

CHARITY NUMBER: 1058111  
COMPANY NUMBER: 3203724

**VULCAN RESTORATION TRUST**  
**(COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2007**

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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

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**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**REFERENCE AND ADMINISTRATIVE INFORMATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

**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

**Company Secretary:** Richard Clarkson

**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 (Chair)  
Mr Richard Clarkson (Secretary)  
Mr Keith Harvey (Treasurer)  
Mr Trevor Bliss (resigned on 27 March 2007)  
Mr James Fletcher (resigned on 28 March 2007))  
Mr David Griffiths  
Mr Paul Hartrup  
Mr Colin King  
Mr Matt Lawrence  
Mr Donald Packard (resigned on 19 February 2007)  
Mr Norman Skinner (resigned on 27 March 2007)  
Mr Andrew Vass  
Mr Stephen Williams (resigned on 27 March 2007)

**PROFESSIONAL ADVISERS**

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

**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 2007**

The trustees present their report and unaudited financial statements for the year ended 31 December 2007. The trustees' report also represents the directors' report which is required to be prepared under Section 234 of the Companies Act.

The reference 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 Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005).

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

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.

The trustees of the charity are a self appointed body. Service on the board is for three years. Retiring trustees can be re-elected. The charity does not employ any staff.

The board of directors met formally on five occasions. The board is responsible for the overall management of the charity, takes policy decisions and ratifies all decisions made by its Engineering and Events sub-committees. As the charity does not employ any staff, the board is also responsible for the day-to-day running of the charity.

The Charity Commission's Review Visit Report received by the charity in February 2004 recommended amongst other things that the charity produce a new strategic plan. This was done in 2005 with the *Vulcan Restoration Trust - Strategic Plan 2006-10* being formally adopted by the board in October 2005. The first of four annual Action Plans was agreed by the board in January 2006. This was only partially implemented in 2006 and so the board agreed to carry over its implementation into 2007 rather than produce a new plan for the year.

A key objective of the Action Plan was to improve the charity's governance, including a revised organisational structure for the board and its committees. During the early part of 2007, the board carried out a review of its structure based upon the principles contained in the Code of Governance for the Voluntary and Community Sector, published by the National Governance Hub and endorsed by the Charity Commission. The board considered whether or not its existing role and structure was the most appropriate to ensure the charity could continue to fulfil its charitable aims and develop to achieve the objectives of its *Strategic Plan*. It was agreed that the board needed to take on a more strategic role, delegating most of its operational function to its sub-committees, and hence should reduce in size. Further to this, the following trustees resigned during 2007: Trevor Bliss, Jim Fletcher, Don Packard, Norman Skinner and Steve Williams.

In recognition of his immense contribution to the work of the charity, the honorary position of President of the Vulcan Restoration Trust was offered to Norman Skinner, and the charity was delighted when he accepted. In recognition of their contributions, the honorary position of Vice-President was also offered to Trevor Bliss, Jim Fletcher, Don Packard and Steve Williams, as well as Geoff Penn and Linda Penn (who had resigned as trustees at the end of 2006) and Pauline Skinner, in recognition of her role as the charity's original Membership Secretary. The charity was pleased when all agreed to accept.

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)**

The charity will look to increase its volunteer base through greater involvement of volunteers in its sub-committees. This will take time and, in the meantime, the charity merged its Stock & Stand and Events Committees to form a single Events Committee.

None of the trustees/directors received any remuneration or benefits from the charity. The charity does not have policies or processes for recruiting or inducting new trustees. The board had intended to review both these areas following the implementation of the changes to its organisational structure in 2007. However, the need to focus effort and resource into other areas following the organisational changes prevented this from happening. It is now the board's intention to carry out a review in 2008-09.

**OBJECTIVES AND ACTIVITIES**

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.

During the year the charity carried out maintenance and preservation work on former Royal Air Force Avro Vulcan B2 XL426 (G-VJET) at London Southend Airport, Essex, along with its associated ground equipment and buildings, held two public open days, gave educational talks about the aircraft to the public, organised meetings for members' and interested members of the public and attended various air displays and other public events.

The charity's income is generated by membership fees, entrance fees, appeals, donations, fund-raising draws and public displays. The charity's main headline objectives for the year (as defined in its Annual Plan 2006 – carried forward into 2007) were as follows:

- (a) Improved governance: including revised organisational structure; new planning process; and trustee recruitment.
- (b) Improvement of engineering function: including relocation of the workshop and stores building to a new site (planning permission permitting); production of maintenance and cost plans; and development of a new policies and procedures manual.
- (c) Improved performance: including implementation of internet trading; forging of greater links with the local community; and review of the charity's membership package.
- (d) Improved resource management: including production of a marketing and fund raising plan; and development of budget plans and financial procedures.
- (e) Improved knowledge management: including management of documentation and archive materials.

The charity's income is generated by membership fees, entrance fees, appeals, donations, fund-raising draws and public displays. The charity's main objectives for the year were to begin implementing an engineering programme to return XL426 to full ground running condition, to continue implementing the recommendations of the Charity Commission

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**OBJECTIVES AND ACTIVITIES (CONTINUED)**

Review Visit Report, to increase the number of educational talks given to societies and to improve its financial position.

**Preservation and Protection of Avro Vulcan Aircraft**

XL426 is listed by the British Aviation Preservation Council (BAPC) in its National Aviation Heritage Register as a 'benchmark' example of the type and is one of only three Vulcans in the world capable of being taxied under its own power. XL426, and its associated ground equipment, is owned by the charity.

The charity's Engineering Committee continued to set the formal programme of maintenance on XL426 and met to review progress. Specific engineering responsibilities during 2007 were: Matt Lawrence (Chief Engineer, airframe, engines and avionics); Paul Hartrup (engineering administration); and Martin White (ground equipment). Due to personal commitments, Steve Williams was unable to continue as a member of the Committee and his building and infrastructure responsibilities were shared across the Committee's members. Engineering Team member Ian Tovell joined the Committee in 2007.

Following the taxi-run at its Open Day in August 2006 the charity agreed to withdraw XL426 from taxiing service so that a programme of engineering work could be carried out to ensure the aircraft's long-term survivability. The charity estimates that £54,000 will be needed to complete the work and launched an appeal called *426 Return to Power* to raise the necessary funds at the beginning of 2007. No time scale has been set to complete the work. By the end of the year, the appeal had raised a total of £7,649.

*Return to Power* programme work during the early part of the year focussed on ensuring the charity's workshop was 'fit for purpose' and that the necessary tooling and equipment was available to carry out the work. Improvements to the general environment of the workshop, including upgrading of the work benches, took place during the winter months and money raised by the *Return to Power* appeal was used to purchase new equipment, including a sand-blasting cabinet, parts washer, sheet metal bender and components for the charity's English wheel. Money raised by The VRT 200 Club also funded the purchase of a new compressor.

Engineering work associated with the *Return to Power* programme concentrated on a number of areas. These included beginning removing and renovating (or replacing) those areas of the aircraft's skin that have become corroded. Both front undercarriage bay doors were removed, one being re-skinned and re-fitted during the course of the year. The knowledge gained by Engineering Team members attending National Aviation Heritage Skills Initiative courses (see below) will be particularly useful as this element of the *Return to Power* programme continues. The aircraft's four jet pipe end caps were removed and renovation work begun on the replacement pipes kindly donated to the charity by the Vulcan to the Sky Trust.

Work was ongoing throughout the year overhauling the aircraft's Powered Flying Control Units (PFCUs). The aim is to have all the charity's PFCU units (including spares) fully serviceable by the time the *Return to Power* programme is complete. The Navigator Radar and Air Electronics Officer seats were also removed from the cockpit for refurbishment, together with the aircraft's periscope and other electronic 'black boxes'. Although not essential in order for the aircraft to taxi again, such work is time-consuming and can only be done if the aircraft is not taxiing regularly. A full renovation of the cockpit is, therefore, included as a work area in the *Return to Power* programme.

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**OBJECTIVES AND ACTIVITIES (CONTINUED)**

**Preservation and Protection of Avro Vulcan Aircraft (Continued)**

A revised programme of engine running was carried out in 2007 in order to accommodate additional resource allocated to *Return to Power* programme work. Work to identify the cause of the unplanned shutdown of No.3 engine following the taxi-run at the August 2006 open day involved the removal, inspection and re-fitting of the Chassis Mounted Fuel System, as well as a full inspection and clean of No.2 port fuel tank. This culminated in a successful engine run. The inspection of the fuel tank also enabled the charity to gain some understanding of the amount of work likely be required to bring the aircraft's fuel system back into full working order.

The charity's ongoing programme of regular checks, coupled with numerous works of maintenance and repair on XL426 and its associated ground equipment (additional to that set out in the *Return to Power* programme) 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.

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 washed during the year and treated with corrosion inhibiting fluids. The charity continued to run heaters and dehumidifiers in certain areas of the aircraft to inhibit corrosion. The canopy cover has continued to be used to prevent water ingress into the cockpit. The new wheel covers, ordered in 2005, did not arrive and the charity began seeking out alternative suppliers in 2007.

Work was ongoing throughout the year servicing and maintaining the charity's items of ground equipment, including its two air tugs, giraffe steps, ladders and servicing platforms. A full renovation of the second of the charity's servicing platforms was completed in 2007. Maintenance of the charity's aircraft hardstanding was restricted to removal of weeds and filling cracks where necessary.

The charity continued to acquire spare parts and additional ground equipment whenever possible to assist its operation. Good relations were maintained with the Vulcan to the Sky Trust at Bruntingthorpe and components continued to be exchanged for the mutual benefit of both organisations.

The charity is a member of the BAPC and was represented at meetings of the Council during the course of the year. Members of the charity's Engineering Team continued to attend the training courses held at the Imperial War Museum, Duxford, as part of the National Aviation Heritage Skills Initiative. This is a joint programme run by the BAPC and the Imperial War Museum, and is funded by the Heritage Lottery Fund. During the course of the year, eight Engineering Team members completed the required number of courses and City and Guild assessments to receive a Level 2 Certificate in Aviation Heritage Skills.

**Demonstration and Display of Avro Vulcan Aircraft**

The charity fulfilled its charitable objective to demonstrate and display Vulcan aircraft by holding 'Visit the Vulcan' public open days on 22 July and 2 September. XL426 was also displayed in the by the charity in the static park on both days of the Southend Airport Open Weekend in May. An estimated 1200 people attended the two 'Visit the Vulcan' days. Attendance at the Airport Open Weekend was severely affected by poor weather. The charity also provided the commentary on both days of the Southend Airport Open Weekend.

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**OBJECTIVES AND ACTIVITIES (CONTINUED)**

**Demonstration and Display of Avro Vulcan Aircraft (continued)**

The charity continued to deliver its general induction course and airside safety training course (a Southend Airport requirement) where appropriate to all volunteers working for the charity. These will form part of an overall programme of training that the charity will develop in due course. Increased security measures also required all the charity's volunteers working 'live side' at Southend Airport to wear security passes. Passes designed by the charity were approved by the airport and distributed to volunteers.

**Education and Information**

The charity continued to fulfil its educational objectives by giving talks and guided tours of XL426 to interested groups and societies, maintaining a website containing information about the Vulcan ([www.avrovulcan.com](http://www.avrovulcan.com)), displaying and distributing information about the Vulcan to the public (including publishing its own magazine) and organising meetings for its members and interested members of the public.

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 2007 it included articles about Operation 'Black Buck' 1 in the 1982 Falklands War, the return to flight of Vulcan XH558, 50 Squadron operations with Vulcans in the 1960s, Bill Stableford (designer at A.V Roe & Co. Ltd. during the Vulcan era) and the opening of the new National Cold War Exhibition at Cosford. Each issue featured a colour cover and centrespread; the cost of the colour centrespread in each issue was sponsored by individual charity members.

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. By the end of the year this work was estimated to be 85% complete, with the original slides and photographs beginning to be passed to Air Britain in accordance with Alan's wishes.

Three members' meetings, including the charity's Annual General Meeting, were held in 2007 and were also open to guests and interested members of the public. Bob Tuxford was guest speaker at the April meeting where he described his role as a Victor tanker captain during the Falklands War. Continuing the Falklands theme at the October event, Martin Withers (ably assisted by Hugh Prior) recounted his experiences as Vulcan captain on Operations 'Black Buck 1' and 'Black Buck 7'. Ken Ellis made a very welcome return as the charity's guest at the December meeting, where he gave a very entertaining insight into *The World of FlyPast* and his life at the sharp-end as editor of a national aviation magazine. The meeting planned for June had to be cancelled when the charity was unable to arrange a guest speaker.

The charity (via VRT Enterprises Limited) provided refreshments and ran a licensed bar at each event. A full buffet was laid on at the December meeting, and hot meals were provided at the other two. The charity would like to pay particular thanks to Anne Gardiner, Jackie King and the other members of the Catering Team for all their efforts in 2007.

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

## **ACHIEVEMENTS AND PERFORMANCE**

### **Structure, Governance and Management**

The charity continued to implement the recommendations of the Charity Commission Review Report by implementing its Strategic Plan for the period 2006-10 and its Action Plan for 2006 (carried forward into 2007). The targets and objectives set in the Action Plan were only partially met, although the charity is happy that progress continues to be made towards achieving the overall objectives of its Strategic Plan whilst it continues to fulfil its charitable objectives. The charity is aware that its organisational structure must be strengthened in terms of both its financial and human resource if it is to continue to develop, as well as continuing to meet its existing operational targets and commitments.

The charity's Gift Aid repayment claim for 2006 was subject to review by HM Revenue and Customs (HMRC) as part of its ongoing programme of audits. The charity's claim was selected for audit randomly. HMRC was satisfied that the charity had maintained a full and proper audit trail for each amount on the claim but that amounts claimed in respect of 'Gift Memberships' were not eligible for tax reclaim. As a result, the charity was required to repay a total of £181 to HMRC in respect of its Gift Aid claims for 2005 and 2006. HMRC also made recommendations regarding the wording of the charity's Gift Aid declaration forms, which the charity subsequently implemented.

### **Preservation and Protection of Avro Vulcan Aircraft**

The charity succeeded in maintaining Avro Vulcan XL426 as one of only three of the type capable of being taxied. As the aircraft gets older there is a need to improve maintenance to ensure serviceability. The formulation and implementation of the *Return to Power* programme provides the charity with the opportunity to ensure the long-term preservation of XL426 in full ground running condition for many years to come.

The charity's current Engineering Team will need to be expanded if the *Return to Power* programme is to be completed within a reasonable timescale and if an improved maintenance schedule is to be put in place in the long-term. Additional volunteers continued to join the Team in 2007 and the charity will continue to look at ways of attracting more volunteers in future, both for the Engineering Team and in other areas of its work.

The project to relocate the charity's workshop and stores to a site next to its aircraft hardstanding was put 'on hold' during 2007. In the medium- to long-term the charity must relocate as part of the airport's plans to build a new terminal close to the site of the charity's existing building. A meeting was held with the new airport director at which he provided renewed assurance that there is no immediate threat to the charity's existing building or aircraft hardstanding. However, it is likely that the charity's workshop facility (and possibly XL426) will have to relocate as the airport implements successive stages of its development plan. The airport director assured the charity that the airport would look positively on finding a new site (or sites) on the airport to relocate the charity's workshop and aircraft.

### **Demonstration and Display of Avro Vulcan Aircraft**

The charity's two 'Visit the Vulcan' days were very successful from an organisational and financial point of view. Southend Airport did not levy a facility charge on either day and the charity made every effort to reduce the overhead costs for each day. XL426 was also on static display over the two days of the London Southend Airport Open Weekend on 27 and 28 May.

The charity's aim is to increase the number of occasions on which XL426 can be viewed by the general public and, towards the end of the year, received permission to hold four 'Visit

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

## **ACHIEVEMENTS AND PERFORMANCE (CONTINUED)**

### **Demonstration and Display of Avro Vulcan Aircraft (continued)**

the Vulcan' days in 2008. The charity will continue to look at ways in which access to XL426 can be improved and reviews this aspect of its operation regularly.

### **Education and Information**

The charity gave six talks (compared with two in 2006) to interested community groups and societies about the role of the Avro Vulcan in the Cold War and the work of the charity at Southend Airport. Talks to groups in South Essex are given under the banner of the 'Modern History on your Doorstep' programme, which aims to increase the awareness of people living in South Essex of their local and modern history, and for which the charity received a grant from Groundwork East of England in 2006. The charity also gave a talk on the role of the Vulcan in the Falklands War at the Imperial War Museum, Duxford, on 28 July as part of the museum's Falklands Special Interest Day.

Groups (including school and scout groups) visited XL426 on a number of occasions. The planned upgrade of the charity's website did not take place. However, following a positive response to an appeal for a new webmaster, the charity is confident it will be able to launch a new website early in 2008.

### **Membership**

Marion Bune, very ably assisted by her husband Rob, continued as the charity's Membership Secretary in 2007. Membership subscriptions remained one of the charity's largest sources of income. The percentage renewal rate of 82% was up on the previous years (80%). However, the number of new members joining was markedly down at 48 (2006: 102) and the charity ended the year with 772 members, 54 down on the previous year. This is the sixth year running that membership of the charity has fallen.

### **Publicity**

The charity's stand attended four different air displays in 2007, four less than in the previous year. During 2007 the charity considered its policy for attending air displays. The declining sales income from such events, coupled with the charity's strategic aim of forging closer links with its local community, led the charity to decide that it would restrict its attendance at air displays to events local to East Anglia or to locations historically significant to the Vulcan or the Cold War. The charity would also look to attend more local, community-based events. Towards the end of the year, the charity began looking at designs for a new promotional stand that would be less commercially focussed, concentrating instead on promoting its work and educational objectives.

The charity is aware of the need to raise its media profile and charity member, Phil Whalley, agreed to take the on promoting news of the charity's work and activities in the national aviation and local media.

An article about XL426 and the *Return to Power* programme, written by Phil Whalley, appeared in *Vulcan Airborne*, which was published by *FlyPast* magazine in November to mark the return of Vulcan XH558 to the sky. News and reports about the 'Visit the Vulcan' days appeared in the Southend local press.

VRT Enterprises did not add any new branded souvenirs to its range in 2007 but will look to do so in 2008 if finances permit. The board has not set a target date for the replacement of the charity's old logo on its publicity and other materials.

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

## **ACHIEVEMENTS AND PERFORMANCE (CONTINUED)**

### **Fund-raising**

The charity's annual Prize Draw remained an important source of income, its overall profit level showing an increase on the 2006 draw but still down on previous years'. The 2007 draw produced a profit of £1,937 (2006: £1,576), with 2,878 £1 tickets being sold (2,525 in 2006). Raffles and/or tombolas were held at each members' meeting (plus an auction at the Christmas meeting) and provided very valuable sources of extra income.

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 £904 (2006: £4,159) for the 2007 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 2007, £11,405 was held in the 200 Club account (compared with £9,341 at the end of 2006). Expenditure in support of the charity's activities in 2007 totalled £575 in respect of the purchase of a new compressor for the workshop.

### **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.

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.

### **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.

### **FINANCIAL REVIEW**

Incoming resources for the year amounted to £43,813 (2006: £43,490). There were unrealised losses on investments of £1,225 (2006 gains: £360). Total resources expended for the year were £42,468 (2006: £46,870).

The net movement in funds was £120 (2006 deficit: £3,020).

The net assets of the charity as at 31 December 2007 were £38,331 (2006: £38,211). 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 £2,614 (2006: £3,565).

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.

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**TRUSTEES' ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**PLANS FOR FUTURE PERIODS**

**Strategic Plan 2006-10**

The *Vulcan Restoration Trust – Strategic Plan 2006-10* sets out three high-level level aims for the charity over the four-year period, namely; extending public awareness of the charity and its role in aircraft preservation, improving the charity's planning framework and the resources available to it, and developing the ways and means to measure the charity's effectiveness. The plan also identifies five priority areas for improvement: governance, performance (in relation to membership support, the use of technology and merchandising), the engineering function, and management of knowledge and resources.

**Exit Plan**

In response to a request from the London Southend Airport Company, the charity has drawn-up an 'Exit Plan' to take into account its liabilities and contingencies should it ever be required to remove XL426 from the airport. The charity would like to stress that this plan has been produced solely to satisfy the airport that XL426's presence at Southend does not represent a potential liability for the airport company. The airport has no immediate intention to request that the aircraft be removed. The plan is reviewed annually.

**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**  
**(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Note	2007 Unrestricted Funds £	2006 Unrestricted Funds £
<b>INCOMING RESOURCES (INCOME)</b>			
Incoming Resources from			
Generated Funds:			
Voluntary Income	2	34,050	28,346
Activities for Generating Funds:			
Fund Raising Income		8,193	10,246
Investment Income	3	394	268
Gift Aid Receipt from Trading Subsidiary		904	4,159
Other Incoming Resources		272	471
		-----	-----
Total Incoming Resources		43,813	43,490
		-----	-----
<b>RESOURCES EXPENDED (EXPENDITURE)</b>			
Cost of Generating Funds:			
Fund-raising Expenses		1,636	5,660
Charitable Activities	4	40,832	41,210
		-----	-----
Total Resources Expended		42,468	46,870
		-----	-----
<b>NET INCOMING/(OUTGOING) RESOURCES (INCOME/(EXPENDITURE))</b>			
	5	1,345	(3,380)
Unrealised (Losses)/Gains on Investment Assets		(1,225)	360
		-----	-----
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		120	(3,020)
<b>FUND BALANCES BROUGHT FORWARD</b>		38,211	41,231
		-----	-----
<b>FUND BALANCES CARRIED FORWARD</b>		38,331	38,211
		=====	=====

The notes on pages 5 to 8 form an integral part of these financial statements.

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET AS AT 31 DECEMBER 2007**

	Note	2007		2006	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible Assets	8		2,614		3,565
Investments	9		1,620		2,845
			-----		-----
			4,234		6,410
<b>CURRENT ASSETS</b>					
Debtors	10	11,851		13,730	
Cash at Bank		22,300		18,101	
		-----		-----	
		34,151		31,831	
<b>CREDITORS: Amounts Falling Due Within</b>					
One Year:	11	(54)		(30)	
		-----		-----	
<b>NET CURRENT ASSETS</b>			34,097		31,801
			-----		-----
<b>NET ASSETS</b>			38,331		38,211
			=====		=====
<b>FUNDS</b>					
Unrestricted Funds	12		38,331		38,211
			=====		=====

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 January 2007).

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**BALANCE SHEET AS AT 31 DECEMBER 2007**

Approved by the board of trustees on  
behalf by:

and signed on their

.....  
K PACKARD  
Chairman

The notes on pages 5 to 8 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 2007**

## 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), Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005), the Charities Act 1993, the Financial Reporting Standard for Smaller Entities (effective January 2007) 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.

### **Financial Instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of financial activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**1. ACCOUNTING POLICIES****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.

**2. VOLUNTARY INCOME**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Return to Power Appeal	7,649	-
Donations	6,817	12,876
Gift Aid	4,427	2,227
Subscriptions	15,157	13,243
	<hr/>	<hr/>
	34,050	28,346
	<hr/> <hr/>	<hr/> <hr/>

**3. INVESTMENT INCOME**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Dividends on UK Listed Securities	138	133
Interest Receivable and Similar Income	256	135
	<hr/>	<hr/>
	394	268
	<hr/> <hr/>	<hr/> <hr/>

**4. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	<b>£</b>
Charitable Expenditure:	
To preserve and protect Avro Vulcan	24,892
Advancement and Education	15,940
	<hr/>
	40,832
	<hr/> <hr/>

**5. NET OUTGOING RESOURCES**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Net Incoming Resources is stated after charging:-		
Depreciation of Tangible Fixed Assets	951	1,029
Dispersal Pan Rental	2,644	2,313
	<hr/> <hr/>	<hr/> <hr/>

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**6. TAX STATUS**

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

**7. DIRECTORS**

**None** of the directors who are the trustees received any remuneration or benefits from the company during the year (2006: None). Three directors were reimbursed travel expenses totalling £3009 during the year (2006: Ten directors, total £11,423).

**8. TANGIBLE FIXED ASSETS**

	<b>Vulcan XL426 £</b>	<b>Plant &amp; Equipment £</b>	<b>Total £</b>
<b>COST</b>			
As at 1 January 2007 and 31 December 2007	8,500	5,504	14,004
	-----	-----	-----
<b>DEPRECIATION</b>			
As at 1 January 2007	5,950	4,489	10,439
Charge for the Year	850	101	951
	-----	-----	-----
As at 31 December 2007	6,800	4,590	11,390
	-----	-----	-----
<b>NET BOOK VALUE</b>			
As at 31 December 2007	1,700	914	2,614
	=====	=====	=====
As at 31 December 2006	2,550	1,015	3,565
	=====	=====	=====

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

**9. FIXED ASSET INVESTMENTS**

	<b>2007 £</b>	<b>2006 £</b>
UK Listed Securities	1,620	2,845
	=====	=====

The historic cost of UK listed securities at 31 December 2007 was £Nil (2006:£Nil).

**10. DEBTORS**

	<b>2007 £</b>	<b>2006 £</b>
Tax Reclaims Due	3,870	4,425
Amounts Due from Group Undertakings (see note 14)	6,014	9,305
Prepayments	1,967	-
	-----	-----
	11,851	13,730
	=====	=====

**VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007 (CONTINUED)**

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007 £	2006 £
Trade Creditors	54	30
	54	30

**12. ANALYSIS OF FUNDS**

	Balance Brought Forward £	Incoming Resources £	Resources Expended £	Unrealised Gains/ (Losses) £	Balance Carried Forward £
<b>Unrestricted Fund</b>					
General Reserve	34,646	43,813	(41,517)	(1,225)	35,717
<b>Designated Fund</b>					
Tangible Fixed Assets Fund	3,565	-	(951)	-	2,614
	38,211	43,813	(42,468)	(1,225)	38,331
	38,211	43,813	(42,468)	(1,225)	38,331

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.

**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 772 members (2006: 826) of the company.

**14. 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 2007 was turnover of £8,795 (2006: £17,215) and a profit of £904 (2006: profit, £4,159). The reserves of VRT Enterprises at 31 December 2007 were £11,721 (2006: £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.

Also at the balance sheet date an amount of £6,014 (2006: £9,305) was due to the charity in respect of Gift Aid from VRT Enterprises Limited and the outstanding loan.

**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 2007**

You are responsible for the preparation of the financial statements for the year ended 31 December 2007 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: