

Charity Registration No. 1101948

Company Registration No. 04478686 (England and Wales)

VULCAN TO THE SKY TRUST

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 OCTOBER 2022**



VULCAN TO THE SKY TRUST

HONOURING THE PAST, INSPIRING THE FUTURE

VULCAN TO THE SKY TRUST

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VULCAN TO THE SKY TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2022

1. OBJECTIVES AND ACTIVITIES OF THE TRUST

The principal objects of the Vulcan to the Sky Trust ("VTST", "the Trust") are to:

- (1) Preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to demonstrate and display her to the public and to conserve and return to full working order other aircraft and engineering artefacts in general which are of significant heritage interest and to maintain such in a purpose-built facility.
- (2) Advance the education of the general public in Avro Vulcan XH558, in aviation and engineering heritage, in its associated provenance, historical and social context and in the strategy of deterrence, for the benefit of British heritage, and historical knowledge.
- (3) Advance the education of the general public in Avro Vulcan XH558 and other aircraft and engineering artefacts in general of significant heritage interest, in their design, engineering and technologies, operational and maintenance processes and procedures; for the benefit of British heritage, and technical knowledge and conservation, by providing access to engineering demonstrations and practical activities.

The Trust provides these services throughout the United Kingdom.

Ensuring that VTST delivers on its objects

The Trust reviews its objectives and activities regularly throughout the year, looking at the success of its activities and the benefits that the Trust has brought to the public. The Trustees refer to the advice contained in the Charity Commission's general guidance on public benefit when deciding on its plans and activities. The particular public benefits generated from our work are detailed later in this report.

Background

Following a ten-year restoration project, Avro Vulcan XH558 ("XH558") returned to flight on 18th October 2007, having previously been grounded on 23rd March 1993 at the end of its RAF career. The Trust was granted approval by the Civil Aviation Authority ("CAA") to operate Vulcan XH558 under UK Civil Regulations on 2nd July 2008. The aircraft was granted a CAA Permit to Fly on 3rd July 2008, a condition of which was the continuing contractual support from the aircraft's Engineering Authority, Marshall Aerospace. This was a first for a complex category ex-military aircraft on the UK Civil Register, and marked the successful completion of the world's most complex aircraft restoration project.

Subsequently, Vulcan XH558 was presented by the Trust to the public at air shows and events around the UK in each year following, supported by educational and interpretational activities.

In April 2011, XH558 flew in to Robin Hood Doncaster Sheffield Airport ("DSA"), and Hangar 3 there became its home operating base.

In January 2015, the Trust received notice from Marshall Aerospace, BAE Systems and Rolls-Royce that at the end of 2015, they would collectively be withdrawing the Engineering and Design Authority support required as a condition of the aircraft's Permit to Fly, thereby consequently bringing to the end the flying life of Vulcan XH558. The aircraft's final flight took place on Wednesday 28th October 2015 at Doncaster Sheffield Airport.

Future planning and its context

Grounded at DSA since autumn 2015, nevertheless Vulcan XH558 has been maintained in a safe ground-running and taxiing condition, and continues to attract much enthusiastic support from the public.

Until the beginning of 2017, the public were able to come to see XH558 in Hangar 3 at DSA on a pre-booked basis, receive educational guided tours of the aircraft, hear talks about the Vulcan and its history, and buy merchandise from an in-hangar shop. Much publicity was gained by offering the large space in the hangar for both private and corporate events "under the wings" of the Vulcan.

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However, from the beginning of 2017, the Trust was forced to stop public visits because the airport required the hangar space for other uses. This effectively stopped the major revenue-earning activities of the Trust, and severely curtailed its main public benefit delivery activities. As a result of this forced cessation of public tours and events, the Trust had to rapidly restructure to match its costs with the much lower revenues expected.

In discussions with DSA, their management team were made aware of the impact the loss of Hangar 3 had on the VTST's business model and the loss of an appropriate environment to preserve an asset of significant heritage value. They decided to purchase land specifically to provide a site for a new hangar for this purpose from Anglian Water in April 2018. This was on the basis that the VTST would raise the necessary capital funding for the build.

Plans for a New Hangar were drawn up with significant help from local companies, Doncaster Municipal Borough Council and the Airport. In December 2017, the Trust received full planning approval for the new hangar from the council. DSA offered the Trust a lease on a site to build a new hangar specifically designed for its tour, event and engineering activities. Capital quotations were sought and an initial outline build cost of £4 million was set as a target, which due to the passage of time as set out below rose to £4.6million.

A comprehensive business plan for the New Hangar was developed using the experience gained from the Trust's visitor and event activities in Hangar 3. This showed that the facility would be financially viable and could be an exciting new visitor attraction for South Yorkshire. The plan was independently tested and indeed re-visited with respect to likely visitor number impact in a post Covid-19 world.

The VTST Board then engaged in April 2019 with a commercial property developer based in Yorkshire who worked with investors who were looking to support a project with "Green" credentials and skills with education objectives. A draft lease was provided by DSA but unfortunately the developer withdrew and 18 months had elapsed since the purchase of the land by DSA.

As DSA had no return on their investment, it was now vital that a new approach was found and with the assistance of interested parties, the VTST developed a modified funding model for the hangar. £2.4 million (52%) of the capital funding for the hangar build would be via a commercial mortgage (subject to negotiation) and the balance (£2.2 million) via a public appeal, "Operation Safeguard", and this was launched in October 2020. DSA instructed their lawyers to draw up an "Agreement for Lease" (AfL) in November 2020 that would form the full lease once funding was in place; and it was signed on the 19th October 2021. A condition of the AfL was a deadline that stated the funds needed to be in place by the 31st December 2021 or significant progress towards those funds being secured had been demonstrated.

Following a review into the progress of raising the necessary funds with DSA after 31st December 2021, the charity was informed that the deadline would not be extended, and the AfL had been terminated. All fund raising was stopped as, from this point, the VTST could not demonstrate tenure to the land.

In June 2022 the VTST signed a "parking lease" with DSA where the aircraft's tenure on site was secured until the end of June 2023; the original lease stated that "both aircraft will need to be taken off the airfield and removed from DSA by 30th June 2023".

In July 2022 we were informed that the Board of Doncaster Sheffield Airport had begun a review of strategic options for the Airport. The review followed lengthy deliberations by Peel Land & Property and the management at DSA which reluctantly concluded that aviation activity on the site may no longer be commercially viable. This was subsequently publicly confirmed and DSA closed as a live airfield in November 2022.

Since the announcement of the closure of the airport, the VTST maintained discussions with Peel L&P and in March 2023, preliminary talks were held to explore any opportunities for the iconic aircraft to remain in Doncaster for a longer period. Following these discussions with Peel L&P, the lease has extended to the end of December 2023 and at the time of this report, we are awaiting a new lease to represent the change formally.

The discussions with Peel L&P also have led to an ongoing feasibility study of using one of the extant hangars at DSA as a longer-term home for XH558 and these discussions continue.

Initially, when it became apparent that our future was likely to be away from DSA, we began the process of finding a safe and permanent home for XH558. The Trust reviewed options that included;

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- (1) Exploring with the relevant authorities the potential of a short ferry flight to a new home notwithstanding the fact that in 2017 this was deemed not possible by the CAA given the complex category of our Permit to Fly. The ferry flight option after much research was deemed not possible as we could not secure the requisite Design Authority support central to the CAA considerations of a "Permit to Fly", a formal legal requirement.
- (2) Dismantling the aircraft, relocating by road and then rebuilding her with as much functionality as possible and a commercial quotation for this work was secured. However, as noted earlier, the need to dismantle will be avoided if we can agree use of a Hangar at the DSA site and the extension of our parking lease will give all parties time to thoroughly explore this possibility.

In the event of having to dismantle and move the aircraft though, VTST have interested landlords for both options and the potential sites would all include excellent public access to the aircraft as a static exhibit in a New Hangar with as much functionality as possible. However, we fully understand that dismantling XH558 would end her days as a "live" airframe as defined by full engine functionality.

We are also mindful the English Electric Canberra WK163 will still need to be moved to a site where restoration is possible – i.e., a live airfield with maintenance facilities and this restoration project is still a core objective for the Board of Trustees; there are currently two potential sites under consideration.

As explained in note 23 of the financial statements, VTST may be required to repay some or all of a grant from the National Heritage Lottery Fund ("NHLF") in the event of the sale, disposal or mortgage charge of XH558 without prior approval of the NHLF.

VTST met with the NHLF at the end of July 2022 who were fully briefed on our options and future plans. They continue to be supportive, but given our current agreement with them, they advised us to submit a project enquiry form that will enable them to support the VTST in assessing the options for relocation in the best interest of preserving the asset. Following the submission project enquiry form we were invited to submit a funding application to request support from the NHLF in respect of governance and business plan development. This bid was successful and work on governance development and business planning is progressing. At the time of drafting this report, the NHLF liaison is still in progress and the team there have been kept informed of the current discussions with Peel Land & Property.

The Heritage Lottery Fund (HLF), in the form of its legal entity the National Heritage Lottery Fund (NHLF), maintains a charge over the Avro Vulcan XH558 on a reducing amount based on the HLF grant and the flying life of the aircraft, which is covered by the aircraft's Hull insurance. The contract between the VTST and the NHLF is for 80 years from 2005, requiring the Trust to deliver its public benefits based on the aircraft over this time. When XH558 finally ended its flying life, it had completed 346 hours flying since its return to flight in 2007, successfully exceeding its flying commitment to the NHLF of 250 flying hours.

Operation Safeguard

As noted in the Trustees Report for the year ended 31 October 2021, income donated for "Operation Safeguard", in accordance with the terms and conditions of the appeal, was restricted for the purpose of building The Vulcan Experience at DSA. Following the termination of the AfL, The Vulcan Experience at DSA can no longer be built, which has therefore resulted in the Operation Safeguard appeal failing. We have taken legal advice from specialist lawyers in respect of this and followed their advice. We declared a "serious incident" with the Charity Commission, a statutory requirement in the event of a "failed appeal". Protocols have been followed where the failed appeal was publicly advertised and all donors were contacted and offered either a full refund or the opportunity to allow VTST to "retain" their donation.

By May 2022 63% of donors had responded with 89% agreeing to the VTST's retention of the donated funds. The charity applied to the Charity Commission to make a "scheme" to widen the scope of these funds and allow these donations to be used in pursuance of its charitable objects. On the 21st June 2022 the Charity Commission authorised a scheme which allows the trustees to use £323,400 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to demonstrate and display her to the public and to conserve and return to full working order. On the 5th December 2022 the Charity Commission authorised a second scheme which allows the trustees to use £197,530 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to conserve, demonstrate and display her to the public. The second scheme also stipulated that if a donor requests that their donation(s) to the appeal be returned to them by the charity, the Commission may authorise the return of such

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donation(s) in writing. Where a donation has been returned in accordance with this provision, this scheme will not be applicable to such donation(s) and the Commission's written authorisation to return donation(s) will have no effect on the continuing validity of this scheme. On the 18th January 2023 the Charity Commission authorised a third scheme which allows the trustees to use £8,370 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to conserve, demonstrate and display her to the public. The Charity Commission confirmed that the third and final scheme effectively and successfully concluded all the legal protocols on the failed appeal procedure. The Charity Commission specifically excluded education costs in the scheme and we have stayed within that remit.

Other Activities

The Trust, continues to plan for its future activity taking into account the current status. In accordance with its objects, the Trust broadened its scope and interests by the acquisition of another aircraft in May 2016; an important English Electric Canberra aircraft that broke the world altitude record in 1957.

The Trust's activities include charitable fundraising in many different ways to ensure that sufficient funds are available to allow the continuation of the Trust's public benefit delivery.

The Trust has become much more reliant on volunteer support. A team of appropriately-skilled volunteers has been trained as the Vulcan ground support team, to permit demonstrations of the aircraft with its engines and systems running, and slow taxiing under its own power while this still remains an option.

The Trust continues to carry out limited public benefit delivery activities at sites remote from the airport, including talks and presentations, and a presence at events such as air shows.

The Trust rents an industrial unit at DSA that also is the registered Head Office of the VTST – 4 Delta Court, Third Avenue, Doncaster Sheffield Airport, Doncaster DN9 3GN. This building is used for VTS Enterprises, the VTST's wholly owned retail subsidiary for merchandise stores, order fulfilment and also the management of all VTST fundraising fulfilment including donor and customer queries. It also houses small engineering bays, spares and stores required to keep Vulcan XH558 in full working order. Stores for Canberra WK163's restoration to flight and non-essential XH558 spares are managed in a separate location near to Stratford-upon-Avon. At the end of December 2022, the administrative finance and HR functions were consolidated into the Delta Court Head Office and the small serviced office space in Hinckley was closed down.

VTST's subsidiary, The Vulcan Operating Company Ltd ("VOC"), relinquished its CAA Maintenance Approvals in 2018, but is maintaining its safety management and quality procedures for heritage aircraft to ensure that XH558 can be operated safely.

VTST also has undertaken activities to provide interpretation of the aircraft under its care, and to educate a broad range of audiences on the Cold War: the Avro Vulcan and the English Electric Canberra including their history, design & engineering. These activities have included giving educational talks, and planning and providing school activities in line with the National Curriculum.

2. ACHIEVEMENTS AND PERFORMANCE OF THE TRUST

The move from Hangar 3 in February 2017 to a location which does not allow public access caused the suspension of much of the Trust's public benefit delivery activities. This has effectively put the Trust's future at risk because of the financial impact of the cessation of revenue earning tours and events.

Following this event, a significant restructure of the charity was undertaken, so that going forward the much-reduced cost structure can be sustained by the forecast level of income. The support of our current donors is fundamental to the charity's future until our new trading model is established in our planned new and permanent home especially as, inevitably securing a hangar at DSA or dismantling and move will bring significant incremental costs.

Public Benefit Delivery: Conservation of Avro Vulcan XH558 in full working order, and of other heritage aircraft and engineering artefacts

Vulcan XH558 continues to be maintained to the same servicing regime as when she was flying, with regular engine runs, systems tests and slow taxi movements. For safety, the explosives associated with the ejection seats and

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canopy gun have been removed, but in all other aspects, Vulcan XH558 remains serviceable. Annual services were carried out on XH558 in 2021 and again in early 2022. For avoidance of doubt – moving XH558 to a new site may involve dismantling and rebuilding the airframe and the functionality will be much reduced with no live engines.

In May 2016 the Trust acquired an important English Electric Canberra aircraft, serial number WK163, together with a large amount of spare equipment including engines. An initial survey showed that the aircraft is in generally good shape, however there are some areas of corrosion on the fuselage, and the cockpit requires a complete rebuild (or possibly replacement with another complete cockpit). Also, the five Avon 100-series engines acquired at the same time need a full service, and the completion of a series of Mandatory Permit Directives required on these engines by the CAA.

In November 2020, the Trust purchased a second Canberra, WT327, at auction in the USA that included WK163's original cockpit which brings both a significant technical benefit and a very fortuitous heritage provenance. The Trust plans to repatriate this aircraft to the UK when funding allows and to store it until the restoration of WK163 begins. Of note, this restoration will not begin until the new hangar and permanent home for XH558 is secured.

This project will be the subject of a separate specific targeted fundraising campaign specifically to achieve the series of milestones that will result in a return to flight for WK163.

The Trustees are very grateful for the continuing support from the following:

- All the Trust's volunteers, who performed important roles in support of the important hangar tour, merchandising and web store activities, in support of engineering and logistics activities, and in promoting the Trust and its activities around the country, including fundraising.
- The public who have consistently supported the project as evidenced in the donations to Operation Safeguard.
- Peel Land & Property, Doncaster Metropolitan Borough, The Doncaster Chamber of Commerce, and the many local and regional businesses who have offered support.
- The Founding Guardians, who were members of the now-disbanded Vulcan to the Sky Club, who have given freely their time, effort and commitment at air shows and other fundraising events, and the "Friends" of the Trust and members of the general public, whose support has been vital.
- Donors to Operation Safeguard who also became recognised as Guardians.

Public Benefit Delivery: Presentation of Avro Vulcan XH558 at air displays and other outside events

The Vulcan was seen by many millions of people during the eight years that the aircraft was flying, and by the end of its flying life XH558 had become quite famous. The Trustees remain pleased at the positive effect of the aircraft on spectators, especially on the young, and are delighted that so many happy memories have been laid down.

Following the end of flying, the Trust has worked with the Airport to establish an agreed method and risk assessment for ground-running the Vulcan with spectators present.

Over the period, the Trust marketed and delivered opportunities for paying visitors to experience the sights and sounds of the Vulcan during its monthly ground runs in the summer months, and latterly at her parking site.

The Trust used the opportunities presented by the regular monthly anti-deterioration engine ground runs of the Vulcan to offer close-up demonstrations of the aircraft as she exercises her engines and systems to supporters. The Trust is also now able to demonstrate the aircraft taxiing. The sights and sounds of the running Vulcan are highly valued and much in demand, and represent an important revenue stream.

After the Coronavirus Pandemic that restricted our aircraft access, we re-started events in August 2021. Below is a summary of our outreach and events managed by our volunteers who, as ever worked hard to give their time so as many supporters as possible could access the aircraft. Engine Ground-Runs and Airside Tours were carried out and at each event supporters were able to stand beneath the aircraft to view their names under the Vulcan's massive delta-wing, discuss the work being carried out on the aircraft on the day, listen to the history of the Vulcan's design, development and service life, and engage with the team and fellow Vulcan fans.

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2022

Airside Tours;	12 with	720 guests
Special Tours	3 with	98 guests
Engine Ground Runs	8 with	460 guests
Special EGR	1 with	32 guests.

Since 1 November 2022 we have held 12 events with 850 visitors and at the time of drafting this report a full schedule of events are planned given our extended lease at DSA.

Air shows

We attended two air shows during the year, three had been planned but one was postponed due to the death of Queen Elizabeth II. Both shows were well attended by visitors and RIAT in particular as this was the first since pre-pandemic.

For 2023 it is proposed that we attend three shows during the year as a minimum

Stratford Open Days and Presentations

There were no Open Days during the year to the end of October owing to activity constraints.

Sales Open Days were held on two occasions during the latter part of the calendar year (November and December 2022) which as in previous years proved very popular.

No presentations were held during the year to the end of October but planning for three talks held at the stores were progressed and in each case a sell out in advance. These were 12th November 2022 on Eric Brown, 14th January 2023 on Whittle Power Jets and 25 February 2023 on The Aerodynamic Challenge of the V-Bombers.

For 2023 in addition to those activities shown we are hoping to undertake more of these talks.

We are hosting the Midlands region premiere of a new film on the Dambusters Raid in 1943, this being the 80th Anniversary year, with particular reference to the attack on Sorpe Dam with a narration by Johnny Johnson, the last original Dambuster who died in December 2022. This film has its world premiere in Bristol on May 13th 2023 with the Midlands premiere a month later. We are providing actual merchandise, sales and logistics support to the Producers since all profits from the film are going to air force related Charities and non-profit organisations.

Education

The VTST has always worked on the two key themes that are defined in our objects, namely, Honouring the Past and Inspiring the future. With the former, we continue via our regular communications, to put the Vulcan aircraft type in to context historically.

2022 saw a major advance in our education activity where our programmes have engaged with youngsters in the region in creative ways to show that there are meaningful and well-paid careers in engineering. The Trust's volunteers continue to play absolutely key roles in delivering educational and inspirational outcomes.

The VTST has been working in partnership with The Work-wise Foundation and CBE+ to deliver bespoke education programmes to schools in the South Yorkshire Region led by The Work-wise Foundation. A summary of the programmes delivered and being developed is outlined below.

The Avro Vulcan XH558 with its impressive technical innovations helped place Britain at the forefront of aircraft design over seventy years ago. We are now using the spirit of this innovative thinking to help young people consider some of the current and future questions in aviation, aerospace and more broadly around future technologies and sustainability, learning the lessons from the past and using these to inspire the future.

By involving children and young people from a young age, we hope to broaden their experiences and open up the world of engineering, design and creative problem solving to them.

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Vulcan to the Sky Trust has been working in partnership with The Work-wise Foundation and engineering company CBE+ to deliver outreach bespoke education programmes to schools in the South Yorkshire Region and beyond, managed and led by The Work-wise Foundation. A summary of the programmes delivered in 2022/23 and being developed for the future is outlined below.

Activity to October 2022:

Operation Vulcan

Dates: March 2021 - March 2022

Project Summary: Launched in March 2021 at Get up to Speed with STEM: The Virtual Experience, Operation Vulcan was a competition which invited secondary schools to design an interactive exhibition to display one of the Bomb Bay Fuel Tanks from the Vulcan XH558 to be displayed at XH558's future home. Between September 2021 and December 2021 students worked on designs supported virtually by the team and then participated in a judging day at CBE+. The winning design was then developed and built into a scale model between January 2022 and March 2022. Key Stage 4 students from the Winning School were involved in the build of the scale model and presentation of this at Get up to Speed with STEM 2022

Total Schools Engaged: 8 (Secondary)

Total Students Engaged: 72

Total Businesses Engaged: 5

Get up to Speed with STEM

Dates: 23rd March 2022

Project Summary: Vulcan to the Sky Trust had a combined presence with CBE+ at Get up to Speed with STEM on 23rd March. Displays included: work of the students who took part in Operation Vulcan including the model of the winning design, plus displays from other participating schools, the flight simulator, the bomb bay fuel tank, wing tips and engine plus other display materials.

Total Schools Engaged: 55 (49 Secondary and 6 Primary)

Total Students Engaged: 3445

Total Businesses Engaged: 77

Flying Futures

Dates: 1st June 2022 - 30th July 2023

Project Summary: A joint initiative involving the VTTST, The Work-wise Foundation and University of Sheffield Maker Spaces. The programme recruited 15 Engineering Volunteers to design aerospace related activities to then take into Primary Schools in disadvantaged areas across South Yorkshire with the Vulcan XH558 as the inspiration and theme throughout.

July – October 2022 – 2 design workshops were held with recruited volunteer engineers and a pilot test day held. The project created 12 new School Kits with materials.

November 2022 – March 2023 - 15 Flying Futures Roadshow outreach days were delivered with staff and volunteers from VTTST, Work-wise, University of Sheffield and employers in Primary Schools to over 3,600 young people using the new kits and materials.

Two community engagement events open to the public have also been delivered at Kelham Island Industrial Museum and Magna Science Adventure Centre (at get up to Speed with STEM) directly engaging over 500 young people and families collectively. A final Community Engagement event is planned for 30th May 2023.

The Flying Futures programme has created a legacy of resources which will now be used in future schools' events and community outreach activities. At its heart Flying Futures has created 12 activities for Key Stage 2 children based

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upon a series of Questions which consider the future of a sustainable aviation industry.

"The best thing we have had in school!" said one teacher from a Primary School. "When I grow up, I am going to be an engineer... keep your eyes on the television, you will hear about me there!" said one young girl.

Dr Fleming's Delta Wings Primary & Secondary School Projects

Dates: 1st April 2022 - 29th March 2023

Project Summary: Building on the success of the Operation Vulcan pilot programmes and launched in March 2022, Dr Fleming's Delta Wings Project invited both Primary and Secondary schools from the Delta Academies Trust to get involved in creating displays to showcase the Delta Wings from the Vulcan XH558 and build their own mini-Vulcans. The designs were then initially displayed at Get up to Speed with STEM 2023, and will then go on to become a permanent display in the new home of the Vulcan XH558.

Primary Delta Wings Project

April – October 2022

A Design Brief and project specification was developed and presented to the Delta Academy Senior Leadership Teams at the Delta Schools Headteachers conference. 17 Schools signed up and attended a launch day at Delta Headquarters where 171 Year 6 children spent the day learning about The Theory of flight, the history of the Vulcan and Aerospace industry, designed their own airports and build and flew their own model aeroplanes. They were sent away with the task of designing their own sustainable Vulcan aircraft model (up to 18" in size) from recycled materials. Approximately 750 students were involved in activities back in school designing and building their Vulcans.

November 2022 – June 2023

Internal projects were run by the participating primary Schools back in school who then all attended a Celebration Day at Magna Science adventure Centre in February 2023 where they presented their Eco-Friendly Vulcans to a team of Judges and got hands on with some interactive Flying Futures activities.

The winning entry was built by students from Macauley Academy and a team from Rycroft Delta Primary Academy were also recognised for the Best Airport Design. The children from both these schools and all those submitting entries get the added reward of a planned trip out to see Vulcan XH558 close up in June 2023.

Secondary Delta Wings Project

April – October 2022

A Design Brief and project specification was developed and presented to the Delta Academy Senior Leadership Teams at the Delta Schools Headteachers conference. 12 Delta Academy Secondary Schools and 200 Students plus 36 teachers were brought together at a launch event in September 2022, learning about the theory of flight, the history and heritage of the Vulcan and getting hands-on understanding and building their own models. At the event the challenge was laid down to the schools to design a sculpture which incorporates the Vulcan XH558 wing tips that could be displayed alongside the Vulcan.

November 2022 – March 2023

90 year 8 students and 16 staff from 8 Schools then worked on their designs with regular 'Ask the Expert' sessions to support them (Supported by VTTST and Work-wise). These designs were then presented and judged by an expert panel, with the Team from Vale Academy impressing the experts most with their design. The students then worked with the Work-wise, VTTST and CBE+ teams to turn their design into reality with a 1:10 scale model being created and presented by the students at Get up to Speed with STEM on 29th March 2023. Other schools participating in the challenge also got chance to present their designs. The winning entry has generated some interest from Airfix who are planning a follow-on feature.

The winning team were also taken to see Vulcan XH558 at its current location, meet the team of volunteers and get a behind the scenes look.

Due to the success of the Delta Wings Projects these will be rolled out again for academic year 2023/24, being offered again to Delta Academy Trust and Broadened out to involve other interested Trusts.

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Get up to Speed with STEM

Date: 29th March 2023

Project Summary: Vulcan to the Sky Trust again had a significant presence at this annual Showcase event, this year attracting over 5,200 participants from across the region and beyond. The Vulcan presence included flight simulator, the bomb bay fuel tank, wing tips and engine plus other display materials and showcasing the entries and winning designs from Operation Vulcan and the Delta Wings project, plus a flight of 20 sustainable mini-Vulcans created by primary school Children. The event was visited by 74 schools with 3,990 students, home educated young people, educators and families/carers. Vulcan XH558 was one of 91 Businesses and Organisations there exhibiting and inspiring the next generation of innovators and engineers.

Plans are already underway for Vulcan's participation in Get up to Speed 2024.

Doncaster University Technical College (UTC) Programme

Dates: 2022/23 Academic Year

Year 10 and 11 Engineering students were involved in a project set by CTTST redesigning the Vulcan's Delta Wings. Vulcan supported with workshops on design and careers. Specialist presentations including Steve Liddle on aerodynamics. The participating engineering students are also getting the opportunity to visit XH558 in June 2023. The VTTST presented an Outstanding Engineering Student award – The Robert Fleming Engineering Trophy which will now become an Annual Award and will be presented next in July 2023

A new project with the UTC in conjunction with York St John's University is now being developed to work with two original ejector seats and cosmetically restoring them whilst working with York St John's University to develop a virtual seat with all its components tagged and an exploded visual produced.

It is planned that these pilot projects with the UTC will then be made available to other Schools along with Curriculum resources expanding the reach of the education programme.

Future Development

The Vulcan Education programme has gained some real momentum and traction during the last year with successful programmes indicated above to be run again and offered to further schools and young people, expanding Vulcan XH558's reach even further to help Inspire the Future.

Also new in the planning stages are "Reach for the Sky" Primary Project linked initially to the UTC feeder Schools which will see students engage in activities related to Vulcan to the Sky Trust and the theory and development of flight.

An awareness raising competition across the region to excite and engage more schools, educators, families and young people along with an Education Brochure to celebrate education links and achievements to date and engage further with young people and those who educate and influence them. Plus adapting and developing the existing XH558 Teaching and Learning Pack and Materials to provide additional resources for schools and colleges.

There are also plans to participate in other regional initiatives such as the annual North Star Science School 2023, delivering a Vulcan and Sustainability Workshop to approx. 500 Year 8/9 students inspiring them into careers in science and engineering. Discussions are also underway potentially to engage schools in a design and build challenge to create and fly a quarter sized remote controlled Vulcan model.

Relationships continue to develop with wider partners including Made in Sheffield, The Company of Cutlers in Hallamshire and The Worshipful Company of Ironmongers to broaden our links and reach with employers and identify future potential sources of funding to extend our Education Activities in collaboration with The Work-wise Foundation.

Reach – Newsletter and social media

In January 2022 we had an emailable audience of 44,552. By the end of 2022 that number increased to 45,520. We currently have an audience of 46,408 emailable addresses, with an audience predicted demographic of 40% female / 57% male / 3% unknown. The ages of subscribers range from 18 to 65+.

VULCAN TO THE SKY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Age range split:

- 18-24 – 1.4%
- 25-34 – 3.6%
- 35-44 – 9.8%
- 45-54 – 22.7%
- 55-64 – 28.9%
- 65+ – 29.8%
- Unknown – 3.8%

The monthly newsletters contain updates on the ongoing care and protection of XH558, news of educational outreach and articles on the history of the Vulcan, the RAF and the Cold War. Our newsletters were opened 202,527 times during 2022, with an average 'open rate' of 36.5%.

Social media

Articles that appear in the newsletter are hosted on our website – www.vulcantothsky.org so that educational content can be further shared on social media, where we have a possible reach of 358,415 people. The majority of our social media posts are broadcast on all of our social channels.

Social media followers/likes:

- Facebook = 268,185
- Twitter = 79,303
- Instagram = 8,506
- LinkedIn = 2,421

Guardians

The Guardians scheme was used as an incentive to donate to the Operation Safeguard appeal as it demonstrates core support and regular giving. Each member received a high-quality magazine twice a year and the circulation figures are below. We also have Founding Guardians who originally joined as 'Club members' during the early restoration days of VTST. We intend to develop the Guardian initiative once we have secured a permanent home for XH558.

The Winter 2022 magazine was distributed to:

- Founding Guardians = 1,427
- Guardians = 4,406

Founding Guardians were members of the now-disbanded Vulcan to the Sky Club who migrated to the Founding Guardians scheme when the Club was wound up. Guardians became members as part of their donation rewards for Operation Safeguard. For the avoidance of doubt, neither are members of the Trust.

Revenue generation and public relations

Following the forced move from Hangar 3, the Trust has found itself under very significant cash constraints, but with the help of the on-going public donation stream, continuing merchandise revenues especially in high profit lines, monthly donations, a lottery and annual five-figure philanthropic donations, the Trust has been able to continue its operations.

The Trust has continued to invest in marketing, advertising and social media streaming aimed at both the general public and potential sponsors. The focus has been on small to mid-range giving and appeals for specific needs. Incentives have included opportunities for donors to have their names on XH558's wing and a dynamic merchandise strategy.

The Names Under the Wing campaign launched in the autumn of 2019 was the most successful single funding appeal of recent years raising circa £1.2 million net of marketing costs.

The funding strategy is under constant review and will evolve given the challenges we face in a potential new home on the DSA site or relocating the Vulcan as detailed in the *Section 1 Future Planning and its Context*. However, the

VULCAN TO THE SKY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

planned new and permanent home through whatever route is chosen will deliver a return to our full trading model, not available to us since leaving Hangar 3 at DSA in January 2017.

With a permanent new home now in active planning, the VTST is restructuring. It should be noted that the VTST CEO, Dr Robert Pleming passed away in February 2021 and was not replaced. Michael Trotter managed the business in the interim and stepped down from a formal role with VTST at the end of December 2022. The Board of Trustees appointed Marc Walters as CEO stepping up from his role of Commercial Director. His experience will bring vital continuity as the VTST repositions and secures a permanent home; Michael Trotter will be retained as an advisor in the short term to help manage the transition.

Key fundraising initiatives for the future are;

- Re-develop our Standing Order, Direct Debit and Perpetual Lottery income received monthly in line with a potential new visitor attraction. The team believes that the Perpetual Lottery needs a significant review and relaunch urgently.
- Gift Aid will continue to be claimed on all eligible donations.
- Raffles made a significant contribution to revenues in recent years but this activity was suspended to comply with Gambling Commission rules on credit card purchases. We have recently relaunched our raffle ensuring it is compliant with GC rules.
- A final "Names Under XH558's Wing" campaign is currently in development, as with the failure of Operation Safeguard, there is still space available for new donors. The theme will be the 30th Anniversary of XH558's last flight in RAF service.
- The Founding Guardian scheme for people who were members of the Vulcan to the Sky Club continues with positive feedback. We plan to re-market this scheme that will recruit new members and generate vital regular monthly income. This will become attractive once again as a permanent home is secured. For the avoidance of doubt, Founding Guardians are not Members of the Trust.
- The sale of Vulcan and other spares via E-Bay that will never be required by the Trust Spares are still being sold, but to reduce operational costs we've recently integrated it with our regular merchandise, moving the spares products from eBay to our own website.
- Merchandise gross sales are currently averaging approximately £17,250 per month. It should be put on record that that Enterprises team lead by Marc Walters has performed well considering the loss of Hangar 3 and, consequently, our physical store – which is a demonstration of the affection still reserved for XH558. Given the success of VTSE, we plan to actively review other areas of retail on-line in the heritage and education sector given Doncaster's history. Once relocated, the VTSE will also have a full-time hangar shop giving us a much more substantial revenue.
- A campaign to encourage legacy giving was launched in conjunction with the Free Wills Network and we plan to invest in this initiative once again as all research shows legacy giving is vital to a charity's ongoing revenue. Two significant legacies have been received in the last 18 months.
- It is our view that a new and focused approach needs to be made to secure corporate sponsorship to target aerospace and the engineering industry and retail/FMCG companies for sponsorship. We believe that commercial sponsorship will have a key role as we develop the Vulcan Experience on a new site with the twin objectives of promoting a significant heritage asset (XH558) and our exciting education plans; "Honouring the Past, Inspiring the Future".
- The Trust also needs to begin a structured approach to securing funds from local and regional government bodies, grant making foundations and High Net Worth Individuals (HNWI's) and that the VTST should urgently invest in resource dedicated to professional bid writing.
- Fundraising for the restoration of English Electric Canberra WK163 will be the subject of a separate and dedicated campaign when time allows and after a permanent home for XH558 is secured.

VULCAN TO THE SKY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

- It must be noted that, in the event of having to move from DSA a dedicated fundraising project will need to be developed to relocate XH558 and the current quotation for the dismantle and rebuild option is £727k + VAT.
- The Trust's monthly email newsletters enable further fundraising opportunities.

The Trust's website www.vulcantothesky.org is the one of the Trust's primary communications vehicles for its supporters. It is updated on a regular basis and continues to provide news and pictorial evidence of the Trust's progress. The website also hosts the Trust's "e-donate" funding stream.

Fundraising policy

The Trust undertakes charitable fundraising in a variety of ways including through regular newsletters via email and mail, and at events. Funding contributions come mainly from the Trust's loyal supporter base, currently of some 46,125 people. Without their valued contributions, the Trust would not be able to continue delivering its public benefits.

Supporters are able to make regular donations through appeals, and customers can add a donation at the web store online checkout. The Trust also receives one-off donations, and supporters also engage in a monthly lottery and annual raffles. The Trust also offers speaker events throughout the country for which tickets are sold and merchandise is available.

On major public fundraising initiatives in recent years, the VTST, mindful of the changing environment has also invested in paid advertising via social media. Returns on investment in this area can be and are measured on a daily basis to ensure the activity is worthwhile.

Fundraising activities are carried out by the employees and volunteers of the Trust; the Trust does not carry out any fundraising through professional fundraising agencies. The Board of Trustees regularly reviews the Trust's fundraising activities and outcomes.

Furthermore, the Trust does not carry out any fundraising through cold contact, whether unsolicited mailing, face-to-face fundraising or telemarketing. The Trust has never received a complaint about its fundraising activities. The Trust is registered with the Fundraising Regulator, and is aware of and follows its Code of Fundraising Practice and the Charity Commission's fundraising guidance. The Trust has had the benefit of advice from a consultant who is a member of the Institute of Fundraising. The Trust itself is a member of the Association of Independent Museums.

Vulcan to the Sky Enterprises Limited

Vulcan to the Sky Enterprises Limited ("VTSE") is the merchandise trading arm of the charity, and has enabled the Trust to receive funds through the sale of merchandise, memorabilia and services at events and through an 'online' shop, a revenue stream which is continuing to trade well albeit down on the previous year. We believe that is due to increased online sales during the pandemic and difficult retail conditions in the current economic uncertainty. Performance is expected to improve once we have secured a hangar experience with a permanent physical shop. The financial results for the year ended 31st October 2022 are summarised in note 17 to the accounts. VTSE covenants any taxable profits to VTST under the Gift Aid scheme.

3. FINANCIAL REVIEW

Total income of the group for the 12 months ended 31st October 2022 amounted to £726,618 (2021: £1,032,747). The Trust's principal funding comes from several sources such as donations, fundraising draws and lotteries, and merchandise sales. Total expenditure for the 12 months ended 31st October 2022 was £1,113,700 (2021: £1,132,437).

Expenditure on raising funds for the year totalled £780,449 (2021: £796,345) which generated income of £661,599 (2021: £982,539), being income from donations (note 3) and other trading activities (note 5).

The expenditure on raising funds represents the day-to-day management of the charity and without a clearly identified "permanent home", our major dedicated fundraising has been generic since the last appeal (Operation Safeguard). We have invested in future plans and this includes negotiations with potential new landlords and business planning to underwrite a secure future along with ensuring day to day costs of the business and maintaining the aircraft are covered.

VULCAN TO THE SKY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Once the future plans become formally agreed, focussed fundraising may begin again to secure that future investing in a permanent home and the associated revenue streams (visitor tickets, physical retail store, corporate events).

The net assets of the group as at 31st October 2022 were £1,307,390 (2021: £1,694,472).

The group's fixed assets comprise the Avro Vulcan XH558, its associated spare parts, ground equipment and tools, together with miscellaneous items, and are valued as at 31st October 2022 at £745,073 (2021: £757,161).

There is a charge over the aircraft in favour of the National Heritage Lottery Fund in the amount of £427,000 reducing on a straight-line basis from 31st October 2016 until 2085. The amount repayable is currently limited to £389,872.

The Trustees believe that income in the form of donation streams, sponsorship, and merchandise revenues will allow the Trust to continue its activities for the foreseeable future. The Trust is also running an ongoing campaign to gain commercial sponsorship to help fund the future plans for the aircraft and supporting activities; central to this is securing funding to relocate the Vulcan to a new permanent site.

Reserves Policy

The Trust's reserves policy has been to aim to build up, over time, free reserves (unrestricted funds less fixed assets) to a level equivalent to 6 months of core expenditure, being approximately £360,000. As at 31st October 2022 the Group's funds totalled £1,307,390, of which £427,775 is restricted and £879,615 is unrestricted. Following the highly successful Names Under the Wing campaign last year, the group's free reserves (unrestricted funds less fixed assets) totalled £134,542 (2021: £515,565), the equivalent to 2-3 months of expenditure. The trustees retain the 6-month policy as an important target, and, subject to the success of future fundraising appeals, intend to use any surplus to assist with the Trust's running costs whilst the aircraft are being relocated.

4. PLANS FOR FUTURE PERIODS

The Vulcan to the Sky Trust's objectives for future periods are to:

- Maintain Avro Vulcan XH558 in full working order, and to operate the aircraft on the ground safely to the benefit of spectators at DSA for as long as possible. As detailed in this report, this will change if the aircraft is dismantled and moved to another site.
- Plan to restore Canberra WK163 to an airworthy condition, and to display the aircraft to the benefit of the public at air shows and other outside events around the country, and to raise funds specifically for that purpose.
- Continue to deliver our education and community plans for the Trust to provide relevant public benefits, in particular in inspiring the young in engineering, technology and aviation.
- Build and develop a permanent home for XH558 to ensure growing public access to this important aircraft, and ensure affordability, visitor and school accessibility, catchment area and local & regional support.
- Deliver inspirational education experiences on design, science, technology, engineering and mathematics (STEM), to a range of audiences, including national curriculum topics for school children, on Cold War history and related subjects focused around the aircraft, and inform all of the various methods and technologies by which aviation's impact on climate change will be minimised.
- Secure the funding needed to achieve the above objectives, from a diverse range of sources so as to minimise risk, including expanding the Guardians scheme to all.

5. ORGANISATIONAL STRUCTURE, GOVERNANCE AND MANAGEMENT

Vulcan to the Sky Trust was granted charitable status on 6 February 2004, and is registered with the Charity Commission under number 1101948.

Vulcan to the Sky Trust is constituted as an incorporated company limited by guarantee, its governing document comprising its memorandum and articles of association.

VULCAN TO THE SKY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

The Trustees (who are also the Trust's Directors) who have served since 1 November 2021 are as detailed in section 6.

The Board of Trustees met formally once between 1st November 2021 and 31st October 2022, and conducted three conference calls over this period. The Trustees are the only Members of the Trust. None of the Trustees received any remuneration or benefits apart from receipted expenses.

The Trust needs to repeat the statement made in the last trustees' report and put on record within this report a significant event that occurred on February 2nd, 2021. The charity's CEO, Dr Robert Fleming passed away suddenly.

Robert worked tirelessly on the project setting up the Vulcan to the Sky Trust to return the last potentially airworthy RAF V-force aircraft, Avro Vulcan XH558 to flight. In 1997, when the idea first came to him, he built a Project Steering Team from key members of the aerospace establishment and former members of the RAF's Vulcan Display Flight.

Against all the odds, Robert and the team succeeded in their mission, raising millions of pounds in donations and returning XH558 to flight. The Vulcan to the Sky project succeeded spectacularly on October 18th 2007, with the first test flight of the restored Vulcan, some 14 years after its last flight. Robert oversaw the aircraft's operational life and led the campaign to build a permanent home for XH558. It is the Trust's ambition to replace Robert with a new CEO once the funds are in place for the permanent home.

Recruitment and training of Trustees

Given the nature of its past activities, the recruitment of new Trustees had been primarily from the aviation community. However, as the Trust's activities broaden, Trustees are now being sought from the wider engineering, industry and education sectors, and the South Yorkshire region. New Trustees are appointed in accordance with the articles of association. Any new Trustees are provided with a one-on-one induction by the Company Secretary, including briefings on the workings of the Trust, its formal documentation, the Trustee's role, the financial status of the Trust and its future plans.

The activities of the Board

The Board is responsible for policy and overall management of the charity, but has delegated necessary operating powers and decision-making to an Executive Committee, which comprised of Robert Fleming (Company Secretary) until February 2021, Michael Trotter (Commercial and Business Development) and Andrew Edmondson (Engineering Director). The Executive is now managed by Marc Walters, VTST CEO and he is aided by Michael Trotter in an advisory role in the short term. This will evolve as the permanent home is secured through recruitment to manage the Vulcan Experience; Andrew Edmondson has now left the VTST. The Executive Committee meets on approximately a monthly basis. The remuneration of key management is approved by the Chairman of Trustees and is set against established pay scales, benchmarked in comparison with similar sized charities.

Following its restructure, the Trust had 6 full-time employees and 2 part-time employees as at 31st October 2022. The Trust also benefits significantly from a large amount of volunteer support, including specifically assisting with public relations, events, merchandise fulfilment and the Trust's air show presence.

Subsidiaries

Vulcan to the Sky Enterprises Limited is the wholly-owned retail trading subsidiary of VTST. VTSE covenants its taxable profits to VTST under the Gift Aid scheme.

There are three additional wholly-owned subsidiaries of the Trust, which were incorporated to enable the Trust to undertake certain activities aimed at creating a sustainable business model during its occupation Hangar 3 at Doncaster Sheffield Airport. These subsidiaries, the Vulcan Marketing Company, The Vulcan Operating Company and the Vulcan Property Management Company are now dormant.

Andrew Edmondson and Michael Trotter resigned as directors of the Trust's subsidiaries on 31 December 2022 and Marc Walters became director for all subsidiary companies from 1 January 2023.

VULCAN TO THE SKY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Risk Management

The Trust, through its management team, continues to identify and review the major risks that the charity faces. Procedures, including a Safety Management System, have been put in place to mitigate and monitor these risks. Health and Safety are included as topics at every Executive Meeting.

The Trust's principal risks and uncertainties are:

- Securing funding for its charitable activities each year and managing working capital;
- The occurrence of an event that threatens the reputation or integrity of the Trust;
- The relocation to a new site;
- Sudden loss of key personnel;
- Potential for overtrading with limited resources; and
- The implications to its plans of the coronavirus pandemic and changes in public behaviour.

The Trust's public liabilities arising from operation of the Vulcan aircraft are insured through K M Dastur and Company Ltd Aviation Insurance Brokers. Additional aviation insurance policies include cover for damage to the aircraft, for war and terrorism risks, and for personal injury insurance for the aircrew.

6. REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISORS

Trustees	Mr John Sharman FRAeS (Chairman) Air Commodore Ed Jarron (Vice Chairman) Mr Richard Clarke Sir Gerald Howarth Dr Stephen Liddle Mr Ken Smart CBE Sir Donald Spiers CB TD FRAeS Mr Phillip Spiers
Company secretary	Mr Michael Trotter (resigned 31 December 2022) Mr Marc Walters (appointed 1 January 2023)
Charity number	1101948
Company number	04478686
Principal address	Unit 4, Delta Court Third Avenue Doncaster Sheffield Airport Doncaster DN9 3GN
Registered office	Unit 4, Delta Court Third Avenue Doncaster Sheffield Airport Doncaster DN9 3GN

VULCAN TO THE SKY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Auditors	Newby Castleman LLP West Walk Building 110 Regent Road Leicester LE1 7LT
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Bankers	HSBC Bank Plc 58 High Street Winchester Hampshire SO23 9BZ
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Solicitors	Lacey's Solicitors 5 Poole Road Bournemouth Dorset BH2 5QL
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7. STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of Vulcan to the Sky Trust for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs for the charitable company and group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare financial statements on the going concern basis unless it is inappropriate to presume that the charitable company and group will continue in operation.

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

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company and group's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

VULCAN TO THE SKY TRUST

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

8. SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the Trustees

Mr John Sharman FRAeS
Chairman of Trustees

Approved by the Board of Trustees on 26 July 2023

VULCAN TO THE SKY TRUST

INDEPENDENT AUDITORS' REPORT

TO THE TRUSTEES OF VULCAN TO THE SKY TRUST

Opinion

We have audited the financial statements of Vulcan to the Sky Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 October 2022 which comprise the Group Consolidated Statement of Financial Activities, the Group and Charity Balance Sheet, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 October 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1.3 of the financial statements, concerning the group's ability to continue as a going concern. This indicates that the group is reliant on the continued support of the National Heritage Lottery Fund, Peel Land & Property, the future support from new landlords and the future financial support from its donors to relocate and be able to continue operating. These conditions, along with the other matters as set forth in note 1.3, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information included in the trustees' report. The other information comprises the information included in the trustees' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

VULCAN TO THE SKY TRUST

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE TRUSTEES OF VULCAN TO THE SKY TRUST

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the groups and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed auditor under section 151 of the Charities Act 2011 and report in accordance with this Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Extent to which the audit was considered capable of detecting irregularities

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. However, responsibility for the prevention and detection of fraud ultimately rests with both those charged with governance and management of the charity.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory framework applicable to the group and parent charitable company by considering the nature of the industry in which the group and parent charitable company operates and enquiring of management; and
- identifying the key laws and regulations considered to have a direct impact on the financial statements including the UK Companies Act 2006, UK Charities Act 2011, UK Generally Accepted Accounting Practice and UK tax legislation; and
- assessing how the group and parent charitable company is complying with the applicable legal and regulatory framework by making further enquiries of management and observing the groups and parent charitable company's control environment regarding compliance with regulations and fraud prevention; and
- assessing the susceptibility of the groups and parent charitable company's financial statements to material misstatement, including how fraud might occur, by considering the effectiveness of the group's and parent charitable company's accounting systems and controls and how these were monitored by management. Where the risk of material misstatement was considered to be higher in certain areas, further audit procedures were designed to address this increased risk; and

VULCAN TO THE SKY TRUST

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE TRUSTEES OF VULCAN TO THE SKY TRUST

- discussing amongst the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

Audit response to risks of irregularities identified

Our procedures to respond to risks identified included the following:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- enquiry of charity staff responsible for compliance to identify any instances of non-compliance with laws and regulations; and
- enquiry of management, those charged with governance and other relevant parties around actual and potential litigation claims; and
- reviewing supporting documentation regarding actual and potential litigation claims; and
- reviewing minutes of meetings of those charged with governance; and
- performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- communicating identified laws and regulations and potential fraud risks to all engagement team members and assessing whether there are any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Newby Castleman LLP

Chartered Accountants
Statutory Auditor
West Walk Building
110 Regent Road
Leicester
LE1 7LT

Date: 27 July 2023

Newby Castleman LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

VULCAN TO THE SKY TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 OCTOBER 2022

	Notes	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Income from					
Donations and legacies	3	186,463	248,343	434,806	798,116
Charitable activities	4	64,807	-	64,807	49,848
Other trading activities	5	226,793	-	226,793	184,423
Investments	6	212	-	212	106
Other	7	-	-	-	254
Total		478,275	248,343	726,618	1,032,747
Expenditure on					
Raising funds	8	645,080	135,369	780,449	796,345
Charitable activities	9	208,438	106,945	315,383	253,953
Other expenditure	14	17,868	-	17,868	82,139
Total		871,386	242,314	1,113,700	1,132,437
Net income / (expenditure) for the year / Net movement in funds		(393,111)	6,029	(387,082)	(99,690)
Reconciliation of funds					
Total funds brought forward		1,272,726	421,746	1,694,472	1,794,162
Total funds carried forward		879,615	427,775	1,307,390	1,694,472

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

VULCAN TO THE SKY TRUST

GROUP AND CHARITY BALANCE SHEET

AS AT 31 OCTOBER 2022

	Notes	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Fixed assets					
Tangible assets	15	9,212	8,789	10,586	9,446
Heritage assets	16	735,861	735,861	746,575	746,575
Investments	17	-	5	-	5
Total fixed assets		745,073	744,655	757,161	756,026
Current assets					
Stocks	18	78,439	-	91,994	-
Debtors	19	229,265	401,743	263,759	437,003
Cash at bank and in hand		356,078	347,567	701,312	693,736
Total current assets		663,782	749,310	1,057,065	1,130,739
Liabilities:					
Creditors: Amounts falling due within one year	20	(101,465)	(106,372)	(119,754)	(121,120)
Net current assets		562,317	642,938	937,311	1,009,619
Total assets less current liabilities		1,307,390	1,387,593	1,694,472	1,765,645
Total net assets	22	1,307,390	1,387,593	1,694,472	1,765,645
The funds of the charity					
Restricted funds	21	427,775	427,775	421,746	421,746
Unrestricted funds		879,615	959,818	1,272,726	1,343,899
Total charity funds		1,307,390	1,387,593	1,694,472	1,765,645

These financial statements have been prepared in accordance with the provision applicable to companies subject to the small companies' regime.

As permitted by s408 Companies Act 2006, the charity has not presented its own statement of financial activities and related notes. The charity's deficit for the year was £378,053 (2021 - £121,750).

For the year ending 31 October 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as the company is a charity, it is subject to audit under the Charities Act 2011.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

VULCAN TO THE SKY TRUST

BALANCE SHEETS (CONTINUED)

AS AT 31 OCTOBER 2022

The financial statements were approved and authorised for issue by the board of trustees on 26 July 2023 and are signed on its behalf by:

Mr John Sharman FRAeS
Chairman of Trustees

Company Registration No. 04478686

The notes on pages 25 - 44 form part of these financial statements.

VULCAN TO THE SKY TRUST

GROUP STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 OCTOBER 2022

	Notes	£	2022 £	£	2021 £
Net cash (outflow) / inflow from operating activities	28		(340,939)		(267,405)
Cash flow from investing activities					
Purchase of tangible fixed assets		(4,507)		(10,471)	
Proceeds on disposal of tangible fixed assets		-		501	
Purchase of heritage assets		-		(9,033)	
Interest received		212		106	
Net cash (outflow) / inflow from investing activities			(4,295)		(18,897)
Net (decrease) in cash of cash equivalents			(345,234)		(286,302)
Cash or cash equivalents at 1 November 2021			701,312		987,614
Cash or cash equivalents at 31 October 2022			356,078		701,312

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting policies

Charity information

Vulcan to the Sky Trust ("the charity") is a private company limited by guarantee, incorporated in England and Wales. In the event of the company being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity. The address of the registered office is given in the reference and administration section of the trustees' report.

The group consists of Vulcan to the Sky Trust and all of its subsidiaries ("the group"), being Vulcan to the Sky Enterprises Limited, The Vulcan Operating Company Limited, The Vulcan Property Management Company Limited, and The Vulcan Marketing Company Limited.

1.1 Basis of preparation

The charity constitutes a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with: the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Practice.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

These financial statements are prepared under the historical cost convention, modified to include the revaluation of certain heritage assets. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

The charity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this charity, which are intended to give a true and fair view of the assets, liabilities, financial position and net movement in funds of the group. The charity has taken advantage of the exemption from preparing a statement of financial activities and a statement of cash flows on the basis that these are incorporated into the group statement of financial activities and statement of cash flows.

1.2 Basis of consolidation

The consolidated financial statements incorporate those of Vulcan to the Sky Trust and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 October 2022. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

1.3 Going concern

These financial statements are prepared on the going concern basis. The trustees have a reasonable expectation that the group will continue in operational existence for the foreseeable future.

As explained more fully in the trustees' report set out on pages 2 and 3, the trust entered into a parking lease with Doncaster Sheffield Airport ("DSA") in June 2022 where the aircraft's tenure on site was secured until the end of June 2023; the original lease stated that *"both aircraft will need to be taken off the airfield and removed from DSA by 30th June 2023"*. Following the discussions with Peel L&P in March 2023, this was extended to the end of December 2023 and at the time of this report, the trust are awaiting a new lease to represent the change formally.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting Policies (continued)

The discussions with Peel L&P also have led to an ongoing feasibility study of using one of the extant hangars at DSA as a longer-term home for XH558 and these discussions continue. The trust also has potential options to dismantle and move the aircraft if the longer-term home at DSA proves untenable or rebuilding the aircraft with as much functionality as possible. Once a decision has been made the trust will launch a fundraising appeal to raise the necessary funds.

Based on all of the information that is currently available, the trustees have a reasonable expectation that they will identify and secure a viable and permanent home and the necessary funds for this project before the end of the term of the new parking lease (ends December 2023). Should the need arise, to dismantle and rebuild XH558, the trustees will continue to liaise with the National Heritage Memorial Fund ("NHMF") to approve their application. They also expect to receive the continued support of Peel Land & Property (formally known as Doncaster Sheffield Airport ("DSA") throughout the duration of the parking lease, and new landlords once an agreement has been entered into. Whilst the trust is conscious of the need to bring the permanent home project to a resolution by securing the necessary funds it will continue its on-going fundraising activities to maintain Avro Vulcan XH558 to the usual high standards and to deliver public access through the team of dedicated volunteers and staff. However, the failure to raise the necessary funds, and / or the withdrawal of NHMF, Peel L&P or new landlords, would cast a significant doubt over the charity's going concern status.

The trustees have prepared forecasts for the period ended 31 August 2024 which incorporate the above plans. Based on these forecasts, and the voluntary income that has been received since the year end date, the trustees are of the opinion that the group will receive sufficient donations for a period of at least 12 months from the date of approval of these financial statements to relocate and continue operating. However, donations are intrinsically uncertain and the ongoing support of the charity's current donors and supporters will be fundamental until the new trading model has been established.

On this basis, the trustees consider it appropriate to prepare the financial statements on the going concern basis.

1.4 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

1.5 Income recognition

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid is recognised at the time of the donation. This policy has been followed for all income received for Operation Safeguard up to 31 October 2021, and includes income where donors have not responded to the charity's offer of a full refund or the opportunity to allow VTST to "retain" their donation. Donations which were refunded after the 2021-year end, due to the failed appeal, were recognised in creditors (note 20).

Legacies are recognised at the earlier of the charity being notified of an impending distribution or the legacy being received. Where legacies have been notified to the charity but the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Government grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting Policies (continued)

Income from charitable activities includes hangar tour, engine ground-run and educational visit income.

Hangar tour income is recognised when the tour takes place. Income from ticket sales received in advance of the tour are deferred.

Engine ground-run income is recognised when the ground-run takes place. Income from ticket sales received in advance of the ground-run are deferred.

Income from trading activities primarily includes income earned from the sale of merchandise and raffles.

Sale of merchandise represents all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the company has fulfilled its contractual obligations and the risks and rewards attaching to the product, have been transferred to the customer.

Investment income is earned through holding assets for investment purposes. It comprises bank interest and is recognised on an accruals basis.

1.6 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Expenditure is recognised when there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It is recognised under the following headings:

- Costs of raising funds includes costs incurred in seeking donations, legacies, grants and fundraising.
- Expenditure on charitable activities includes costs relating to restoration and maintenance, and exhibition and display, to further the delivery of the objectives of the charity.
- Other expenditure includes losses on the sale of tangible fixed assets and employees' salaries whilst on furlough leave, covered by the Coronavirus Job Retention Scheme.

Irrecoverable VAT has been posted to other costs included in support costs (note 11).

1.7 Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and costs of raising funds and include office costs, governance costs and administrative payroll costs. They are incurred directly in support of expenditure on the objectives of the charity. Support costs are allocated to costs of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 11.

1.8 Tangible fixed assets

Tangible fixed assets are measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% straight line
Motor vehicles	20% straight line

1.9 Heritage assets

Heritage assets comprise the Avro Vulcan G-VLCN (XH558) and the English Canberra (WK163). The Vulcan is stated at valuation less depreciation, whilst the Canberra is stated at cost. Depreciation is provided on the Vulcan at a rate calculated to write off the valuation less estimated residual value over its useful economic life, being 70 years from the date which the Vulcan ceased to fly. Depreciation is not yet provided for the Canberra because the asset is not yet available for display.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

1 Accounting Policies (continued)

The trustees have estimated the remaining useful economic life of the Vulcan to be to October 2085 and the residual value of the aircraft to be £Nil. The charity's current policy is to maintain the aircraft in full working order and associated maintenance costs are charged to the Statement of Financial Activities.

1.10 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset, or the asset's cash generating unit, is estimated and compared to the carrying amount in order to determine the extent of the impairment loss (if any). Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in the Statement of Financial Activities (SOFA) unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

1.11 Investments in subsidiaries

Investments are stated at cost less any provision for diminution in value.

1.12 Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Stock cost is recorded as invoice price net of any discounts received. Calculation of provisions for slow moving and obsolete stocks requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment, on the expectation that the group will continue in operational existence for the foreseeable future.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.14 Financial instruments

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at transaction price. Any losses arising from impairment are recognised in the SOFA.

1.15 Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.16 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.17 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the SOFA on a straight-line basis over the term of the relevant lease.

1.18 Taxation

Vulcan to the Sky Trust is a registered charity and no taxation provision is required as its income from charitable activities falls within the various exemptions available to registered charities.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Valuation of stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving items. Calculation of provisions for slow moving and obsolete stocks requires judgements to be made, which include forecast consumer demand, the promotional, competitive and economic environment, on the expectation that the group will continue in operational existence for the foreseeable future.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of heritage asset (Vulcan)

The valuation of the Vulcan is reassessed annually by the trustees and, when necessary, amended to reflect current estimates.

Allocation of support costs

The allocation of support costs is sensitive to changes in the level of work undertaken on each activity by the charity. The allocation is reassessed annually and amended when necessary to reflect current estimates.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

3 Income from donations and legacies

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Regular donations	72,988	-	72,988	79,427
One off donations	21,948	-	21,948	22,076
Other donations	81,691	-	81,691	79,114
Gift aid recovered	3,665	44,998	48,663	83,926
Legacies	6,171	-	6,171	140,636
Operation Safeguard campaign	-	203,345	203,345	370,925
Government grants	-	-	-	22,012
	<u>186,463</u>	<u>248,343</u>	<u>434,806</u>	<u>798,116</u>
Unrestricted funds				353,193
Restricted funds				444,923
				<u>798,116</u>

Income for Operation Safeguard represents the balance of funds received under the Operation Safeguard appeal including gift aid. Income in respect of the year ended 31 October 2021 was recognised to the extent it was received, but excluded the donations refunded after the 2021-year end, due to the failed appeal, which were recognised in creditors (note 20).

4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Exhibition and display	64,807	-	64,807	49,848
	<u>64,807</u>	<u>-</u>	<u>64,807</u>	<u>49,848</u>
Unrestricted funds				49,848
Restricted funds				-
				<u>49,848</u>

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

5 Income from other trading activities

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Sale of merchandise	203,034	-	203,034	181,198
Raffle income	19,931	-	19,931	-
Commission income	3,828	-	3,828	3,225
	<u>226,793</u>	<u>-</u>	<u>226,793</u>	<u>184,423</u>
Unrestricted funds				184,423
Restricted funds				-
				<u>184,423</u>

6 Income from investments

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Interest receivable	212	-	212	106
	<u>212</u>	<u>-</u>	<u>212</u>	<u>106</u>
Unrestricted funds				106
Restricted funds				-
				<u>106</u>

7 Other income

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
Gain on disposal of tangible fixed assets	-	-	-	254
	<u>-</u>	<u>-</u>	<u>-</u>	<u>254</u>
Unrestricted funds				254
Restricted funds				-
				<u>254</u>

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

8 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Total 2022 £	Total 2021 £
<u>Fundraising and publicity</u>				
Staff costs	110,146	52,396	162,542	164,484
Purchase of merchandise	111,057	-	111,057	99,013
Consultancy costs	6,901	10,613	17,514	5,820
Carriage and packaging	46,542	-	46,542	57,283
Advertising and promotion	198,233	40,985	239,218	297,156
Other costs	11,366	-	11,366	409
	<u>484,245</u>	<u>103,994</u>	<u>588,239</u>	624,165
Share of support costs (note 11)	160,835	31,375	192,210	172,180
	<u>645,080</u>	<u>135,369</u>	<u>780,449</u>	<u>796,345</u>
Unrestricted funds				789,528
Restricted funds				6,817
				<u>796,345</u>

The expenditure on raising funds represents the day-to-day management of the charity and without a clearly identified "permanent home", our major dedicated fundraising has been generic since the last appeal (Operation Safeguard). We have invested in future plans and this includes negotiations with potential new landlords and business planning to underwrite a secure future along with ensuring day to day costs of the business and maintaining the aircraft are covered.

Once the future plans become formally agreed, focussed fundraising may begin again to secure that future investing in a permanent home and the associated revenue streams (visitor tickets, physical retail store, corporate events).

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

9	Expenditure on charitable activities	Activities undertaken directly (note 10) £	Support costs (note 11) £	Total 2022 £	Total 2021 £	
	Restoration and maintenance	153,830	47,615	201,445	157,640	
	Exhibition and display	101,063	12,875	113,938	96,313	
		<u>254,893</u>	<u>60,490</u>	<u>315,383</u>	<u>253,953</u>	
	Unrestricted funds			208,438	253,953	
	Restricted funds			106,945	-	
				<u>315,383</u>	<u>253,953</u>	
10	Expenditure on activities undertaken directly	Restoration and maintenance £	Exhibition and display £	Total 2022 £	Total 2021 £	
	Staff costs	54,182	-	54,182	32,816	
	Depreciation	10,714	-	10,714	10,714	
	Aircraft costs	12,686	76,564	89,250	72,126	
	Hangar costs	72,343	-	72,343	51,953	
	Air show events	-	23,021	23,021	20,234	
	Travel costs	3,905	-	3,905	2,549	
	Printing, postage and stationery	-	1,478	1,478	3,302	
		<u>153,830</u>	<u>101,063</u>	<u>254,893</u>	<u>193,694</u>	
11	Expenditure on support costs	Raising funds £	Restoration and maintenance £	Exhibition and display £	Total 2022 £	Total 2021 £
	Staff costs	72,281	-	8,031	80,312	84,997
	Depreciation	2,802	695	-	3,497	6,449
	Computer costs	18,708	6,681	1,336	26,725	26,508
	Bank charges	9,553	-	-	9,553	4,645
	Other costs	88,866	40,239	3,508	132,613	109,840
		<u>192,210</u>	<u>47,615</u>	<u>12,875</u>	<u>252,700</u>	<u>232,439</u>

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

Support costs have been allocated to activities on a relevant basis to the nature of the underlying costs in proportion to resources used. Other costs include governance costs totalling £45,404 (2021 - £33,760). Governance costs include auditor's remuneration totalling £23,275 (2021 - £17,775).

12 Trustees' remuneration

None of the trustees received any remuneration, benefits or reimbursed expenses from the charity during the year, or the previous year.

13 Employees

Number of employees

The average monthly number of employees during the year was:

	2022 Number	2021 Number
Management and administration	9	10
Aircraft crew	1	1
	<u>10</u>	<u>11</u>

Employment costs

	2022 £	2021 £
Wages and salaries	268,623	274,896
Social security costs	20,454	21,442
Pension costs	7,959	7,971
	<u>297,036</u>	<u>304,309</u>

There were no employees whose annual remuneration was £60,000 or more during the year.

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2022 £	2021 £
Aggregate compensation	<u>92,088</u>	<u>102,213</u>

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

14 Other expenditure

	Unrestricted funds	Restricted funds	Total 2022	Total 2021
	£	£	£	£
Loss on disposal of tangible fixed assets	2,384	-	2,384	-
Wages	-	-	-	22,012
New Hangar Development	15,484	-	15,484	60,127
	<u>17,868</u>	<u>-</u>	<u>17,868</u>	<u>82,139</u>
Unrestricted funds				50,508
Restricted funds				31,631
				<u>82,139</u>

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

15 Tangible fixed assets

	Fixtures, fittings & equipment £	Motor vehicles £	Total £
(a) Group			
Cost			
At 1 November 2021	40,903	13,592	54,495
Additions	4,507	-	4,507
Disposals	(14,895)	-	(14,895)
At 31 October 2022	30,515	13,592	44,107
Depreciation			
At 1 November 2021	37,045	6,864	43,909
On disposals	(12,511)	-	(12,511)
Charge for the year	1,974	1,523	3,497
At 31 October 2022	26,508	8,387	34,895
Net book value			
At 31 October 2022	4,007	5,205	9,212
At 31 October 2021	3,858	6,728	10,586
(b) Charity			
Cost			
At 1 November 2021	22,928	13,592	36,520
Additions	4,507	-	4,507
Disposals	(14,895)	-	(14,895)
At 31 October 2022	12,540	13,592	26,132
Depreciation			
At 1 November 2021	20,209	6,865	27,074
On disposals	(12,511)	-	(12,511)
Charge for the year	1,257	1,523	2,780
At 31 October 2022	8,955	8,388	17,343
Net book value			
At 31 October 2022	3,585	5,204	8,789
At 31 October 2021	2,719	6,727	9,446

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

16 Heritage assets

	Vulcan (valuation) £	Canberra (cost) £	Total £
Group and Charity			
Carrying amount at 1 November 2021	685,716	60,859	746,575
Depreciation / impairment	(10,714)	-	(10,714)
Carrying amount at 31 October 2022	675,002	60,859	735,861

At 31 October 2022 the charity held two heritage assets:

- 1) Avro Vulcan G-VLCN (XH558) – held at valuation
- 2) English Canberra (WK163) – held at cost

The Avro Vulcan B.MK2 G-VLCN (XH558)

XH558 was the last Vulcan to leave RAF service, flying on from 1986 to 1993 as the single RAF Display Vulcan, a career of 33 years. In 1997, a small team headed by Dr Robert Fleming started an audacious plan to return her to flight at Bruntingthorpe Aerodrome in Leicestershire. In 1999 Marshall of Cambridge Aerospace was appointed Engineering Authority for the restoration project. In December 2003, the Heritage Lottery Fund announced a grant of £2.7million for XH558's restoration. After extensive restoration work and tests, the Vulcan returned to the sky in October 2007.

However, the CAA Permit to Fly was withdrawn at the end of the 2015 calendar year, and so despite being technically able to fly, the aircraft was not permitted to fly. As a result, the trust's business model changed, from flying a globally-unique heritage asset to having the aircraft as the still-serviceable centrepiece of a new visitor attraction and education facility. This change in the status of the asset has had an impact on its residual valuation. As at 31 October 2015, the board valued the aircraft at £750,000. The nature of the asset means it is not possible to derive a market valuation. The trustees therefore valued the aircraft, based on their knowledge and experience of working in the aviation industry. As at 31 October 2022, the board have reassessed their valuation of the aircraft and still consider it to be reasonable.

The aircraft has developed a loyal following of many thousands of supporters. She is and will remain the best preserved all-British four-engined jet aircraft anywhere in the world still capable of powered ground runs.

XH558 is maintained in the current working state, albeit not flying, under the terms of the trust's contract with the National Heritage Memorial Fund (NHMF) until 6 February 2085. The aircraft is subject to a first charge by the Trustees of The National Heritage Memorial Fund (see note 23 for further details).

English Electric Canberra B.2 (WK163)

The English Electric Canberra aircraft was the Royal Air Force's first jet bomber, and entered service in January 1951. The design was very successful and the type was in service for more than 50 years. Many aircraft were sold around the world to the air forces of 17 countries. The trust's example, Canberra WK163 (G-CTTS) captured the world altitude record of over 70,000 feet in August 1957, and is a very important national aviation heritage asset.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

16 Heritage assets (continued)

Five-year financial summary of heritage asset transactions (group and charity)

	2022	2021	2020	2019	2018
	£	£	£	£	£
Purchases					
Vulcan	-	-	-	-	-
Canberra	-	9,033	-	-	-
	<u>-</u>	<u>9,033</u>	<u>-</u>	<u>-</u>	<u>-</u>
Charge for impairment					
Vulcan	-	-	-	-	-
Canberra	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

17 Fixed asset investments

(a) Group

The group holds no investments

(b) Charity

	Shares in group undertakings £
Carrying amount	
At 1 November 2021	5
At 31 October 2022	<u>5</u>

Holdings of more than 20%

The charity holds 100% of the ordinary share capital in the following companies registered in England and Wales:

Subsidiary undertakings

Vulcan to the Sky Enterprises Limited (04899710)	VTSE
The Vulcan Operating Company Limited (03787161)	TVOC
The Vulcan Property Management Company Limited (09924223)	TVPMC
The Vulcan Marketing Company Limited (09906368)	TVMC

Principle Activities

That of selling merchandise through its website store and at air shows.
Dormant.
Dormant.
Dormant.

Where applicable, the subsidiaries covenant all available profits to Vulcan to the Sky Trust.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

17 Fixed asset investments (continued)

The trading results for the period and the aggregate amount of capital and reserves, as extracted from the financial statements of the subsidiary companies, are summarised below:

	TVOC	TVMC	TVPMC	VTSE	Total 2022	Total 2021
	£	£	£	£	£	£
Turnover	-	-	-	206,862	206,862	184,424
Cost of sales	-	-	-	(156,280)	(156,280)	(155,473)
Gross profit	-	-	-	50,582	50,582	28,951
Administrative expenses	-	-	-	(59,610)	(59,610)	(6,891)
Profit/(loss) before taxation	-	-	-	(9,028)	(9,028)	22,060
Tax charge	-	-	-	-	-	-
Profit/loss for the year	-	-	-	(9,028)	(9,028)	22,060
Assets and liabilities:						
Assets	11,636	16,003	19,095	99,607	146,341	165,937
Liabilities	(13,805)	(6,612)	(12,566)	(193,555)	(226,538)	(237,106)
Total net assets	(2,169)	9,391	6,529	(93,948)	(80,197)	(71,169)
Capital and reserves:						
Called up share capital	2	1	1	1	5	5
Profit and loss account	(2,171)	9,390	6,528	(93,949)	(80,202)	(71,174)
	(2,169)	9,391	6,529	(93,948)	(80,197)	(71,169)
Statement of movement on profit and loss:						
Balance at 1 November 2021	(2,171)	9,390	6,528	(84,921)	(71,174)	(93,234)
Profit/(loss) for the year	-	-	-	(9,028)	(9,028)	22,060
Donations paid to parent charity	-	-	-	-	-	-
Balance at 31 October 2022	(2,171)	9,390	6,528	(93,949)	(80,202)	(71,174)

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

18 Stock	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Goods for resale	78,439	-	91,994	-
	78,439	-	91,994	-
19 Debtors	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Amounts falling due within one year:				
Trade debtors	667	-	12,475	11,023
Amounts due from subsidiary undertakings	-	184,745	-	191,772
Other debtors	32,742	25,149	32,628	19,942
Prepayments and accrued income	195,856	191,849	218,656	214,266
	229,265	401,743	263,759	437,003
20 Creditors: Amounts falling due within one year	Group 2022 £	Charity 2022 £	Group 2021 £	Charity 2021 £
Trade creditors	46,017	43,068	58,045	51,089
Amounts due to subsidiary undertakings	-	11,621	-	11,621
Other creditors	1,495	775	2,531	1,531
Accruals and deferred income	46,837	44,759	31,905	31,431
Taxes and social security costs	7,116	6,149	6,733	4,908
Operation Safeguard	-	-	20,540	20,540
	101,465	106,372	119,754	121,120

The 2021 Operation Safeguard creditor comprise amounts refunded to donors after the 2021-year end, due to the failed appeal.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

21	Restricted funds	Balance at 1 Nov 2021 £	Income £	Expenditure £	Balance at 31 Oct 2022 £
	Group and Charity				
	Operation Safeguard	421,746	248,343	(242,314)	427,775
		<u>421,746</u>	<u>248,343</u>	<u>(242,314)</u>	<u>427,775</u>
		<u><u>421,746</u></u>	<u><u>248,343</u></u>	<u><u>(242,314)</u></u>	<u><u>427,775</u></u>
		Balance at 1 Nov 2020 £	Income £	Expenditure £	Balance at 31 Oct 2021 £
	Group and Charity				
	Operation Safeguard	15,271	422,911	(16,436)	421,746
	Coronavirus Job Retention Scheme	-	22,012	(22,012)	-
		<u>15,271</u>	<u>444,923</u>	<u>(38,448)</u>	<u>421,746</u>
		<u><u>15,271</u></u>	<u><u>444,923</u></u>	<u><u>(38,448)</u></u>	<u><u>421,746</u></u>

Operation Safeguard

This represents amounts received through the Operation Safeguard appeal for the purpose of building The Vulcan Experience at DSA. As explained in note 1.5 of the financial statements, all income received in respect of Operation Safeguard up to 31 October 2022, has been recognised in these accounts (note 3) as restricted income, and includes income where donors have not responded to the charity's offer of a full refund or the opportunity to allow VTST to "retain" their donation. Donations which were refunded after the 2021-year end, due to the failed appeal, were recognised in creditors (note 20).

By May 2022 63% of donors had responded with 89% agreeing to the VTST's retention of the donated funds. The charity applied to the Charity Commission to make a "scheme" to widen the scope of these funds and allow these donations to be used in pursuance of its charitable objects. On the 21st June 2022 the Charity Commission authorised a scheme which allows the trustees to use £323,400 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to demonstrate and display her to the public and to conserve and return to full working order. On the 5th December 2022 the Charity Commission authorised a second scheme which allows the trustees to use £197,530 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to conserve, demonstrate and display her to the public. The second scheme also stipulated that if a donor requests that their donation(s) to the appeal be returned to them by the charity, the Commission may authorise the return of such donation(s) in writing. Where a donation has been returned in accordance with this provision, this scheme will not be applicable to such donation(s) and the Commission's written authorisation to return donation(s) will have no effect on the continuing validity of this scheme. On the 18th January 2023 the Charity Commission authorised a third scheme which allows the trustees to use £8,370 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to conserve, demonstrate and display her to the public. The Charity Commission confirmed that the third and final scheme effectively and successfully concluded all the legal protocols on the failed appeal procedure.

Coronavirus Job Retention Scheme

This represents amounts received from the Government to cover staff costs during the Covid-19 pandemic.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

22 Analysis of net assets between funds

(a) Group	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Funds balances are represented by:						
Tangible fixed assets	9,212	-	9,212	10,586	-	10,586
Heritage assets	735,861	-	735,861	746,575	-	746,575
Current assets	236,007	427,775	663,782	614,779	442,286	1,057,065
Creditors: amounts falling due within one year	(101,465)	-	(101,465)	(99,214)	(20,540)	(119,754)
	<u>879,615</u>	<u>427,775</u>	<u>1,307,390</u>	<u>1,272,726</u>	<u>421,746</u>	<u>1,694,472</u>

(b) Charity	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
Funds balances are represented by:						
Tangible fixed assets	8,789	-	8,789	9,446	-	9,446
Heritage assets	735,861	-	735,861	746,575	-	746,575
Investments	5	-	5	5	-	5
Current assets	321,535	427,775	749,310	688,453	442,286	1,130,739
Creditors: amounts falling due within one year	(106,372)	-	(106,372)	(100,580)	(20,540)	(121,120)
	<u>959,818</u>	<u>427,775</u>	<u>1,387,593</u>	<u>1,343,899</u>	<u>421,746</u>	<u>1,765,645</u>

23 Contingent liabilities

In previous years the trust received funding from the National Heritage Memorial Fund (NHMF) in the sum of £2,734,000. The trust may be required to repay some or all of this grant in the event of the sale, disposal or mortgage charge of the plane without prior approval of the NHMF. The amount repayable is currently limited to £389,872.

The trust will also require an interest in the plane or right to the exclusive use and possession of the aircraft to 6 February 2085.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

24 Operating lease commitments

At 31 October 2022 the group and charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022	Charity 2022	Group 2021	Charity 2021
	£	£	£	£
Within one year	43,187	39,321	48,854	44,987
Between two and five years	36,250	36,250	75,250	75,250
	79,437	75,571	124,104	120,237

Lease payments totalling £63,807 (2021 – £46,072) have been recognised as an expense during the year.

25 Ultimate controlling party

The charity is controlled by its trustees acting in accordance with the terms of the memorandum and articles of association.

26 Related parties

The charity has taken advantage of the exemption given by FRS 102, from disclosing transactions with its wholly owned subsidiaries.

During the year, Angela Trotter (the spouse of Michael Trotter, a member of key management personnel), invoiced the company £3,405 (2021 – £7,021) for her accountancy services from Greenways Business Services, a partnership in which Michael Trotter is a member. The amount due to be paid at the year-end amounts to £763 (2021 – £Nil).

27 Post balance sheet events

On the 5th December 2022 the Charity Commission authorised a second scheme which allows the trustees to use £197,530 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to conserve, demonstrate and display her to the public. The second scheme also stipulated that if a donor requests that their donation(s) to the appeal be returned to them by the charity, the Commission may authorise the return of such donation(s) in writing. Where a donation has been returned in accordance with this provision, this scheme will not be applicable to such donation(s) and the Commission's written authorisation to return donation(s) will have no effect on the continuing validity of this scheme. On the 18th January 2023 the Charity Commission authorised a third scheme which allows the trustees to use £8,370 of disclaimed / retained funds to preserve and protect Avro Vulcan XH558 and return her to full working order for the benefit of the public and to conserve, demonstrate and display her to the public. The Charity Commission confirmed that the third and final scheme effectively and successfully concluded all the legal protocols on the failed appeal procedure.

VULCAN TO THE SKY TRUST

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2022

28 Net cash flow from operating activities

	2022 £	2021 £
Net income/(expenditure) for the year	(387,082)	(99,690)
Investment income	(212)	(106)
Loss / (gain) on disposal of tangible fixed assets	2,384	(254)
Depreciation of heritage assets	10,714	10,714
Depreciation of tangible assets	3,497	6,449
Movements in working capital:		
(Increase)/decrease in stocks	13,555	(6,846)
(Increase)/decrease in debtors	34,494	(207,128)
Increase/(decrease) in creditors	(27,212)	29,456
Net cash flow from operating activities	(340,939)	(267,405)

29 Analysis of changes in net funds

During the year the group had no borrowings or obligations under finance leases. The changes in net funds of the charity therefore solely comprise of cash and cash equivalents.