochford District Council in August. This issue will not be pursued in the light of the charity having to relocate to a new building. The charity already receives mandatory rate relief in respect of the building.

The cataloguing of the charity's spares holding, planned to take place in 2004, did not progress and will be carried out as soon as possible. Towards the end of 2003 the charity

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Preservation and Protection of Avro Vulcan Aircraft (continued)

began converting its former workshop container into an office and avionics workshop. The work to fit out the office, which included purchasing a new filing system for the charity's engineering paperwork, was completed early in 2004 although no progress was made setting-up the avionics workshop. The 'shed' extension to the workshop, constructed in the mid-1990s and originally intended to serve as a paint spaying booth, was re-roofed and refurbished in 2004 and now contains the charity's grounds maintenance equipment, as well as being used for storage of some oils and other general items.

A full overhaul of the rigid brake lines on XL426's main undercarriage was carried out in the spring and for this reason the aircraft was unable to taxi at the Southend Airport Wings and Wheels event at the end of May. All brake lines and all non-load bearing components were removed from both undercarriage legs and their condition assessed. Those lines with only minor corrosion were de-corroded and re-painted, whilst Inflight Engineering at Southend Airport were contracted to manufacture replacements for the lines that had corroded beyond repair. Prior to refitting the components, the charity took the opportunity to de-corrode and re-spray the main undercarriage legs. It is intended to carry out a similar exercise on the main undercarriage bays during 2005 or 2006.

The charity implemented a revised programme for running XL426's engines at the beginning of the year. Low power runs are now carried out every six weeks with full power runs taking place every six months. Additional engine runs were carried out prior to the charity's open day in August. All four engines ran without difficulty during the year, the only rectification work needed being the realignment of the intake cowls on No1 engine. 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.

During a routine systems exercise in the spring, XL426's airbrakes failed to retract properly causing extensive damage to the lower port airbrake. The airbrake mechanism was dismantled to assess the full extent of the damage and to investigate the reason for the failure. This was subsequently traced to a crack in the airbrake post causing the microswitch that regulates the closing system to fail. Some repairs were carried out to the system during the year but the charity will need to manufacture new components to bring the system back to full working order. This will require substantial funds. The damaged airbrakes were wound back manually into the aircraft's wings to enable the aircraft to taxi at the charity's August open day.

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. The charity's plan to carry out an intensive 'one-off' airframe survey, the findings of which will shape the pattern of airframe rectification work in future years, did not come to fruition in 2004 and will be implemented in 2005-06. The charity continued to run heaters and dehumidifiers in certain areas of the aircraft to inhibit corrosion, the cockpit dehumidifier being replaced with a new unit during the summer. A new canopy cover was ordered in the autumn and this is due to be delivered early in 2005.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Preservation and Protection of Avro Vulcan Aircraft (Continued)

The aircraft suffered a major fuel leak during the week prior to the August open day. This was traced to a catastrophic failure in a single fuel pipe. A replacement pipe was remanufactured by FLS Aerospace and was fitted to the aircraft by the charity's Engineering Team.

Work was ongoing throughout the year servicing and maintaining the charity's items of ground equipment, including giraffe steps, ladders and servicing platforms. One of the safety raisers was subject to a full overhaul during the year, which included the repair of the barrier rails and the hydraulic ram (by a contractor) and a full repaint. The charity's second safety raiser was taken out of service pending a similar overhaul. The overhaul of the charity's air tug, which had begun in 2003, continued throughout the year and will hopefully be completed during 2005. Maintenance of the charity's aircraft hardstanding was restricted to removal of weeds and filling cracks where necessary.

Using funds provided by The VRT 200 Club, the charity purchased a Reliance Mercury RM300 air tug from FLS Aerospace of Stansted Airport. The tug is capable of towing aircraft as large as a Boeing 747 and therefore has no problem moving XL426. The charity's previous air tug will be retained as a mobile air start unit and reserve air tug.

The charity continued to acquire spare parts and additional ground equipment whenever possible to assist its operation. The charity purchased a Mk11 hydraulic rig during the autumn. The rig is designed primarily for use with Tornado aircraft but the charity will convert it to be compatible with the Vulcan when time and money allows.

Demonstration and Display of Avro Vulcan Aircraft

The charity fulfilled its charitable objective to demonstrate and display Vulcan aircraft by organising a *Vulcan Open Day* on 14th August and by placing XL426 on static display at the *Wings and Wheels* public event at Southend Airport on 30th – 31st May. During 2004 the charity abandoned its long-held objective to return XL426 to flying condition and instead will concentrate on preserving and displaying XL426 as a ground running aircraft for as long as possible. A statement on this change of policy was distributed to members in April. Reaction to the announcement was understandably mixed, although overall it was very supportive of the charity's aim to preserve XL426 as a live but non-flying aircraft.

An estimated 2500 people attended the charity's *Vulcan Open Day*. XL426 performed two high-speed taxi-runs and the aircraft's cockpit was open to visitors throughout the day. During the second taxi-run XL426 burst two tyres when braking and made a 180 degree turn on the runway in order to vacate it without delay. Unfortunately this caused damage to the runway's friction surface and the charity had to meet the costs of repair. The charity submitted a claim in respect of this against its aircraft insurance policy and was awaiting the result of the claim at the year-end. A marquee was hired to house the charity's new educational display (see below) and the charity's sales stand was also present. Prior to the open day the charity purchased new event signage (car parking etc.) which it used at the event and will use at future events. The open day was publicised in the aviation press and local media, with extensive centre-page coverage being given by the Southend *Evening Echo* and *Yellow Advertiser* newspapers. Advertising posters were also distributed to local museums, libraries and tourist offices, as well as aviation museums across the country.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Demonstration and Display of Avro Vulcan aircraft (continued)

It was not possible to carry out any taxi-runs at the Southend Airport *Wings and Wheels* event due to the ongoing maintenance work on XL426's main undercarriage (see above). An estimated 400 people took the opportunity to visit XL426's cockpit during this event. The charity also provided the commentary on both days of the event.

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. Plans to develop a Visitors' Centre in the charity's building on Southend Airport's eastern perimeter were abandoned when it was informed by the airport that it would be required to relocate to another site (see above). The charity will reconsider its plans for a Visitors' Centre and for improving public access to XL426 in due course.

In the spring the charity commissioned the production of an educational and information unit for use at indoor events. This was designed by the charity in conjunction with Icon Display, a world leader in the design and production of corporate display units and banner advertising. The unit showcases information about the charity's work and includes illustrated 'timeline' histories of both the Vulcan type and XL426 in particular. It was used for the first time at the *Tribute to the V-Force* reunion event held at Newark Air Museum on 22nd and 23rd May where it attracted much favourable comment. The unit was also on display at the charity's own *Vulcan Open Day* in August and the charity's social afternoons during the summer and autumn.

A single talk only was given to a society in 2004, a marked reduction on previous years, and as a result the charity will make efforts to promote its talks more widely in 2005. Groups (including school and scout groups) visited XL426 on a number of occasions. The charity's website (www.avrovulcan.com) contains historical and contemporary information about the Vulcan and the charity's work and its contents were updated throughout the course of the year. The charity discontinued its telephone 'hotline' as its cost could no longer be justified.

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 – in 2004 featuring articles on the Vulcan's Cold War role, the history of XL426, news of the charity's activities at Southend Airport and updates on the Vulcan To The Sky project. 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 continued the lengthy task of transferring onto electronic media the extensive collection of Vulcan images owned by member Alan Todd. Once this work is complete, the original slides and photographs will be passed to Air Britain in accordance with Alan's wishes.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Education and Information (Continued)

Five 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 2004 were: Concorde, the history of the Vulcan, the Maastricht Raid 1940 and recollections of a trip around the world in XL426. The charity (via VRT Enterprises Limited) provided refreshments and ran a licensed bar at each meeting. A full buffet was laid on at the Christmas meeting, and hot meals were provided at two other meetings.

The email group for VRT Members established in 2003 to convey important news and updates without the delays inherent in postal mail shots, continued to operate in 2004.

Membership

Membership subscriptions remained the charity's largest source of income. The percentage of renewals (79%) was the same as in the previous two years. The number of new members joining was 113 (2003: 140) and the charity ended the year with 1,001 members, 64 down on the previous year. This is the third year running that membership of the charity has fallen. The charity's website continued to be the source of most new members (27) and the Gift Membership scheme introduced in 2003 continued to be popular with 21 such memberships being purchased during the year.

There was no increase in membership subscriptions in 2004.

Fund-raising

The charity's annual Prize Draw remained an important source of income. The 2004 draw produced a profit of £2,898 (2003: £2,630), with 3,787 £1 tickets being sold (7,227 at 50p each in 2003). 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. An auction of a seat on one of the taxi-runs at the August *Vulcan Open Day* raised over £500.

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 profit of £2,319 (2003: loss £2,171) for the 2004 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 2004, £4,222 was held in the 200 Club account (compared with £4,200 at the end of 2003). The club purchased a Reliance Mercury RM300 air tug for the charity during the year.

Financial Review

Incoming resources for the year amounted to £54,345 (2003: £64,818). There were unrealised gains on investments of £102 (2003: £271). Total resources expended for the year were £74,601 (2003: £56,524).

The total of net incoming resources and unrealised gains/losses is the net movement in funds of £(20,154) (2003: £8,565).

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

REVIEW OF AFFAIRS (CONTINUED)

Financial Review (Continued)

The net assets of the charity as at 31 December 2004 were £36,211 (2003: £56,365). 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 £5,654 (2003: £6,751).

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

The charity's stand attended seven different air displays during the year, compared with eight in 2003. Adverts for stock items (paid for by VRT Enterprises Limited) appeared in the RAF Waddington Airshow programme and the *Shoreham* Argus, in connection with local publicity for the Shoreham Airshow.

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 £Nil (2003: £4,921) 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. Illustrated mail order catalogues were produced and sent out to VRT members with the spring and autumn issues of *Vulcan News* as well as being available to the public from the charity's stand at air displays and other events.

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.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004 (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

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Unrestricted Funds £	Restricted Fund £	Total Funds 2004 £	Total Funds 2003 £
INCOMING RESOURCES					
Subscriptions		25,262	-	25,262	26,949
Donations		11,678	-	11,678	26,531
Activities for Generating Funds:					
Fund-raising Income		14,458	-	14,458	6,877
Investment Income	2	422	-	422	425
Other Incoming Resources		206	-	206	4,036
Gift Aid Receipt from Trading Subsidiary		2,319	-	2,319	-
Closing of Restricted Fund		10,978	(10,978)	-	-
		-----	-----	-----	-----
Total Incoming Resources		65,323	(10,978)	54,345	64,818
		-----	-----	-----	-----
RESOURCES EXPENDED					
Cost of Generating Funds:					
Fund-raising Expenses		11,648	-	11,648	8,538
Charitable Expenditure:					
Dispersal Pan Rent		2,350	-	2,350	2,350
Vulcan Running, Servicing and Restoration		24,100	-	24,100	12,025
Insurance		5,282	-	5,282	5,163
Support Costs		12,031	-	12,031	10,451
Property Costs		10,362	-	10,362	5,737
Newsletter Costs		7,084	-	7,084	6,988
Miscellaneous Expenses		647	-	647	1,546
Management and Administration		-	-	-	2,585
Depreciation		1,097	-	1,097	1,141
		-----	-----	-----	-----
Total Resources Expended	3	74,601	-	74,601	56,524
		-----	-----	-----	-----
NET INCOMING/(OUTGOING) RESOURCES FOR THE YEAR	4	(9,278)	(10,978)	(20,256)	8,294
Unrealised Gains/(Losses) on Investment Assets					
		102	-	102	271
		-----	-----	-----	-----
		(9,176)	(10,978)	(20,154)	8,565
FUND BALANCES BROUGHT FORWARD		45,387	10,978	56,365	47,800
		-----	-----	-----	-----
FUND BALANCES CARRIED FORWARD		36,211	-	36,211	56,365
		=====	=====	=====	=====

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31 DECEMBER 2004

	Note	2004		2003	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	7		5,654		6,751
Investments	8		2,323		2,221
			-----		-----
			7,977		8,972
CURRENT ASSETS					
Debtors	9	17,570		33,785	
Cash at Bank		12,164		20,513	
		-----		-----	
		29,734		54,298	
CREDITORS: AMOUNTS FALLING DUE WITHIN					
ONE YEAR:	10	(1,500)		(6,905)	
		-----		-----	
NET CURRENT ASSETS			28,234		47,393
			-----		-----
NET ASSETS			36,211		56,365
			=====		=====
FUNDS					
Unrestricted Funds	11		36,211		45,387
Restricted Fund	11		-		10,978
			-----		-----
TOTAL FUNDS			36,211		56,365
			=====		=====

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31 DECEMBER 2004

Approved by the board of trustees on
behalf by:

and signed on their

.....
K PACKARD
Chairman

The notes on pages 5 to 9 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 2004

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 2004 (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	2004	2003
	£	£
Dividends on UK Listed Securities	113	103
Interest Receivable and Similar Income	309	322
	<hr/>	<hr/>
	422	425
	<hr/> <hr/>	<hr/> <hr/>

3. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Other Costs	Depreciation	Total
	£	£	£
Cost of Generating Funds	11,648	-	11,648
Charitable Expenditure:			
Dispersal Pan Rent	2,350	-	2,350
Vulcan Running, Servicing and Restoration	24,100	-	24,100
Insurance	5,282	-	5,282
Support Costs	12,031	-	12,031
Property Costs	10,362	-	10,362
Newsletter Costs	7,084	-	7,084
Miscellaneous Expenses	647	-	647
Depreciation	-	1,097	1,097
	<hr/>	<hr/>	<hr/>
	73,504	1,097	56,524
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

4. NET INCOMING/(OUTGOING) RESOURCES

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

	2004	2003
	£	£
Depreciation of Tangible Fixed Assets	1,097	1,141
Dispersal Pan Rental	2,350	2,350
Auditors' Remuneration	-	2,585
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

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 (2003: None). Five directors were reimbursed travel expenses totalling £6,408 during the year (2003: Five directors, total £6,176).

7. TANGIBLE FIXED ASSETS

	Vulcan XL426 £	Plant & Equipment £	Total £
COST			
As at 1 January 2004 and 31 December 2004	8,500	5,504	14,004
DEPRECIATION			
As at 1 January 2004	3,400	3,853	7,253
Charge for the Year	850	247	1,141
As at 31 December 2004	4,250	4,100	8,350
NET BOOK VALUE			
As at 31 December 2004	4,250	1,404	5,654
As at 31 December 2003	5,100	1,651	6,751

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

8. FIXED ASSET INVESTMENTS

	2004 £	2003 £
UK Listed Securities	2,323	2,221

The historic cost of UK listed securities at 31 December 2004 was £Nil (2003: £Nil).

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

9. DEBTORS		2004	2003
		£	£
Tax Reclaims Due		12,425	19,052
Amounts Due from Group Undertakings (see note 15)		5,145	14,733
		<hr/>	<hr/>
		17,570	33,785
		<hr/>	<hr/>
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		2004	2003
		£	£
Trade Creditors		1,500	1,500
As Previously Stated		-	5,405
Accruals		<hr/>	<hr/>
		1,500	6,905
		<hr/>	<hr/>
11. ANALYSIS OF FUNDS			
	Balance Brought Forward		Unrealised Gains/ (Losses) and Balance Carried Forward
	(As Previously Stated)	Incoming Resources	Resources Expended
	£	£	£
Unrestricted Fund			
General Reserve	38,636	65,425	73,504
	<hr/>	<hr/>	<hr/>
Designated Fund			
Tangible Fixed Assets Fund	6,751	-	1,097
	<hr/>	<hr/>	<hr/>
	45,387	65,425	74,601
Restricted Fund			
Vulcan Restoration Trust Appeal	10,978	-	10,978
	<hr/>	<hr/>	<hr/>
	56,365	65,425	85,579
	<hr/>	<hr/>	<hr/>
	36,211		36,211

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). This appeal was closed in the year and the balance transferred to the unrestricted fund to cover the administration costs of the appeal.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 (CONTINUED)

12. 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 1,001 members (2003:1,100) of the company.

13. 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 2004 was turnover of £19,499 (2003: £21,567) and a profit of £2,319 (2003: loss, £2,171). The reserves of VRT Enterprises at 31 December 2004 were £11,721 (2003: £11,721).

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 £Nil (2003: £4,921) 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 £5,145 (2003: £9,812) was due to the charity in respect of Gift Aid from VRT Enterprises Limited.

THE FOLLOWING PAGE DOES NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS

**ACCOUNTANT'S REPORT ON THE UNAUDITED ACCOUNTS OF
VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
FOR THE YEAR ENDED 31 DECEMBER 2004**

You are responsible for the preparation of the financial statements for the year ended 31 December 2004 set out on pages 3 to 9 and you consider that the charity is exempt from audit and independent examination. In accordance with your instructions, I have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to me.

.....
PAUL TREBY, FCA

Dated: