

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

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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

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.

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		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
		5,178,416	5,124,568	5,187,525	5,123,713
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
		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)
Net current assets		2,419,730	2,355,193	2,114,368	2,111,326
Provision for liabilities	16	(4,462)	-	(5,953)	-
Total net assets		7,593,684	7,479,761	7,295,940	7,235,039
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	-
Total charity funds		7,593,684	7,479,761	7,295,940	7,235,039

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).

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>

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:

	2023	Charity 2022	2023	Subsidiary 2022	2023	Total 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 number	2022 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).

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)
At 31 December 2023	5,149,000	81,380	15,662	70,023	5,316,065
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
At 31 December 2023	-	64,184	15,009	58,456	137,649
Net book value					
At 31 December 2023	5,149,000	17,196	653	11,567	5,178,416
At 31 December 2022	5,153,000	22,026	1,787	10,712	5,187,525

The year end open market value of the aircraft 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. 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
At 31 December 2023	5,113,000	70,023	5,183,023
Depreciation			
At 1 January 2023	-	53,530	53,530
Charge for the year	-	4,926	4,926
At 31 December 2023	-	58,456	58,456
Net book value			
At 31 December 2023	5,113,000	11,567	5,124,567
At 31 December 2022	5,113,000	10,712	5,123,712

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

13 Stocks

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

14 Debtors

	Group	2023	Group	2022
	£	Charity	£	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
	760,545	732,555	451,797	585,702

15 Creditors: Amounts falling due within one year

	Group	2023	Group	2022
	£	Charity	£	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
	216,520	65,925	263,920	92,851

16 Provision for liabilities

Group	Deferred tax £	Total £
At 1 January 2023	5,953	5,953
Increase (decrease) in existing provisions	(1,491)	(1,491)
At 31 December 2023	<u>4,462</u>	<u>4,462</u>
Deferred tax		
Deferred tax assets and liabilities:	Asset £	Liability £
2023		
Other timing differences	-	4,462
	<u>-</u>	<u>4,462</u>
2022		
Other timing differences	-	5,953
	<u>-</u>	<u>5,953</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	£	£	£	£	£
<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.

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>

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.