

FLY NAVY HERITAGE TRUST LIMITED

England & Wales · Charity number 1117272

Details

Other names FLY NAVY HERITAGE TRUST

Status Registered

Legal form Charitable company

Company number [05971284](#)

Registered 2006-12-15

Register [View on the Charity Commission register](#)

Contact

Address Navy Wings Heritage Centre
HMS Heron
Royal Naval Air Station
Yeovilton
Yeovil
Somerset

Phone 01935842005

Email office@navywings.org.uk

Website www.navywings.org.uk

Activities

Objects: 3.1.1) TO EDUCATE THE MEMBERS OF THE ROYAL NAVY AND OF THE PUBLIC IN THE HISTORY, TRADITIONS AND EXPLOITS OF THE FLEET AIR ARM AND THE HISTORY OF ROYAL NAVAL AVIATION GENERALLY.3.1.2) TO PROVIDE A MEMORIAL AND TRIBUTE TO THE MEN AND WOMEN WHO HAVE FLOWN, MAINTAINED OR CONTRIBUTED IN ANY WAY TO THE OPERATION OF AIRCRAFT IN THE FLEET.3.1.3) TO ADVANCE THE EFFECTIVENESS OF THE ARMED FORCES OF THE CROWN BY PROMOTING THE EFFICIENCY OF AVIATION IN THE ROYAL NAVY.

Activities: RAISING SPONSORSHIP MONIES.MAKING GRANTS.

Classification

- **How:** Makes Grants To Organisations
- **What:** Education/training, Environment/conservation/heritage, Armed Forces/emergency Service Efficiency
- **Who:** The General Public/mankind

Geography

- **Area of benefit:** NOT DEFINED IN PRACTICE SOMERSET
- Throughout England And Wales

Finances

| Period end | Income | Expenditure | Assets | Employees |
|------------|------------|-------------|------------|-----------|
| 2024-12-31 | £2,483,054 | £2,798,898 | £7,169,500 | 18 |
| 2023-12-31 | £2,741,551 | £2,445,298 | £7,593,684 | 17 |
| 2022-12-31 | £3,086,507 | £2,567,859 | £7,295,940 | 17 |
| 2021-12-31 | £8,519,109 | £2,076,815 | £6,819,118 | 17 |
| 2020-12-31 | £742,266 | £882,882 | £400,951 | 12 |

Trustees

| Name | Role | Appointed |
|--|------|------------|
| BILL COVINGTON | | |
| Capt Duncan Thomas | | 2023-08-29 |
| MICHAEL JOHN FRANCIS STRONG | | 2013-03-20 |
| NATHAN COLBERN | | 2025-11-10 |
| NIGEL ROBERT SMITH | | 2017-10-12 |
| Nigel Colman | | 2023-10-12 |
| REAR ADMIRAL IAN PETER GORDON TIBBITT CBE | | |
| REAR ADMIRAL THOMAS ANTHONY CUNNINGHAM | | 2015-03-17 |
| Rear Admiral Andrew Betton | | 2025-11-10 |
| Rear Anthony Rimmington | | 2024-02-06 |
| TIMOTHY JOHN MANNA | | |

Linked charities

- THE FLY NAVY HERITAGE TRUST (1117272-1)

FLY NAVY HERITAGE TRUST LIMITED

England & Wales - Charity number 1117272

Accounts

Fly Navy Heritage Trust Limited
(A Charitable Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 December 2024

Company Number: 05971284
Charity Registered in England and Wales Number: 1117272

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COMPANIES HOUSE

Fly Navy Heritage Trust Limited
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President

Admiral Sir George Zambellas GCB DSC ARC DL FRAeS

Trustee Directors:

Chairman

Rear Admiral T A Cunningham CBE

Ex- Officio

Rear Admiral S Moorhouse CBE

– Asst Chief of Naval Staff (Aviation & Carriers) (resigned 6 February 2024)

Captain D Thomas

– Commanding Officer RNAS Yeovilton

Elected

Rear Admiral S B Charlier CBE FRAeS

– Chairman FAA Officers' Association

Mr N Coleman

– Market Development Leonardo Helicopters UK, UK Geographic Helicopter Division

Commodore W M Covington CBE RN

– Business Executive, aircraft owner

Mr N Colbern

– Business Executive, Lockheed Martin UK Limited

Mr T J Manna

– President, Kennet Aviation

Mr N R Smith

– Solicitor

Mr M J F Strong

– Chartered Accountant

Rear Admiral I P G Tibbitt CBE

– Deputy Chairman FNHT, Business Executive

Rear Admiral Anthony Rimmington

– Asst Chief of Naval Staff (Aviation & Carriers)
(Appointed 6 February 2024)

Chief Executive Officer

Commodore R S Alexander OBE FRAeS

Company Secretary

Mr N R Smith

Charity Number

1117272

Company Number

05971284

Principal Address and Registered Office

Building 412, South Dispersal, RNAS Yeovilton, Yeovil, Somerset, BA22 8HT

Auditors

Albert Goodman LLP, Goodwood House, Blackbrook Park Avenue, Taunton, Somerset, TA1 2PX

Bankers

Barclays Bank Plc, King George Street, Yeovil, Somerset, BA20 1PX

Risk management

The Trustees routinely assess the risks to which the Charity is exposed to ensure that systems and procedures are in place to mitigate exposure in these areas. A Risk Register is held in the Charity's Business Plan and is reviewed at Management Group level and at each Trustees' meeting. Risk mitigation actions are included as part of the charity's annual Work Plan.

Objectives

The Charity's objectives are set out in the Memorandum of Association as follows:

- To educate members of the Royal Navy and the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Navy aviation generally.
- To provide a memorial and tribute to the men and women who have flown, maintained or contributed in any way to the operation of aircraft within the fleet.
- To advance the effectiveness of the armed forces of the Crown by promoting the efficiency of aviation in the Royal Navy.

This can be summed up as: To Educate, Inspire and Remember; this is articulated as a single aim as follows: Inspiring future generations by bringing together the aircraft, people and the story of flying from ships.

Activities

We have continued to maintain continuity at the Trust with the Chief Executive Officer, Commodore Jock Alexander remaining at the helm since joining in February 2016. The aim, enshrined in the Charitable Objectives, remains to reach as wide an audience as possible, supported by a continually evolving web-site, social media engagement and a wide collection of aircraft. The Navy Wings Heritage Flight now consists of all the ex-Royal Navy Historic Flight (RNHF) aircraft, including the second Swordfish (LS 326) along with a Harvard, Wasp and Seafire, which have since been acquired.

We have now completed our busiest year ever in 2024, whereby we estimate we were seen by over 3M people. The Trust achieved national coverage in the Press and on BBC1, as the central part of the Britain's Great Railway show, with Michael Portillo flying in our Harvard. We displayed at many Air Shows across England (including the Channel Islands), Wales, Scotland and Northern Ireland, which culminated in the award of the prestigious British Air Display Association trophy for 2024. Importantly and as in 2023, no planned sorties were lost through aircraft unserviceability. The Memorandum of Understanding agreed with the Royal Navy continues to under-pin our business and we are currently nearing the end of the 2025 display circuit, with all our planned flying activity met to date.

From a financial perspective, the Trust remains in good health. Although we have reached the end of a 4-year investment programme, we have a healthy bank account and have now been able to acquire a significant spares inventory, which will set us well for the years ahead. We are now focussed on further investment and have already secured a significant input from the Royal Navy as part of their support for heritage.

Our successful weekly lottery continues to produce a steady income stream, while our on-line presence has now overtaken many of our contemporaries, which has itself enabled retail sales to continue to flourish. We also gained a license to sell alcohol and some of our specialist and highly collectable bottles have added to the sales figures. Major fund-raising activities were conducted in the form of a Corporate dinner in London in February and a charity Clay Pigeon Shoot at the Royal Berkshire Shooting Ground, both of which were very well supported and returned healthy profits. We also decided to re-invigorate our high-end Ambassadors Ball, which was held in Raffles London at the Old War Office in Nov and which proved to be a resounding success with a net profit of almost £100K on the night; it was so successful we are planning to do the same this year.

Volunteers and Sponsorship

This remains much the same as last year in that the Trust and Navy Wings Heritage Flight Ltd, together trading as 'Navy Wings', continues with its well-established Volunteering Policy, which concentrates on a critical nucleus who provide the core of this support. This network of volunteers is drawn from the Navy Wings Supporter base who provide their time free in order to promote, develop and support various activities that aim to deliver required funds to continue operation. Volunteer support is invaluable and is particularly useful in sales of merchandise and aircraft support operations. The latter encompasses aircraft stores, documentation and admin support alongside supervised aircraft mechanical engineering tasks. All volunteers receive induction training and, as necessary, health and safety briefings and workplace clothing. In addition, we have a small team of high-profile Supporters who volunteer to promote 'Navy Wings' and the heritage aircraft as 'Ambassadors'.

Corporate Support

The Trust continues to enjoy support from a wide spread of key players in Industry, including some new companies who have been attracted by our Corporate package programme and net-working opportunities. Our Corporate dinner in London in February 24 was once again a huge success and was completely sold out ahead of the event, which demonstrates that this has now become the 'go to' heritage aviation dinner as we planned it should be.

Grant making policy to Naval Wings Heritage Flight Ltd (NWHF)

The overall Business Plan for Navy Wings is to ensure Navy Wings Heritage Flight Ltd (NWHF) becomes profitable, where the key drivers will be the diversification and growth of income streams, as well as generating income from aircraft. Sadly, the Air Show circuit has much diminished post the Covid crisis and as reported last year, we expect this income stream to remain low for some years to come. We have decided that in order to preserve precious aircraft flying hours, we will not be conducting regular paid flights in our Swordfish, but rather restricting these to bespoke flights as approved by the Board. Sales of merchandise remain very strong and continue to show year on year growth.

Achievements and Performance

Having reported 2023 as the busiest year ever, 2024 has surpassed even that, with all our operational aims having been achieved without incident and with no loss of aircraft displays from unserviceability. This is a remarkable achievement with a fleet of vintage aircraft. We now have a long term, costed plan for the next five years, with an outline plan for ten years and we have built in resilience in the form of spare engines, or parts for most of our fleet. Our financial achievements are covered separately, but to summarise, we remain in a sound excellent financial position and we have a highly motivated and professional work-force properly constituted to take us forward.

Reserves policy

Since there can be no guarantee of the quantum of future income streams, the Trustees' policy is to retain funds in excess of the current needs to meet unanticipated expenditure which is an inherent feature of maintaining historic aircraft. In addition, Trustees continue to ensure that available free reserves are adequate to cover in excess of 6 months operating costs of £777,493. At 31st December 2024 the group held £1,549,300 of free reserves and excess reserves to provide future funding for aircraft.

Review of financial position

From a financial point of view, 2024 was a successful year providing a surplus when a deficit was budgeted for. This is mostly down to unexpected Legacy donations received and also savings were achieved in direct and overhead costs as well.

The total consolidated income included £118,933 of restricted income (5%) and £2,364,121 of unrestricted income (95%). Restricted income was applied to the purposes for which it was provided. Income from grants, donations and legacies decreased this year by £517,902 to £1,662,800.

Navy Wings Heritage Flight Ltd Revenue (covering merchandising and aircraft displays) provided £219,835 of income which is an decrease of £21,138 on the prior year.

Total consolidated expenditure in 2024 totalled £2,798,898, an increase on the prior year with additional fundraising costs and consultancy fees. The Group held £nil (2023: £70,553) restricted funds at the year end and £7,169,500 in unrestricted funds.

Cash and short term investments totalled £1,277,282 at 31 December 2024 compared with £1,650,717 at the previous year end. Capital expenditure totalled £485,423 during the year. It included purchases of aircraft, aircraft engines, operational equipment (Survival Gear & Helmets) and IT equipment(Laptops, Printer).

Plans for future periods

The Board has now agreed a long-term plan for our aircraft and engine availability and we have continued to stream-line our Fleet, with the aim of having an aircraft available to cover as many epochs of naval aviation as we can. Our Sea Fury FB11 should return to the skies this autumn, although our Seafire Mk XVII has been delayed due to emerging engine issues. We now have the last two flying Swordfish in the world, which are supported by three engines to give resilience and we will aim to have at least one of these iconic aircraft on the display circuit every year. We aim to build on our financial success by continuing to investigate alternative income streams, whilst we have also attracted some considerable positive PR with several national TV and newspaper appearances. The Trust continues to plan for a sustainable programme and anticipates eventually operating a core flying fleet of two Swordfish, either a Sea Fury or a Seafire, the Wasp helicopter and, if finances allow, one Sea Hawk jet.

Going concern

The Trustees have, as always, given careful consideration to the cashflow forecasts of the charity covering the period of at least twelve months from the date of signing the accounts. They are satisfied that the charity has sufficient working capital resources in place over that period and therefore the accounts are drawn up on the going concern basis.

Auditors

The auditors, Albert Goodman LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the small companies regime under section 487(2) of the Companies Act 2006.

Statement of trustees' responsibilities

The trustees (who are directors of the Fly Navy Heritage Trust Limited for the purposes of company law) are responsible for preparing the Trustee Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the UK and the Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable 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;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

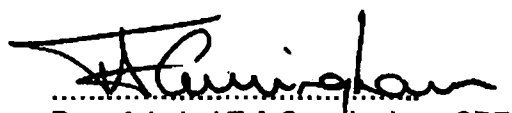
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report of which the group's auditor is unaware; and
- The trustees have each taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information

Approved by the Trustees on 23 Sep 25 and signed on their behalf by:


Rear Admiral T A Cunringham CBE
Chairman and Trustee

Opinion

We have audited the financial statements of the Fly Navy Heritage Trust Limited For the Year Ended 31 December 2024, which comprise the consolidated Statement of Financial Activities, the consolidated and parent charitable company Balance Sheets, the consolidated and parent charitable company 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 Generally Accepted Accounting Practice, including Financial Reporting Standard 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 the parent charitable company's affairs as at 31 December 2024, 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 Companies Act 2006.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee Directors' Report, which includes the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustee Directors' Report have been prepared in accordance with applicable legal requirements.

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustee Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 7), the trustees (who are also the directors of the parent 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 group 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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2024

Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of Independent Auditors.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity and aviation sector.
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charity SORP, Aviation law, data protection, anti-bribery, employment and health and safety legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries with management.
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement including obtaining an understanding of how fraud might occur by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud: and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2024

In response to the risk of irregularities and non-compliance with laws and regulations we designed procedures which included, but were not limited to;

- Agreeing financial statements disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.grc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and parent charitable company's members and 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 group and parent charitable company and the group and parent charitable company's members as a body and the parent charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed



Robert Oram BFP FCA (Senior Statutory Auditor)
for and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

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Fly Navy Heritage Trust Limited

Consolidated Statement of Financial Activities (including income and expenditure account)

For the Year Ended 31 December 2024

| | Notes | Unres- tricted £ | Res- tricted £ | Total 2024 £ | Unres- tricted £ | Res-tricted £ | Total 2023 £ |
|--|-------|------------------------|----------------------|------------------|------------------------|------------------|------------------|
| Income: | | | | | | | |
| Grants, donations and legacies | 2 | 1,543,867 | 118,933 | 1,662,800 | 1,844,885 | 335,817 | 2,180,702 |
| Other trading activities | 3 | 787,211 | - | 787,211 | 521,741 | - | 521,741 |
| Interest receivable | 4 | 33,043 | - | 33,043 | 29,108 | - | 29,108 |
| Total income | | 2,364,121 | 118,933 | 2,483,054 | 2,395,734 | 335,817 | 2,731,551 |
| Expenditure: | | | | | | | |
| Costs of raising funds | 5 | 1,042,843 | - | 1,042,843 | 754,527 | - | 754,527 |
| Charitable activities | 6 | 1,566,569 | 189,486 | 1,756,055 | 1,138,348 | 552,423 | 1,690,771 |
| Total expenditure | | 2,609,412 | 189,486 | 2,798,898 | 1,892,875 | 552,423 | 2,445,298 |
| Net (expenditure)/income for the year before transfers and gains and losses | | (245,291) | (70,553) | (315,844) | 502,859 | (216,606) | 286,253 |
| Transfers between funds | 17 | - | - | - | - | - | - |
| Realised and unrealised gains and losses | | - | - | - | - | - | - |
| Tax charge | | (98,340) | - | (98,340) | 1,491 | - | 1,491 |
| Net income/(expenditure) and net movement in funds for the year | 7 | (343,631) | (70,553) | (414,184) | 504,350 | (216,606) | 287,744 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 7,513,131 | 70,553 | 7,583,684 | 7,008,781 | 287,159 | 7,295,940 |
| Total funds carried forward | | 7,169,500 | - | 7,169,500 | 7,513,131 | 70,553 | 7,583,684 |

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

All income and expenditure derive from continuing activities.

Fly Navy Heritage Trust Limited – Company Number 05971284

Balance Sheet and Consolidated Balance Sheet

As at 31 December 2024

| | Notes | 2024 | | 2023 | |
|---------------------------------------|-------|------------------|------------------|------------------|-------------------------------|
| | | £ Group | £ Charity | £ Group | £ Charity (as restated) |
| Fixed assets | | | | | |
| Tangible fixed assets | 11 | 5,620,200 | 5,127,030 | 5,178,416 | 5,124,567 |
| Investments | 12 | - | 1 | - | 1 |
| | | <u>5,620,200</u> | <u>5,127,031</u> | <u>5,178,416</u> | <u>5,124,568</u> |
| Current assets | | | | | |
| Stock | 13 | 300,057 | 175,000 | 224,988 | 50,000 |
| Debtors | 14 | 371,847 | 536,484 | 760,545 | 732,555 |
| Cash at bank and in hand | | 1,277,282 | 1,171,203 | 1,650,717 | 1,638,563 |
| | | <u>1,949,186</u> | <u>1,882,687</u> | <u>2,636,250</u> | <u>2,421,118</u> |
| Liabilities: | | | | | |
| Creditors falling due within one year | 15 | (297,084) | (143,974) | (226,520) | (75,925) |
| | | <u>1,652,102</u> | <u>1,738,713</u> | <u>2,409,730</u> | <u>2,345,193</u> |
| Provision for liabilities | | | | | |
| | 16 | (102,802) | - | (4,462) | - |
| | | <u>7,169,500</u> | <u>6,865,744</u> | <u>7,583,684</u> | <u>7,469,761</u> |
| Total net assets | | | | | |
| The funds of the charity: | | | | | |
| Restricted funds | 17 | - | - | 70,553 | 70,553 |
| Unrestricted funds | 17 | 7,145,095 | 6,865,744 | 7,477,133 | 7,399,208 |
| Revaluation reserve | 17 | 24,405 | - | 35,998 | - |
| | | <u>7,169,500</u> | <u>6,865,744</u> | <u>7,583,684</u> | <u>7,469,761</u> |
| Total charity funds | | | | | |

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The charity has taken advantage of Section 408 of the Companies Act and has not included its own Income and Expenditure Account or separate Statement of Financial Activities.

The Fly Navy Heritage Trust Limited has net outgoing resources for the year of £604,017 (2023 - £234,722 incoming resources) based on income of £2,259,710 (2023- £2,495,853).

Fly Navy Heritage Trust Limited – Company Number 05971284
Balance Sheet and Consolidated Balance Sheet
As at 31 December 2024

The notes from pages 16 – 29 form part of these accounts.

Approved by the Board on 23 Sep 25 and signed on their behalf by:



Rear Admiral T A Cunningham CBE
Trustee Director



Mr M J F Strong
Trustee Director

Fly Navy Heritage Trust Limited

Statement of Cash Flows and Consolidated Statement of Cash Flows

For the Year Ended 31 December 2024

| | Notes | Total 2024 | | Total 2023 | |
|--|-------|------------|--------------|------------|--------------|
| | | £ Group | £ Charity | £ Group | £ Charity |
| Cash flows from operating activities | | | | | |
| Net movements in funds for the year | | (414,184) | (604,017) | 287,744 | 234,722 |
| Adjustments to cash flows from non-cash items | | | | | |
| Depreciation | 11 | 17,639 | 6,121 | 21,326 | 4,926 |
| Impairment | 11 | 11,583 | - | - | - |
| Interest receivable | 4 | (33,043) | (33,043) | (29,108) | (29,108) |
| Deferred tax provision | | 98,340 | - | (1,491) | - |
| | | (319,665) | (630,939) | 278,471 | 210,540 |
| Working capital adjustments | | | | | |
| (Increase)/decrease in stocks | 13 | (75,069) | (125,000) | (21,755) | - |
| Decrease/(increase) in debtors | 14 | 388,698 | 196,071 | (308,748) | (146,853) |
| Increase/(decrease) in creditors | 15 | 70,564 | 68,049 | (37,400) | (16,926) |
| Net cash flow from operations | | 64,528 | (491,819) | (89,432) | 46,761 |
| Cash flows from investing activities | | | | | |
| Interest receivable | 4 | 33,043 | 33,043 | 29,108 | 29,108 |
| Proceeds of tangible assets | | 14,417 | - | 4,000 | - |
| Acquisitions of tangible assets | 11 | (485,423) | (8,584) | (16,217) | (5,781) |
| Net (decrease)/increase in cash and cash equivalents | | (373,435) | (467,360) | (72,541) | 70,088 |
| Cash and cash equivalents at the beginning of the reporting period | | 1,650,717 | 1,638,563 | 1,723,258 | 1,568,475 |
| Cash and cash equivalents at the end of the reporting period | | 1,277,282 | 1,171,203 | 1,650,717 | 1,638,563 |
| Cash & Cash equivalents reconciliation: | | | | | |
| Cash at bank | | 1,277,282 | 1,171,203 | 1,650,717 | 1,638,563 |
| Total cash & cash equivalents at the end of the reporting period | | 1,277,282 | 1,171,203 | 1,650,717 | 1,638,563 |

1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

1.1 Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fly Navy Heritage Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s) and all amounts are presented in £ sterling.

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Naval Aviation Limited, on a line by line basis. The "Group" heading within the balance sheet refers to the consolidated accounts of the Fly Navy Heritage Trust Limited and Naval Aviation Limited.

In the parent company financial statements the investment in the trading subsidiary is accounted for at cost less impairment.

There are no material uncertainties about the charity's ability to continue as a going concern. Taking into account current trading and reserves, the trustees believe that the charity remains a going concern and no adjustments to the accounts are necessary.

1.2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The company is Incorporated in England and Wales and the company registered office is detailed on page 1, reference and administration details.

1.3 Income

Income from grants and donations is recognised in the year in which they are receivable when there is evidence of entitlement, receipt is probable and the amount can be reliably measured.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from other trading income is included in the period in which the group is entitled to receipt, it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

1.4 Donated goods and services

Donated services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. Income is recognised within grants, donations and legacies and expenditure within costs of raising funds and charitable activities.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.6 Expenditure and irrecoverable VAT

Resources expended are recognised on the accruals basis to match the period in which the expenditure was incurred.

Costs of raising funds are expenditure incurred in generating the trading subsidiary funds and in generating the charity fundraising event income funds.

Charitable activities expenditure comprises costs incurred in by the charity in the delivery of its charitable purposes for beneficiaries including grants payable to other institutions.

Grants payable are at the discretion of the Trustees. They are in furtherance of the charity's objects, to support and promote the efficiency of aviation in the Royal Navy and to educate the members of the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Naval Aviation.

1.7 Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

1.9 Tangible fixed assets and depreciation

Aircraft, excluding engines, are initially recorded at cost and are then revalued at the year end. The Trustees review the assets for impairment each year. Donated aircraft are brought in at fair value.

Computer equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

| | |
|---------------------|-----------------------|
| Plant and machinery | 3 years straight line |
| Office equipment | 3 years straight line |
| Computer equipment | 33% reducing balance |

Aircraft are not depreciated. The aircraft are continuously maintained and repaired and as a result of this, the directors have considered that they do not depreciate. The aircraft are reviewed for impairment each year. Engines included under the Aircraft heading will be depreciated once they come into use.

1.10 Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

1.11 Stock

Stock consists of merchandise for resale and is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

1.14 Defined contribution pension

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as staff pension expense through the profit and loss when they are due.

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2024

1.15 Taxation

As a registered charity, the company is not liable to corporation tax or capital gains tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is not recoverable by the company, and is therefore included in the relevant costs in the Statement of Financial Activities. The charity subsidiary is able to recover Value Added Tax and therefore it is not included within the relevant costs in the Statement of Financial Activities.

1.16 Financial instruments

The charity only holds basic financial instruments as defined by FRS 102. The financial assets and financial liabilities of the company are as follows;

Financial assets – trade and other debtors, accrued income, amounts owed by group undertakings and other debtors are basic financial instruments, and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, amounts owed to group undertakings, bank loans, accrued expenses and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security and corporation tax creditors are not included in the financial instruments disclosure definition.

2 Grants, donations and legacies

| | Unres- tricted £ | Res- tricted £ | Total 2024 £ | Unres- tricted £ | Res- tricted £ | Total 2023 £ |
|--------------------------------|------------------------|----------------------|------------------|------------------------|----------------------|------------------|
| Grants, donations and legacies | 1,543,867 | 118,933 | 1,662,800 | 1,844,885 | 335,817 | 2,180,702 |
| | <u>1,543,867</u> | <u>118,933</u> | <u>1,662,800</u> | <u>1,844,885</u> | <u>335,817</u> | <u>2,180,702</u> |

3 Other trading income

| | Unres- tricted £ | Res- tricted £ | Total 2024 £ | Unres- tricted £ | Res- tricted £ | Total 2023 £ |
|--------------------------|------------------------|----------------------|-----------------|------------------------|----------------------|-----------------|
| Display fees | 51,956 | - | 51,956 | 51,008 | - | 51,008 |
| Merchandise | 167,879 | - | 167,879 | 189,965 | - | 189,965 |
| Fundraising event income | 563,867 | - | 563,867 | 276,043 | - | 276,043 |
| Other income | 3,509 | - | 3,509 | 4,725 | - | 4,725 |
| | <u>787,211</u> | <u>-</u> | <u>787,211</u> | <u>521,741</u> | <u>-</u> | <u>521,741</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2024

| 4 Interest receivable | Unres- tricted £ | Res- tricted £ | Total 2024 £ | Unres- tricted £ | Res- tricted £ | Total 2023 £ |
|---------------------------------|---------------------------------|-------------------------------|-------------------------|---------------------------------|-------------------------------|-------------------------|
| Bank interest | 33,043 | - | 33,043 | 29,108 | - | 29,108 |
| | <u>33,043</u> | <u>-</u> | <u>33,043</u> | <u>29,108</u> | <u>-</u> | <u>29,108</u> |
| | | | | | | |
| 5 Costs of raising funds | Unres- tricted £ | Res- tricted £ | Total 2024 £ | Unres- tricted £ | Res- tricted £ | Total 2023 £ |
| Fundraising costs | 356,804 | - | 356,804 | 123,308 | - | 123,308 |
| PR and advertising | 9,903 | - | 9,903 | 10,824 | - | 10,824 |
| Trading costs | 676,136 | - | 676,136 | 620,395 | - | 620,395 |
| | <u>1,042,843</u> | <u>-</u> | <u>1,042,843</u> | <u>754,527</u> | <u>-</u> | <u>754,527</u> |
| | | | | | | |
| 6 Charitable activities | Unres- tricted £ | Res- tricted £ | Total 2024 £ | Unres- tricted £ | Res- tricted £ | Total 2023 £ |
| Aircraft maintenance | 295,996 | 189,486 | 485,482 | 11,829 | 536,921 | 548,750 |
| Insurance | 21,497 | - | 21,497 | 19,875 | - | 19,875 |
| Payroll fees | 1,697 | - | 1,697 | 2,023 | - | 2,023 |
| Staff costs | 773,477 | - | 773,477 | 714,908 | - | 714,908 |
| Consultancy | 264,684 | - | 264,684 | 156,273 | 15,502 | 171,775 |
| Other administration | 177,293 | - | 177,293 | 138,375 | - | 138,375 |
| Depreciation | 17,639 | - | 17,639 | 21,012 | - | 21,012 |
| Impairment | 11,583 | - | 11,583 | - | - | - |
| Governance costs | 2,703 | - | 2,703 | 65,753 | - | 65,753 |
| Bad debts | - | - | - | 8,300 | - | 8,300 |
| | <u>1,566,569</u> | <u>189,486</u> | <u>1,756,055</u> | <u>1,138,348</u> | <u>552,423</u> | <u>1,690,771</u> |

7 Net income/(expenditure) for the year

This is stated after charging:

| | 2024 | Charity 2023 | 2024 | Subsidiary 2023 | 2024 | Total 2023 |
|------------------------------|--------|-----------------|--------|--------------------|--------|---------------|
| | £ | £ | £ | £ | £ | £ |
| Depreciation of owned assets | 17,639 | 21,326 | 16,400 | 23,737 | 37,726 | 53,700 |
| Auditors remuneration | | | | | | |
| Audit services | 7,650 | 5,200 | 2,300 | 2,300 | 7,500 | 6,250 |
| Other services - accounting | 2,600 | 710 | 2,190 | 1,466 | 2,900 | 1,466 |

8 Trustee directors

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2023 – £nil). No trustees were reimbursed expenses (2023 – £nil) during the year. No charity trustee received payment for professional or other services supplied to the charity (2023 – £nil).

The charity has paid £3,048 (2023 – £3,052) for directors and officers indemnity insurance.

9 Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £12,740 (2023 – £12,340).

Contributions totalling £3,218 (2023 – £3,123) were payable to the scheme at the end of the year.

10 Employees

Number of employees

The average monthly number of employees during the year was:

| | 2024 | 2023 |
|-------------------------------|-------------|-------------|
| Chief executive officer | 1 | 1 |
| Management and administration | 17 | 16 |
| | <hr/> | <hr/> |
| | 18 | 17 |
| | <hr/> <hr/> | <hr/> <hr/> |

Employment costs

| | 2024 | 2023 |
|-----------------------|-------------|-------------|
| | £ | £ |
| Wages and salaries | 688,524 | 632,201 |
| Social security costs | 67,514 | 65,687 |
| Pension costs | 12,653 | 12,340 |
| | <hr/> | <hr/> |
| | 768,691 | 710,228 |
| | <hr/> <hr/> | <hr/> <hr/> |

The number of employees whose annual emoluments were £60,000 or more were:

| | 2024 | 2023 |
|---------------------|---------------|---------------|
| | number | number |
| £110,000 - £120,000 | 1 | 1 |
| | <hr/> <hr/> | <hr/> <hr/> |

No pension costs were paid to this individual during the year (2023 – £nil)

The key management personnel of the group comprise those of the Trust and its wholly owned subsidiary Navy Wings Heritage Flight Limited. The key management personnel of the Trust comprise the trustees and the Chief Executive Officer. Navy Wings Heritage Flight Limited does not have remuneration costs as all staff are paid by the Trust.

The total employee benefits including employers' national insurance and employers' pension costs of the key management personnel of the Trust were £131,665 (2023 - £124,200).

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2024

11 Tangible fixed assets

| | Aircraft & Engine | Plant & Machinery | Office Equipment | Computer Equipment | Total |
|-----------------------|----------------------|----------------------|---------------------|-----------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2024 | 5,149,000 | 81,380 | 15,662 | 70,023 | 5,316,065 |
| Additions | 474,469 | 2,370 | - | 8,584 | 485,423 |
| Disposal | (14,417) | - | - | - | (14,417) |
| Impairment | (11,583) | - | - | - | (11,583) |
| | <u>5,597,469</u> | <u>83,750</u> | <u>15,662</u> | <u>78,607</u> | <u>5,775,488</u> |
| Depreciation | | | | | |
| At 1 January 2024 | - | 64,184 | 15,009 | 58,456 | 137,649 |
| Charge for the year | - | 11,140 | 378 | 6,121 | 17,639 |
| | <u>-</u> | <u>75,324</u> | <u>15,387</u> | <u>64,577</u> | <u>155,288</u> |
| Net book value | | | | | |
| At 31 December 2024 | <u>5,597,469</u> | <u>8,426</u> | <u>275</u> | <u>14,030</u> | <u>5,620,200</u> |
| At 31 December 2023 | <u>5,149,000</u> | <u>17,196</u> | <u>653</u> | <u>11,567</u> | <u>5,178,416</u> |

The year end open market value of the aircraft has been considered by the Trustees and the revaluation reflected in in the accounts. The value of the aircraft donated has been bought in at the insurance value, which is considered to be a fair reflection of the market value of the aircraft. The historical cost of the aircraft & engines is £474,471. Included in the above are engines with an estimated value of £746k.

| Charity | Aircraft | Computer Equipment | Total |
|-----------------------|------------------|-------------------------------|------------------|
| Cost | £ | £ | £ |
| At 1 January 2024 | 5,113,000 | 70,023 | 5,183,023 |
| Additions | - | 8,584 | 8,584 |
| | <u>5,113,000</u> | <u>78,607</u> | <u>5,191,607</u> |
| Depreciation | | | |
| At 1 January 2024 | - | 58,456 | 58,456 |
| Charge for the year | - | 6,121 | 6,121 |
| | <u>-</u> | <u>64,577</u> | <u>64,577</u> |
| Net book value | | | |
| At 31 December 2024 | <u>5,113,000</u> | <u>14,030</u> | <u>5,127,030</u> |
| At 31 December 2023 | <u>5,113,000</u> | <u>11,567</u> | <u>5,124,567</u> |

The year end open market value has been considered by the trustees and the revaluation reflected in the accounts. The value of the aircraft donated has been bought in at the insurance value, which is considered to be a fair reflection of the market value of the aircraft.

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2024

12 Investments

| | Charity | |
|---|---------|------|
| | 2024 | 2023 |
| | £ | £ |
| Navy Wings Heritage Flight Limited - 1 ordinary shares of £1 each | 1 | 1 |

Navy Wings Heritage Flight Limited (company no. 07052646) was incorporated in England and Wales on 21 October 2009 as a wholly owned trading subsidiary of Fly Navy Heritage Trust Limited. The parent charity holds 100% of the issued share capital and voting rights of the subsidiary.

The principal activity of the company is the operation of commercial activity on behalf of Fly Navy Heritage Trust Limited. The subsidiary gift aids its taxable profits to Fly Navy Heritage Trust Limited, and files audited accounts with the Registrar of Companies.

A summary of the trading results is shown below:

| | 2024 | 2023 |
|----------------------------------|-------------|-------------|
| | £ | £ |
| Turnover | 1,607,204 | 1,319,044 |
| Cost of sales | (1,156,948) | (1,169,145) |
| Gross profit | 450,256 | 149,899 |
| Administrative expenses | (162,083) | (98,443) |
| Other operating income | - | 75 |
| Net loss before tax | 288,173 | 51,531 |
| Taxation | (98,340) | 1,491 |
| Retained in subsidiary | 189,833 | 53,022 |
| The assets and liabilities were: | | |
| Fixed assets | 493,170 | 53,849 |
| Current assets | 443,012 | 489,327 |
| Current liabilities | (529,624) | (424,791) |
| Provisions | (102,802) | (4,462) |
| Total net assets | 303,756 | 113,923 |
| Called up share capital | 1 | 1 |
| Revaluation reserve | 24,415 | 35,998 |
| Profit and loss account | 279,340 | 77,924 |
| | 303,756 | 113,923 |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2024

13 Stocks

| | Group £ | 2024 Charity £ | Group £ | 2023 Charity £ |
|------------------|-------------------|------------------------------------|-------------------|------------------------------------|
| Goods for resale | 300,057 | 175,000 | 224,988 | 50,000 |

14 Debtors

| | Group £ | 2024 Charity £ | Group £ | 2023 Charity £ |
|------------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|
| Trade debtors | 61,003 | 57,050 | 18,540 | 13,970 |
| Other debtors | 100,246 | - | 36,663 | 240 |
| Prepayments and accrued income | 210,598 | 102,921 | 705,342 | 444,150 |
| Amounts owed by group undertakings | - | 376,513 | - | 274,195 |
| | <u>371,847</u> | <u>536,484</u> | <u>760,545</u> | <u>732,555</u> |

15 Creditors: Amounts falling due within one year

| | Group £ | 2024 Charity £ | Group £ | 2023 Charity £ |
|------------------------------|-------------------|------------------------------------|-------------------|------------------------------------|
| Trade creditors | 128,867 | 19,869 | 65,613 | 12,420 |
| Accruals | 51,612 | 7,502 | 103,904 | 6,502 |
| Deferred income | 93,174 | 93,174 | 32,799 | 32,799 |
| Taxation and social security | 23,431 | 23,429 | 24,204 | 24,204 |
| | <u>297,084</u> | <u>143,974</u> | <u>226,520</u> | <u>75,925</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2024

16 Provision for liabilities

| Group | Deferred tax | Total |
|--|---------------------|------------------|
| | £ | £ |
| At 1 January 2024 | 4,462 | 4,462 |
| Increase (decrease) in existing provisions | 98,340 | 98,340 |
| At 31 December 2024 | <u>102,802</u> | <u>102,802</u> |
| | | |
| Deferred tax | | |
| Deferred tax assets and liabilities: | Asset | Liability |
| | £ | £ |
| | | |
| 2024 | | |
| Other timing differences | - | 102,802 |
| | <u>-</u> | <u>102,802</u> |
| | | |
| 2023 | | |
| Other timing differences | - | 4,462 |
| | <u>-</u> | <u>4,462</u> |

17 Summary of movement in funds

| Group | Opening Balance | Incoming Resources | Outgoing Resources | Transfers | Closing Balance |
|---------------------------|------------------------|---------------------------|---------------------------|------------------|------------------------|
| | £ | £ | £ | £ | £ |
| Unrestricted funds | | | | | |
| General | 7,477,133 | 2,364,121 | (2,707,752) | 11,593 | 7,145,095 |
| Revaluation reserve | 35,998 | - | - | (11,593) | 24,405 |
| Restricted funds | | | | | |
| Transitional funds | - | 118,933 | (118,933) | - | - |
| RNVR Naval Club | 70,553 | - | (70,553) | - | - |
| | 7,583,684 | 2,483,054 | (2,897,238) | - | 7,169,500 |
| Charity | | | | | |
| | £ | £ | £ | £ | £ |
| Unrestricted funds | | | | | |
| General | 7,399,208 | 2,140,777 | (2,674,241) | - | 6,865,744 |
| Restricted funds | | | | | |
| Transitional funds | - | 118,933 | (118,933) | - | - |
| RNVR Naval Club | 70,553 | - | (70,553) | - | - |
| | 7,469,761 | 2,259,710 | (2,863,727) | - | 6,865,744 |

Unrestricted funds

The Trustees general funds that have been received with no specific purpose other to be used for the organisations charitable objectives.

Restricted funds

- The Swordfish W5856 fund represents monies received from HM Treasury's LIBOR Fines Fund specifically for the provision of onward funding to the Royal Navy Historic Flight for the essential maintenance, repair and operation of Swordfish W5856.
- Transitional funds relates to income received for the maintenance of aircraft transferred to the charity. The transfer of funds relates to transitional funds used to purchase fixed assets.
- The funds received from the Culture recovery fund were to cover overhead costs to support the charity through the pandemic.
- The RNVR Naval Club fund represents monies received from a donation towards Swordfish and Chipmunk projects.
- The Seafire fund represents monies received from a donation for the purchase and upkeep of a new Seafire aircraft.

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2024

Summary of movement in funds - 2023

| Group | Opening Balance | Incoming Resources | Outgoing Resources | Transfers | Closing Balance |
|---------------------------|------------------------|---------------------------|---------------------------|------------------|------------------------|
| | £ | £ | £ | £ | £ |
| Unrestricted funds | | | | | |
| General | 6,968,783 | 2,395,734 | (1,891,384) | 4,000 | 7,477,133 |
| Revaluation reserve | 39,998 | - | - | (4,000) | 35,998 |
| Restricted funds | | | | | |
| Transitional funds | - | 335,817 | (335,817) | - | - |
| RNVR Naval Club | 287,159 | - | (216,606) | - | 70,553 |
| Seafire | - | - | - | - | - |
| | 7,295,940 | 2,731,551 | (2,443,807) | - | 7,583,684 |
| Charity | | | | | |
| Unrestricted funds | Opening Balance | Incoming Resources | Outgoing Resources | Transfers | Closing Balance |
| | £ | (as restated) £ | (as restated) £ | £ | (as restated) £ |
| General | 6,947,880 | 2,150,036 | (1,698,708) | - | 7,399,208 |
| Restricted funds | | | | | |
| Transitional funds | - | 335,817 | (335,817) | - | - |
| RNVR Naval Club | 287,159 | - | (216,606) | - | 70,553 |
| | 7,235,039 | 2,485,853 | (2,251,131) | - | 7,469,761 |

The restricted funds for the charity should have matched the group in the prior year. The comparative note has been updated to reflect this.

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2024

18 Analysis of assets between funds

| Group | Tangible | Investments | Net Current | Provisions | Total |
|-------------------------------|------------------|-------------|------------------|------------------|------------------|
| | Fixed Assets | | Assets | | |
| | £ | £ | £ | £ | £ |
| Unrestricted funds | 5,620,200 | - | 1,652,102 | (102,802) | 7,169,500 |
| Restricted funds | - | - | - | - | - |
| As at 31 December 2024 | 5,620,200 | - | 1,652,102 | (102,802) | 7,169,500 |
| As at 31 December 2023 | 5,178,416 | - | 2,409,730 | (4,462) | 7,583,684 |
| Charity | Tangible | Investments | Net Current | Provisions | Total |
| | Fixed Assets | | Assets | | |
| | £ | £ | £ | £ | £ |
| Unrestricted funds | 5,127,030 | 1 | 1,738,713 | - | 6,865,744 |
| Restricted funds | - | - | - | - | - |
| As at 31 December 2024 | 5,127,030 | 1 | 1,738,713 | - | 6,865,744 |
| As at 31 December 2023 | 5,124,567 | 1 | 2,345,193 | - | 7,469,761 |

19 Related parties

There are no related party transactions in the reporting period that require disclosure.

FLY NAVY HERITAGE TRUST LIMITED

England & Wales - Charity number 1117272

Accounts

Fly Navy Heritage Trust Limited
(A Charitable Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 December 2023

Company Number: 05971284
Charity Registered in England and Wales Number: 1117272

Fly Navy Heritage Trust Limited
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For the Year Ended 31 December 2023

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President

Admiral Sir George Zambellas GCB DSC ARC DL FRAeS

Trustee Directors:

Chairman

Rear Admiral T A Cunningham CBE

Ex- Officio

Rear Admiral S Moorhouse CBE – Asst Chief of Naval Staff (Aviation & Carriers) (appointed 1 May 2022)
Commodore N R Griffin MBE RN – Commanding Officer RNAS Yeovilton (resigned 29 August 2023)
Captain D Thomas – Commanding Officer RNAS Yeovilton (appointed 29 August 2023)

Elected

Rear Admiral S B Charlier CBE FRAeS – Chairman FAA Officers' Association
Mr N Coleman -- Market Development Leonardo Helicopters UK, UK Geographic Helicopter Division (appointed 12 October 2023)
Ms S L Cook – Vice President, UK Government business Leonardo (MW) (resigned 12 October 2023)
Commodore W M Covington CBE RN – Business Executive, aircraft owner
Mr E T Taylor – Business Executive, Lockheed Martin UK Limited
Mr T J Manna – President, Kennet Aviation
Mr N R Smith – Solicitor
Mr M J F Strong – Chartered Accountant
Rear Admiral I P G Tibbitt CBE – Deputy Chairman FNHT, Business Executive

Chief Executive Officer

Commodore R S Alexander OBE FRAeS

Company Secretary

Mr N R Smith

Charity Number

1117272

Company Number

05971284

Principal Address and Registered Office

Building 412, South Dispersal, RNAS Yeovilton, Ilchester, Somerset, BA22 8HT

Auditors

Albert Goodman LLP, Goodwood House, Blackbrook Park Avenue, Taunton, Somerset, TA1 2PX

Bankers

Barclays Bank Plc, King George Street, Yeovil, Somerset, BA20 1PX

The Trustee Directors ("Trustees") present their report and accounts For the Year Ended 31 December 2023. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charity's governing document, applicable law and the requirement of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

References and Administrative Details

Administrative information is given in a separate section at the front of these accounts.

Structure Governance and Management

The Fly Navy Heritage Trust was registered with the Charity Commission and is constituted and regulated by a Declaration of Trust dated 16 July 1991. In December 2006 the Trust transferred its assets and undertakings, in accordance with the incorporation agreement dated 31 December 2006, to the Fly Navy Heritage Trust Limited. This company, limited by guarantee, (company registration number 05971284) was incorporated on 18 October 2006; it is registered with the Charity Commission (charity registration number 01117272). In accordance with the governing document, the current trustees may appoint additional trustees and have absolute discretion and unrestricted powers to invest trust monies. Trustees may serve for up to three years before requiring re-appointment.

Induction and training of trustees

New Trustees are inducted and trained using information obtained from various sources, including the Charity Commission, attendance as required at specialist courses and by personal briefings.

Organisational structure

A full list of trustees and directors (all trustees are also directors of the company) who have served since 31 December 2022 is shown on page 1. The Trustees meet at least three times a year to discuss and review the current and future position of the Charity. The Charity occupies office space within MOD owned buildings within RNAS Yeovilton and now, in accordance with the Trustees' directive to increase the fundraising capacity of the charity, employs 17 staff members.

Related parties

Navy Wings Heritage Flight Limited (NWHF) (company registration number 07052646) is a wholly owned subsidiary of the Charity and exists as the trading operation of the Charity. Activities include sales of aircraft displays, sales of souvenir merchandise and the operation of the Chipmunk Mk 22 (G-CNVH).

Key management personnel

Remuneration for key management personnel is set by a Remuneration Committee comprising the Trust Chairman, Deputy Chairman and the Financial Trustee (an accountant). In setting salary levels, market comparators for similar roles within the charities sector are taken into consideration. There is also the need to ensure that key posts are attractive to personnel having the detailed knowledge, experience and skills demanded of both the charity and directing an aircraft operating company.

Risk management

The Trustees routinely assess the risks to which the Charity is exposed to ensure that systems and procedures are in place to mitigate exposure in these areas. A Risk Register is held in the Charity's Business Plan and is reviewed at Management Group level and at each Trustees' meeting. Risk mitigation actions are included as part of the charity's annual Work Plan.

Objectives

The Charity's objectives are set out in the Memorandum of Association as follows:

- To educate members of the Royal Navy and the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Navy aviation generally.
- To provide a memorial and tribute to the men and women who have flown, maintained or contributed in any way to the operation of aircraft within the fleet.
- To advance the effectiveness of the armed forces of the Crown by promoting the efficiency of aviation in the Royal Navy.

This can be summed up as: To Educate, Inspire and Remember; this is articulated as a single aim as follows: Inspiring future generations by bringing together the aircraft, people and the story of flying from ships.

Activities

Continuity is maintained at the Trust with the Chief Executive Officer, Commodore Jock Alexander remaining at the helm since joining in February 2016. The aim, enshrined in the Charitable Objectives, remains to reach as wide an audience as possible, supported by a continually evolving web-site and a wide collection of aircraft. The Navy Wings Heritage Flight consists of the ex-Royal Navy Historic Flight (RNHF) aircraft, along with a Harvard, Wasp and Seafire which have since been acquired.

2023 was the most successful year ever in the history of either the Royal Navy Historic flight, or Navy Wings. The aircraft were seen 'in the flesh' by over 2.8M people and the Trust achieved national coverage in the Press and on TV. Highlights included the Battle of the Atlantic 80th celebrations in Liverpool, National Armed Forces Day in Falmouth and the flying Legends Air Show at Sherburn-in-Elmet to name but a few. No planned sorties were lost through aircraft unserviceability. The transfer of the final aircraft (Swordfish LS326) was delayed once again through Government process, but we are now assured that all the paperwork has been completed and we expect to take ownership towards the end of this year. The Memorandum of Understanding agreed with the Royal Navy was re-signed by both parties in Feb 2024 and it continues to under-pin our business. We are currently nearing the end of the 2024 display circuit and all our planned flying activity has so far been met, with only two planned displays lost due to inclement weather.

From a financial perspective, the Trust remains in good health and we are currently in Year 4 of a 4-year investment programme valued at £5M. The stability of guaranteed income of this magnitude over the last four years cannot be underestimated and it has allowed us to invest in long term resilience, including many spare parts for our fleet of aircraft. This enabled us to apply to the Civil Aviation Authority (CAA) for permission to do our own engineering maintenance and we now hold all the required licenses to do so. We are currently in dialogue with the same investor about further donations.

Our weekly lottery is now producing a steady income stream, while our on-line presence continues to grow apace, which has enabled retail sales to finish yet another year ahead of budget. Major fund-raising activities were conducted in the form of a dinner in London and a charity Clay Pigeon Shoot at the Royal Berkshire Shooting Ground, all of which were very well supported and returned healthy profits. Finally, the launch of our documentary on the History of UK Naval Aviation has been delayed due to production reasons and we now expect it to be released in 2025, which should return a profit in years to come from downstream sales of DVD's and digital down-loads.

Volunteers and Sponsorship

The Trust and Navy Wings Heritage Flight Ltd, together trading as 'Navy Wings', continues with its well-established Volunteering Policy, which concentrates on a critical nucleus who provide the core of this support. This network of volunteers is drawn from the Navy Wings Supporter base who provide their time free in order to promote, develop and support various activities that aim to deliver required funds to continue operation. Volunteer support is invaluable and is particularly useful in sales of merchandise and aircraft support operations. The latter encompasses aircraft stores, documentation and admin support alongside supervised aircraft mechanical engineering tasks. All volunteers receive induction and training and, as necessary, health and safety briefings and workplace clothing. In addition, we have a small team of high profile Supporters who volunteer to promote 'Navy Wings' and the heritage aircraft as 'Ambassadors'.

Corporate Support

The Trust continues to enjoy support from a rich panoply of key players in industry, including some more new companies who have been attracted by our Corporate package programme and net-working opportunities. Our Corporate dinner in March 23 was once again a huge success and was completely sold out ahead of the event, which demonstrates that this has now become the 'go to' heritage aviation dinner as we planned it should be.

Grant making policy to Naval Wings Heritage Flight Ltd (NWHF)

The overall Business Plan for Navy Wings is to ensure Navy Wings Heritage Flight Ltd (NWHF) becomes profitable, where the key drivers will be the diversification and growth of income streams, as well as generating income from aircraft. Several Air Shows have ceased trading after the Covid crisis and as reported last year, we expect this income stream to remain low for some years to come. We have decided that in order to preserve precious aircraft flying hours, we will not be conducting regular paid flights in our Swordfish, but rather restricting these to bespoke flights as approved by the Board. Sales of merchandise remain very strong and continue to show year on year growth.

Achievements and Performance

As already stated, this was the busiest year ever for the Charity with all operational aims being achieved without incident and with no loss of aircraft displays from unserviceability. This is a remarkable achievement with a fleet of vintage aircraft. We now have a long term, costed plan for the next five years, with an outline plan for ten years and we have built in resilience in the form of spare engines, or parts for most of our fleet. Our financial achievements are covered separately, but to summarise, we remain in an excellent financial position and we have a highly motivated and professional work-force properly constituted to take us forward.

Reserves policy

Since there can be no guarantee of the quantum of future income streams, the Trustees' policy is to retain funds in excess of the current needs to meet unanticipated expenditure which is an inherent feature of maintaining historic aircraft. In addition, Trustees continue to ensure that available free reserves are adequate to cover in excess of 6 months operating costs of £782,000. At 31st December 2023 the group held £7,487,133 of free reserves and excess reserves to provide future funding for aircraft.

Review of financial position

From a financial point of view, 2023 was a successful year providing a surplus when a deficit was budgeted for. This is mostly down to unexpected Legacy donations received and also savings were achieved in direct and overhead costs as well.

The total consolidated income included £335,817 of restricted income (12.2%) and £2,405,734 of unrestricted income (87.8%). Restricted income was applied to the purposes for which it was provided. Income from grants, donations and legacies decreased this year by £241,334 to £2,190,702.

Navy Wings Heritage Flight Ltd Revenue (covering merchandising and aircraft displays) provided £245,698 of income. Merchandising was below budget however it continues to grow year on year and indeed was 20% higher than 2018.

Total consolidated expenditure in 2023 totalled £2,445,298, a decrease on the prior year with good management of expenditure in line with income. The Group held £70,553 of restricted funds at the year end and £7,523,131 in unrestricted funds.

Cash and short term investments totalled £1,650,717 at 31 December 2023 compared with £1,723,258 at the previous year end. Capital expenditure totalled £16,217 during the year, comprising of operational equipment (Helmets, Headsets) and computer equipment.

Plans for future periods

We have now been able to take a long-term view on aircraft and engine availability and we have thus streamlined our Fleet with the aim of having an aircraft available to cover as many epochs of naval aviation as we can. Our Sea Fury FB11 will return to the skies for the 2025 season alongside our Seafire Mk XVII (last flying example in the world) and we will have a second Swordfish in the air next year, meaning that the last two flying examples of this iconic aircraft are also operated by Navy Wings. We aim to build on our financial success by continuing to investigate alternative income streams, whilst we have also attracted some considerable positive PR with several national TV and newspaper appearances. We have now been granted a license to sell alcohol and we plan to market some bespoke (collectible bottles) of spirits later this year to celebrate various anniversaries as they happen. The Trust continues to plan for a sustainable programme and anticipates eventually operating a core flying fleet of two Swordfish, a Sea Fury, a Seafire, the Wasp helicopter and one Sea Hawk jet.

Going concern

The Trustees have, as always, given careful consideration to the cashflow forecasts of the charity covering the period of at least twelve months from the date of signing the accounts. They are satisfied that the charity has sufficient working capital resources in place over that period and therefore the accounts are drawn up on the going concern basis.

Auditors

The auditors, Albert Goodman LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the small companies regime under section 487(2) of the Companies Act 2006.

Statement of trustees' responsibilities

The trustees (who are directors of the Fly Navy Heritage Trust Limited for the purposes of company law) are responsible for preparing the Trustee Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the UK and the Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable 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;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report of which the group's auditor is unaware; and
- The trustees have each taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information

Approved by the Trustees on **24 September 2024** and signed on their behalf by:

Rear Admiral T A Cunningham CBE
Chairman and Trustee

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2023

Opinion

We have audited the financial statements of the Fly Navy Heritage Trust Limited For the Year Ended 31 December 2022, which comprise the consolidated Statement of Financial Activities, the consolidated and parent charitable company Balance Sheets, the consolidated and parent charitable company 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 Generally Accepted Accounting Practice, including Financial Reporting Standard 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 the parent charitable company's affairs as at 31 December 2023, 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 Companies Act 2006.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. 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.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2023

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee Directors' Report, which includes the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustee Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustee Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 7), the trustees (who are also the directors of the parent 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 group 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 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

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of Independent Auditors.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity and aviation sector.
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charity SORP, Aviation law, data protection, anti-bribery, employment and health and safety legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries with management.
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement including obtaining an understanding of how fraud might occur by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members

For the Year Ended 31 December 2023

In response to the risk of irregularities and non-compliance with laws and regulations we designed procedures which included, but were not limited to;

- Agreeing financial statements disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.grc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and parent charitable company's members and 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 group and parent charitable company and the group and parent charitable company's members as a body and the parent charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed

Robert Oram BFP FCA (Senior Statutory Auditor)

for and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

25 September 2024

Fly Navy Heritage Trust Limited

Consolidated Statement of Financial Activities (including income and expenditure account)

For the Year Ended 31 December 2023

| | Notes | Unres- tricted £ | Res- tricted £ | Total 2023 £ | Unres- tricted £ | Res-tricted £ | Total 2022 £ |
|--|-------|------------------------|----------------------|------------------|------------------------|--------------------|------------------|
| Income: | | | | | | | |
| Grants, donations and legacies | 2 | 1,854,885 | 335,817 | 2,190,702 | 1,571,574 | 860,462 | 2,432,036 |
| Other trading activities | 3 | 521,741 | - | 521,741 | 651,808 | - | 651,808 |
| Interest receivable | 4 | 29,108 | - | 29,108 | 2,663 | - | 2,663 |
| Total income | | 2,405,734 | 335,817 | 2,741,551 | 2,226,045 | 860,462 | 3,086,507 |
| Expenditure: | | | | | | | |
| Costs of raising funds | 5 | 754,527 | - | 754,527 | 1,008,568 | - | 1,008,568 |
| Charitable activities | 6 | 1,138,348 | 552,423 | 1,690,771 | 1,185,988 | 373,303 | 1,559,291 |
| Total expenditure | | 1,892,875 | 552,423 | 2,445,298 | 2,194,556 | 373,303 | 2,567,859 |
| Net (expenditure)/income for the year before transfers and gains and losses | | 512,859 | (216,606) | 296,253 | 31,489 | 487,159 | 518,648 |
| Transfers between funds | 17 | - | - | - | 2,200,000 | (2,200,000) | - |
| Realised and unrealised gains and losses | | - | - | - | (60,000) | - | (60,000) |
| Tax charge | | 1,491 | - | 1,491 | 18,174 | - | 18,174 |
| Net income/(expenditure) and net movement in funds for the year | 7 | 514,350 | (216,606) | 297,744 | 2,189,663 | (1,712,841) | 476,822 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 7,008,781 | 287,159 | 7,295,940 | 4,819,118 | 2,000,000 | 6,819,118 |
| Total funds carried forward | | 7,523,131 | 70,553 | 7,593,684 | 7,008,781 | 287,159 | 7,295,940 |

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

All income and expenditure derive from continuing activities.

Fly Navy Heritage Trust Limited – Company Number 05971284

Balance Sheet and Consolidated Balance Sheet

As at 31 December 2023

| | | 2023 | | 2022 | |
|---------------------------------------|-------|-------------|-------------|-------------|-------------|
| | | £ | £ | £ | £ |
| | Notes | Group | Charity | Group | Charity |
| Fixed assets | | | | | |
| Tangible fixed assets | 11 | 5,178,416 | 5,124,567 | 5,187,525 | 5,123,712 |
| Investments | 12 | - | 1 | - | 1 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 5,178,416 | 5,124,568 | 5,187,525 | 5,123,713 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Current assets | | | | | |
| Stock | 13 | 224,988 | 50,000 | 203,233 | 50,000 |
| Debtors | 14 | 760,545 | 732,555 | 451,797 | 585,702 |
| Cash at bank and in hand | | 1,650,717 | 1,638,563 | 1,723,258 | 1,568,475 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| | | 2,636,250 | 2,421,118 | 2,378,288 | 2,204,177 |
| Liabilities: | | | | | |
| Creditors falling due within one year | 15 | (216,520) | (65,925) | (263,920) | (92,851) |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Net current assets | | 2,419,730 | 2,355,193 | 2,114,368 | 2,111,326 |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Provision for liabilities | 16 | (4,462) | - | (5,953) | - |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total net assets | | 7,593,684 | 7,479,761 | 7,295,940 | 7,235,039 |
| | | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| The funds of the charity: | | | | | |
| Restricted funds | 17 | 70,553 | 636,576 | 287,159 | 287,159 |
| Unrestricted funds | 17 | 7,487,133 | 6,843,185 | 6,968,783 | 6,947,880 |
| Revaluation reserve | 17 | 35,998 | - | 39,998 | - |
| | | <hr/> | <hr/> | <hr/> | <hr/> |
| Total charity funds | | 7,593,684 | 7,479,761 | 7,295,940 | 7,235,039 |
| | | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The charity has taken advantage of Section 408 of the Companies Act and has not included its own Income and Expenditure Account or separate Statement of Financial Activities.

The Fly Navy Heritage Trust Limited has net incoming resources for the year of £244,722 (2022 - £515,920 incoming resources) based on income of £2,495,853 (2022- £2,878,794).

Fly Navy Heritage Trust Limited – Company Number 05971284
Balance Sheet and Consolidated Balance Sheet
As at 31 December 2023

The notes from pages 16 – 29 form part of these accounts.

Approved by the Board on 24 September 2023 and signed on their behalf by:

Rear Admiral T A Cunningham CBE
Trustee Director

Mr M J F Strong
Trustee Director

Fly Navy Heritage Trust Limited

Statement of Cash Flows and Consolidated Statement of Cash Flows

For the Year Ended 31 December 2023

| | Notes | Total 2023 | | Total 2022 | |
|--|-------|------------|--------------|-------------|--------------|
| | | £ Group | £ Charity | £ Group | £ Charity |
| Cash flows from operating activities | | | | | |
| Net movements in funds for the year | | 297,744 | 244,722 | 476,822 | 1,197,872 |
| Adjustments to cash flows from non-cash items | | | | | |
| Depreciation | 11 | 21,326 | 4,926 | 29,963 | 6,226 |
| Interest receivable | 4 | (29,108) | (29,108) | (2,663) | (2,663) |
| Deferred tax provision | | (1,491) | - | (18,174) | - |
| | | 288,471 | 220,540 | 485,948 | 1,201,435 |
| Working capital adjustments | | | | | |
| (Increase)/decrease in stocks | 13 | (21,755) | - | (24,915) | - |
| (Increase)/decrease in debtors | 14 | (308,748) | (146,853) | 1,960,488 | 1,750,827 |
| Increase/(decrease) in creditors | 15 | (47,400) | (26,926) | 39,800 | (12,867) |
| Net cash flow from operations | | (89,432) | 46,761 | 2,461,321 | 2,939,395 |
| Cash flows from investing activities | | | | | |
| Interest receivable | 4 | 29,108 | 29,108 | 2,663 | 2,663 |
| Realised and unrealised gains | | - | - | 60,000 | - |
| Disposal of tangible assets | | 4,000 | - | - | - |
| Acquisitions of tangible assets | 11 | (16,217) | (5,781) | (2,023,836) | (2,003,268) |
| Net (decrease)/increase in cash and cash equivalents | | (72,541) | 70,088 | 500,148 | 938,790 |
| Cash and cash equivalents at the beginning of the reporting period | | 1,723,258 | 1,568,475 | 1,223,110 | 629,685 |
| Cash and cash equivalents at the end of the reporting period | | 1,650,717 | 1,638,563 | 1,723,258 | 1,568,475 |
| Cash & Cash equivalents reconciliation: | | | | | |
| Cash at bank | | 1,650,717 | 1,638,563 | 1,723,258 | 1,568,475 |
| Total cash & cash equivalents at the end of the reporting period | | 1,650,717 | 1,638,563 | 1,723,258 | 1,568,475 |

1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

1.1 Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fly Navy Heritage Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s) and all amounts are presented in £ sterling.

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Naval Aviation Limited, on a line by line basis. The "Group" heading within the balance sheet refers to the consolidated accounts of the Fly Navy Heritage Trust Limited and Naval Aviation Limited.

In the parent company financial statements the investment in the trading subsidiary is accounted for at cost less impairment.

There are no material uncertainties about the charity's ability to continue as a going concern. Taking into account current trading and reserves, the trustees believe that the charity remains a going concern and no adjustments to the accounts are necessary.

1.2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The company is incorporated in England and Wales and the company registered office is detailed on page 1, reference and administration details.

1.3 Income

Income from grants and donations is recognised in the year in which they are receivable when there is evidence of entitlement, receipt is probable and the amount can be reliably measured.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from other trading income is included in the period in which the group is entitled to receipt, it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

1.4 Donated goods and services

Donated services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. Income is recognised within grants, donations and legacies and expenditure within costs of raising funds and charitable activities.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.6 Expenditure and irrecoverable VAT

Resources expended are recognised on the accruals basis to match the period in which the expenditure was incurred.

Costs of raising funds are expenditure incurred in generating the trading subsidiary funds and in generating the charity fundraising event income funds.

Charitable activities expenditure comprises costs incurred in by the charity in the delivery of its charitable purposes for beneficiaries including grants payable to other institutions.

Grants payable are at the discretion of the Trustees. They are in furtherance of the charity's objects, to support and promote the efficiency of aviation in the Royal Navy and to educate the members of the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Naval Aviation.

1.7 Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

1.9 Tangible fixed assets and depreciation

Aircraft are initially recorded at cost and are then revalued at the year end. The Trustees review the assets for impairment each year. Donated aircraft are brought in at fair value.

Computer equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

| | |
|---------------------|-----------------------|
| Plant and machinery | 3 years straight line |
| Office equipment | 3 years straight line |
| Computer equipment | 33% reducing balance |

Aircraft are not depreciated. The aircraft are continuously maintained and repaired and as a result of this, the directors have considered that they do not depreciate. The aircraft are reviewed for impairment each year.

1.10 Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

1.11 Stock

Stock consists of merchandise for resale and is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

1.14 Defined contribution pension

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as staff pension expense through the profit and loss when they are due.

1.15 Taxation

As a registered charity, the company is not liable to corporation tax or capital gains tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is not recoverable by the company, and is therefore included in the relevant costs in the Statement of Financial Activities. The charity subsidiary is able to recover Value Added Tax and therefore it is not included within the relevant costs in the Statement of Financial Activities.

1.16 Financial instruments

The charity only holds basic financial instruments as defined by FRS 102. The financial assets and financial liabilities of the company are as follows;

Financial assets – trade and other debtors, accrued income, amounts owed by group undertakings and other debtors are basic financial instruments, and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, amounts owed to group undertakings, bank loans, accrued expenses and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security and corporation tax creditors are not included in the financial instruments disclosure definition.

2 Grants, donations and legacies

| | Unres- tricted £ | Res- tricted £ | Total 2023 £ | Unres- tricted £ | Res- tricted £ | Total 2022 £ |
|--------------------------------|------------------------|----------------------|------------------|------------------------|----------------------|------------------|
| Grants, donations and legacies | 1,854,885 | 335,817 | 2,190,702 | 1,571,574 | 860,462 | 2,432,036 |
| | <u>1,854,885</u> | <u>335,817</u> | <u>2,190,702</u> | <u>1,571,574</u> | <u>860,462</u> | <u>2,432,036</u> |

3 Other trading income

| | Unres- tricted £ | Res- tricted £ | Total 2023 £ | Unres- tricted £ | Res- tricted £ | Total 2022 £ |
|--------------------------|------------------------|----------------------|-----------------|------------------------|----------------------|-----------------|
| Merchandise | 189,965 | - | 189,965 | 207,588 | - | 207,588 |
| Fundraising event income | 276,043 | - | 276,043 | 444,095 | - | 444,095 |
| Other income | 4,725 | - | 4,725 | 125 | - | 125 |
| | <u>521,741</u> | <u>-</u> | <u>521,741</u> | <u>651,808</u> | <u>-</u> | <u>651,808</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2023

4 Interest receivable

| | Unres- tricted £ | Res- tricted £ | Total 2023 £ | Unres- tricted £ | Res- tricted £ | Total 2022 £ |
|---------------|------------------------|----------------------|-----------------|------------------------|----------------------|-----------------|
| Bank interest | 29,108 | - | 29,108 | 2,663 | - | 2,663 |

5 Costs of raising funds

| | Unres- tricted £ | Res- tricted £ | Total 2023 £ | Unres- tricted £ | Res- tricted £ | Total 2022 £ |
|--------------------|------------------------|----------------------|-----------------|------------------------|----------------------|-----------------|
| Fundraising costs | 123,308 | - | 123,308 | 319,918 | - | 319,918 |
| PR and advertising | 10,824 | - | 10,824 | 11,895 | - | 11,895 |
| Trading costs | 620,395 | - | 620,395 | 676,755 | - | 676,755 |
| | 754,527 | - | 754,527 | 1,008,568 | - | 1,008,568 |

6 Charitable activities

| | Unres- tricted £ | Res- tricted £ | Total 2023 £ | Unres- tricted £ | Res- tricted £ | Total 2022 £ |
|----------------------|------------------------|----------------------|-----------------|------------------------|----------------------|-----------------|
| Aircraft maintenance | 11,829 | 536,921 | 548,750 | 236,108 | 260,462 | 496,570 |
| Insurance | 19,875 | - | 19,875 | 13,628 | - | 13,628 |
| Payroll fees | 2,023 | - | 2,023 | 2,026 | - | 2,026 |
| Staff costs | 714,908 | - | 714,908 | 672,343 | - | 672,343 |
| Consultancy | 156,273 | 15,502 | 171,775 | 91,848 | 112,841 | 204,689 |
| Other administration | 138,375 | - | 138,375 | 79,864 | - | 79,864 |
| Depreciation | 21,012 | - | 21,012 | 29,868 | - | 29,868 |
| Governance costs | 65,753 | - | 65,753 | 60,303 | - | 60,303 |
| Bad debts | 8,300 | - | 8,300 | - | - | - |
| | 1,138,348 | 552,423 | 1,690,771 | 1,185,988 | 373,303 | 1,559,291 |

7 Net income/(expenditure) for the year

This is stated after charging:

| | Charity | | Subsidiary | | Total | |
|------------------------------|---------|--------|------------|--------|--------|--------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | £ | £ | £ | £ | £ | £ |
| Depreciation of owned assets | 21,326 | 29,963 | 16,400 | 23,737 | 37,726 | 53,700 |
| Auditors remuneration | | | | | | |
| Audit services | 5,200 | 3,950 | 2,300 | 2,300 | 7,500 | 6,250 |
| Other services - accounting | 710 | - | 2,190 | 1,466 | 2,900 | 1,466 |

8 Trustee directors

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2022 – £nil). No trustees were reimbursed expenses (2022 – £nil) during the year. No charity trustee received payment for professional or other services supplied to the charity (2022 – £nil).

The charity has paid £3,052 (2022 – £1,421) for directors and officers indemnity insurance.

9 Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £12,340 (2022 – £11,044).

Contributions totalling £3,123 (2022 – £2,754) were payable to the scheme at the end of the year.

10 Employees

Number of employees

The average monthly number of employees during the year was:

| | 2023 | 2022 |
|-------------------------------|-------------|-------------|
| Chief executive officer | 1 | 1 |
| Management and administration | 16 | 16 |
| | <u>17</u> | <u>17</u> |

Employment costs

| | 2023 | 2022 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 632,201 | 598,785 |
| Social security costs | 65,687 | 58,733 |
| Pension costs | 12,340 | 11,044 |
| | <u>710,228</u> | <u>668,562</u> |

The number of employees whose annual emoluments were £60,000 or more were:

| | 2023 | 2022 |
|---------------------|---------------|---------------|
| | number | number |
| £100,000 - £110,000 | - | 1 |
| £110,000 - £120,000 | 1 | - |
| | <u>1</u> | <u>1</u> |

No pension costs were paid to this individual during the year (2022 – £nil)

The key management personnel of the group comprise those of the Trust and its wholly owned subsidiary Navy Wings Heritage Flight Limited. The key management personnel of the Trust comprise the trustees and the Chief Executive Officer. Navy Wings Heritage Flight Limited does not have remuneration costs as all staff are paid by the Trust.

The total employee benefits including employers national insurance and employers pension costs of the key management personnel of the Trust were £124,200 (2022 - £120,092).

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2023

11 Tangible fixed assets

| | Aircraft | Plant & Machinery | Office Equipment | Computer Equipment | Total |
|-----------------------|------------------|----------------------|---------------------|-----------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2023 | 5,153,000 | 70,944 | 15,662 | 64,242 | 5,303,848 |
| Additions | - | 10,436 | - | 5,781 | 16,217 |
| Disposal | (4,000) | - | - | - | (4,000) |
| | <u>5,149,000</u> | <u>81,380</u> | <u>15,662</u> | <u>70,023</u> | <u>5,316,065</u> |
| Depreciation | | | | | |
| At 1 January 2023 | - | 48,918 | 13,875 | 53,530 | 116,323 |
| Charge for the year | - | 15,266 | 1,134 | 4,926 | 21,326 |
| | <u>-</u> | <u>64,184</u> | <u>15,009</u> | <u>58,456</u> | <u>137,649</u> |
| Net book value | | | | | |
| At 31 December 2023 | <u>5,149,000</u> | <u>17,196</u> | <u>653</u> | <u>11,567</u> | <u>5,178,416</u> |
| At 31 December 2022 | <u>5,153,000</u> | <u>22,026</u> | <u>1,787</u> | <u>10,712</u> | <u>5,187,525</u> |

The year end open market value of the aircraft has been considered by the Trustees and the revaluation reflected in in the accounts. The value of the aircraft donated has been bought in at the insurance value, which is considered to be a fair reflection of the market value of the aircraft. The historical cost of the aircraft is £2.

| Charity | Aircraft | Computer Equipment | Total |
|-----------------------|------------------|-------------------------------|------------------|
| Cost | £ | £ | £ |
| At 1 January 2023 | 5,113,000 | 64,242 | 5,177,242 |
| Additions | - | 5,781 | 5,781 |
| | <u>5,113,000</u> | <u>70,023</u> | <u>5,183,023</u> |
| Depreciation | | | |
| At 1 January 2023 | - | 53,530 | 53,530 |
| Charge for the year | - | 4,926 | 4,926 |
| | <u>-</u> | <u>58,456</u> | <u>58,456</u> |
| Net book value | | | |
| At 31 December 2023 | <u>5,113,000</u> | <u>11,567</u> | <u>5,124,567</u> |
| At 31 December 2022 | <u>5,113,000</u> | <u>10,712</u> | <u>5,123,712</u> |

The year end open market value has been considered by the trustees and the revaluation reflected in the accounts. The value of the aircraft donated has been bought in at the insurance value, which is considered to be a fair reflection of the market value of the aircraft.

12 Investments

| | Charity | |
|---|----------------|-------------|
| | 2023 | 2022 |
| | £ | £ |
| Navy Wings Heritage Flight Limited - 1 ordinary shares of £1 each | 1 | 1 |

Navy Wings Heritage Flight Limited (company no. 07052646) was incorporated in England and Wales on 21 October 2009 as a wholly owned trading subsidiary of Fly Navy Heritage Trust Limited. The parent charity holds 100% of the issued share capital and voting rights of the subsidiary.

The principal activity of the company is the operation of commercial activity on behalf of Fly Navy Heritage Trust Limited. The subsidiary gift aids its taxable profits to Fly Navy Heritage Trust Limited, and files audited accounts with the Registrar of Companies.

A summary of the trading results is shown below:

| | 2023 | 2022 |
|----------------------------------|-------------|-------------|
| | £ | £ |
| Turnover | 1,319,044 | 1,232,241 |
| Cost of sales | (1,169,145) | (1,173,325) |
| Gross profit | 149,899 | 58,916 |
| Administrative expenses | (98,443) | (798,140) |
| Other operating income | 75 | - |
| Net loss before tax | 51,531 | (739,224) |
| Taxation | 1,491 | 18,174 |
| Retained in subsidiary | 53,022 | (721,050) |
| The assets and liabilities were: | | |
| Fixed assets | 53,849 | 63,813 |
| Current assets | 489,327 | 345,216 |
| Current liabilities | (424,791) | (342,175) |
| Provisions | (4,462) | (5,953) |
| Total net assets | 113,923 | 60,901 |
| Called up share capital | 1 | 1 |
| Revaluation reserve | 35,998 | 39,998 |
| Profit and loss account | 77,924 | 20,902 |
| | 113,923 | 60,901 |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2023

13 Stocks

| | 2023 | | 2022 | |
|------------------|--------------|----------------|--------------|----------------|
| | Group | Charity | Group | Charity |
| | £ | £ | £ | £ |
| Goods for resale | 224,988 | 50,000 | 203,233 | 50,000 |

14 Debtors

| | 2023 | | 2022 | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | Group | Charity | Group | Charity |
| | £ | £ | £ | £ |
| Trade debtors | 18,540 | 13,970 | 38,244 | 37,100 |
| Other debtors | 36,663 | 240 | 27,023 | - |
| Prepayments and accrued income | 705,342 | 444,150 | 386,530 | 377,497 |
| Amounts owed by group undertakings | - | 274,195 | - | 171,105 |
| | <u>760,545</u> | <u>732,555</u> | <u>451,797</u> | <u>585,702</u> |

15 Creditors: Amounts falling due within one year

| | 2023 | | 2022 | |
|------------------------------|----------------|----------------|----------------|----------------|
| | Group | Charity | Group | Charity |
| | £ | £ | £ | £ |
| Trade creditors | 65,613 | 12,420 | 48,671 | 28,758 |
| Accruals | 103,904 | 6,502 | 160,108 | 8,952 |
| Deferred income | 22,799 | 22,799 | 35,299 | 35,299 |
| Taxation and social security | 24,204 | 24,204 | 19,842 | 19,842 |
| | <u>216,520</u> | <u>65,925</u> | <u>263,920</u> | <u>92,851</u> |

16 Provision for liabilities

Group

| | Deferred tax | Total |
|--|---------------------|---------------------|
| | £ | £ |
| At 1 January 2023 | 5,953 | 5,953 |
| Increase (decrease) in existing provisions | <u>(1,491)</u> | <u>(1,491)</u> |
| At 31 December 2023 | <u><u>4,462</u></u> | <u><u>4,462</u></u> |

Deferred tax

Deferred tax assets and liabilities:

| | Asset | Liability |
|--------------------------|-----------------|---------------------|
| | £ | £ |
| 2023 | | |
| Other timing differences | <u>-</u> | <u>4,462</u> |
| | <u><u>-</u></u> | <u><u>4,462</u></u> |
| 2022 | | |
| Other timing differences | <u>-</u> | <u>5,953</u> |
| | <u><u>-</u></u> | <u><u>5,953</u></u> |

17 Summary of movement in funds

| Group | Opening Balance £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | Closing Balance £ |
|---------------------------|----------------------------------|-------------------------------------|-------------------------------------|------------------------|----------------------------------|
| <u>Unrestricted funds</u> | | | | | |
| General | 6,968,783 | 2,405,734 | (1,891,384) | 4,000 | 7,487,133 |
| Revaluation reserve | 39,998 | - | - | (4,000) | 35,998 |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 335,817 | (335,817) | - | - |
| RNVR Naval Club | 287,159 | - | (216,606) | - | 70,553 |
| | <u>7,295,940</u> | <u>2,741,551</u> | <u>(2,443,807)</u> | <u>-</u> | <u>7,593,684</u> |
| | | | | | |
| Charity | Opening Balance £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | Closing Balance £ |
| <u>Unrestricted funds</u> | | | | | |
| General | 6,947,880 | 2,146,436 | (2,251,131) | - | 6,843,185 |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 349,417 | - | - | 349,417 |
| RNVR Naval Club | 287,159 | - | - | - | 287,159 |
| | <u>7,235,039</u> | <u>2,495,853</u> | <u>(2,251,131)</u> | <u>-</u> | <u>7,479,761</u> |

Unrestricted funds

The Trustees general funds that have been received with no specific purpose other to be used for the organisations charitable objectives.

Restricted funds

- The Swordfish W5856 fund represents monies received from HM Treasury's LIBOR Fines Fund specifically for the provision of onward funding to the Royal Navy Historic Flight for the essential maintenance, repair and operation of Swordfish W5856.
- Transitional funds relates to income received for the maintenance of aircraft transferred to the charity. The transfer of funds relates to transitional funds used to purchase fixed assets.
- The funds received from the Culture recovery fund were to cover overhead costs to support the charity through the pandemic.
- The RNVR Naval Club fund represents monies received from a donation towards Swordfish and Chipmunk projects.
- The Seafire fund represents monies received from a donation for the purchase and upkeep of a new Seafire aircraft.

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2023

Summary of movement in funds - 2022

| Group | Opening Balance | Incoming Resources | Outgoing Resources | Transfers | Closing Balance |
|---------------------------|------------------------|---------------------------|---------------------------|------------------|------------------------|
| | £ | £ | £ | £ | £ |
| <u>Unrestricted funds</u> | | | | | |
| General | 4,719,120 | 2,226,045 | (2,176,382) | 2,200,000 | 6,968,783 |
| Revaluation reserve | 99,998 | - | (60,000) | - | 39,998 |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 260,462 | (260,462) | - | - |
| RNVR Naval Club | - | 400,000 | (112,841) | - | 287,159 |
| Seafire | 2,000,000 | 200,000 | - | (2,200,000) | - |
| | <u>6,819,118</u> | <u>3,086,507</u> | <u>(2,609,685)</u> | <u>-</u> | <u>7,295,940</u> |
| Charity | Opening Balance | Incoming Resources | Outgoing Resources | Transfers | Closing Balance |
| | £ | £ | £ | £ | £ |
| <u>Unrestricted funds</u> | | | | | |
| General | 4,037,167 | 2,700,284 | (1,989,571) | 2,200,000 | 6,947,880 |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 260,462 | (260,462) | - | - |
| RNVR Naval Club | - | 400,000 | (112,841) | - | 287,159 |
| Seafire | 2,000,000 | 200,000 | - | (2,200,000) | - |
| | <u>6,037,167</u> | <u>3,560,746</u> | <u>(2,362,874)</u> | <u>-</u> | <u>7,235,039</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2023

18 Analysis of assets between funds

| Group | Tangible Fixed Assets £ | Investments £ | Net Current Assets £ | Provisions £ | Total £ |
|-------------------------------|--|--------------------------|-------------------------------------|-------------------------|--------------------|
| Unrestricted funds | 5,178,416 | - | 2,349,177 | (4,462) | 7,523,131 |
| Restricted funds | - | - | 70,553 | - | 70,553 |
| As at 31 December 2023 | 5,178,416 | - | 2,419,730 | (4,462) | 7,593,684 |
| As at 31 December 2022 | 5,187,525 | - | 2,114,368 | (5,953) | 7,295,940 |

| Charity | Tangible Fixed Assets £ | Investments £ | Net Current Assets £ | Provisions £ | Total £ |
|-------------------------------|--|--------------------------|-------------------------------------|-------------------------|--------------------|
| Unrestricted funds | 5,124,567 | 1 | 1,718,617 | - | 6,843,185 |
| Restricted funds | - | - | 636,576 | - | 636,576 |
| As at 31 December 2023 | 5,124,567 | 1 | 2,355,193 | - | 7,479,761 |
| As at 31 December 2022 | 5,123,712 | 1 | 2,111,326 | - | 7,235,039 |

19 Related parties

There are no related party transactions in the reporting period that require disclosure.

FLY NAVY HERITAGE TRUST LIMITED

England & Wales - Charity number 1117272

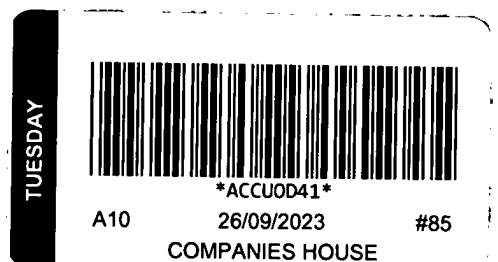
Accounts

Fly Navy Heritage Trust Limited
(A Charitable Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 December 2022

Company Number: 05971284
Charity Registered in England and Wales Number: 1117272



Fly Navy Heritage Trust Limited
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For the Year Ended 31 December 2022

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Fly Navy Heritage Trust Limited
Reference and Administrative Details
For the Year Ended 31 December 2022

Patron

HRH the Duke of York KG GCVO (resigned 13 January 2022)

President

Admiral Sir George Zambellas GCB DSC ARC DL FRAeS

Trustee Directors:

Chairman

Rear Admiral T A Cunningham CBE

Ex- Officio

Rear Admiral M J Connell CBE – Asst Chief of Naval Staff (Aviation & Carriers) (resigned 1 May 2022)
Rear Admiral S Moorhouse CBE – Asst Chief of Naval Staff (Aviation & Carriers) (appointed 1 May 2022)
Commodore N R Griffin MBE RN – Commanding Officer RNAS Yeovilton

Elected

Rear Admiral S B Charlier CBE FRAeS – Chairman FAA Officers' Association
Ms S L Cook – Vice President, UK Government business
Leonardo (MW)
Commodore W M Covington CBE RN – Business Executive, aircraft owner
Mr E T Taylor – Business Executive, Lockheed Martin UK Limited
Mr T J Manna – President, Kennet Aviation
Mr M J Ryan – Business Executive, aircraft owner
(resigned 22 September 2022)
Mr N R Smith – Solicitor
Mr M J F Strong – Chartered Accountant
Rear Admiral I P G Tibbitt CBE – Deputy Chairman FNHT, Business Executive

Chief Executive Officer

Commodore R S Alexander OBE FRAeS

Company Secretary

Mr N R Smith

Charity Number

1117272

Company Number

05971284

Principal Address and Registered Office

Building 412, South Dispersal, RNAS Yeovilton, Ilchester, Somerset, BA22 8HT

Auditors

Albert Goodman LLP, Goodwood House, Blackbrook Park Avenue, Taunton, Somerset, TA1 2PX

Bankers

Barclays Bank Plc, King George Street, Yeovil, Somerset, BA20 1PX

The Trustee Directors ("Trustees") present their report and accounts For the Year Ended 31 December 2022. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charity's governing document, applicable law and the requirement of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

References and Administrative Details

Administrative information is given in a separate section at the front of these accounts.

Structure Governance and Management

The Fly Navy Heritage Trust was registered with the Charity Commission and is constituted and regulated by a Declaration of Trust dated 16 July 1991. In December 2006 the Trust transferred its assets and undertakings, in accordance with the incorporation agreement dated 31 December 2006, to the Fly Navy Heritage Trust Limited. This company, limited by guarantee, (company registration number 05971284) was incorporated on 18 October 2006; it is registered with the Charity Commission (charity registration number 01117272). In accordance with the governing document, the current trustees may appoint additional trustees and have absolute discretion and unrestricted powers to invest trust monies. Trustees may serve for up to three years before requiring re-appointment.

Induction and training of trustees

New Trustees are inducted and trained using information obtained from various sources, including the Charity Commission, attendance as required at specialist courses and by personal briefings.

Organisational structure

A full list of trustees and directors (all trustees are also directors of the company) who have served since 31 December 2021 is shown on page 1. The Trustees meet at least three times a year to discuss and review the current and future position of the Charity. The Charity occupies office space within MOD owned buildings within RNAS Yeovilton and now, in accordance with the Trustees' directive to increase the fundraising capacity of the charity, employs 17 staff members.

Related parties

Navy Wings Heritage Flight Limited (NWHF) (company registration number 07052646) is a wholly owned subsidiary of the Charity and exists as the trading operation of the Charity. Activities include sales of aircraft displays, sales of souvenir merchandise and the operation of the Chipmunk Mk 22 (G-CNVH).

Key management personnel

Remuneration for key management personnel is set by a Remuneration Committee comprising the Trust Chairman, Deputy Chairman and the Financial Trustee (an accountant). In setting salary levels, market comparators for similar roles within the charities sector are taken into consideration. There is also the need to ensure that key posts are attractive to personnel having the detailed knowledge, experience and skills demanded of both the charity and directing an aircraft operating company.

Risk management

The Trustees routinely assess the risks to which the Charity is exposed to ensure that systems and procedures are in place to mitigate exposure in these areas. A Risk Register is held in the Charity's Business Plan and is reviewed at Management Group level and at each Trustees' meeting. Risk mitigation actions are included as part of the charity's annual Work Plan.

Objectives

The Charity's objectives are set out in the Memorandum of Association as follows:

- To educate members of the Royal Navy and the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Navy aviation generally.
- To provide a memorial and tribute to the men and women who have flown, maintained or contributed in any way to the operation of aircraft within the fleet.
- To advance the effectiveness of the armed forces of the Crown by promoting the efficiency of aviation in the Royal Navy.

This can be summed up as: To Educate, Inspire and Remember; this is articulated as a single aim as follows: Inspiring future generations by bringing together the aircraft, people and the story of flying from ships.

Activities

The Chief Executive Officer, Commodore Jock Alexander, joined the Trust in February 2016, following which the Charity was re-branded as 'Navy Wings' in July of the same year. The aim remains to reach as wide an audience as possible, supported by a continually evolving web-site and a wide collection of aircraft. The core Flight has now been renamed as the Navy Wings Heritage Flight, which consists of the ex-Royal Navy Historic Flight (RNHF) aircraft, along with ones the Trust owned.

The bulk of management activity in 2022 was spent getting the aircraft around various locations in the UK, so that we could be seen as 'active' again after the COVID years. Major fund-raising activities were re-started in the form of two dinners in London and a charity Clay Pigeon Shoot in Berkshire. Most of the ex RNHF aircraft are now owned by the Trust, with the exception of Swordfish LS 326, which remains mired in paper-work and is now expected to be gifted to us in late 2023. That said, we have been given permission by the Royal Navy to conduct maintenance on her, in the full expectation that she will belong to us in the future. The Memorandum of Understanding agreed with the Royal Navy, has once again been refreshed and continues to under-pin our business. We are currently at the start of the 2023 display circuit and all our planned flying activity has so far been met.

From a financial perspective, the Trust is in good health and we are currently in Year 3 of a 4 year investment programme to the tune of £1.25M per annum. The stability of having £5M over four years cannot be underestimated and it has allowed us to not only purchase our own training aircraft and helicopter, but also to invest in a long-term plan for engine availability, along with a properly constituted engineering workforce. This enabled us to apply to the Civil Aviation Authority (CAA) for permission to do our own engineering maintenance and we now hold all the required licenses to do so.

Our weekly lottery, which we launched in May 2020, appears now to have peaked in terms of growth and so we are no longer investing in building the numbers, but rather will now let it run and take the income stream. Meanwhile, our continued investment in online presence continues to pay dividends and our retail sales finished yet another year ahead of budget. We have also now launched our own YouTube channel to monetise some of our videos and we expect to see the annual income from this gently build up in the future.

Fly Navy Heritage Trust Limited

Trustee Directors' Report

For the Year Ended 31 December 2022

We ran three fund-raising events in the form of a Corporate dinner in London, a Clay Pigeon shoot at the Royal Berks Shooting Ground and an Ambassador's Dinner in central London, all of which were very well supported and returned a healthy profit. Finally, we have commissioned a two-part documentary on the History of UK Naval Aviation, which we expect to be ready for launch in Q4 of 2023 and which should return a profit in years to come from downstream sales of DVD's and digital down-loads.

Volunteers and Sponsorship

The Trust and Naval Aviation Ltd, together trading as 'Navy Wings', continues with its well established Volunteering Policy, which concentrates on a critical nucleus who provide the core of this support. This network of volunteers is drawn from the Navy Wings Supporter base who provide their time free in order to promote, develop and support various activities that aim to deliver required funds to continue operation. Volunteer support is invaluable and is particularly useful in sales of merchandise and aircraft support operations. The latter encompasses aircraft stores, documentation and admin support alongside supervised aircraft mechanical engineering tasks. All volunteers receive induction and training and, as necessary, health and safety briefings and workplace clothing. In addition, we have a small team of high profile Supporters who volunteer to promote 'Navy Wings' and the heritage aircraft as 'Ambassadors'.

Corporate Support

The Trust continues to enjoy support from some key players in industry, including some exciting new companies who have been attracted by our Corporate package programme and net-working opportunities. Our Corporate dinner in March 22 was a huge success and was completely sold out a few weeks ahead of the event, which demonstrates that this has now become the 'go to' heritage aviation dinner as we planned it should be.

Grant making policy to Naval Wings Heritage Flight Ltd (NWHF)

The Trustees decided that our sole beneficiary should be re-named from Naval Aviation Ltd, to Navy Wings Heritage Flight Ltd (NWHF) in order to ensure coherence of the Navy Wings brand. This was changed formally with Companies House to date 1 Jan 23. The overall Business Plan for Navy Wings is to ensure NWHF becomes profitable, where the key drivers will be the diversification and growth of income streams, as well as generating income from aircraft. Although Air Shows have largely recovered from the Covid years, many of the smaller ones have simply ceased to exist and we expect this income stream to remain low for some years to come. That said, we expect CAA permission to conduct paid flights in our Swordfish from early summer 23 and this should prove to be a regular new income stream. Sales of merchandise remain very strong and continue to show year on year growth.

Achievements and Performance

The main achievement of the Charity was to get all of our aircraft either back into the air, or on a long term, fully costed trajectory to get them there. We have used our high level of donations to invest in our future and we now have a long-term plan for engine sustainability, which should ensure success for at least the next five years. All our planned displays were conducted without incident and the only two lost events were due to inclement weather, which was out with our control. Our financial achievements are covered separately, but to summarise, we remain in an excellent financial position and we have a highly motivated and professional work-force properly constituted to take us forward.

Reserves policy

Since there can be no guarantee of the quantum of future income streams, the Trustees' policy is to retain funds in excess of the current needs to meet unanticipated expenditure which is an inherent feature of maintaining historic aircraft. In addition, Trustees continue to ensure that available free reserves are adequate to cover in excess of 6 months operating costs of £779,646. At 31st December 2022 the group held £1,821,256 of free reserves. The excess reserves are to provide funding for future projects. Planned expenditure for 2023 includes some £230k for Pegasus engine overhauls, a bill of £160K for a Pratt & Whitney engine for the Sea Fury and £80K for work on the Seafire Griffon engine. 2024 is expected to include £200k for the Griffon overhaul and circa £280K for Pegasus spares, whilst 2025 is expected to see a further £450k of Pegasus work and circa £195K of Wasp spares.

Review of financial position

From a financial point of view, 2022, was a successful year and a complete turnaround from a budgeted deficit due to significant Grant & Legacy donations unexpectedly received in the year. The previously secured, significant funding that is set to continue for a further couple of years continues to provide sustainability to aid in the success in the Charity's long-term future.

The total consolidated income included £860,462 of restricted income (27.9%) and £2,226,045 of unrestricted income (72.1%). Restricted income was applied to the purposes for which it was provided. Income from grants, donations and legacies decreased this year by £4,714,827 to £2,432,036. The decrease was expected given the large donation of aircraft received in the prior year.

NWHF Retail Sales (covering merchandising and aircraft displays) provided £207,588 of income. Merchandising continues to grow year on year spurred on this year by post covid era air show sales. FNHT Events, which form a large part of most income streams, provided a sizeable contribution of £444,095.

Total consolidated expenditure in 2022 totalled £2,567,859, which although an increase on prior year was a direct result of restricted expenditure for which funds were provided for. The Group held £287,159 of restricted funds at the year end and £7,008,781 in unrestricted funds.

Cash and short term investments totalled £1,723,258 at 31 December 2022 compared with £1,223,110 at the previous year end. Capital expenditure totalled £2,023,836 during the year, comprising of operational and IT equipment and a Seafire Mk XVII.

Plans for future periods

The Charity is now able to invest in a long-term strategy for the production and refurbishment of engines, which has always been a critical line of support. We are stream-lining our Fleet by disposing of the Sea Vixen, which would have been too costly to return to flight and investing some time and effort in bringing our Sea Hawk back to flight. We continue to investigate alternative income streams such as the lottery, our own YouTube channel and the forthcoming documentary, whilst we have also attracted some considerable positive PR interest with several cameo TV appearances lined up. The Trust continues to plan for a sustainable programme and anticipates eventually operating a core flying fleet of one Swordfish, either a Sea Fury or a Seafire, the Wasp helicopter and one Sea Hawk jet.

Going concern

The Trustees have, as always, given careful consideration to the cashflow forecasts of the charity covering the period of at least twelve months from the date of signing the accounts. They are satisfied that the charity has sufficient working capital resources in place over that period and therefore the accounts are drawn up on the going concern basis.

Auditors

The auditors, Albert Goodman LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the small companies regime under section 487(2) of the Companies Act 2006.

Statement of trustees' responsibilities

The trustees (who are directors of the Fly Navy Heritage Trust Limited for the purposes of company law) are responsible for preparing the Trustee Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the UK and the Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable 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;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

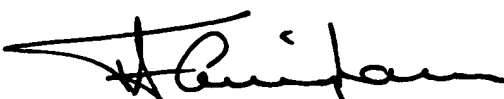
The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report of which the group's auditor is unaware; and
- The trustees have each taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information

Approved by the Trustees on 19 September 2023 and signed on their behalf by:



Rear Admiral T A Cunningham CBE
Chairman and Trustee

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2022

Opinion

We have audited the financial statements of the Fly Navy Heritage Trust Limited For the Year Ended 31 December 2022, which comprise the consolidated Statement of Financial Activities, the consolidated and parent charitable company Balance Sheets, the consolidated and parent charitable company 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 Generally Accepted Accounting Practice, including Financial Reporting Standard 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 the parent charitable company's affairs as at 31 December 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 Companies Act 2006.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. 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.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2022

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee Directors' Report, which includes the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustee Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustee Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 7), the trustees (who are also the directors of the parent 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 group 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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2022

Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of Independent Auditors.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity and aviation sector.
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charity SORP, Aviation law, data protection, anti-bribery, employment and health and safety legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries with management.
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement including obtaining an understanding of how fraud might occur by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2022

In response to the risk of irregularities and non-compliance with laws and regulations we designed procedures which included, but were not limited to;

- Agreeing financial statements disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.grc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and parent charitable company's members and 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 group and parent charitable company and the group and parent charitable company's members as a body and the parent charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed

Albert Goodman LLP

Robert Oram BFP FCA (Senior Statutory Auditor)
for and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

25/9/23

Fly Navy Heritage Trust Limited

Consolidated Statement of Financial Activities (including income and expenditure account)
For the Year Ended 31 December 2022

| | Notes | Unres- tricted £ | Res-tricted £ | Total 2022 £ | Unres- tricted £ | Res-tricted £ | Total 2021 £ |
|--|-------|------------------------|--------------------|------------------|------------------------|------------------|------------------|
| Income: | | | | | | | |
| Grants, donations and legacies | 2 | 1,571,574 | 860,462 | 2,432,036 | 4,465,157 | 2,681,706 | 7,146,863 |
| Other trading activities | 3 | 651,808 | - | 651,808 | 1,372,067 | - | 1,372,067 |
| Interest receivable | 4 | 2,663 | - | 2,663 | 179 | - | 179 |
| Total income | | 2,226,045 | 860,462 | 3,086,507 | 5,837,403 | 2,681,706 | 8,519,109 |
| Expenditure: | | | | | | | |
| Costs of raising funds | 5 | 1,008,568 | - | 1,008,568 | 673,674 | 189,036 | 862,710 |
| Charitable activities | 6 | 1,185,988 | 373,303 | 1,559,291 | 698,257 | 515,848 | 1,214,105 |
| Total expenditure | | 2,194,556 | 373,303 | 2,567,859 | 1,371,931 | 704,884 | 2,076,815 |
| Net (expenditure)/income for the year before transfers and gains and losses | | 31,489 | 487,159 | 518,648 | 4,465,472 | 1,976,822 | 6,442,294 |
| Transfers between funds | 17 | 2,200,000 | (2,200,000) | - | 73,231 | (73,231) | - |
| Realised and unrealised gains and losses | | (60,000) | - | (60,000) | - | - | - |
| Tax charge | | 18,174 | - | 18,174 | (24,127) | - | (24,127) |
| Net income/(expenditure) and net movement in funds for the year | 7 | 2,189,663 | (1,712,841) | 476,822 | 4,514,576 | 1,903,591 | 6,418,167 |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 4,819,118 | 2,000,000 | 6,819,118 | 304,542 | 96,409 | 400,951 |
| Total funds carried forward | | 7,008,781 | 287,159 | 7,295,940 | 4,819,118 | 2,000,000 | 6,819,118 |

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

All income and expenditure derive from continuing activities.

Fly Navy Heritage Trust Limited – Company Number 05971284

Balance Sheet and Consolidated Balance Sheet

As at 31 December 2022

| | Notes | 2022 | | 2021 | |
|---------------------------------------|-------|------------------|------------------|------------------|------------------|
| | | £ Group | £ Charity | £ Group | £ Charity |
| Fixed assets | | | | | |
| Tangible fixed assets | 11 | 5,187,525 | 5,123,712 | 3,253,652 | 3,126,670 |
| Investments | 12 | - | 1 | - | 1 |
| | | <u>5,187,525</u> | <u>5,123,713</u> | <u>3,253,652</u> | <u>3,126,671</u> |
| Current assets | | | | | |
| Stock | 13 | 203,233 | 50,000 | 178,318 | 50,000 |
| Debtors | 14 | 451,797 | 585,702 | 2,412,285 | 2,336,529 |
| Cash at bank and in hand | | 1,723,258 | 1,568,475 | 1,223,110 | 629,685 |
| | | <u>2,378,288</u> | <u>2,204,177</u> | <u>3,813,713</u> | <u>3,016,214</u> |
| Liabilities: | | | | | |
| Creditors falling due within one year | 15 | (263,920) | (92,851) | (224,120) | (105,718) |
| | | <u>2,114,368</u> | <u>2,111,326</u> | <u>3,589,593</u> | <u>2,910,496</u> |
| Provision for liabilities | 16 | (5,953) | - | (24,127) | - |
| Total net assets | | <u>7,295,940</u> | <u>7,235,039</u> | <u>6,819,118</u> | <u>6,037,167</u> |
| The funds of the charity: | | | | | |
| Restricted funds | 17 | 287,159 | 287,159 | 2,000,000 | 2,000,000 |
| Unrestricted funds | 17 | 6,968,783 | 6,947,880 | 4,719,120 | 4,037,167 |
| Revaluation reserve | 17 | 39,998 | - | 99,998 | - |
| Total charity funds | | <u>7,295,940</u> | <u>7,235,039</u> | <u>6,819,118</u> | <u>6,037,167</u> |

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

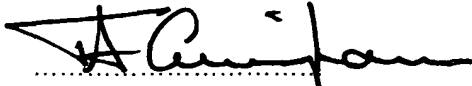
The charity has taken advantage of Section 408 of the Companies Act and has not included its own Income and Expenditure Account or separate Statement of Financial Activities.

The Fly Navy Heritage Trust Limited has net incoming resources for the year of £1,197,872 (2021 - £5,607,985 incoming resources) based on income of £3,560,746 (2021- £7,385,278).


Fly Navy Heritage Trust Limited – Company Number 05971284
Balance Sheet and Consolidated Balance Sheet
As at 31 December 2022

The notes from pages 16 – 30 form part of these accounts.

Approved by the Board on 19 September 2023 and signed on their behalf by:



.....
Rear Admiral T A Cunningham CBE
Trustee Director



.....
Mr M J F Strong
Trustee Director

Fly Navy Heritage Trust Limited

Statement of Cash Flows and Consolidated Statement of Cash Flows For the Year Ended 31 December 2022

| | Notes | Total 2022 | | Total 2021 | |
|--|-------|-------------|--------------|-------------|--------------|
| | | £ Group | £ Charity | £ Group | £ Charity |
| Cash flows from operating activities | | | | | |
| Net movements in funds for the year | | 476,822 | 1,197,872 | 6,418,167 | 5,607,985 |
| Adjustments to cash flows from non-cash items | | | | | |
| Depreciation | 11 | 29,963 | 6,226 | 27,187 | 5,748 |
| Donated assets | | - | - | (2,900,000) | (2,900,000) |
| Interest receivable | 4 | (2,663) | (2,663) | (179) | (179) |
| Deferred tax provision | | (18,174) | - | 24,127 | - |
| | | 485,948 | 1,201,435 | 3,569,302 | 2,713,554 |
| Working capital adjustments | | | | | |
| (Increase)/decrease in stocks | 13 | (24,915) | - | (54,323) | (50,000) |
| (Increase)/decrease in debtors | 14 | 1,960,488 | 1,750,827 | (2,251,072) | (1,883,827) |
| Increase/(decrease) in creditors | 15 | 39,800 | (12,867) | (4,761) | (104,521) |
| Net cash flow from operations | | 2,461,321 | 2,939,395 | 1,259,146 | 675,206 |
| Cash flows from investing activities | | | | | |
| Interest receivable | 4 | 2,663 | 2,663 | 179 | 179 |
| Acquisitions of tangible assets | 11 | (2,023,836) | (2,003,268) | (235,519) | (231,925) |
| Net (decrease)/increase in cash and cash equivalents | | 440,148 | 938,790 | 1,023,806 | 443,460 |
| Cash and cash equivalents at the beginning of the reporting period | | 1,223,110 | 629,685 | 199,304 | 186,225 |
| Cash and cash equivalents at the end of the reporting period | | 1,663,258 | 1,568,475 | 1,223,110 | 629,685 |
| Cash & Cash equivalents reconciliation: | | | | | |
| Cash at bank | | 1,723,258 | 1,568,475 | 1,223,110 | 629,685 |
| Total cash & cash equivalents at the end of the reporting period | | 1,723,258 | 1,568,475 | 1,223,110 | 629,685 |

1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

1.1 Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fly Navy Heritage Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s) and all amounts are presented in £ sterling.

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Naval Aviation Limited, on a line by line basis. The "Group" heading within the balance sheet refers to the consolidated accounts of the Fly Navy Heritage Trust Limited and Naval Aviation Limited.

In the parent company financial statements the investment in the trading subsidiary is accounted for at cost less impairment.

There are no material uncertainties about the charity's ability to continue as a going concern. The Trustees have considered the implication of the Covid-19 pandemic on the operations of the charity. Grant and donation income has been received that is sufficient to cover the temporary reductions in fundraising and trading income. Taking into account all reasonable circumstances, the trustees believe that the charity remains a going concern and no adjustments to the accounts are necessary.

1.2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The company is incorporated in England and Wales and the company registered office is detailed on page 1, reference and administration details.

1.3 Income

Income from grants and donations is recognised in the year in which they are receivable when there is evidence of entitlement, receipt is probable and the amount can be reliably measured.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from other trading income is included in the period in which the group is entitled to receipt, it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

1.4 Donated goods and services

Donated services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. Income is recognised within grants, donations and legacies and expenditure within costs of raising funds and charitable activities.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.6 Expenditure and irrecoverable VAT

Resources expended are recognised on the accruals basis to match the period in which the expenditure was incurred.

Costs of raising funds are expenditure incurred in generating the trading subsidiary funds and in generating the charity fundraising event income funds.

Charitable activities expenditure comprises costs incurred in by the charity in the delivery of its charitable purposes for beneficiaries including grants payable to other institutions.

Grants payable are at the discretion of the Trustees. They are in furtherance of the charity's objects, to support and promote the efficiency of aviation in the Royal Navy and to educate the members of the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Naval Aviation.

1.7 Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

1.9 Tangible fixed assets and depreciation

Aircraft are initially recorded at cost and are then revalued at the year end. The Trustees review the assets for impairment each year. Donated aircraft are brought in at fair value.

Computer equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

| | |
|---------------------|-----------------------|
| Plant and machinery | 3 years straight line |
| Office equipment | 3 years straight line |
| Computer equipment | 33% reducing balance |

Aircraft are not depreciated. The aircraft are continuously maintained and repaired and as a result of this, the directors have considered that they do not depreciate. The aircraft are reviewed for impairment each year.

1.10 Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

1.11 Stock

Stock consists of merchandise for resale and is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

1.14 Defined contribution pension

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as staff pension expense through the profit and loss when they are due.

1.15 Taxation

As a registered charity, the company is not liable to corporation tax or capital gains tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is not recoverable by the company, and is therefore included in the relevant costs in the Statement of Financial Activities. The charity subsidiary is able to recover Value Added Tax and therefore it is not included within the relevant costs in the Statement of Financial Activities.

1.16 Financial instruments

The charity only holds basic financial instruments as defined by FRS 102. The financial assets and financial liabilities of the company are as follows;

Financial assets – trade and other debtors, accrued income, amounts owed by group undertakings and other debtors are basic financial instruments, and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, amounts owed to group undertakings, bank loans, accrued expenses and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security and corporation tax creditors are not included in the financial instruments disclosure definition.

2 Grants, donations and legacies

| | Unres- tricted £ | Res- tricted £ | Total 2022 £ | Unres- tricted £ | Res- tricted £ | Total 2021 £ |
|--------------------------------|------------------------|----------------------|------------------|------------------------|----------------------|------------------|
| Grants, donations and legacies | 1,571,574 | 860,462 | 2,432,036 | 4,465,157 | 2,681,706 | 7,146,863 |
| | <u>1,571,574</u> | <u>860,462</u> | <u>2,432,036</u> | <u>4,465,157</u> | <u>2,681,706</u> | <u>7,146,863</u> |

3 Other trading income

| | Unres- tricted £ | Res- tricted £ | Total 2022 £ | Unres- tricted £ | Res- tricted £ | Total 2021 £ |
|--------------------------|------------------------|----------------------|-----------------|------------------------|----------------------|------------------|
| Merchandise | 207,588 | - | 207,588 | 132,170 | - | 132,170 |
| Fundraising event income | 444,095 | - | 444,095 | 238,536 | - | 238,536 |
| Other income | 125 | - | 125 | 1,001,361 | - | 1,001,361 |
| | <u>651,808</u> | <u>-</u> | <u>651,808</u> | <u>1,372,067</u> | <u>-</u> | <u>1,372,067</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

| 4 | Interest receivable | Unres- tricted £ | Res- tricted £ | Total 2022 £ | Unres- tricted £ | Res- tricted £ | Total 2021 £ |
|----------|-------------------------------|---------------------------------|-------------------------------|-------------------------|---------------------------------|-------------------------------|-------------------------|
| | Bank interest | 2,663 | - | 2,663 | 179 | - | 179 |
| 5 | Costs of raising funds | | | | | | |
| | | Unres- tricted £ | Res- tricted £ | Total 2022 £ | Unres- tricted £ | Res- tricted £ | Total 2021 £ |
| | Fundraising costs | 319,918 | - | 319,918 | 58,263 | 189,036 | 247,299 |
| | PR and advertising | 11,895 | - | 11,895 | 22,010 | - | 22,010 |
| | Trading costs | 676,755 | - | 676,755 | 593,401 | - | 593,401 |
| | | <u>1,008,568</u> | <u>-</u> | <u>1,008,568</u> | <u>673,674</u> | <u>189,036</u> | <u>862,710</u> |
| 6 | Charitable activities | | | | | | |
| | | Unres- tricted £ | Res- tricted £ | Total 2022 £ | Unres- tricted £ | Res- tricted £ | Total 2021 £ |
| | Aircraft maintenance | 236,108 | 260,462 | 496,570 | 115,818 | 237,826 | 353,644 |
| | Grants paid to institutions | - | - | - | - | - | - |
| | Insurance | 13,628 | - | 13,628 | 8,235 | - | 8,235 |
| | Payroll fees | 2,026 | - | 2,026 | 1,816 | - | 1,816 |
| | Staff costs | 672,343 | - | 672,343 | 401,996 | 230,522 | 632,518 |
| | Consultancy | 91,848 | 112,841 | 204,689 | 42,074 | 33,650 | 75,724 |
| | Other administration | 79,864 | - | 79,864 | 54,688 | 9,600 | 64,288 |
| | Depreciation | 29,868 | - | 29,868 | 27,186 | - | 27,186 |
| | Governance costs | 60,303 | - | 60,303 | 46,444 | 4,250 | 50,694 |
| | Bad debts | - | - | - | - | - | - |
| | | <u>1,185,988</u> | <u>373,303</u> | <u>1,559,291</u> | <u>698,257</u> | <u>515,848</u> | <u>1,214,105</u> |

7 Net income/(expenditure) for the year

This is stated after charging:

| | 2022 £ | Charity 2021 £ | 2022 £ | Subsidiary 2021 £ | 2022 £ | Total 2021 £ |
|------------------------------|-----------|----------------------|-----------|-------------------------|-----------|--------------------|
| Depreciation of owned assets | 29,963 | 21,439 | 51,402 | 21,438 | 81,365 | 42,877 |
| Auditors remuneration | | | | | | |
| Audit services | 6,250 | 6,300 | 2,300 | 2,200 | 8,550 | 8,500 |
| Other services - accounting | - | 935 | - | - | - | 935 |

8 Trustee directors

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2021 – £nil). No trustees were reimbursed expenses (2021 – £nil) during the year. No charity trustee received payment for professional or other services supplied to the charity (2021 – £nil).

The charity has paid £1,421 (2021 – £1,198) for directors and officers indemnity insurance.

9 Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £11,044 (2021 – £9,426).

Contributions totalling £2,754 (2021 – £2,534) were payable to the scheme at the end of the year.

10 Employees

Number of employees

The average monthly number of employees during the year was:

| | 2022 | 2021 |
|-------------------------------|-------------|-------------|
| Chief executive officer | 1 | 1 |
| Management and administration | 16 | 16 |
| | <u>17</u> | <u>17</u> |

Employment costs

| | 2022 | 2021 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 598,785 | 569,503 |
| Social security costs | 58,733 | 50,853 |
| Pension costs | 11,044 | 9,426 |
| | <u>668,562</u> | <u>629,782</u> |

The number of employees whose annual emoluments were £60,000 or more were:

| | 2022 | 2021 |
|---------------------|---------------|---------------|
| | number | number |
| £100,000 - £110,000 | - | 1 |
| £110,000 - £120,000 | 1 | - |
| | <u>1</u> | <u>1</u> |

No pension costs were paid to this individual during the year (2021 – £nil)

The key management personnel of the group comprise those of the Trust and its wholly owned subsidiary Navy Wings Heritage Flight Limited. The key management personnel of the Trust comprise the trustees and the Chief Executive Officer. Navy Wings Heritage Flight Limited does not have remuneration costs as all staff are paid by the Trust.

The total employee benefits including employers national insurance and employers pension costs of the key management personnel of the Trust were £120,092 (2021 - £116,958).

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

11 Tangible fixed assets

| | Aircraft | Plant & Machinery | Office Equipment | Computer Equipment | Total |
|-----------------------|------------------|----------------------|---------------------|-----------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2022 | 3,213,000 | 51,507 | 14,531 | 60,974 | 3,340,012 |
| Additions | 2,000,000 | 19,437 | 1,131 | 3,268 | 2,023,836 |
| Impairment | (60,000) | - | - | - | (60,000) |
| | <u>5,153,000</u> | <u>70,944</u> | <u>15,662</u> | <u>64,242</u> | <u>5,303,848</u> |
| Depreciation | | | | | |
| At 1 January 2022 | - | 28,896 | 10,160 | 47,304 | 86,360 |
| Charge for the year | - | 20,022 | 3,715 | 6,226 | 29,963 |
| | <u>-</u> | <u>48,918</u> | <u>13,875</u> | <u>53,530</u> | <u>116,323</u> |
| Net book value | | | | | |
| At 31 December 2022 | <u>5,153,000</u> | <u>22,026</u> | <u>1,787</u> | <u>10,712</u> | <u>5,187,525</u> |
| At 31 December 2021 | <u>3,213,000</u> | <u>22,611</u> | <u>4,371</u> | <u>13,670</u> | <u>3,253,652</u> |

The year end open market value of the aircraft has been considered by the Trustees and the revaluation reflected in in the accounts. The value of the aircraft donated has been bought in at the insurance value, which is considered to be a fair reflection of the market value of the aircraft. The historical cost of the aircraft is £2.

| Charity | Aircraft | Computer Equipment | Total |
|-----------------------|------------------|-----------------------|------------------|
| Cost | £ | £ | £ |
| At 1 January 2022 | 3,113,000 | 60,974 | 3,173,974 |
| Additions | 2,000,000 | 3,268 | 2,003,268 |
| | <u>5,113,000</u> | <u>64,242</u> | <u>5,177,242</u> |
| Depreciation | | | |
| At 1 January 2022 | - | 47,304 | 47,304 |
| Charge for the year | - | 6,226 | 6,226 |
| | <u>-</u> | <u>53,530</u> | <u>53,530</u> |
| Net book value | | | |
| At 31 December 2022 | <u>5,113,000</u> | <u>10,712</u> | <u>5,123,712</u> |
| At 31 December 2021 | <u>3,113,000</u> | <u>13,670</u> | <u>3,126,670</u> |

The year end open market value has been considered by the trustees and the revaluation reflected in the accounts. The value of the aircraft donated has been bought in at the insurance value, which is considered to be a fair reflection of the market value of the aircraft.

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

12 Investments

| | Charity | |
|---|----------------|-------------|
| | 2022 | 2021 |
| | £ | £ |
| Navy Wings Heritage Flight Limited - 1 ordinary shares of £1 each | <u>1</u> | <u>1</u> |

Navy Wings Heritage Flight Limited (company no. 07052646) was incorporated in England and Wales on 21 October 2009 as a wholly owned trading subsidiary of Fly Navy Heritage Trust Limited. The parent charity holds 100% of the issued share capital and voting rights of the subsidiary.

The principal activity of the company is the operation of commercial activity on behalf of Fly Navy Heritage Trust Limited. The subsidiary gift aids its taxable profits to Fly Navy Heritage Trust Limited, and files audited accounts with the Registrar of Companies.

A summary of the trading results is shown below:

| | 2022 | 2021 |
|----------------------------------|------------------|----------------|
| | £ | £ |
| Turnover | 1,232,241 | 1,840,247 |
| Cost of sales | (1,173,325) | (947,045) |
| Gross profit | <u>58,916</u> | <u>893,202</u> |
| Administrative expenses | (798,140) | (58,893) |
| Net loss before tax | (739,224) | 834,309 |
| Taxation | 18,174 | (24,127) |
| Retained in subsidiary | <u>(721,050)</u> | <u>810,182</u> |
| The assets and liabilities were: | | |
| Fixed assets | 63,813 | 126,982 |
| Current assets | 345,216 | 847,499 |
| Current liabilities | (342,175) | (168,403) |
| Provisions | (5,953) | (24,127) |
| Total net assets | <u>60,901</u> | <u>781,951</u> |
| Called up share capital | 1 | 1 |
| Revaluation reserve | 39,998 | 99,998 |
| Profit and loss account | 20,902 | 681,952 |
| | <u>60,901</u> | <u>781,951</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

13 Stocks

| | Group | 2022 | Group | 2021 |
|------------------|--------------|----------------|--------------|----------------|
| | £ | Charity | £ | Charity |
| | | £ | | £ |
| Goods for resale | 203,233 | 50,000 | 178,318 | 50,000 |

14 Debtors

| | Group | 2022 | Group | 2021 |
|------------------------------------|----------------|----------------|------------------|------------------|
| | £ | Charity | £ | Charity |
| | | £ | | £ |
| Trade debtors | 38,244 | 37,100 | 26,444 | 17,406 |
| Other debtors | 27,023 | - | 51,435 | - |
| Prepayments and accrued income | 386,530 | 377,497 | 2,334,406 | 2,319,123 |
| Amounts owed by group undertakings | - | 171,105 | - | - |
| | <u>451,797</u> | <u>585,702</u> | <u>2,412,285</u> | <u>2,336,529</u> |

15 Creditors: Amounts falling due within one year

| | Group | 2022 | Group | 2021 |
|------------------------------------|----------------|----------------|----------------|----------------|
| | £ | Charity | £ | Charity |
| | | £ | | £ |
| Trade creditors | 48,671 | 28,758 | 162,396 | 16,250 |
| Accruals | 160,108 | 8,952 | 32,273 | 10,017 |
| Deferred income | 35,299 | 35,299 | 10,000 | 10,000 |
| Amounts owed to group undertakings | - | - | - | 50,000 |
| Taxation and social security | 19,842 | 19,842 | 19,451 | 19,451 |
| | <u>263,920</u> | <u>92,851</u> | <u>224,120</u> | <u>105,718</u> |

16 Provision for liabilities

| Group | Deferred tax | Total |
|--|---------------------|------------------|
| | £ | £ |
| At 1 January 2022 | 24,127 | 24,127 |
| Increase (decrease) in existing provisions | <u>(18,174)</u> | <u>(18,174)</u> |
| At 31 December 2022 | <u>5,953</u> | <u>5,953</u> |
| Deferred tax | | |
| Deferred tax assets and liabilities: | Asset | Liability |
| | £ | £ |
| 2022 | | |
| Other timing differences | <u>-</u> | <u>5,953</u> |
| | <u>-</u> | <u>5,953</u> |
| 2021 | | |
| Other timing differences | <u>-</u> | <u>24,127</u> |
| | <u>-</u> | <u>24,127</u> |

17 Summary of movement in funds

| Group | Opening Balance £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | Closing Balance £ |
|---------------------------|----------------------------------|-------------------------------------|-------------------------------------|------------------------|----------------------------------|
| Unrestricted funds | | | | | |
| General | 4,719,120 | 2,226,045 | (2,176,382) | 2,200,000 | 6,968,783 |
| Revaluation reserve | 99,998 | - | (60,000) | - | 39,998 |
| Restricted funds | | | | | |
| Transitional funds | - | 260,462 | (260,462) | - | - |
| RNVR Naval Club | - | 400,000 | (112,841) | - | 287,159 |
| Seafire | 2,000,000 | 200,000 | - | (2,200,000) | - |
| | 6,819,118 | 3,086,507 | (2,609,685) | - | 7,295,940 |
| Charity | | | | | |
| Unrestricted funds | | | | | |
| General | 4,037,167 | 2,700,284 | (1,989,571) | 2,200,000 | 6,947,880 |
| Restricted funds | | | | | |
| Transitional funds | - | 260,462 | (260,462) | - | - |
| RNVR Naval Club | - | 400,000 | (112,841) | - | 287,159 |
| Seafire | 2,000,000 | 200,000 | - | (2,200,000) | - |
| | 6,037,167 | 3,560,746 | (2,362,874) | - | 7,235,039 |

Unrestricted funds

The Trustees general funds that have been received with no specific purpose other to be used for the organisations charitable objectives.

Restricted funds

- The Swordfish W5856 fund represents monies received from HM Treasury's LIBOR Fines Fund specifically for the provision of onward funding to the Royal Navy Historic Flight for the essential maintenance, repair and operation of Swordfish W5856.
- Transitional funds relates to income received for the maintenance of aircraft transferred to the charity. The transfer of funds relates to transitional funds used to purchase fixed assets.
- The funds received from the Culture recovery fund were to cover overhead costs to support the charity through the pandemic.
- The RNVR Naval Club fund represents monies received from a donation towards Swordfish and Chipmunk projects.
- The Seafire fund represents monies received from a donation for the purchase and upkeep of a new Seafire aircraft.

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

Summary of movement in funds - 2021

| Group | Opening Balance | Incoming Resources | Outgoing Resources | Transfers | Closing Balance |
|---------------------------|------------------------|---------------------------|---------------------------|------------------|------------------------|
| | £ | £ | £ | £ | £ |
| Unrestricted funds | | | | | |
| General | 204,544 | 5,837,403 | (1,396,058) | 73,231 | 4,719,120 |
| Revaluation reserve | 99,998 | - | - | - | 99,998 |
| Restricted funds | | | | | |
| Transitional funds | - | 541,006 | (467,775) | (73,231) | - |
| Culture Recovery Fund | 8,395 | 140,200 | (148,595) | - | - |
| Swordfish W5856 | 88,014 | - | (88,014) | - | - |
| Sea Vixen | - | 500 | (500) | - | - |
| Seafire | - | 2,000,000 | - | - | 2,000,000 |
| | 400,951 | 8,519,109 | (2,100,942) | - | 6,819,118 |
| Charity | | | | | |
| Unrestricted funds | | | | | |
| General | 332,773 | 4,703,572 | (1,072,409) | 73,231 | 4,037,167 |
| Restricted funds | | | | | |
| Transitional funds | - | 541,006 | (467,775) | (73,231) | - |
| Culture recovery fund | 8,395 | 140,200 | (148,595) | - | - |
| Swordfish W5856 | 88,014 | - | (88,014) | - | - |
| Sea Vixen | - | 500 | (500) | - | - |
| Seafire | - | 2,000,000 | - | - | 2,000,000 |
| | 429,182 | 7,385,278 | (1,777,293) | - | 6,037,167 |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2022

18 Analysis of assets between funds

| Group | Tangible Fixed Assets £ | Investments £ | Net Current Assets £ | Provisions £ | Total £ |
|-------------------------------|--|--------------------------|-------------------------------------|-------------------------|--------------------|
| Unrestricted funds | 5,187,525 | - | 1,827,209 | (5,953) | 7,008,781 |
| Restricted funds | - | - | 287,159 | - | 287,159 |
| As at 31 December 2022 | 5,187,525 | - | 2,114,368 | (5,953) | 7,295,940 |
| As at 31 December 2021 | 3,253,652 | - | 3,589,593 | (24,127) | 6,819,118 |
| Charity | Tangible Fixed Assets £ | Investments £ | Net Current Assets £ | Provisions £ | Total £ |
| Unrestricted funds | 5,123,712 | 1 | 1,824,167 | - | 6,947,880 |
| Restricted funds | - | - | 287,159 | - | 287,159 |
| As at 31 December 2022 | 5,123,712 | 1 | 2,111,326 | - | 7,235,039 |
| As at 31 December 2021 | 3,126,670 | 1 | 2,910,496 | - | 6,037,167 |

19 Related parties

There are no related party transactions in the reporting period that require disclosure.

FLY NAVY HERITAGE TRUST LIMITED

England & Wales - Charity number 1117272

Accounts

Fly Navy Heritage Trust Limited
(A Charitable Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 December 2021

Company Number: 05971284
Charity Registered in England and Wales Number: 1117272

Fly Navy Heritage Trust Limited
Contents
For the Year Ended 31 December 2021

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Patron

HRH the Duke of York KG GCVO (resigned 13 January 2022)

President

Admiral Sir George Zambellas GCB DSC ARC DL FRAeS

Trustee Directors:

Chairman

Rear Admiral T A Cunningham CBE

Ex- Officio

Rear Admiral M J Connell CBE – Asst Chief of Naval Staff (Aviation & Carriers)
Commodore N R Griffin MBE RN – Commanding Officer RNAS Yeovilton

Elected

Commodore S F Baldwin RN – Programme Director, Rolls Royce Plc
Rear Admiral S B Charlier CBE FRAeS – Chairman FAA Officers' Association
Ms S L Cook – Vice President, UK Government business
Leonardo (MW)
Commodore W M Covington CBE RN – Business Executive, aircraft owner
Mrs E T Taylor – Business Executive, Lockheed Martin UK Limited
(appointed 1 June 2021)
Mr P N Livingston - Vice President and Group Managing Director, Lockheed Martin
UK Integrated Systems (resigned 1 June 2021)
Mr H G Mason – Heritage manager
Mr T J Manna – President, Kennet Aviation
Mr M J Ryan – Business Executive, aircraft owner
Mr N R Smith – Solicitor
Mr M J F Strong – Chartered Accountant
Rear Admiral I P G Tibbitt CBE – Deputy Chairman FNHT, Business Executive

Chief Executive Officer

Commodore R S Alexander OBE FRAeS

Company Secretary

Mr N R Smith

Charity Number

1117272

Company Number

05971284

Principal Address and Registered Office

Building 412, South Dispersal, RNAS Yeovilton, Ilchester, Somerset, BA22 8HT

Auditors

Albert Goodman LLP, Goodwood House, Blackbrook Park Avenue, Taunton, Somerset, TA1 2PX

Bankers

Barclays Bank Plc, King George Street, Yeovil, Somerset, BA20 1PX

The Trustee Directors ("Trustees") present their report and accounts for the year ended 31 December 2021. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charity's governing document, applicable law and the requirement of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

References and Administrative Details

Administrative information is given in a separate section at the front of these accounts.

Structure Governance and Management

The Fly Navy Heritage Trust was registered with the Charity Commission and is constituted and regulated by a Declaration of Trust dated 16 July 1991. In December 2006 the Trust transferred its assets and undertakings, in accordance with the incorporation agreement dated 31 December 2006, to the Fly Navy Heritage Trust Limited. This company, limited by guarantee, (company registration number 05971284) was incorporated on 18 October 2006; it is registered with the Charity Commission (charity registration number 01117272). In accordance with the governing document, the current trustees may appoint additional trustees and have absolute discretion and unrestricted powers to invest trust monies. Trustees may serve for up to three years before requiring re-appointment.

Induction and training of trustees

New Trustees are inducted and trained using information obtained from various sources, including the Charity Commission, attendance as required at specialist courses and by personal briefings.

Organisational structure

A full list of trustees and directors (all trustees are also directors of the company) who have served since 31 December 2020 is shown on page 1. The Trustees meet at least three times a year to discuss and review the current and future position of the Charity. The Charity occupies office space within MOD owned buildings within RNAS Yeovilton and now, in accordance with the Trustees' directive to increase the fundraising capacity of the charity, employs 17 staff members.

Related parties

Naval Aviation Limited (NA Ltd) (company registration number 07052646) is a wholly owned subsidiary of the Charity and exists as the trading operation of the Charity. Activities include sales of aircraft displays, sales of souvenir merchandise and the operation of the Chipmunk Mk 22 (G-CNVH).

Key management personnel

Remuneration for key management personnel is set by a Remuneration Committee comprising the Trust Chairman, Deputy Chairman and the Financial Trustee (an accountant). In setting salary levels, market comparators for similar roles within the charities sector are taken into consideration. There is also the need to ensure that key posts are attractive to personnel having the detailed knowledge, experience and skills demanded of both the charity and directing an aircraft operating company.

Risk management

The Trustees routinely assess the risks to which the Charity is exposed to ensure that systems and procedures are in place to mitigate exposure in these areas. A Risk Register is held in the Charity's Business Plan and is reviewed at Management Group level and at each Trustees' meeting. Risk mitigation actions are included as part of the charity's annual Work Plan.

Objectives

The Charity's objectives are set out in the Memorandum of Association as follows:

- To educate members of the Royal Navy and the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Navy aviation generally.
- To provide a memorial and tribute to the men and women who have flown, maintained or contributed in any way to the operation of aircraft within the fleet.
- To advance the effectiveness of the armed forces of the Crown by promoting the efficiency of aviation in the Royal Navy.

This can be summed up as: To Educate, Inspire and Remember; this is articulated as a single aim as follows: Inspiring future generations by bringing together the aircraft, people and the story of flying from ships.

Activities

The Chief Executive Officer, Commodore Jock Alexander, joined the Trust in February 2016, following which the Charity was re-branded as 'Navy Wings' in July of the same year. The aim remains to reach as wide an audience as possible with a refreshed look, supported by a continually evolving web-site and a wide collection of aircraft. The core flight consists of the ex-Royal Navy Historic Flight (RNHF) aircraft, most of which have now been gifted to FNHT, along with some new aircraft the Trust has purchased in 2021. This is supported by an Associate Collection, which reaches out to individuals in the UK who operate their own, vintage naval aircraft and invites them to join the Navy Wings Associate Collection. This has been a huge success and there are now 20 aircraft as part of that collection, ranging from a WW1 Bristol Scout, through to a Sea King helicopter from the 1990's. Importantly, the Trust does not raise money for the Associates, but rather they join a club of like-minded people which enable Navy Wings to tell a more comprehensive story about our heritage.

The bulk of management activity in 2021 was spent dealing with concomitant actions arising from Covid 19, which continued to wreak havoc amongst organised events. Almost all major fund-raising activities and large Air Shows were cancelled, however, we managed to attend a few smaller shows and organise two fund-raising events as described below. Most of the ex RNHF aircraft are now owned by the Trust, with the exception of Swordfish LS 326, which is expected to be gifted to us in early 2022.

The Memorandum of Understanding agreed with the Royal Navy, has been refreshed and will continue to under-pin our business for the foreseeable future. We are currently planning to have full participation of the Navy Wings Heritage Flight on the display circuit in 2022, although the full list of available Air Shows is still being finalised.

In 2021, the Trust continued to feel the impact of Covid 19, but the award of a Grant of £280,400 from the Culture Recovery Fund (CRF) in Oct 2020 enabled us to cover staff costs through to April 2021 and thus recover everyone from furlough. The Trust also benefitted from a significant private donation to the tune of £1.25M, with the same sum guaranteed for the next three years. The stability of having £5M over four years has allowed us to not only purchase our own T6 Harvard training aircraft and Wasp helicopter, but also to invest in a long term plan for engine availability and, importantly, to invest in a properly constituted engineering work-force of six personnel. This enabled us to apply to the Civil Aviation Authority (CAA) for permission to do our own engineering maintenance and we now hold all the required licenses to do so.

In a major development, our Sea Fury T20 was lost in an accident on Wednesday 28 April 2021. Both the crew escaped with minor injuries and the aircraft was subsequently written off by the insurance company, which culminated in a settlement of £1M for the Trust. Following much debate, we then had an offer from a private individual to fund the purchase of an operational Seafire with a spare engine to replace the Sea Fury. This led to the purchase of a Seafire Mk XVII, which was delivered to our base just before Christmas 2021 and the purchase of a spare engine, which should be ready in about two years post refurbishment.

Our weekly lottery, which we launched in May 2020, continues to build well and we are now aiming for an income stream of circa £200K by the end of Yr 5. Meanwhile, our continued investment in on-line presence continues to pay dividends and our retail sales finished the year ahead of budget, which already had 10% growth built in from the previous year. We managed to run two fund-raising events in the form of a Corporate dinner in London and a Clay Pigeon shoot at the Royal Berks Shooting Ground, both of which returned a healthy profit and more importantly, made the point that we were back in business post Covid restrictions.

Volunteers and Sponsorship

The Trust and Naval Aviation Ltd, together trading as 'Navy Wings', continues with its well established Volunteering Policy, which concentrates on a critical nucleus who provide the core of this support. This network of volunteers is drawn from the Navy Wings Supporter base who provide their time free in order to promote, develop and support various activities that aim to deliver required funds to continue operation. Volunteer support is invaluable and is particularly useful in sales of merchandise and aircraft support operations. The latter encompasses aircraft stores, documentation and admin support alongside supervised aircraft mechanical engineering tasks. All volunteers receive induction and training and, as necessary, health and safety briefings and workplace clothing. In addition, we have a small team of high profile Supporters who volunteer to promote 'Navy Wings' and the heritage aircraft as 'Ambassadors'.

Corporate Support

The Trust continues to enjoy support from some key players in industry, not only from a financial perspective, but also from their knowledge of the aviation industry and in particular, heritage aircraft. We reviewed our Corporate packages for support last year and we have already seen good take-up with some new companies coming on board. Our Corporate dinner in September was a huge success, with all tables selling out ahead of the event and our aim to make this the 'go to' heritage aviation dinner is starting to be realised; this bodes well for 2022.

Grant making policy to Naval Aviation Ltd (NAL)

The Trustees consider the needs of our sole beneficiary (NAL) to ensure that all support is provided in accordance with the objects of the charity. As part of the overall business planning for Navy Wings and NAL, the intention and plans are for Naval Aviation Ltd to trade towards being profitable, where the key drivers will be the diversification and growth of income streams, as well as generating income from aircraft. As alluded to above, NAL was not able to conduct much display flying in 2021, with all the large shows being cancelled, however, we did attend a few smaller, local shows with the aim being to demonstrate that we had survived lock-down and were back in business. Sales of merchandise would undoubtedly have been greater had we had our normal ground presence at air shows and we look forward to engaging with the public again in 2022.

Achievements and Performance

The main achievement of the Charity was to attract two High Net-worth investors, which has fundamentally changed our plans for the future through a four-year investment plan and the donation of a Seafire. We conducted minimal display flying in 2021, but we did manage to get all our pilots trained, whilst attending several local events. Our financial achievements are covered separately, but to summarise, we unquestionably finished the year in an excellent position, both financially and with a work-force properly constituted to take us forward. The future is bright.

Reserves policy

Despite significant funding agreed in the next few years, the Trustees' policy is to retain funds in excess of the current needs to meet unanticipated expenditure which is an inherent feature of maintaining historic aircraft. In addition, Trustees continue to ensure that available free reserves are adequate to cover in excess of 3 months operating costs of £303,526. At 31st December 2021 the group held £1,565,466 of free reserves and excess reserves to provide future funding for aircraft.

Review of financial position

From a financial point of view, 2021, as explained above was a successful year financially as a result of the significant donations received in the year. Significant funding levels have importantly been secured for the next few years to provide sustainability to aid in the success in the trusts' long term future.

Total consolidated income included £2,681,706 of restricted income (31.5%) and £5,837,403 of unrestricted income (68.5%). Restricted income has increased as a result of the Culture Recovery fund received, Royal Navy transitional funding relating to the transfer of the aircraft (which were mentioned above) as well as the significant donation received of £2m to purchase the Seafire aircraft shortly after the year end.

NA Ltd retail sales (covering merchandising and aircraft displays) provided £132,170 of income. As mentioned above, merchandise sales finished ahead of budget. As previously stated, only a very small number of shows were able to be attended in the year. The other major source of income during the year was the receipt of £1m from insurance income following the accident during the year.

As a result of the additional aircraft now under the groups ownership and the employment of staff, expenditure has increased to £2,076,815 (2020: £882,882).

The Group held £2,000,000 of restricted funds at the year end and £4,819,118 in unrestricted funds. Cash and short term investments totalled £1,223,110 at 31 December 2021 compared with £199,304 at the previous year end. Capital expenditure of £235,519 was made in the year. The other capital additions relate to the £2.9m of donated aircraft.

Plans for future periods

The Charity has clearly had to review its ten-year rolling plan based on the effects of Covid, but more importantly for us, the injection of new cash in the form of four capital investment and the additional purchase of a Seafire. The Business Plan is being reviewed yet again to reflect this, which will be under-pinned by a new Risk Register. Although the short-term pressure to raise money has been removed, we are still planning to double our income within the next five years and the new weekly Lottery is already proving to be a success as a future income stream. The Trust continues to plan for a sustainable programme and anticipates eventually operating a core flying fleet of one Swordfish, one Seafire, the Wasp helicopter and one jet (Seahawk) on an annual basis.

Impact of Covid-19 and going concern

In light of the impact of Covid-19 the trustees have given careful consideration to the cashflow forecasts of the charity covering the period of at least twelve months from the date of signing the accounts. The trustees are satisfied that the charity has sufficient working capital resources in place over that period, and therefore the accounts are drawn up on the going concern basis.

Auditors

The auditors, Albert Goodman LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the small companies regime under section 487(2) of the Companies Act 2006.

Statement of trustees' responsibilities

The trustees (who are directors of the Fly Navy Heritage Trust Limited for the purposes of company law) are responsible for preparing the Trustee Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the UK and the Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable 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;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report of which the group's auditor is unaware; and
- The trustees have each taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information

Approved by the Trustees on 20th September 2022 and signed on their behalf by:

Rear Admiral T A Cunningham CBE
Chairman and Trustee

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2021

Opinion

We have audited the financial statements of the Fly Navy Heritage Trust Limited for the year ended 31 December 2021, which comprise the consolidated Statement of Financial Activities, the consolidated and parent charitable company Balance Sheets, the consolidated and parent charitable company 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 Generally Accepted Accounting Practice, including Financial Reporting Standard 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 the parent charitable company's affairs as at 31 December 2021, 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 Companies Act 2006.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. 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.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2021

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee Directors' Report, which includes the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustee Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustee Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 7), the trustees (who are also the directors of the parent 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 group 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 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

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of Independent Auditors.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity and aviation sector.
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charity SORP, Aviation law, data protection, anti-bribery, employment and health and safety legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries with management.
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement including obtaining an understanding of how fraud might occur by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud: and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2021

In response to the risk of irregularities and non-compliance with laws and regulations we designed procedures which included, but were not limited to;

- Agreeing financial statements disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.grc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and parent charitable company's members and 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 group and parent charitable company and the group and parent charitable company's members as a body and the parent charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed

Robert Oram BFP FCA (Senior Statutory Auditor)
for and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

22nd September 2022

Fly Navy Heritage Trust Limited

Consolidated Statement of Financial Activities (including income and expenditure account)
For the Year Ended 31 December 2021

| | Notes | Unres-tricted £ | Res-tricted £ | Total 2021 £ | Unres- tricted £ | Res- tricted £ | Total 2020 £ |
|--|-------|--------------------|------------------|------------------|------------------------|----------------------|--------------------|
| Income: | | | | | | | |
| Grants, donations and legacies | 2 | 4,465,157 | 2,681,706 | 7,146,863 | 304,690 | 246,551 | 551,241 |
| Other trading activities | 3 | 1,372,067 | - | 1,372,067 | 189,568 | - | 189,568 |
| Interest receivable | 4 | 179 | - | 179 | 1,457 | - | 1,457 |
| Total income | | 5,837,403 | 2,681,706 | 8,519,109 | 495,715 | 246,551 | 742,266 |
| Expenditure: | | | | | | | |
| Costs of raising funds | 5 | 673,674 | 189,036 | 862,710 | 178,587 | 64,979 | 243,566 |
| Charitable activities | 6 | 698,257 | 515,848 | 1,214,105 | 404,275 | 235,041 | 639,316 |
| Total expenditure | | 1,371,931 | 704,884 | 2,076,815 | 582,862 | 300,020 | 882,882 |
| Net (expenditure)/income for the year before transfers and gains and losses | | 4,465,472 | 1,976,822 | 6,442,294 | (87,147) | (53,469) | (140,616) |
| Transfers between funds | 17 | 73,231 | (73,231) | - | - | - | - |
| Tax charge | | (24,127) | - | (24,127) | - | - | - |
| Net income/(expenditure) and net movement in funds for the year | 7 | 4,514,576 | 1,903,591 | 6,418,167 | (87,147) | (53,469) | (140,616) |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 304,542 | 96,409 | 400,951 | 391,689 | 149,878 | 541,567 |
| Total funds carried forward | | 4,819,118 | 2,000,000 | 6,819,118 | 304,542 | 96,409 | 400,951 |

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

All income and expenditure derive from continuing activities.

Fly Navy Heritage Trust Limited – Company Number 05971284

Balance Sheet and Consolidated Balance Sheet

As at 31 December 2021

| | Notes | 2021 | | 2020 | |
|---------------------------------------|-------|------------------|------------------|----------------|----------------|
| | | £ Group | £ Charity | £ Group | £ Charity |
| Fixed assets | | | | | |
| Tangible fixed assets | 11 | 3,253,652 | 3,126,670 | 145,320 | 493 |
| Investments | 12 | - | 1 | - | 1 |
| | | <u>3,253,652</u> | <u>3,126,671</u> | <u>145,320</u> | <u>494</u> |
| Current assets | | | | | |
| Stock | 13 | 178,318 | 50,000 | 123,995 | - |
| Debtors | 14 | 2,412,285 | 2,336,529 | 161,213 | 452,702 |
| Cash at bank and in hand | | 1,223,110 | 629,685 | 199,304 | 186,225 |
| | | <u>3,813,713</u> | <u>3,016,214</u> | <u>484,512</u> | <u>638,927</u> |
| Liabilities: | | | | | |
| Creditors falling due within one year | 15 | (224,120) | (105,718) | (228,881) | (210,239) |
| | | <u>3,589,593</u> | <u>2,910,496</u> | <u>255,631</u> | <u>428,688</u> |
| Provision for liabilities | 16 | (24,127) | - | - | - |
| Total net assets | | <u>6,819,118</u> | <u>6,037,167</u> | <u>400,951</u> | <u>429,182</u> |
| The funds of the charity: | | | | | |
| Restricted funds | 17 | 2,000,000 | 2,000,000 | 96,409 | 96,409 |
| Unrestricted funds | 17 | 4,719,120 | 4,037,167 | 204,544 | 332,773 |
| Revaluation reserve | 17 | 99,998 | - | 99,998 | - |
| Total charity funds | | <u>6,819,118</u> | <u>6,037,167</u> | <u>400,951</u> | <u>429,182</u> |

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

Fly Navy Heritage Trust Limited – Company Number 05971284
Balance Sheet and Consolidated Balance Sheet
As at 31 December 2021

The notes from pages 15 – 29 form part of these accounts.

Approved by the Board on 20th September 2022 and signed on their behalf by:

Rear Admiral T A Cunningham CBE
Trustee Director

Mr M J F Strong
Trustee Director

Fly Navy Heritage Trust Limited

Statement of Cash Flows and Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

| | | Total 2021 | | Total 2020 | |
|--|-------|------------------|------------------|------------------|------------------|
| | Notes | £ Group | £ Charity | £ Group | £ Charity |
| Cash flows from operating activities | | | | | |
| Net movements in funds for the year | | 6,418,167 | 5,607,985 | (140,616) | (67,135) |
| Adjustments to cash flows from non-cash items | | | | | |
| Depreciation | 11 | 27,187 | 5,748 | 15,830 | 797 |
| Donated assets | | (2,900,000) | (2,900,000) | - | - |
| Interest receivable | 4 | (179) | (179) | (1,457) | (1,457) |
| Deferred tax provision | | 24,127 | - | - | - |
| | | <u>3,569,302</u> | <u>2,713,554</u> | <u>(126,243)</u> | <u>(67,795)</u> |
| Working capital adjustments | | | | | |
| (Increase)/decrease in stocks | 13 | (54,323) | (50,000) | (19,334) | - |
| (Increase)/decrease in debtors | 14 | (2,251,072) | (1,883,827) | (76,046) | (187,090) |
| Increase/(decrease) in creditors | 15 | (4,761) | (104,521) | 48,271 | 59,184 |
| | | <u>1,259,146</u> | <u>675,206</u> | <u>(173,352)</u> | <u>(195,701)</u> |
| Cash flows from investing activities | | | | | |
| Interest receivable | 4 | 179 | 179 | 1,457 | 1,457 |
| Acquisitions of tangible assets | 11 | (235,519) | (231,925) | (30,554) | (792) |
| | | <u>1,023,806</u> | <u>443,460</u> | <u>(202,449)</u> | <u>(195,036)</u> |
| Net (decrease)/increase in cash and cash equivalents | | <u>1,023,806</u> | <u>443,460</u> | <u>(202,449)</u> | <u>(195,036)</u> |
| Cash and cash equivalents at the beginning of the reporting period | | <u>199,304</u> | <u>186,225</u> | <u>401,753</u> | <u>381,261</u> |
| Cash and cash equivalents at the end of the reporting period | | <u>1,223,110</u> | <u>629,685</u> | <u>199,304</u> | <u>186,225</u> |
| Cash & Cash equivalents reconciliation: | | | | | |
| Cash at bank | | <u>1,223,110</u> | <u>629,685</u> | <u>199,304</u> | <u>186,225</u> |
| Total cash & cash equivalents at the end of the reporting period | | <u>1,223,110</u> | <u>629,685</u> | <u>199,304</u> | <u>186,225</u> |

1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

1.1 Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fly Navy Heritage Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s) and all amounts are presented in £ sterling.

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Naval Aviation Limited, on a line by line basis. The "Group" heading within the balance sheet refers to the consolidated accounts of the Fly Navy Heritage Trust Limited and Naval Aviation Limited.

In the parent company financial statements the investment in the trading subsidiary is accounted for at cost less impairment.

A separate Statement of Financial Activities or income and expenditure account, for the Charity itself has not been presented because the Charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

There are no material uncertainties about the charity's ability to continue as a going concern. The Trustees have considered the implication of the Covid-19 pandemic on the operations of the charity. Grant and donation income has been received that is sufficient to cover the temporary reductions in fundraising and trading income. Taking into account all reasonable circumstances, the trustees believe that the charity remains a going concern and no adjustments to the accounts are necessary.

1.2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The company is incorporated in England and Wales and the company registered office is detailed on page 1, reference and administration details.

1.3 Income

Income from grants and donations is recognised in the year in which they are receivable when there is evidence of entitlement, receipt is probable and the amount can be reliably measured.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from other trading income is included in the period in which the group is entitled to receipt, it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

1.4 Donated goods and services

Donated services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. Income is recognised within grants, donations and legacies and expenditure within costs of raising funds and charitable activities.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.6 Expenditure and irrecoverable VAT

Resources expended are recognised on the accruals basis to match the period in which the expenditure was incurred.

Costs of raising funds are expenditure incurred in generating the trading subsidiary funds and in generating the charity fundraising event income funds.

Charitable activities expenditure comprises costs incurred in by the charity in the delivery of its charitable purposes for beneficiaries including grants payable to other institutions.

Grants payable are at the discretion of the Trustees. They are in furtherance of the charity's objects, to support and promote the efficiency of aviation in the Royal Navy and to educate the members of the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Naval Aviation.

1.7 Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

1.9 Tangible fixed assets and depreciation

Aircraft are initially recorded at cost and are then revalued at the year end. The Trustees review the assets for impairment each year. Donated aircraft are brought in at fair value.

Computer equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

| | |
|---------------------|-----------------------|
| Plant and machinery | 3 years straight line |
| Office equipment | 3 years straight line |
| Computer equipment | 33% reducing balance |

Aircraft are not depreciated. The aircraft are continuously maintained and repaired and as a result of this, the directors have considered that they do not depreciate. The aircraft are reviewed for impairment each year.

1.10 Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

1.11 Stock

Stock consists of merchandise for resale and is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

1.14 Defined contribution pension

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as staff pension expense through the profit and loss when they are due.

1.15 Taxation

As a registered charity, the company is not liable to corporation tax or capital gains tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is not recoverable by the company, and is therefore included in the relevant costs in the Statement of Financial Activities. The charity subsidiary is able to recover Value Added Tax and therefore it is not included within the relevant costs in the Statement of Financial Activities.

1.16 Financial instruments

The charity only holds basic financial instruments as defined by FRS 102. The financial assets and financial liabilities of the company are as follows;

Financial assets – trade and other debtors, accrued income, amounts owed by group undertakings and other debtors are basic financial instruments, and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, amounts owed to group undertakings, bank loans, accrued expenses and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security and corporation tax creditors are not included in the financial instruments disclosure definition.

2 Grants, donations and legacies

| | Unres- tricted £ | Res- tricted £ | Total 2021 £ | Unres- tricted £ | Res- tricted £ | Total 2020 £ |
|---|------------------------|----------------------|------------------|------------------------|----------------------|--------------------|
| Grants, donations and legacies | 4,465,157 | 2,681,706 | 7,146,863 | 273,424 | 246,551 | 519,975 |
| Exceptional government funding Coronavirus JRS grant | - | - | - | 31,266 | - | 31,266 |
| | <u>4,465,157</u> | <u>2,681,706</u> | <u>7,146,863</u> | <u>304,690</u> | <u>246,551</u> | <u>551,241</u> |

3 Other trading income

| | Unres- tricted £ | Res- tricted £ | Total 2021 £ | Unres- tricted £ | Res- tricted £ | Total 2020 £ |
|--------------------------|------------------------|----------------------|------------------|------------------------|----------------------|--------------------|
| Merchandise | 132,170 | - | 132,170 | 98,315 | - | 98,315 |
| Fundraising event income | 238,536 | - | 238,536 | 91,253 | - | 91,253 |
| Other income | 1,001,361 | - | 1,001,361 | - | - | - |
| | <u>1,372,067</u> | <u>-</u> | <u>1,372,067</u> | <u>189,568</u> | <u>-</u> | <u>189,568</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2021

4 Interest receivable

| | Unres- tricted £ | Res- tricted £ | Total 2021 £ | Unres- tricted £ | Res- tricted £ | Total 2020 £ |
|---------------|------------------------|----------------------|-----------------|------------------------|----------------------|--------------------|
| Bank interest | 179 | - | 179 | 1,457 | - | 1,457 |

5 Costs of raising funds

| | Unres- tricted £ | Res- tricted £ | Total 2021 £ | Unres- tricted £ | Res- tricted £ | Total 2020 £ |
|--------------------|------------------------|----------------------|-----------------|------------------------|----------------------|--------------------|
| Fundraising costs | 58,263 | 189,036 | 247,299 | 34,488 | 50,565 | 85,053 |
| PR and advertising | 22,010 | - | 22,010 | 20,175 | - | 20,175 |
| Trading costs | 593,401 | - | 593,401 | 123,924 | 14,414 | 138,338 |
| | 673,674 | 189,036 | 862,710 | 178,587 | 64,979 | 233,552 |

6 Charitable activities

| | Unres- tricted £ | Res- tricted £ | Total 2021 £ | Unres- tricted £ | Res- tricted £ | Total 2020 £ |
|-----------------------------|------------------------|----------------------|-----------------|------------------------|----------------------|--------------------|
| Aircraft maintenance | 115,818 | 237,826 | 353,644 | 68,243 | 75,860 | 144,103 |
| Grants paid to institutions | - | - | - | - | 20,916 | 20,916 |
| Insurance | 8,235 | - | 8,235 | 6,186 | - | 6,186 |
| Payroll fees | 1,816 | - | 1,816 | 1,092 | - | 1,092 |
| Staff costs | 401,996 | 230,522 | 632,518 | 253,831 | 98,918 | 352,749 |
| Consultancy | 42,074 | 33,650 | 75,724 | 17,995 | 39,347 | 57,342 |
| Other administration | 54,688 | 9,600 | 64,288 | 39,403 | - | 39,403 |
| Depreciation | 27,186 | - | 27,186 | 797 | - | 797 |
| Governance costs | 46,444 | 4,250 | 50,694 | 14,228 | - | 14,228 |
| Bad debts | - | - | - | 2,500 | - | 2,500 |
| | 698,257 | 515,848 | 1,214,105 | 404,275 | 235,041 | 639,316 |

Grants paid to institutions are broken down as follows:

| | | | | | | |
|---------------|---|---|---|---|--------|--------|
| RNHF aircraft | - | - | - | - | 20,916 | 20,916 |
| | - | - | - | - | 20,555 | 20,555 |

7 Net income/(expenditure) for the year

This is stated after charging:

| | 2021 | Charity | 2021 | Subsidiary | 2021 | Total |
|------------------------------|---------------|----------------|---------------|-------------------|---------------|---------------|
| | £ | 2020 | £ | 2020 | £ | 2020 |
| | | £ | | £ | | £ |
| Depreciation of owned assets | 21,439 | 797 | 21,438 | 15,033 | 42,877 | 15,830 |
| Auditors remuneration | | | | | | |
| Audit services | 6,300 | 4,000 | 2,200 | 2,200 | 8,500 | 6,200 |
| Other services - accounting | 935 | 2,363 | - | 88 | 935 | 2,451 |
| | <u>21,439</u> | <u>797</u> | <u>21,438</u> | <u>15,033</u> | <u>42,877</u> | <u>15,830</u> |

8 Trustee directors

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2020 – £nil). No trustees were reimbursed expenses (2020 – £nil) during the year. No charity trustee received payment for professional or other services supplied to the charity (2020 – £nil).

The charity has paid £1,198 (2020 – £600) for directors and officers indemnity insurance.

9 Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £9,426 (2020 – £4,866).

Contributions totalling £2,534 (2020 – £1,318) were payable to the scheme at the end of the year.

10 Employees

Number of employees

The average monthly number of employees during the year was:

| | 2021 | 2020 |
|-------------------------------|-------------|-------------|
| Chief executive officer | 1 | 1 |
| Management and administration | 16 | 12 |
| | <u>17</u> | <u>13</u> |

Employment costs

| | 2021 | 2020 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 569,503 | 322,678 |
| Social security costs | 50,853 | 24,740 |
| Pension costs | 9,426 | 4,866 |
| | <u>629,782</u> | <u>352,284</u> |

The number of employees whose annual emoluments were £60,000 or more were:

| | 2021 | 2020 |
|---------------------|---------------|---------------|
| | number | number |
| £90,000 - £100,000 | - | 1 |
| £100,000 - £110,000 | 1 | - |
| | <u>1</u> | <u>1</u> |

No pension costs were paid to this individual during the year (2020 – £nil)

The key management personnel of the group comprise those of the Trust and its wholly owned subsidiary Naval Aviation Limited. The key management personnel of the Trust comprise the trustees and the Chief Executive Officer. Naval Aviation Limited does not have remuneration costs as all staff are paid by the Trust.

The total employee benefits including employers national insurance and employers pension costs of the key management personnel of the Trust were £116,958 (2020 - £94,772).

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2021

11 Tangible fixed assets

| | Aircraft | Plant & Machinery | Office Equipment | Computer Equipment | Total |
|-----------------------|------------------|----------------------|---------------------|-----------------------|------------------|
| | £ | £ | £ | £ | £ |
| At 1 January 2020 | 100,000 | 47,913 | 14,531 | 42,049 | 204,493 |
| Additions | 3,113,000 | 3,594 | - | 18,925 | 3,135,519 |
| | <u>3,213,000</u> | <u>51,507</u> | <u>14,531</u> | <u>60,974</u> | <u>3,340,012</u> |
| At 31 December 2021 | 3,213,000 | 51,507 | 14,531 | 60,974 | 3,340,012 |
| | <u>3,213,000</u> | <u>51,507</u> | <u>14,531</u> | <u>60,974</u> | <u>3,340,012</u> |
| Depreciation | | | | | |
| At 1 January 2020 | - | 12,301 | 5,316 | 41,556 | 59,173 |
| Charge for the year | - | 16,595 | 4,844 | 5,748 | 27,187 |
| | <u>-</u> | <u>28,896</u> | <u>10,160</u> | <u>47,304</u> | <u>86,360</u> |
| At 31 December 2021 | - | 28,896 | 10,160 | 47,304 | 86,360 |
| | <u>-</u> | <u>28,896</u> | <u>10,160</u> | <u>47,304</u> | <u>86,360</u> |
| Net book value | | | | | |
| At 31 December 2021 | 3,213,000 | 22,611 | 4,371 | 13,670 | 3,253,652 |
| | <u>3,213,000</u> | <u>22,611</u> | <u>4,371</u> | <u>13,670</u> | <u>3,253,652</u> |
| At 31 December 2020 | 100,000 | 35,612 | 9,215 | 493 | 145,320 |
| | <u>100,000</u> | <u>35,612</u> | <u>9,215</u> | <u>493</u> | <u>145,320</u> |

The year end open market value of the aircraft has been considered by the Trustees and the revaluation reflected in in the accounts. The value of the aircraft donated has been bought in at the insurance value, which is considered to be a fair reflection of the market value of the aircraft. The historical cost of the aircraft is £2.

| Charity | Aircraft | Computer Equipment | Total |
|-----------------------|------------------|-----------------------|------------------|
| Cost | £ | £ | £ |
| At 1 January 2021 | - | 42,049 | 42,049 |
| Additions | 3,113,000 | 18,925 | 3,131,925 |
| | <u>3,113,000</u> | <u>60,974</u> | <u>3,173,974</u> |
| At 31 December 2021 | 3,113,000 | 60,974 | 3,173,974 |
| | <u>3,113,000</u> | <u>60,974</u> | <u>3,173,974</u> |
| Depreciation | | | |
| At 1 January 2021 | - | 41,556 | 41,556 |
| Charge for the year | - | 5,748 | 5,748 |
| | <u>-</u> | <u>47,304</u> | <u>47,304</u> |
| At 31 December 2021 | - | 47,304 | 47,304 |
| | <u>-</u> | <u>47,304</u> | <u>47,304</u> |
| Net book value | | | |
| At 31 December 2021 | 3,113,000 | 13,670 | 3,126,670 |
| | <u>3,113,000</u> | <u>13,670</u> | <u>3,126,670</u> |
| At 31 December 2020 | - | 493 | 493 |
| | <u>-</u> | <u>493</u> | <u>493</u> |

The year end open market value has been considered by the trustees and the revaluation reflected in the accounts. The value of the aircraft donated has been bought in at the insurance value, which is considered to be a fair reflection of the market value of the aircraft.

12 Investments

| | Charity | |
|---|----------------|-------------|
| | 2021 | 2020 |
| | £ | £ |
| Naval Aviation Limited - 1 ordinary shares of £1 each | <u>1</u> | <u>1</u> |

Naval Aviation Limited (company no. 07052646) was incorporated in England and Wales on 21 October 2009 as a wholly owned trading subsidiary of Fly Navy Heritage Trust Limited. The parent charity holds 100% of the issued share capital and voting rights of the subsidiary.

The principal activity of the company is the operation of commercial activity on behalf of Fly Navy Heritage Trust Limited. The subsidiary gift aids its taxable profits to Fly Navy Heritage Trust Limited, and files audited accounts with the Registrar of Companies.

A summary of the trading results is shown below:

| | 2021 | 2020 |
|----------------------------------|----------------|-----------------|
| | £ | £ |
| Turnover | 1,840,247 | 208,960 |
| Cost of sales | (947,045) | (254,232) |
| Gross profit | <u>893,202</u> | <u>(45,272)</u> |
| Administrative expenses | (58,893) | (28,209) |
| Net loss before tax | 834,309 | (73,481) |
| Taxation | (24,127) | - |
| Retained in subsidiary | <u>810,182</u> | <u>(73,481)</u> |
| The assets and liabilities were: | | |
| Fixed assets | 126,982 | 144,827 |
| Current assets | 847,499 | 151,870 |
| Current liabilities | (168,403) | (324,928) |
| Provisions | (24,127) | - |
| Total net assets | <u>781,951</u> | <u>(28,231)</u> |
| Called up share capital | 1 | 1 |
| Revaluation reserve | 99,998 | 99,998 |
| Profit and loss account | 681,952 | (128,230) |
| | <u>781,951</u> | <u>(28,231)</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2021

13 Stocks

| | Group | 2021 | Group | 2020 |
|------------------|--------------|----------------|--------------|----------------|
| | £ | Charity | £ | Charity |
| | | £ | | £ |
| Goods for resale | 178,318 | 50,000 | 123,995 | - |

14 Debtors

| | Group | 2021 | Group | 2020 |
|------------------------------------|------------------|------------------|----------------|----------------|
| | £ | Charity | £ | Charity |
| | | £ | | £ |
| Trade debtors | 26,444 | 17,406 | 106,131 | 105,824 |
| Other debtors | 51,435 | - | 8,666 | - |
| Prepayments and accrued income | 2,334,406 | 2,319,123 | 46,416 | 40,593 |
| Amounts owed by group undertakings | - | - | - | 306,285 |
| | <u>2,412,285</u> | <u>2,336,529</u> | <u>161,213</u> | <u>452,702</u> |

15 Creditors: Amounts falling due within one year

| | Group | 2021 | Group | 2020 |
|------------------------------------|----------------|----------------|----------------|----------------|
| | £ | Charity | £ | Charity |
| | | £ | | £ |
| Trade creditors | 162,396 | 16,250 | 36,813 | 22,421 |
| Accruals | 32,273 | 10,017 | 10,600 | 6,350 |
| Deferred income | 10,000 | 10,000 | 169,006 | 169,006 |
| Amounts owed to group undertakings | - | 50,000 | - | - |
| Taxation and social security | 19,451 | 19,451 | 12,462 | 12,462 |
| | <u>224,120</u> | <u>105,718</u> | <u>228,881</u> | <u>210,239</u> |

16 Provision for liabilities

| Group | Deferred tax | Total |
|--|----------------------|----------------------|
| | £ | £ |
| At 1 January 2021 | - | - |
| Increase (decrease) in existing provisions | <u>24,127</u> | <u>24,127</u> |
| At 31 December 2021 | <u><u>24,127</u></u> | <u><u>24,127</u></u> |
| Deferred tax | | |
| Deferred tax assets and liabilities: | Asset | Liability |
| | £ | £ |
| 2021 | | |
| Other timing differences | <u>-</u> | <u>24,127</u> |
| | <u><u>-</u></u> | <u><u>24,127</u></u> |
| 2020 | | |
| Other timing differences | <u>-</u> | <u>-</u> |
| | <u><u>-</u></u> | <u><u>-</u></u> |

17 Summary of movement in funds

| Group | Opening Balance | Incoming Resources | Outgoing Resources | Transfers | Closing Balance |
|---------------------------|------------------------|---------------------------|---------------------------|------------------|------------------------|
| | £ | £ | £ | £ | £ |
| Unrestricted funds | | | | | |
| General | 204,544 | 5,837,403 | (1,396,058) | 73,231 | 4,719,120 |
| Revaluation reserve | 99,998 | - | - | - | 99,998 |
| Restricted funds | | | | | |
| Transitional funds | - | 541,006 | (467,775) | (73,231) | - |
| Culture Recovery Fund | 8,395 | 140,200 | (148,595) | - | - |
| Swordfish W5856 | 88,014 | - | (88,014) | - | - |
| Sea Vixen | - | 500 | (500) | - | - |
| Seafire | - | 2,000,000 | - | - | 2,000,000 |
| | 400,951 | 8,519,109 | (2,100,942) | - | 6,819,118 |
| Charity | | | | | |
| Unrestricted funds | | | | | |
| General | 332,773 | 4,703,572 | (1,072,409) | 73,231 | 4,037,167 |
| Restricted funds | | | | | |
| Transitional funds | - | 541,006 | (467,775) | (73,231) | - |
| Culture recovery fund | 8,395 | 140,200 | (148,595) | - | - |
| Swordfish W5856 | 88,014 | - | (88,014) | - | - |
| Sea Vixen | - | 500 | (500) | - | - |
| Seafire | - | 2,000,000 | - | - | 2,000,000 |
| | 429,182 | 7,385,278 | (1,777,293) | - | 6,037,167 |

Unrestricted funds

The Trustees had designated funds of £200k in 2017 towards the retention of an engineer and storeman for the Sea Vixen with a view to ensuring that should the parts come available there could be the possibility that the Sea Vixen will get back to flying status. The amount designated has been brought back into general unrestricted this repair work is now unlikely to happen. The revaluation reserve is the difference between the fair value and original cost of the aircraft.

Restricted funds

- The Swordfish W5856 fund represents monies received from HM Treasury's LIBOR Fines Fund specifically for the provision of onward funding to the Royal Navy Historic Flight for the essential maintenance, repair and operation of Swordfish W5856.
- Transitional funds relates to income received for the maintenance of aircraft transferred to the charity. The transfer of funds relates to transitional funds used to purchase fixed assets.
- The funds received from the Culture recovery fund were to cover overhead costs to support the charity through the pandemic.
- The Seafire fund represents monies received from a donation for the purchase and upkeep of a new Seafire aircraft.
- The Sea Vixen fund represents monies received from a donation towards the upkeep of the aircraft.

Summary of movement in funds - 2020

| Group | Opening Balance | Incoming Resources | Outgoing Resources | Transfers | Closing Balance |
|---------------------------|------------------------|---------------------------|---------------------------|------------------|------------------------|
| | £ | £ | £ | £ | £ |
| <u>Unrestricted funds</u> | | | | | |
| General | 91,691 | 495,715 | (582,862) | 200,000 | 204,544 |
| Sea Vixen | 200,000 | - | - | (200,000) | - |
| Revaluation reserve | 99,998 | - | - | - | 99,998 |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 106,351 | (106,351) | - | - |
| Culture Recovery Fund | - | 140,200 | (131,805) | - | 8,395 |
| Swordfish W5856 | 148,493 | - | (60,479) | - | 88,014 |
| Sea Vixen | 1,385 | - | (1,385) | - | - |
| | <u>541,567</u> | <u>742,266</u> | <u>(882,882)</u> | <u>-</u> | <u>400,951</u> |
| Charity | | | | | |
| | £ | £ | £ | £ | £ |
| <u>Unrestricted funds</u> | | | | | |
| General | 146,439 | 397,400 | (411,066) | 200,000 | 332,773 |
| Sea Vixen | 200,000 | - | - | (200,000) | - |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 106,351 | (106,351) | - | - |
| Culture recovery fund | - | 140,200 | (131,805) | - | 8,395 |
| Swordfish W5856 | 148,493 | - | (60,479) | - | 88,014 |
| Sea Vixen | 1,385 | - | (1,385) | - | - |
| | <u>496,317</u> | <u>643,951</u> | <u>(711,086)</u> | <u>-</u> | <u>429,182</u> |

18 Analysis of assets between funds

| Group | Tangible Fixed Assets £ | Investments £ | Net Current Assets £ | Provisions £ | Total £ |
|-------------------------------|--|--------------------------|-------------------------------------|-------------------------|--------------------|
| Unrestricted funds | 3,253,652 | - | 1,589,593 | (24,127) | 4,819,118 |
| Restricted funds | - | - | 2,000,000 | - | 2,000,000 |
| As at 31 December 2021 | 3,253,652 | - | 3,589,593 | (24,127) | 6,819,118 |
| As at 31 December 2020 | 145,320 | - | 255,631 | - | 400,951 |
| Charity | Tangible Fixed Assets £ | Investments £ | Net Current Assets £ | Provisions £ | Total £ |
| Unrestricted funds | 3,126,670 | 1 | 910,496 | - | 4,037,167 |
| Restricted funds | - | - | 2,000,000 | - | 2,000,000 |
| As at 31 December 2021 | 3,126,670 | 1 | 2,910,496 | - | 6,037,167 |
| As at 31 December 2020 | 493 | 1 | 428,688 | - | 429,182 |

19 Income and expenditure account of the company

The company has taken advantage of Section 408 of the Companies Act and has not included its own Income and Expenditure Account or separate Statement of Financial Activities.

The Fly Navy Heritage Trust Limited has net incoming resources for the year of £5,607,985 (2020 - £67,134 outgoing resources) based on income of £7,385,278 (2020 - £643,951).

20 Related parties

There are no related party transactions in the reporting period that require disclosure.

21 Contingent assets

The charity has received notice that they have been named as a beneficiary of a legacy. The amount receivable cannot be reliably measured as the Will is being contested, but it is estimated that it will be in the region of £200k.

FLY NAVY HERITAGE TRUST LIMITED

England & Wales - Charity number 1117272

Accounts

Fly Navy Heritage Trust Limited
(A Charitable Company Limited by Guarantee)

Annual Report and Financial Statements

For the Year Ended 31 December 2020

Company Number: 05971284
Charity Registered in England and Wales Number: 1117272

Fly Navy Heritage Trust Limited
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For the Year Ended 31 December 2020

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Patron

HRH the Duke of York KG GCVO

President

Admiral Sir George Zambellas GCB DSC ARC DL FRAeS

Trustee Directors:

Chairman

Rear Admiral T A Cunningham CBE

Ex- Officio

Commodore N H J Tindal RN – Commanding Officer RNAS Yeovilton (resigned 20 Jul 2020)
Rear Admiral M J Connell CBE – Asst Chief of Naval Staff (Aviation & Carriers)

Elected

Commodore S F Baldwin RN – Programme Director, Rolls Royce Plc
Rear Admiral S B Charlier CBE FRAeS – Chairman FAA Officers' Association
Ms S L Cook – Vice President, UK Government business
Leonardo (MW)
Commodore W M Covington CBE RN – Business Executive, aircraft owner
Commodore N R Griffin MBE RN – Commanding Officer RNAS Yeovilton (appointed 20 Jul 2020)
Mr P N Livingston – Vice President and Group Managing Director,
Lockheed Martin UK Integrated Systems
Mr T J Manna – President, Kennet Aviation
Mr H G Mason – Heritage Manager, BAE Systems (resigned 20 Jul 2020)
Mr M J Ryan – Business Executive, aircraft owner
Mr N R Smith – Solicitor
Mr M J F Strong – Chartered Accountant
Rear Admiral I P G Tibbitt CBE – Deputy Chairman FNHT, Business Executive

Chief Executive Officer

Commodore R S Alexander OBE FRAeS

Company Secretary

Mr N R Smith

Charity Number

1117272

Company Number

05971284

Principal Address and Registered Office

Building 412, South Dispersal, RNAS Yeovilton, Ilchester, Somerset, BA22 8HT

Auditors

Albert Goodman LLP, Goodwood House, Blackbrook Park Avenue, Taunton, Somerset, TA1 2PX

Bankers

Barclays Bank Plc, King George Street, Yeovil, Somerset, BA20 1PX

The Trustee Directors ("Trustees") present their report and accounts for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the financial statements and comply with the Charity's governing document, applicable law and the requirement of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

References and Administrative Details

Administrative information is given in a separate section at the front of these accounts.

Structure Governance and Management

The Fly Navy Heritage Trust was registered with the Charity Commission and is constituted and regulated by a Declaration of Trust dated 16 July 1991. In December 2006 the Trust transferred its assets and undertakings, in accordance with the incorporation agreement dated 31 December 2006, to the Fly Navy Heritage Trust Limited. This company, limited by guarantee, (company registration number 05971284) was incorporated on 18 October 2006; it is registered with the Charity Commission (charity registration number 01117272). In accordance with the governing document, the current trustees may appoint additional trustees and have absolute discretion and unrestricted powers to invest trust monies. Trustees may serve for up to three years before requiring re-appointment.

Induction and training of trustees

New Trustees are inducted and trained using information obtained from various sources, including the Charity Commission, attendance as required at specialist courses and by personal briefings.

Organisational structure

A full list of trustees and directors (all trustees are also directors of the company) who have served since 31 December 2019 is shown on page 1. The Trustees meet at least three times a year to discuss and review the current and future position of the Charity. The Charity occupies office space within MOD owned buildings within RNAS Yeovilton and now, in accordance with the Trustees' directive to increase the fundraising capacity of the charity, employs twelve staff members, six of them part time.

Related parties

Naval Aviation Limited (NA Ltd) (company registration number 07052646) is a wholly owned subsidiary of the Charity and exists as the trading operation of the Charity. Activities include sales of aircraft displays, sales of souvenir merchandise and the operation of the Hawker Sea Fury T20 (G-RNHF) and the de Havilland Sea Vixen FAW2 XP924 (G-CVIX).

The Charity also had a close affinity with the Royal Navy Historic Flight (RNHF), a unit whose purpose was to preserve the Royal Navy's aviation heritage by maintaining in flying condition a small number of other notable British naval aircraft and displaying them before the public. However, the RNHF was disbanded on 31 March 2019, which will affect the future of the Trust as discussed below.

Charitable donations made by the Charity have supported the activity of both the RNHF and NA Ltd. One of the trustees of the Charity, Commodore N Tindall RN, is a senior member of the management team of the RNHF. RNHF aircraft airworthiness is regulated by the MOD and NA Ltd aircraft airworthiness by the Civil Aviation Authority.

Key management personnel

Remuneration for key management personnel is set by a Remuneration Committee comprising the Trust Chairman, Deputy Chairman and the Financial Trustee (an accountant). In setting salary levels, market comparators for similar roles within the charities sector are taken into consideration. There is also the need to ensure that key posts are attractive to personnel having the detailed knowledge, experience and skills demanded of both the charity and directing an aircraft operating company.

Risk management

The Trustees routinely assess the risks to which the Charity is exposed to ensure that systems and procedures are in place to mitigate exposure in these areas. A Risk Register is held in the Charity's Business Plan and is reviewed at Management Group level and at each Trustees' meeting. Risk mitigation actions are included as part of the charity's annual Work Plan.

Objectives

The Charity's objectives are set out in the Memorandum of Association as follows:

- To educate members of the Royal Navy and the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Navy aviation generally.
- To provide a memorial and tribute to the men and women who have flown, maintained or contributed in any way to the operation of aircraft within the fleet.
- To advance the effectiveness of the armed forces of the Crown by promoting the efficiency of aviation in the Royal Navy.

This can be summed up as: To Educate, Inspire and Remember; this is articulated as a single aim as follows: *Inspiring future generations by bringing together the aircraft, people and the story of flying from ships.*

Activities

The Chief Executive Officer, Commodore Jock Alexander, joined the Trust in February 2016, following which the Charity was re-branded as 'Navy Wings' in July of the same year. The aim, which has not changed, remains to reach as wide an audience as possible with a refreshed look, supported by a continually evolving web-site and a wide collection of aircraft. The core Flight consists of the ex-Royal Navy Historic Flight (RNHF) aircraft which have now been gifted to FNHT. This is supported by an Associate Collection, which reaches out to individuals in the UK who operate their own, vintage naval aircraft and invites them to join the Navy Wings Associate Collection story. This has been a huge success and there are now 20 aircraft as part of that collection, ranging from a WW1 Bristol Scout, through to a Sea King helicopter from the 1990's. Importantly, the Trust does not raise money for the Associates, but rather they join a club of like-minded people which enable Navy Wings to tell a more comprehensive story about our heritage.

Most management activity this year was spent dealing with the fall-out from Covid 19 and the subsequent cancellation of all fund-raising activity, including Air Shows. Work also continued in tandem for the transfer of the RNHF aircraft into the Trust, which was achieved on 1 January 2021. The Deed of Transfer, having finally gained Parliamentary approval, was formally signed at the end of December, along with a Memorandum of Understanding agreed with the Royal Navy, which under-pins the future relationship between the two parties. It is now planned to let the Navy Wings Heritage Flight appear on the display circuit in 2021, although as this being written it remains unclear whether Government plans will allow large crowds to gather in 2021.

In 2020, the Trust clearly felt the impact of Covid 19 and decisions were taken very early in the crisis to ameliorate the situation and protect the Trust. Trustees were informed in early April of the new Aim for the year as follows:

'To achieve the right balance between achieving savings at this crucial time, to ensure we remain viable, against the need to emerge from lockdown in the best position we can to capitalise on our increased on-line presence, with a fully integrated and flexible team who can maximise emerging opportunities as they arise'.

To facilitate this, of the 14 staff at the time, 5 involved with event planning and routine admin were placed under furlough and the remaining 9 were all placed on a three-day week with concomitant pay reductions. An emergency budget was then produced in April, which projected the Trust would end the year about cost neutral. By Mid-summer we were able to recover 3 staff from furlough to part time working, as our strategy in the revised Aim (above) was starting to pay off with increased on-line sales. In addition, we launched a weekly lottery in May, with the aim of building an alternate source of income to the tune of about £50k per annum by Year 3. This remained the status quo until October, when furloughed members were brought back once the CJRS ceased to operate. These measures, coupled with further savings eked out in the summer, saved substantial amounts of capital and meanwhile the investment in on-line presence and retail paid dividends, with month to month sales up by over 150% since May. The situation was further ameliorated by the award of a Grant of £280,400 from the Culture Recovery Fund (CRF), which covered most outgoings between Oct 2020 and Apr 2021. In a further significant development, the Trust was selected by a private aviation enthusiast to receive a four year cycle of Grants in order to secure the future of our aircraft Fleet. This amounts to £5M over the period and we have already been able to purchase a T6 Harvard training aircraft (thus saving on future training hire costs) and also the Wasp helicopter which was on loan to us, but for sale at the same time. We are actively seeking to purchase spare engines for the Swordfish and are looking at every other opportunity to build in resilience for the future.

All of our planned money raising events, including dinners, air shows and Supporters days were cancelled, but Corporate donations were still received despite us being unable to offer anything in return.

Volunteers and Sponsorship

The Trust and Naval Aviation Ltd, together trading as 'Navy Wings', continues with its well established Volunteering Policy, which concentrates on a critical nucleus who provide the core of this support. This network of volunteers is drawn from the Navy Wings Supporter base who provide their time free in order to promote, develop and support various activities that aim to deliver required funds to continue operation. Volunteer support is invaluable and is particularly useful in sales of merchandise and aircraft support operations. The latter encompasses aircraft stores, documentation and admin support alongside supervised aircraft mechanical engineering tasks. All volunteers receive induction and training and, as necessary, health and safety briefings and workplace clothing. In addition, we have a small team of high profile Supporters who volunteer to promote 'Navy Wings' and the heritage aircraft as 'Ambassadors'.

Corporate Support

The Trust continues to enjoy support from some key players in industry, not only from a financial perspective, but also from their knowledge of the aviation industry and in particular, heritage aircraft. Despite the severe limitations imposed by Covid 19 and our inability to provide anything in return, all of our Corporate partners remained on-side and made their regular donations. As we remain limited in what we can offer in 2021, we are currently reviewing the Corporate Package, and are in continual dialogue with our partners about what they expect.

Grant making policy to Naval Aviation Ltd (NAL)

The Trustees consider the needs of our sole beneficiary (NAL) to ensure that all support is provided in accordance with the objects of the charity. As part of the overall business planning for Navy Wings and NAL, the intention and plans are for Naval Aviation Ltd to trade towards being profitable, the key drivers will be the diversification and growth of income streams such as growing the online merchandising, the lottery income, as well as generating income from aircraft. As alluded to above, NAL was not able to conduct much display flying during the year with Covid 19 and the cancellation of every planned air show; this has contributed to losses due to lack of display fees and accompanying sales of merchandise on the ground. That said, traction is gradually building with merchandise along with the recently launched Navy Wings lottery and the plan is to build on this, along with display income and paid for flights, to produce a profit in Naval Aviation.

Achievements and Performance

The principal achievement of the Charity was to successfully raise enough funds during the Covid 19 crisis, to ensure we emerged in the best possible position once social distancing and other Covid measures are removed. We conducted no display flying at all in 2020 and our only flight time was to keep the minimum hours required for crew training at our home base. This also saved considerable sums of money from a combination of insuring the aircraft for ground incidents only and a negligible use of aviation fuel. Our financial achievements through retail have already been covered and, when the CRF Grant is also accounted for, we finished the FY in a stronger position than we could have hoped for. We had planned to return to a full flying programme in 2021, but we are already seeing a rolling cancellation of Air Shows for this year and this has been compounded by the loss of our Sea Fury T20 in an accident on Wednesday 28 April. Both the crew escaped with minor injuries and we now await the Insurance Company decision on her future.

Reserves policy

Since there can be no guarantee of the quantum of future income streams, the Trustees' policy is to retain funds in excess of the current needs to meet unanticipated expenditure which is an inherent feature of maintaining historic aircraft. In addition, Trustees continue to ensure that available free reserves are adequate to cover in excess of 3 months operating costs of £123,803. At 31st December 2020 the group held £204,544 of free reserves and excess reserves to provide future funding for aircraft.

Review of financial position

From a financial point of view, 2020, as explained above was a difficult year to manage and forecast as a result of Covid-19. Budgets were harder to forecast with the uncertainty of when restrictions would ease and this inevitably made it difficult to plan what events could be held if any.

Total consolidated income included £246,551 of restricted income (33.2%) and £495,715 of unrestricted income (66.8%). Restricted income has increased as a result of the Culture Recovery fund received and Royal Navy transitional funding relating to the transfer of the aircraft (both of which were mentioned above).

NA Ltd retail sales (covering merchandising and aircraft displays) provided £98,315 of income. Merchandising was slightly below budget however it continues to grow year on year and indeed was 17% higher than 2019. As mentioned earlier in the report, no air shows were able to operate during the year leading to no income from display fees.

As a result of the global pandemic, the events which are usually run throughout the year in FNHT were also not able to go ahead as planned meaning only £91,253 was raised in the year.

The group was able to minimise expenditure during the global pandemic with total consolidated expenditure in 2020 totalling £882,882, a reduction of £97,020 on the prior year.

The Group held £96,409 of restricted funds at the year end and £304,542 in unrestricted funds. Cash and short term investments totalled £199,304 at 31 December 2020 compared with £401,753 at the previous year end. Capital expenditure of £30,554 was made in the year.

Plans for future periods

The Charity has clearly had to review its ten-year rolling plan based on the effects of Covid, but more importantly for us, the injection of new cash in the form of the CRF Grant and the four year investment of £5M. The Business Plan is being reviewed again to reflect these changes, which is under-pinned by a new Risk Register. Heritage aircraft are expensive to maintain and require regular, extensive overhauls of their engines along with the provision of back-up engines and spares. Although the short-term pressure to raise money has been removed, we are still planning to double our income within the next five years and the new weekly Lottery is already proving to be a success as a future income stream. The Trust continues to plan for a sustainable programme and anticipates eventually operating a core flying fleet of one Swordfish, one Sea Fury (depending on the status of the T20 post crash), the Wasp helicopter and one jet (either the Sea Vixen or Seahawk) on an annual basis. We are also investigating the possibility of buying another Aircraft type following a £2m capital donation but have not yet formalised any plans.

Impact of Covid-19 and going concern

In light of the impact of Covid-19 the trustees have given careful consideration to the cashflow forecasts of the charity covering the period of at least twelve months from the date of signing the accounts. They are satisfied that the charity has sufficient working capital resources in place over that period, and therefore the accounts are drawn up on the going concern basis.

Auditors

The auditors, Albert Goodman LLP are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small company provisions

This report has been prepared in accordance with the small companies regime under section 487(2) of the Companies Act 2006.

Statement of trustees' responsibilities

The trustees (who are directors of the Fly Navy Heritage Trust Limited for the purposes of company law) are responsible for preparing the Trustee Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102, *the Financial Reporting Standard applicable in the UK and the Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure of the charitable 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;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standard have been followed, subject to any material departures disclosed and explained in the financial statements, and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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.

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- There is no relevant information, being information needed by the auditor in connection with preparing their report of which the group's auditor is unaware; and
- The trustees have each taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of the information

Approved by the Trustees on 30 September 2021 and signed on their behalf by:

Rear Admiral T A Cunningham CBE
Chairman and Trustee

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2020

Opinion

We have audited the financial statements of the Fly Navy Heritage Trust Limited for the year ended 31 December 2020, which comprise the consolidated Statement of Financial Activities, the consolidated and parent charitable company Balance Sheets, the consolidated and parent charitable company 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 Generally Accepted Accounting Practice, including Financial Reporting Standard 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 the parent charitable company's affairs as at 31 December 2020, 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 Companies Act 2006.

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. 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.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2020

In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee Directors' Report, which includes the Directors' Report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustee Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report included within the Trustee Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Trustees' Report and from the requirement to prepare a Strategic Report.

Responsibilities of trustees

As explained more fully in the Statement of Trustees Responsibilities (set out on page 6), the trustees (who are also the directors of the parent 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 group 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 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

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of Independent Auditors.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations.
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the charity and aviation sector.
- We focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, Charity SORP, Aviation law, data protection, anti-bribery, employment and health and safety legislation.
- We assessed the extent of compliance with the laws and regulations identified above through making enquiries with management.
- Identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement including obtaining an understanding of how fraud might occur by:

- Making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud: and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations

To address the risk of fraud through management bias and override of controls, we:

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested journal entries to identify unusual transactions;
- Assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- Investigated the rationale behind significant or unusual transactions.

Fly Navy Heritage Trust Limited

Independent Auditors' Report to the Trustees and Members
For the Year Ended 31 December 2020

In response to the risk of irregularities and non-compliance with laws and regulations we designed procedures which included, but were not limited to;

- Agreeing financial statements disclosures to underlying supporting documentation;
- Reading the minutes of meetings of those charged with governance;
- Enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.grc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the group and parent charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group and parent charitable company's members and 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 group and parent charitable company and the group and parent charitable company's members as a body and the parent charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed

Robert Oram BFP FCA (Senior Statutory Auditor)
for and on behalf of Albert Goodman LLP, Statutory Auditor

Goodwood House
Blackbrook Park Avenue
Taunton
TA1 2PX

30 September 2021

Fly Navy Heritage Trust Limited

Consolidated Statement of Financial Activities (including income and expenditure account)
For the Year Ended 31 December 2020

| | Notes | Unres- tricted £ | Res- tricted £ | Total 2020 £ | Unres- tricted £ | Res- tricted £ | Total 2019 £ |
|--|-------|------------------------|----------------------|------------------|------------------------|----------------------|--------------------|
| Income: | | | | | | | |
| Grants, donations and legacies | 2 | 304,690 | 246,551 | 551,241 | 298,161 | 144,628 | 442,789 |
| Other trading activities | 3 | 189,568 | - | 189,568 | 371,840 | - | 371,840 |
| Interest receivable | 4 | 1,457 | - | 1,457 | 120 | - | 120 |
| Total income | | 495,715 | 246,551 | 742,266 | 670,121 | 144,628 | 814,749 |
| Expenditure: | | | | | | | |
| Costs of raising funds | 5 | 178,587 | 64,979 | 243,566 | 233,552 | - | 233,552 |
| Charitable activities | 6 | 404,275 | 235,041 | 639,316 | 582,552 | 163,798 | 746,350 |
| Total expenditure | | 582,862 | 300,020 | 882,882 | 816,104 | 163,798 | 979,902 |
| Net (expenditure)/income for the year before transfers and gains and losses | | (87,147) | (53,469) | (140,616) | (145,983) | (19,170) | (165,153) |
| Transfers between funds | 16 | - | - | - | - | - | - |
| Net income/(expenditure) and net movement in funds for the year | 7 | (87,147) | (53,469) | (140,616) | (145,983) | (19,170) | (165,153) |
| Reconciliation of funds | | | | | | | |
| Total funds brought forward | | 391,689 | 149,878 | 541,567 | 537,672 | 169,048 | 706,720 |
| Total funds carried forward | | 304,542 | 96,409 | 400,951 | 391,689 | 149,878 | 541,567 |

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

All income and expenditure derive from continuing activities.

Fly Navy Heritage Trust Limited – Company Number 05971284

Balance Sheet and Consolidated Balance Sheet

As at 31 December 2020

| | Notes | 2020 | | 2019 | |
|---------------------------------------|-------|----------------|----------------|----------------|----------------|
| | | £ Group | £ Charity | £ Group | £ Charity |
| Fixed assets | | | | | |
| Tangible fixed assets | 11 | 145,320 | 493 | 130,596 | 498 |
| Investments | 12 | - | 1 | - | 1 |
| | | <u>145,320</u> | <u>494</u> | <u>130,596</u> | <u>499</u> |
| Current assets | | | | | |
| Stock | 13 | 123,995 | - | 104,661 | - |
| Debtors | 14 | 161,213 | 452,702 | 85,167 | 265,612 |
| Cash at bank and in hand | | 199,304 | 186,225 | 401,753 | 381,261 |
| | | <u>484,512</u> | <u>638,927</u> | <u>591,581</u> | <u>646,873</u> |
| Liabilities: | | | | | |
| Creditors falling due within one year | 15 | (228,881) | (210,239) | (180,610) | (151,055) |
| | | <u>255,631</u> | <u>428,688</u> | <u>410,971</u> | <u>495,818</u> |
| Total net assets | | | | | |
| | | <u>400,951</u> | <u>429,182</u> | <u>541,567</u> | <u>496,317</u> |
| The funds of the charity: | | | | | |
| Restricted funds | 16 | 96,409 | 96,409 | 149,878 | 149,878 |
| Unrestricted funds | 16 | 204,544 | 332,773 | 291,691 | 346,439 |
| Revaluation reserve | 16 | 99,998 | - | 99,998 | - |
| | | <u>400,951</u> | <u>429,182</u> | <u>541,567</u> | <u>496,317</u> |

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared and delivered in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

The notes from pages 15 – 29 form part of these accounts.

Approved by the Board on 30 September 2021 and signed on their behalf by:

Rear Admiral T A Cunningham CBE
Trustee Director

Mr M J F Strong
Trustee Director

Fly Navy Heritage Trust Limited

Statement of Cash Flows and Consolidated Statement of Cash Flows

For the Year Ended 31 December 2020

| | | Total 2020 | | Total 2019 | |
|---|-------|------------------|------------------|------------------|------------------|
| | | £ | £ | £ | £ |
| | Notes | Group | Charity | Group | Charity |
| Cash flows from operating activities | | | | | |
| Net movements in funds for the year | | (140,616) | (67,135) | (165,153) | (155,058) |
| Adjustments to cash flows from non-cash items | | | | | |
| Depreciation | 11 | 15,830 | 797 | 3,891 | 1,307 |
| Revaluation gain | | - | - | - | - |
| Interest receivable | 4 | (1,457) | (1,457) | (120) | (120) |
| | | <u>(126,243)</u> | <u>(67,795)</u> | <u>(161,382)</u> | <u>(153,871)</u> |
| Working capital adjustments | | | | | |
| (Increase)/decrease in stocks | 13 | (19,334) | - | (29,441) | - |
| (Increase)/decrease in debtors | 14 | (76,046) | (187,090) | (27,237) | (104,276) |
| Increase/(decrease) in creditors | 15 | 48,271 | 59,184 | 118,653 | 125,412 |
| | | <u>(173,352)</u> | <u>(195,701)</u> | <u>(99,407)</u> | <u>(132,734)</u> |
| Cash flows from investing activities | | | | | |
| Interest receivable | 4 | 1,457 | 1,457 | 120 | 120 |
| Acquisitions of tangible assets | 11 | (30,554) | (792) | (32,682) | - |
| | | <u>(202,449)</u> | <u>(195,036)</u> | <u>(131,969)</u> | <u>(132,614)</u> |
| Net (decrease)/increase in cash and cash equivalents | | | | | |
| | | <u>(202,449)</u> | <u>(195,036)</u> | <u>(131,969)</u> | <u>(132,614)</u> |
| Cash and cash equivalents at the beginning of the reporting period | | | | | |
| | | <u>401,753</u> | <u>381,261</u> | <u>533,722</u> | <u>513,875</u> |
| Cash and cash equivalents at the end of the reporting period | | | | | |
| | | <u>199,304</u> | <u>186,225</u> | <u>401,753</u> | <u>381,261</u> |
| Cash & Cash equivalents reconciliation: | | | | | |
| Cash at bank | | <u>199,304</u> | <u>186,225</u> | <u>401,753</u> | <u>381,261</u> |
| Total cash & cash equivalents at the end of the reporting period | | | | | |
| | | <u>199,304</u> | <u>186,225</u> | <u>401,753</u> | <u>381,261</u> |

1 Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are as follows:

1.1 Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Fly Navy Heritage Trust Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s) and all amounts are presented in £ sterling.

These financial statements consolidate the results of the Charity and its wholly owned subsidiary, Naval Aviation Limited, on a line by line basis. The "Group" heading within the balance sheet refers to the consolidated accounts of the Fly Navy Heritage Trust Limited and Naval Aviation Limited.

In the parent company financial statements the investment in the trading subsidiary is accounted for at cost less impairment.

A separate Statement of Financial Activities or income and expenditure account, for the Charity itself has not been presented because the Charity has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006.

There are no material uncertainties about the charity's ability to continue as a going concern. The Trustees have considered the implication of the Covid-19 pandemic on the operations of the charity. Grant and donation income has been received that is sufficient to cover the temporary reductions in fundraising and trading income. Taking into account all reasonable circumstances, the trustees believe that the charity remains a going concern and no adjustments to the accounts are necessary.

1.2 Legal status of the Trust

The Trust is a company limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

The company is incorporated in England and Wales and the company registered office is detailed on page 1, reference and administration details.

1.3 Income

Income from grants and donations is recognised in the year in which they are receivable when there is evidence of entitlement, receipt is probable and the amount can be reliably measured.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution.

Where legacies have been notified to the charity, or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income from other trading income is included in the period in which the group is entitled to receipt, it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

1.4 Donated goods and services

Donated services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. Income is recognised within grants, donations and legacies and expenditure within costs of raising funds and charitable activities.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.6 Expenditure and irrecoverable VAT

Resources expended are recognised on the accruals basis to match the period in which the expenditure was incurred.

Costs of raising funds are expenditure incurred in generating the trading subsidiary funds and in generating the charity fundraising event income funds.

Charitable activities expenditure comprises costs incurred in by the charity in the delivery of its charitable purposes for beneficiaries including grants payable to other institutions.

Grants payable are at the discretion of the Trustees. They are in furtherance of the charity's objects, to support and promote the efficiency of aviation in the Royal Navy and to educate the members of the public in the history, traditions and exploits of the Fleet Air Arm and the history of Royal Naval Aviation.

1.7 Operating leases

Rental charges are charged on a straight line basis over the term of the lease.

1.8 Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of charity.

Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Trust's work or for specific artistic projects being undertaken by the Trust.

1.9 Tangible fixed assets and depreciation

Aircraft are initially recorded at cost and are then revalued at the year end. The Trustees review the assets for impairment each year.

Computer equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life as follows:

| | |
|---------------------|-----------------------|
| Plant and machinery | 3 years straight line |
| Office equipment | 3 years straight line |
| Computer equipment | 33% reducing balance |

1.10 Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

1.11 Stock

Stock consists of merchandise for resale and is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.12 Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.13 Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

1.14 Defined contribution pension

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as staff pension expense through the profit and loss when they are due.

1.15 Taxation

As a registered charity, the company is not liable to corporation tax or capital gains tax to the extent that its income and gains are applicable to charitable purposes only. Value Added Tax is not recoverable by the company, and is therefore included in the relevant costs in the Statement of Financial Activities. The charity subsidiary is able to recover Value Added Tax and therefore it is not included within the relevant costs in the Statement of Financial Activities.

1.16 Financial instruments

The charity only holds basic financial instruments as defined by FRS 102. The financial assets and financial liabilities of the company are as follows;

Financial assets – trade and other debtors, accrued income, amounts owed by group undertakings and other debtors are basic financial instruments, and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank – classified as a basic financial instrument and is measured at face value.

Financial liabilities – trade creditors, amounts owed to group undertakings, bank loans, accrued expenses and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security and corporation tax creditors are not included in the financial instruments disclosure definition.

2 Grants, donations and legacies

| | Unres- tricted | Res- tricted | Total 2020 | Unres- tricted | Res- tricted | Total 2019 |
|---|-------------------|-----------------|----------------|-------------------|-----------------|----------------|
| | £ | £ | £ | £ | £ | £ |
| Grants, donations and legacies | 273,424 | 246,551 | 519,975 | 298,161 | 144,628 | 442,789 |
| Exceptional government funding Coronavirus JRS grant | 31,266 | - | 31,266 | - | - | - |
| | <u>304,690</u> | <u>246,551</u> | <u>551,241</u> | <u>298,161</u> | <u>144,628</u> | <u>442,789</u> |

The group has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under “exceptional government funding”. The group furloughed some of its staff under the governments CJRS. The funding received of £31,266 relates to staff costs which are included within note 10 as appropriate.

3 Other trading income

| | Unres- tricted | Res- tricted | Total 2020 | Unres- tricted | Res- tricted | Total 2019 |
|--------------------------|-------------------|-----------------|----------------|-------------------|-----------------|----------------|
| | £ | £ | £ | £ | £ | £ |
| Display fees | - | - | - | 10,452 | - | 10,452 |
| Merchandise | 98,315 | - | 98,315 | 83,970 | - | 83,970 |
| Fundraising event income | 91,253 | - | 91,253 | 274,585 | - | 274,585 |
| Other income | - | - | - | 2,833 | - | 2,833 |
| | <u>189,568</u> | <u>-</u> | <u>189,568</u> | <u>371,840</u> | <u>-</u> | <u>371,840</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2020

| 4 Interest receivable | Unres- tricted £ | Res- tricted £ | Total 2020 £ | Unres- tricted £ | Res- tricted £ | Total 2019 £ |
|---------------------------------|---------------------------------|-------------------------------|-----------------------------|---------------------------------|-------------------------------|-----------------------------|
| Bank interest | 1,457 | - | 1,457 | 120 | - | 120 |
| | <u>1,457</u> | <u>-</u> | <u>1,457</u> | <u>120</u> | <u>-</u> | <u>120</u> |
| 5 Costs of raising funds | Unres- tricted £ | Res- tricted £ | Total 2020 £ | Unres- tricted £ | Res- tricted £ | Total 2019 £ |
| Fundraising costs | 34,488 | 50,565 | 85,053 | 127,459 | - | 127,459 |
| PR and advertising | 20,175 | - | 20,175 | 19,596 | - | 19,596 |
| Trading costs | 123,924 | 14,414 | 138,338 | 86,497 | - | 86,497 |
| | <u>178,587</u> | <u>64,979</u> | <u>243,566</u> | <u>233,552</u> | <u>-</u> | <u>233,552</u> |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2020

6 Charitable activities

| | Unres- tricted £ | Res- tricted £ | Total 2020 £ | Unres- tricted £ | Res- tricted £ | Total 2019 £ |
|-----------------------------|------------------------|----------------------|--------------------|------------------------|----------------------|--------------------|
| Aircraft maintenance | 68,243 | 75,860 | 144,103 | 152,328 | 143,243 | 295,571 |
| Grants paid to institutions | - | 20,916 | 20,916 | - | 20,555 | 20,555 |
| Insurance | 6,186 | - | 6,186 | 8,737 | - | 8,737 |
| Payroll fees | 1,092 | - | 1,092 | 1,138 | - | 1,138 |
| Staff costs | 253,831 | 98,918 | 352,749 | 352,318 | - | 352,318 |
| Consultancy | 17,995 | 39,347 | 57,342 | 21,116 | - | 21,116 |
| Other administration | 39,403 | - | 39,403 | 32,857 | - | 32,857 |
| Other direct costs | - | - | - | - | - | - |
| Depreciation | 797 | - | 797 | 1,307 | - | 1,307 |
| Governance costs | 14,228 | - | 14,228 | 12,751 | - | 12,751 |
| Bad debts | 2,500 | - | 2,500 | - | - | - |
| | <u>404,275</u> | <u>235,041</u> | <u>639,316</u> | <u>582,552</u> | <u>163,798</u> | <u>746,350</u> |

Grants paid to institutions are broken down as follows:

| | | | | | | |
|---------------|----------|---------------|---------------|----------|---------------|---------------|
| RNHF general | - | - | - | - | - | - |
| RNHF aircraft | - | 20,916 | 20,916 | - | 20,555 | 20,555 |
| | <u>-</u> | <u>20,916</u> | <u>20,916</u> | <u>-</u> | <u>20,555</u> | <u>20,555</u> |

7 Net income/(expenditure) for the year

This is stated after charging:

| | Charity | | Subsidiary | | Total | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| | £ | £ | £ | £ | £ | £ |
| Depreciation of owned assets | 797 | 1,307 | 15,033 | 2,584 | 15,830 | 3,891 |
| Auditors remuneration | | | | | | |
| Audit services | 4,000 | 3,300 | 2,200 | 1,900 | 6,200 | 5,200 |
| Other services - accounting | 2,363 | 1,221 | 88 | 13 | 2,451 | 1,234 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

8 Trustee directors

The charity trustees were not paid or received any other benefits from employment with the Trust or its subsidiary in the year (2019 – £nil). No trustees were reimbursed expenses (2019 – £nil) during the year. No charity trustee received payment for professional or other services supplied to the charity (2019 – £nil).

The charity has paid £600 (2019 – £1,198) for directors and officers indemnity insurance.

9 Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £4,866 (2019 – £3,555).

Contributions totalling £nil (2019 – £nil) were payable to the scheme at the end of the year.

10 Employees

Number of employees

The average monthly number of employees during the year was:

| | 2020 | 2019 |
|-------------------------------|-------------|-------------|
| Chief executive officer | 1 | 1 |
| Management and administration | 12 | 11 |
| | <u>13</u> | <u>12</u> |

Employment costs

| | 2020 | 2019 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 322,678 | 319,916 |
| Social security costs | 24,740 | 28,179 |
| Pension costs | 4,866 | 3,823 |
| | <u>352,284</u> | <u>351,918</u> |

The number of employees whose annual emoluments were £60,000 or more were:

| | 2020 | 2019 |
|--------------------|---------------|---------------|
| | number | number |
| £90,000 - £100,000 | 1 | 1 |

No pension costs were paid to this individual during the year (2019 – £nil)

The key management personnel of the group comprise those of the Trust and its wholly owned subsidiary Naval Aviation Limited. The key management personnel of the Trust comprise the trustees and the Chief Executive Officer. Naval Aviation Limited does not have remuneration costs as all staff are paid by the Trust.

The total employee benefits including employers national insurance and employers pension costs of the key management personnel of the Trust were £94,772 (2019 - £114,106).

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2020

| 11 Tangible fixed assets | | | | | |
|---------------------------------|-----------------|------------------------------|-------------------------|---------------------------|--------------|
| Group | Aircraft | Plant & Machinery | Office Equipment | Computer Equipment | Total |
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| At 1 January 2019 | 100,000 | 24,390 | 8,292 | 41,257 | 173,939 |
| Additions | - | 23,523 | 6,239 | 792 | 30,554 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2020 | 100,000 | 47,913 | 14,531 | 42,049 | 204,493 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Depreciation | | | | | |
| At 1 January 2019 | - | 1,355 | 1,229 | 40,759 | 43,343 |
| Charge for the year | - | 10,946 | 4,087 | 797 | 15,830 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 December 2020 | - | 12,301 | 5,316 | 41,556 | 59,173 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net book value | | | | | |
| At 31 December 2020 | 100,000 | 35,612 | 9,215 | 493 | 145,320 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 31 December 2019 | 100,000 | 23,035 | 7,063 | 498 | 130,596 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The year end open market value of the aircraft has been considered by the Trustees and the revaluation reflected in in the accounts. The historical cost of the aircraft is £2.

| Charity | Computer Equipment | Total |
|-----------------------|---------------------------|--------------|
| | £ | £ |
| Cost | | |
| At 1 January 2020 | 41,257 | 41,257 |
| Additions | 792 | 792 |
| | <hr/> | <hr/> |
| At 31 December 2020 | 42,049 | 42,049 |
| | <hr/> | <hr/> |
| Depreciation | | |
| At 1 January 2020 | 40,759 | 40,759 |
| Charge for the year | 797 | 797 |
| | <hr/> | <hr/> |
| At 31 December 2020 | 41,556 | 41,556 |
| | <hr/> | <hr/> |
| Net book value | | |
| At 31 December 2020 | 493 | 493 |
| | <hr/> <hr/> | <hr/> <hr/> |
| At 31 December 2019 | 498 | 498 |
| | <hr/> <hr/> | <hr/> <hr/> |

12 Investments

| | Charity | |
|---|----------------|-------------|
| | 2020 | 2019 |
| | £ | £ |
| Naval Aviation Limited - 1 ordinary shares of £1 each | 1 | 1 |

Naval Aviation Limited (company no. 07052646) was incorporated in England and Wales on 21 October 2009 as a wholly owned trading subsidiary of Fly Navy Heritage Trust Limited. The parent charity holds 100% of the issued share capital and voting rights of the subsidiary.

The principal activity of the company is the operation of commercial activity on behalf of Fly Navy Heritage Trust Limited. The subsidiary gift aids its taxable profits to Fly Navy Heritage Trust Limited, and files audited accounts with the Registrar of Companies.

A summary of the trading results is shown below:

| | 2020 | 2019 |
|----------------------------------|-------------|-------------|
| | £ | £ |
| Turnover | 208,960 | 371,971 |
| Cost of sales | (254,232) | (365,930) |
| Gross profit | (45,272) | 6,041 |
| Administrative expenses | (28,209) | (16,138) |
| Net loss before tax | (73,481) | (10,097) |
| Surplus on revaluation | - | - |
| Retained in subsidiary | (73,481) | (10,097) |
| The assets and liabilities were: | | |
| Fixed assets | 144,827 | 130,098 |
| Current assets | 151,870 | 147,612 |
| Current liabilities | (324,928) | (232,460) |
| Total net assets | (28,231) | 45,250 |
| Called up share capital | 1 | 1 |
| Revaluation reserve | 99,998 | 99,998 |
| Profit and loss account | (128,230) | (54,749) |
| | (28,231) | 45,250 |

Fly Navy Heritage Trust Limited
Notes to the Financial Statements
For the Year Ended 31 December 2020

13 Stocks

| | Group | 2020 | Group | 2019 |
|------------------|----------------|----------------|----------------|----------------|
| | £ | Charity | £ | Charity |
| | £ | £ | £ | £ |
| Goods for resale | 123,995 | - | 104,661 | - |
| | <u>123,995</u> | <u>-</u> | <u>104,661</u> | <u>-</u> |

14 Debtors

| | Group | 2020 | Group | 2019 |
|------------------------------------|----------------|----------------|---------------|----------------|
| | £ | Charity | £ | Charity |
| | £ | £ | £ | £ |
| Trade debtors | 106,131 | 105,824 | 49,185 | 48,033 |
| Other debtors | 8,666 | - | 8,340 | - |
| Prepayments and accrued income | 46,416 | 40,593 | 27,642 | 14,675 |
| Amounts owed by group undertakings | - | 306,285 | - | 202,904 |
| | <u>161,213</u> | <u>452,702</u> | <u>85,167</u> | <u>265,612</u> |

15 Creditors: Amounts falling due within one year

| | Group | 2020 | Group | 2019 |
|------------------------------|----------------|----------------|----------------|----------------|
| | £ | Charity | £ | Charity |
| | £ | £ | £ | £ |
| Trade creditors | 36,813 | 22,421 | 18,919 | 3,461 |
| Accruals | 10,600 | 6,350 | 23,034 | 8,936 |
| Deferred income | 169,006 | 169,006 | 125,549 | 125,549 |
| Taxation and social security | 12,462 | 12,462 | 13,108 | 13,109 |
| | <u>228,881</u> | <u>210,239</u> | <u>180,610</u> | <u>151,055</u> |

16 Summary of movement in funds

| Group | Opening Balance £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | Closing Balance £ |
|---------------------------|----------------------------------|-------------------------------------|-------------------------------------|------------------------|----------------------------------|
| <u>Unrestricted funds</u> | | | | | |
| General | 91,691 | 495,715 | (582,862) | 200,000 | 204,544 |
| Sea Vixen | 200,000 | - | - | (200,000) | - |
| Revaluation reserve | 99,998 | - | - | - | 99,998 |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 106,351 | (106,351) | - | - |
| Culture Recovery Fund | - | 140,200 | (131,805) | - | 8,395 |
| Swordfish W5856 | 148,493 | - | (60,479) | - | 88,014 |
| Sea Vixen | 1,385 | - | (1,385) | - | - |
| | <u>541,567</u> | <u>742,266</u> | <u>(882,882)</u> | <u>-</u> | <u>400,951</u> |
| | Opening Balance £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | Closing Balance £ |
| <u>Charity</u> | | | | | |
| <u>Unrestricted funds</u> | | | | | |
| General | 146,439 | 397,400 | (411,066) | 200,000 | 332,773 |
| Sea Vixen | 200,000 | - | - | (200,000) | - |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 106,351 | (106,351) | - | - |
| Culture recovery fund | - | 140,200 | (131,805) | - | 8,395 |
| Swordfish W5856 | 148,493 | - | (60,479) | - | 88,014 |
| Sea Vixen | 1,385 | - | (1,385) | - | - |
| | <u>496,317</u> | <u>643,951</u> | <u>(711,086)</u> | <u>-</u> | <u>429,182</u> |

Unrestricted funds

The Trustees had designated funds of £200k in 2017 towards the retention of an engineer and storeman for the Sea Vixen with a view to ensuring that should the parts come available there could be the possibility that the Sea Vixen will get back to flying status. The amount designated has been brought back into general unrestricted this repair work is now unlikely to happen. The revaluation reserve is the difference between the fair value and original cost of the aircraft.

Restricted funds

- The Swordfish W5856 fund represents monies received from HM Treasury's LIBOR Fines Fund specifically for the provision of onward funding to the Royal Navy Historic Flight for the essential maintenance, repair and operation of Swordfish W5856.
- The Sea Vixen income has come from private individuals wishing to fund the restoration of the Sea Vixen. The amount was used by Naval Aviation for this purpose.
- Transitional funds relates to income received for the maintenance of aircraft transferred to the charity.
- The funds received from the Culture recovery fund were to cover overhead costs to support the charity through the pandemic.

Summary of movement in funds - 2019

| Group | Opening Balance £ | Incoming Resources £ | Outgoing Resources £ | Transfers & valuation gains £ | Closing Balance £ |
|---------------------------|----------------------------------|-------------------------------------|-------------------------------------|--|----------------------------------|
| <u>Unrestricted funds</u> | | | | | |
| General | 237,674 | 670,121 | (816,104) | - | 91,691 |
| Sea Vixen | 200,000 | - | - | - | 200,000 |
| Revaluation reserve | 99,998 | - | - | - | 99,998 |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 143,243 | (143,243) | - | - |
| Swordfish W5856 | 169,048 | - | (20,555) | - | 148,493 |
| Sea Vixen | - | 1,385 | - | - | 1,385 |
| | <u>706,720</u> | <u>814,749</u> | <u>(979,902)</u> | <u>-</u> | <u>541,567</u> |
| | Opening Balance £ | Incoming Resources £ | Outgoing Resources £ | Transfers £ | Closing Balance £ |
| Charity | | | | | |
| <u>Unrestricted funds</u> | | | | | |
| General | 282,326 | 573,150 | (709,037) | - | 146,439 |
| Sea Vixen | 200,000 | - | - | - | 200,000 |
| <u>Restricted funds</u> | | | | | |
| Transitional funds | - | 143,243 | (143,243) | - | - |
| Swordfish W5856 | 169,048 | - | (20,555) | - | 148,493 |
| Sea Vixen | - | 1,385 | - | - | 1,385 |
| | <u>651,374</u> | <u>717,778</u> | <u>(872,835)</u> | <u>-</u> | <u>496,317</u> |

17 Analysis of assets between funds

| | Tangible Fixed Assets | Investments | Net Current Assets | Total |
|-------------------------------|----------------------------------|--------------------|-------------------------------|----------------|
| | £ | £ | £ | £ |
| Group | | | | |
| Unrestricted funds | 145,320 | - | 159,222 | 304,542 |
| Restricted funds | - | - | 88,014 | 88,014 |
| | <u>145,320</u> | <u>-</u> | <u>247,236</u> | <u>392,556</u> |
| As at 31 December 2020 | 145,320 | - | 247,236 | 392,556 |
| As at 31 December 2019 | <u>101,805</u> | <u>-</u> | <u>604,915</u> | <u>706,720</u> |
| | <u>101,805</u> | <u>-</u> | <u>604,915</u> | <u>706,720</u> |
| Charity | | | | |
| Unrestricted funds | 493 | 1 | 292,716 | 293,210 |
| Restricted funds | - | - | 127,577 | 127,577 |
| | <u>493</u> | <u>1</u> | <u>420,293</u> | <u>420,787</u> |
| As at 31 December 2020 | 493 | 1 | 420,293 | 420,787 |
| As at 31 December 2019 | <u>1,805</u> | <u>1</u> | <u>649,568</u> | <u>651,374</u> |
| | <u>1,805</u> | <u>1</u> | <u>649,568</u> | <u>651,374</u> |

18 Financial instruments

Categorisation of financial instruments

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Financial assets that are debt instruments measured at amortised cost | 365,311 | 506,000 |
| | <u>365,311</u> | <u>506,000</u> |
| Financial liabilities measured at amortised cost | 59,876 | 55,062 |
| | <u>59,876</u> | <u>55,062</u> |

Items of income, expense, gains or losses

The total interest income for financial assets not measured at fair value through profit or loss is £Nil (2019: - £Nil). The total interest expense for financial liabilities not measured at fair value through profit or loss is £Nil (2019: £Nil).

19 Income and expenditure account of the company

The company has taken advantage of Section 408 of the Companies Act and has not included its own Income and Expenditure Account or separate Statement of Financial Activities.

The Fly Navy Heritage Trust Limited has net outgoing resources for the year of £67,134 (2019 - £155,057) based on income of £643,951 (2019 - £717,778).

20 Related parties

There are no related party transactions in the reporting period that require disclosure.

21 Contingent assets

The charity has received notice that they have been named as a beneficiary of a legacy. The amount receivable cannot be reliably measured as the Will is being contested, but it is estimated that it will be in the region of £200k.

22 Events after the balance sheet date

As set out more fully in the Trustees report the Trustees have identified two large donations as a post balance sheet events. A donor has committed to donating £5m to the charity over the course of 4 years. The first years donation of £1.25m was first received in February 2021. Another donor has made a capital donation of £2m.

The group has received insurance proceeds of £1m following an accident which occurred in April 2021. The company has also spent £213k on two new aircraft.