

THE ROYAL AIR FORCE CHARITABLE TRUST
CONSOLIDATED REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

Charity Number 1176054
CIO number CEO12521

**THE ROYAL AIR FORCE CHARITABLE TRUST
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

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**THE ROYAL AIR FORCE CHARITABLE TRUST
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

Registered Charity Name:	The Royal Air Force Charitable Trust
Charity No:	1176054
Company No:	CEO12521
Governing Document:	CIO Articles and Memorandum of Association 1 December 2017
Trustees:	Air Marshal Sir Kevin Leeson KCB CBE FREng CEng FIET (resigned 4 June 2020) Mr Stephen Barrett Mr Ian Beresford MBE FRAeS CEng FloD CDir Mr Peter Brown MBE BSc Mrs Felicity Chadwick-Histed BA MSc Mr Raj Mody MA FIA Air Marshal Philip Osborn CBE (appointed 12 March 2020) Mr Alan Smith CBE FRAeS (resigned 5 December 2019) Air Commodore Andy Sudlow MBE BSc FCMI Lady (Delia) Thornton LLB Barrister-at-Law Lady (Kate) Wigston LLB BA Air Marshal Sir Julian Young KBE CB FREng (appointed 17 September 2020)
Trust Secretary:	Group Captain Justine Morton OBE BA MA FCIPD
Principal Office:	Douglas Bader House Horcott Hill Fairford Gloucestershire GL7 4RB
Independent Auditor:	Crowe U.K. LLP Carrick House Lypiatt Road Cheltenham Gloucestershire GL50 2QJ
Bankers:	Barclays Bank Plc Britannia Warehouse The Docks Gloucester Gloucestershire GL1 2YJ
Solicitors:	Charles Russell LLP 8-10 New Fetter Lane London EC4A 1RS

THE ROYAL AIR FORCE CHARITABLE TRUST

TRUSTEES' REPORT FOR THE YEAR ENDED 29 FEBRUARY 2020

Introduction

The Trustees present the consolidated group financial statements for The Royal Air Force Charitable Trust (RAFCT) for the year ended 29 February 2020 which incorporate the results of the Trust's subsidiaries, The Royal Air Force Charitable Trust Enterprises Limited (RAFCTE) and Scampton Airshow Limited (SAL), for the year ended 29 February 2020.

Reference and administrative details

Reference and administrative details are shown in the schedule of officers and professional advisers on page 1.

The Trustees

The Trustees who served during the period up to when the financial statements were signed are as follows:

Air Marshal Sir Kevin Leeson KCB CBE FREng CEng FIET (resigned 4 June 2020)
Mr Stephen Barrett
Mr Ian Beresford MBE FRAeS CEng FloD CDir
Mr Peter Brown MBE BSc
Mrs Felicity Chadwick-Histed BA MSc
Mr Raj Mody MA FIA
Air Marshal Philip Osborn CBE (appointed 12 March 2020)
Mr Alan Smith CBE FRAeS (resigned 5 December 2019)
Air Commodore Andy Sudlow MBE BSc FCMI
Lady (Delia) Thornton LLB Barrister-at-Law
Lady (Kate) Wigston LLB BA
Air Marshal Sir Julian Young KBE CB FREng (appointed 17 Sep 2020)

STRUCTURE, GOVERNANCE AND MANAGEMENT

History and charitable objectives

The Trust was established in 1950 in England and Wales, with a grant of £30,000 from the then Air Council, now Ministry of Defence, to promote, present or co-operate in the organisation of air pageants and displays, in order to promote the recruitment and efficiency of the Royal Air Force. The original Trust Deed states that proceeds of such air shows may be used to further the aims of the charity, or for any other charitable purpose that will benefit past or present members of the Royal Air Force.

The Trust provided finance and administrative support for a number of air shows held at various locations, during the period 1950 to 1987, and donated income to the Royal Air Force Benevolent Fund ("the Fund") for the benefit of serving and former members of the Royal Air Force. The Trust remained mostly inactive during the period 1988 to 1993, as the Fund had formed a trading subsidiary, The Royal Air Force Benevolent Fund Enterprises ("the trading company"), to undertake the primary air show activity.

The Charity Commission approved a revised Scheme of Administration, widening the permitted activities, but retaining the original objects of the Trust, on 18 February 1994. Following this, the Trustees were able to take the leading role in financing the airshow activity of the trading company, which donated profits to the Trust.

Following the completion of a governance review in 2004, a decision was taken to alter the relationship between the Fund, its trading company and the Trust. In January 2005, with the support of the Charity Commission, RAF, the Fund and MOD, the Trust was renamed 'The Royal Air Force Charitable Trust', charity number (210848). The Trust then assumed ownership of the trading company from the Fund and the Trust's Deed was amended to reflect this change. At the same time, it was decided to alter the name of the trading company to 'The Royal Air Force Charitable Trust Enterprises' (RAFCTE).

THE ROYAL AIR FORCE CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

On 1 March 2018 the former Trust (Charity Number 210848) was incorporated by way of a transfer of the assets and liabilities of the charity to a charitable incorporated organisation (CIO) (charity number 1176054 & CEO12521).

The former Trust remains in existence to ensure that any legacies that may be left to the Trust are not lost; a 'uniting direction' was completed with the Charity Commission so that the Trust and the CIO are treated as a single charity for reporting and accounting purposes.

Governance

The Trustees are responsible for the governance of the Trust. The day to day running of the Trust is delegated to the Director of the Trust.

Trustees meet in formal session 4 times per calendar year and can also hold up to 2 joint meetings with the Board of Directors of RAFCTE and SAL. However, a considerable amount of Trust activity is now conducted electronically, including the circulation of policy documents, the approval of applications for grants and various other discussions. This improves the responsiveness of the Trust and allows more business to be conducted promptly, efficiently and with minimal overhead costs. A matrix of Trustee competences is maintained and mapped to Trust business to ensure an adequate balance of skills is maintained within the Trustee body. Trustees' backgrounds include industry, law, commerce, finance, risk and education, as well as service in the Royal Air Force. New Trustees are recruited through a number of avenues: through informal networks of current Trustees and the Royal Air Force and through more formal recruitment methods using advertisements and websites and recruitment agencies. The full board approves new Trustee appointments. New Trustees undergo an induction process and, if required, undertake a basic training package. Trustees maintain their currency through charity briefing updates and serve a maximum of 2 terms of 4 years. A strategy is in place to ensure timely and appropriate replacements with relevant skill sets.

RAFCTE staff pay is considered each year by the Company's Remuneration Committee and approved by the Committee, whilst Company Director's pay/remuneration is recommended by the Company Boards and ratified by the Trustees. The Trustees set the pay of the Trust employees based on equivalent criteria. RAFCT staff pay (including Key Management Personnel) is benchmarked against similar charities and is approved by the Board of Trustees.

Charity Governance Code

The Charity Governance Code was reviewed by the Trustees during the year, and it was felt that no changes need to be made to RAFCT's governance at this point other than to recruit for a new Chairman as the current Chairman's second term was coming to an end. Consequently, a new Chairman, Air Marshal Philip Osborn was selected through a thorough recruitment process and he accepted the role, becoming a Trustee on 12 March 2019 and becoming Chairman on 4 June 2019. Governance is kept under constant review.

Fundraising

The RAFCT had no fundraising activities requiring disclosure under S162A of the Charities Act 2011. The Charity does not door-to-door fundraise or proactively seek to fundraise other than through their website, but is grateful of donations that are received each year. The Charity does not have a fundraising department.

OBJECTIVES AND ACTIVITIES

The Trustees continue to believe that the Trust's stated mission to 'Promote, Support & Encourage'¹ is an effective definition of the Trust's role in the Service charities sector, complementing the work undertaken by the other RAF Charities such as the RAF Benevolent Fund, the RAF Central Fund, the RAF Association

¹The mission of the Royal Air Force Charitable Trust is to PROMOTE the Royal Air Force, to SUPPORT its people now and into the future and to ENCOURAGE air-mindedness and the aviation-related education of young people.

THE ROYAL AIR FORCE CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

and the RAF Museum. Similarly, Trustees have reiterated their belief that the delivery of these objectives is currently best achieved through the staging of the Royal International Air Tattoo (RIAT) and other airshows, assisting in the organisation of other airshows and delivering the RAF In Concert programme (PROMOTE). Additionally, the giving of grants in accordance with Trustees aims (SUPPORT and ENCOURAGE). Furthermore, as part of the long-term delivery of the Trust's objects to a wider audience, Trustees have instigated a series of awards and scholarships, funded by the Trust, but delivered through third parties including the Royal Air Force Flying Clubs' Association (RAFFCA), the Royal Air Force STEM organisation, the Arkwright Trust and the Air Cadet Organisation. Trustees have met their objectives during the period to promote the work of the Trust, to continue to oversee the Trust's governance and financial arrangements, working closely with the RAF, the RAF family of charities, their current partners and the Air Cadet Organisation to ensure that Trust grants and activities are delivered to maximum effect.

PUBLIC BENEFIT

By its support for recruitment to the RAF, the Trust contributes towards the sustainment of the Service. Furthermore, the grants awarded by the Trust to promote the efficiency of the Royal Air Force have a positive effect on the military effectiveness of the UK's air power, through improved morale, more opportunities and a better quality of life for service personnel. The Trust's work to promote an understanding of and interest in aviation and STEM subjects supports the national employment base. The Royal International Air Tattoo is a major showcase for the Royal Air Force and the considerable international attendance provides a significant opportunity for UK Defence Diplomacy and influence to be reinforced. Having considered the Charity Commission guidance on public benefit, the Trustees believe that there is direct public benefit derived from the work of the Royal Air Force Charitable Trust in the sustainment and effectiveness of the Royal Air Force, which constitutes a significant element of the defence of the Realm. Additionally, a significant number of young people are provided with an opportunity to succeed by the giving of flying scholarships, engineering scholarships and grants that offer the ability to learn about and progress in aviation and engineering. The Trustees confirm they have considered Section 17 of the Charities Act 2011 to have due regard to the Charity Commission's guidance on public benefit.

ACHIEVEMENTS AND PERFORMANCE

The Trust made grants totalling £734,983 (2018/19 £935,828).

The continued increase in the diversity of grants reflects the sustained donation in income from the trading company, once again made possible by another successful RIAT and other trading activity.

The Trustees are pleased to report that plans for the year, as outlined in the last year's report, were all achieved successfully. These were as follows:

- Continue the development of grant policy, to include continuing to build on partnering with similar organisations to achieve the greatest affect.
- Consolidating the thread of activity across the three main objectives, from promoting the RAF and STEM by engagement with schools and youth groups, to competitions and awards to encourage young people, leading on to support for service personnel and capitalising on promoting this work.
- Honing the CIO's support to flying activity and air experience for young people and seeking further opportunities to develop this aspect of the CIO's mission.

²Science, Technology, Engineering and Mathematics.

THE ROYAL AIR FORCE CHARITABLE TRUST

TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

This year, the Trustees work to increase their reach through partnership with organisations that hold similar objectives to RAFCT continued to progress well (until disrupted by COVID-19). Working with established partners, RAFCT sponsored the #IAMSET programme delivered by The Smallpeice Trust for non-selective state schools to enhance students' educational and career prospects, as well as aid their personal development, confidence and aspirations to achieve their deserved potential. Each year, students will have a different #IAMSET activity to stimulate their interest and awareness, complementing their school education. Additionally, and working with Primary Engineer, the Trust supported a University competition to recognise the outcomes of the 'If you were an engineer what would you do?' Primary Engineer Leaders Award national competition which linked schools, universities and industry together to develop and encourage young leaders of the future.

The impact of the Trust's work includes significant improvements to the quality of life and the well-being of personnel on a number of RAF Stations through the provision of funding for equipment, the refurbishment of community centres and crew rooms and support for adventurous training (AT) and sports teams. This year the Trust has developed its partnership with the RAF Sports Federation to help the Federation to promote the growth of RAF Sport by investing in the Servicemen and women who volunteer to run their respective sports.

Investment in STEM and flying activity remains a key focus for the Trust building on its work with young people through its steady support of the RAF Air Cadets, awarding a wide range of grants from STEM packs to flying scholarships; and to grants to the RAF supporting youth development: its headlining Junior Ranks Pilot Scholarship Scheme continues to build on its success with over 300 junior ranks applying for 30 scholarships this year; and to the second year of supporting the RAF in partnering with the Scout Organisation to deliver the Scouts national Air Activities badge.

ROYAL INTERNATIONAL AIR TATTOO

The Charity's subsidiary company, RAFCTE, delivered another superlative airshow for 2019. The airshow donates its surplus to the Charity which makes up the majority of total donations that the parent Charity receives every year.

Looking back to the 2019 Air Tattoo, the theme was Air & Space: Inspiring the Next Generation Air Force. This attracted 170,000 visitors including British astronaut Maj Tim Peake who dedicated most of his visit engaging with young people in the critically acclaimed Technozone®.

In total, 245 aircraft from 39 air arms representing 25 nations took part in the event, including the RAF Red Arrows, whose performance on Sunday marked their final UK public display during the year before they departed on their Western Hawk 19 tour of North America. Over the three days of the airshow, spectacular aerial set pieces were staged including a unique joint flypast by the Red Arrows and a specially painted British Airways Boeing 747, marking the airline's centenary. NATO's 70th anniversary was marked by a commemorative flypast by aircraft from a number of member nations including F-16s from Belgium, Denmark, Netherlands and Norway; they were joined by three RAF Typhoons, F-15s from the US Air Force, a German Typhoon and a French KC-135.

Other set pieces staged during the three days included a joint flypast by the Red Arrows and French aerobatic display team the Patrouille de France, plus a rare joint formation by an Airbus A400M and civilian aerobatic team The Blades. Flying display highlights included the Romanian Mikoyan MiG-21, an icon from the Cold War that hasn't flown at the Air Tattoo since 2001 and the Soviet-era Sukhoi Su-27, which performed an imposing and agile display. There was also a debut by the hugely popular Spanish Navy Harrier duo.

On the ground, visitors were able to view rarely seen aircraft including a giant Qatari C-17, the imposing USAF B-52 and F-4 Phantoms from the Turkish Air Force. There was an Air Tattoo debut for the Embraer Super Tucano and a world debut for the Northrop Grumman Firebird, an optionally manned surveillance aircraft. The public were also able to see for the first time all seven types of training aircraft used by the UK's military under the Military Flying Training System operated by Ascent Flying Training consortium.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

British and Swedish government ministers used the show to herald a new agreement to work together on a future fighter aircraft, the Tempest, further cementing the show's growing role as a showcase for aerospace and technology.

Among the many senior military guests were: Air Chief Marshal Sir Stuart Peach, Chairman of the NATO Military Committee; General David Goldfein, US Air Force Chief of Staff; and Air Chief Marshal Sir Stephen Hillier, Chief of the Air Staff, Royal Air Force. Senior industry guests included Sir Roger Carr, Chairman of BAE Systems and Dirk Hoke, CEO of Airbus Defence & Space. Also, at the airshow were: HRH Prince Michael of Kent; the Rt Hon Dr Liam Fox, Secretary of State for International Trade; Minister for Defence Procurement Mr Stuart Andrew; Swedish Defence Minister Peter Hultqvist; and Minister of State for the Armed Forces, the Rt Hon Mark Lancaster.

The Group wishes to acknowledge the significant and continuing support the RIAT receives from all its stakeholders, in particular the UK MoD, Royal Air Force, United States Air Force, US Department of Defence, and the aerospace industry.

Volunteers

The Royal Air Force Charitable Trust is also most grateful to the thousands of dedicated service and civilian volunteers who make such a significant contribution and without whose help and loyal support the annual staging of RIAT would not be possible. Volunteers have been intrinsic to the Royal International Air Tattoo and RAFCT's consequent ability to support a wide range of charitable giving since the Air Tattoo's inception in 1971. An Air Tattoo volunteer chooses to contribute time and skill for the benefit of the annual Air Tattoo and the parent charity, and this event would not be viable without their participation.

Each year approximately 1,200 volunteers support the Air Tattoo, many giving over a week of their time to augment the small team of permanent and temporary staff who organise the event year-round. There are a range of skills brought by volunteers, and some are highly specialised. Some examples include those who support aircraft operations, such as engineers, aircraft refuelling, and follow-me drivers who help the aircraft move about RAF Fairford safely. There is also an experienced and dedicated team of Air Traffic Controllers who ensure that aircraft are able to operate safely in the airspace around RAF Fairford. Other roles include medical specialists who run the RIAT Medical Centre and the Site Team who work behind the scenes to ensure that everything is safely in place when the gates open to the general public and all our visitors each day.

In addition to our volunteers we also receive essential support from approximately 1,000 cadets and staff from the Royal Air Force Air Cadets and support from the Royal Air Force.

NON-RIAT ACTIVITIES

RAF Bands Concert Tour:

After RAFCTE successful delivery of the RAF Centenary Gala in the Royal Albert Hall in March 2018, followed by a national tour later in 2018 supporting the RAF Centenary into Wales, Northern Ireland and Scotland, the intent had been to stage two RAF celebratory evenings in March 2020 at the London Palladium and Birmingham Concert Symphony Hall. Unfortunately, both events had to be cancelled because of the COVID-19 pandemic.

Air Tattoo Event Services:

The company provided airshow consultancy support to RAF Cosford and Scotland's National Airshow at East Fortune during 2019.

POST BALANCE SHEET ACTIVITIES

The emergence of the Covid-19 pandemic in March 2020 has inevitably brought unprecedented uncertainty and challenges to the Group and there is an obvious lack of clarity about the enduring impact of the pandemic. As the severity and implication of the pandemic became clear, the Group moved quickly to minimise the risk to public

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

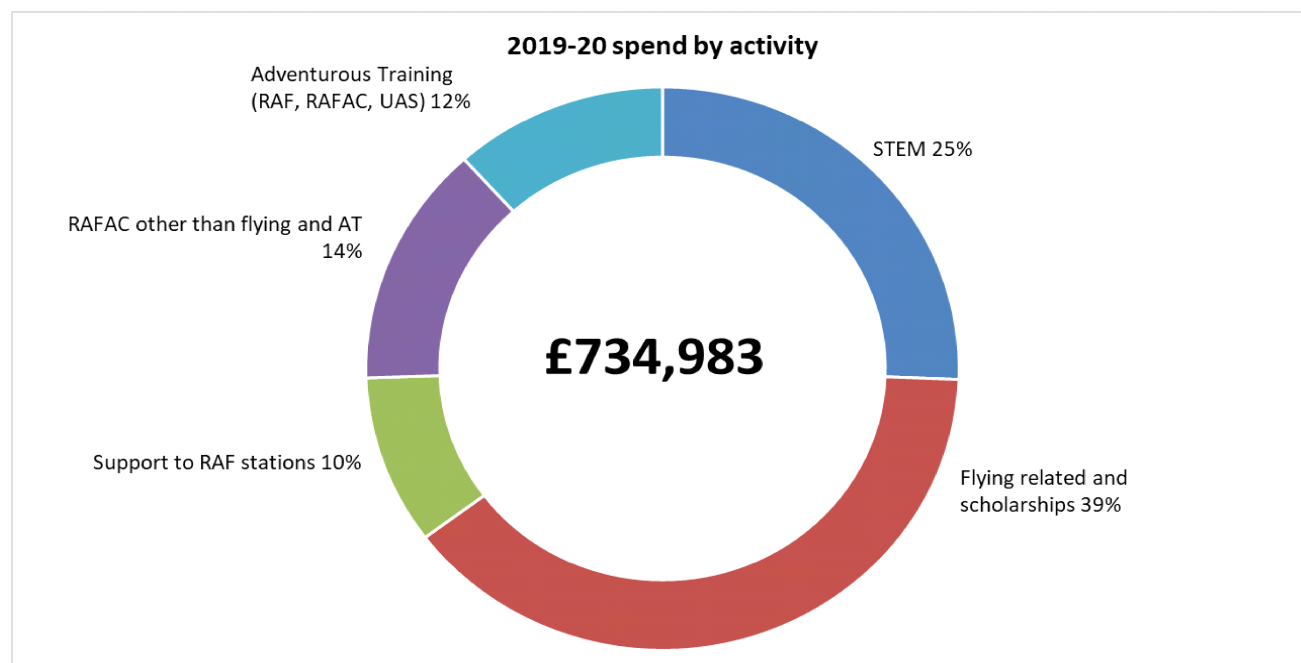
health, reduce significantly Group financial and reputational exposure, and reset our posture to ensure survival. This involved early cancellation of RIAT 2020 and the RAF Bands Concert Tour, while planned airshow consultancy support to the 2020 Cosford and East Fortune airshows was also terminated. The consequent and highly significant shortfall in revenue not just placed at risk the financial security of the Company but also severely limited the ability of the Charity to provide new grants to its recipients in accordance with its objects.

In response, the Group has not been passive. In the short-term, the Charity has recalibrated its donations policy to match reduced demand and the need to maintain financial flexibility, RAFCTE has worked hard to stabilise its current financial position and has been judicious in the use of Government support. Planning continues for a Covid-safe RIAT 2021, where we expect to celebrate our 50th Anniversary, with considerable support from and engagement with our stakeholders: our Volunteers; the Public; Corporate customers and Military Air Arms. In parallel, and looking beyond the pandemic, the Charity is leading a substantial strategic review of the Group with the aim of setting the conditions for longer-term targeted growth in support of our charitable objects.

Overall, the Trustees of the RAFCT are confident that the charity has access to sufficient cash reserves to ensure the Group will continue as a going concern, including planning for RIAT 2021. Accordingly, the going concern basis continues to be adopted in preparing the financial statements of the charity and the group.

GRANTS

Please refer to the website - <http://www.airtattoo.com/the-trust/how-the-money-is-spent> for a detailed breakdown of all the grants awarded in the year and to which institutions.



RISKS

During 19/20, Trustees undertook a review of the Group's approach to risk and initiated work to upgrade the current system. Whilst the current risk management policy and system is actively used by senior management across the Group and generates satisfactory risk information, Trustees were mindful of the importance of continuously improving their Risk profiles and recommended a number of upgrades to the current system. This consists of a series of workshops and recommendations across the Group plus a refinement of how Risk is calculated by both Boards and will be implemented during 20/21.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

FINANCIAL REVIEW

During the year RAFCTE and the Charity placed surplus cash on fixed term bank deposit whenever cash flow prediction allowed. This generated a return of £6,194 (2018/19 £3,491).

The Trustees were pleased to note the operating profit generated by RAFCTE during Financial Year 19/20, and are appreciative of the commitment and outstanding performance of the RAFCTE Board of Directors.

The Group remains in a good financial position, with RAFCTE securing Government support through CJRS and CBILS. The company had claimed additional CJRS funding of £343,984 through to the end of September 2020 and a 6-year £1,530,000 loan under the CBILS. These funds and financial instruments will help to maintain the Company's operations through the ongoing crisis and have enabled the Group to continue to manage the liquidity risk by maintaining a balance between the continuity of funding and flexibility through the availability of adequate cash reserves.

Consolidated (i.e. for both the Trust and the Trading companies) income for the period was £12,140,941 (2018/19: £13,085,747) of which £11,568,955 (2018/19: £13,035,513) related to the trading activities of RAFCTE and £NIL (2018/19 £NIL) to SAL. Expenditure for the period was £11,546,975 (2018/19: £12,466,154) of which £10,659,554 (2018/19: £11,784,934) was attributable to RAFCTE. This resulted in net surplus before tax of £593,966 (2018/19: £619,593). The expenditure by RAFCTE is predominately associated with the staging of RIAT which delivers to the Trust's objective of promoting the Royal Air Force. SAL did not trade in the period. These costs can therefore be considered as a cost associated with the group's expenditure on delivering the charitable activities of the Trust.

The Trust activity is shown in the financial statements. Gross income to the Trust in the year was £1,674,768 (2018/19 £1,405,804) of which £1,123,373 (2018/19 £1,250,579) was covenanted from RAFCTE. In 2018/19 £116,532 was received as a dividend from SAL following the financial re-construction of the Group and the balance raised from donations and interest. RAFCT operating and governance costs were £131,847 (2018/19 £125,779) and grants of £734,983 (2018/19 £810,828) were made, details of which are shown above. In addition, in 2018/19 an RAF 100 donation of £125,000 was also made.

Consolidated net assets were £3,726,047 (2018/19 £3,195,460) at the balance sheet date, of which £405,357 (2018/19 £682,708) represents retained profits of RAFCTE, £NIL the retained profits of SAL (2018/19 £NIL) and £3,320,590 (2018/19 £2,512,652) represents the Trust's unrestricted fund and £100 (2018/19 £100) the restricted funds.

The Trustees consider that, despite the cancellation of RIAT 20, both the Trust and its trading subsidiary RAFCTE are financially healthy and well placed not only to meet the demands of on-going financial commitments, but also to take advantage of opportunities that may arise in forthcoming years. The Trustees have impaired the investment in SAL to £100 and re-structured the Group, eliminating SAL's cumulative losses, enabling SAL to be re-funded should a suitable opportunity be identified.

The financial statements comply with current statutory requirements, the Statement of Recommended Practice (FRS102) and the Trust's CIO Articles and Memorandum of Association dated 1 December 2017. The financial statements have also been prepared with due regard to guidance published by the Charities Commission on the operation of the Public Benefit.

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TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 29 FEBRUARY 2020

RESERVES POLICY

The RAFCTE provides the main revenue for the Trust through a range of activities including the Royal International Air Tattoo, RAF Band Concert Tours, other event management activities and sales of merchandise. As profits from some of these events are potentially vulnerable to weather and other exigencies, the Trustees have maintained a minimum reserve of £400,000. This year, the impact of COVID, has placed increased focus on the charity's reserve policy and the consideration of its wider cash holdings. The reserve is intended to provide a buffer against a financial year where RAFCTE were unable to make a significant grant to the Trust. This sum, supplemented by any donation income direct to the Trust, would cover the cost of employment, administration and minimal PR for 12 months plus a small amount of grants and scholarships. The Trustees note that at the year-end Trust reserves totalled £3,320,590 of which £100 is restricted (2018/19 £2,512,712 – includes £100 restricted funds). Within those reserves the Trust's cash balances totalled £1,966,843 (2018/19 £1,142,735), against which the Trust has made Grant commitments that have yet to be paid of £363,070 (2018/19 £340,691), with uncommitted and liquid funds therefore of £990,577 (2018/19 £802,044), as compared to the minimum reserve of £400,000 requirement set out in the Trust's reserves policy.

The Trustees are actively reviewing their extant reserves policy, and the Group's predicted cash requirements, to ensure there are adequate reserves available to meet immediate requirements, and to achieve the longer-term targeted growth in support of the CIO's charitable objects anticipated to be called for in the strategic review of the Group referred to above.

PLANS FOR FUTURE PERIODS

The RAFCT will continue to look for opportunities to further its aims and, in doing so, will remain fully engaged with the RAF, the other RAF Charities, the Air Cadet Organisation and our key partners. Following a uniquely challenging year, Trustees are principally concerned with protecting the Charity and supporting the Group through to a successful Airshow in 2021. There remain lines of uncertainty as we move into the next phase of recovery post the cancellation of RIAT 20 and the Trustee Board are using this time to look hard at strategy and governance. Charitable grants made by the RAFCT are likely to reduce as demand decreases and the Group consolidates its position through the next 18 months.

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Charity law requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Charity and the Group and of the incoming resources and application of resources, of the 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 estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Charity's transactions, disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Charity's constitution. They are also responsible for

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**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 29 FEBRUARY 2020**

safeguarding the assets of the Charity and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees' Report is signed on behalf of the Trustees by:



Air Marshal Philip Osborn CBE
Trustee

Date: 23 November 2020

THE ROYAL AIR FORCE CHARITABLE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL AIR FORCE CHARITABLE TRUST

Opinion

We have audited the financial statements of The Royal Air Force Charitable Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 29 February 2020 which comprise the Consolidated statement of financial activities, the Charity statement of financial activities, the Consolidated balance sheet, the Charity balance sheet, the Consolidated statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent charity's affairs as at 29 February 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL AIR FORCE CHARITABLE TRUST (CONTINUED)

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual 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 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.

Matters on which we are required to report by exception

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

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

Responsibilities of trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements which 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's and the parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent charity or to cease operations, or have no realistic alternative but to do so.

THE ROYAL AIR FORCE CHARITABLE TRUST

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL AIR FORCE CHARITABLE TRUST (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 Auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe UK LLP

Crowe U.K. LLP
Statutory Auditor
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ

Date: 26 November 2020

Crowe U.K. LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

THE ROYAL AIR FORCE CHARITABLE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 29 FEBRUARY 2020

	Note	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	Total funds 2019 £
Income from:					
Donations and legacies	4	-	545,200	545,200	35,202
Other trading activities	5	-	11,568,955	11,568,955	13,028,513
Investments	6	-	26,786	26,786	22,032
Total income		-	12,140,941	12,140,941	13,085,747
Expenditure on:					
Raising funds	7	-	10,792,466	10,792,466	11,509,486
Charitable activities	8	-	754,509	754,509	956,668
Total expenditure		-	11,546,975	11,546,975	12,466,154
Net income before taxation		-	593,966	593,966	619,593
Taxation	13	-	(63,379)	(63,379)	-
Net movement in funds		-	530,587	530,587	619,593
Reconciliation of funds:					
Total funds brought forward		100	3,195,360	3,195,460	2,575,867
Net movement in funds		-	530,587	530,587	619,593
Total funds carried forward		100	3,725,947	3,726,047	3,195,460

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL AIR FORCE CHARITABLE TRUST

CHARITY STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 29 FEBRUARY 2020

	Restricted funds 2020 £	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Income from:				
Donations	-	1,668,573	1,668,573	1,285,781
Investment income	-	6,195	6,195	3,491
Total Income	-	1,674,768	1,674,768	1,405,804
Expenditure on:				
Raising funds	-	112,321	112,321	97,939
Charitable activities	-	754,509	754,509	1,618,568
Total expenditure	-	866,830	866,830	1,716,507
Net income/(expenditure) in funds	-	807,938	807,938	(310,703)
Reconciliation of funds:				
Total funds brought forward	100	2,512,652	2,512,752	2,823,455
Net movement in funds	-	807,938	807,938	(310,703)
Total funds carried forward	100	3,320,590	3,320,690	2,512,752

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL AIR FORCE CHARITABLE TRUST

**CONSOLIDATED BALANCE SHEET
AS AT 29 FEBRUARY 2020**

	Note	29 February 2020 £	28 February 2019 £
Fixed assets			
Tangible assets	14	1,319,492	1,365,000
		<u>1,319,492</u>	<u>1,365,000</u>
Current assets			
Debtors	16	1,130,113	1,404,177
Investments	17	2,500,000	3,000,000
Cash at bank and in hand		3,499,792	2,414,210
		<u>7,129,905</u>	<u>6,818,387</u>
Creditors: amounts falling due within one year	18	(4,723,350)	(4,955,742)
Net current assets		<u>2,406,555</u>	<u>1,862,645</u>
Total assets less current liabilities		<u>3,726,047</u>	<u>3,227,645</u>
Creditors: amounts falling due after more than one year	19	-	(32,185)
Total net assets		<u><u>3,726,047</u></u>	<u><u>3,195,460</u></u>
Charity funds			
Restricted funds	20	100	100
Unrestricted funds			
Designated funds	20	405,357	682,708
General funds	20	3,320,590	2,512,652
Total unrestricted funds	20	<u>3,725,947</u>	<u>3,195,360</u>
Total funds		<u><u>3,726,047</u></u>	<u><u>3,195,460</u></u>

The financial statements were approved and authorised for issue by the Trustees on 23 November 2020 and signed on their behalf by:



Air Marshal Philip Osborn CBE
Trustee



Mr Stephen Barrett
Trustee

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL AIR FORCE CHARITABLE TRUST


**CHARITY BALANCE SHEET
AS AT 29 FEBRUARY 2020**

	Note	29 February 2020 £	28 February 2019 £
Fixed assets			
Investments	15	600,100	600,100
		<u>600,100</u>	<u>600,100</u>
Current assets			
Debtors	16	1,123,373	1,243,267
Cash at bank and in hand		1,966,844	1,142,735
		<u>3,090,217</u>	<u>2,386,002</u>
Creditors: amounts falling due within one year	18	(369,627)	(473,350)
Total net assets		<u><u>3,320,690</u></u>	<u><u>2,512,752</u></u>
Charity funds			
Restricted funds	20	100	100
Unrestricted funds			
General funds	20	3,320,590	2,512,652
Total unrestricted funds	20	<u>3,320,590</u>	<u>2,512,652</u>
Total funds		<u><u>3,320,690</u></u>	<u><u>2,512,752</u></u>

The financial statements were approved and authorised for issue by the Trustees on 23 November 2020 and signed on their behalf by:



Air Marshal Philip Osborn CBE
Trustee



Mr Stephen Barrett
Trustee

The notes on pages 20 to 40 form part of these financial statements.

THE ROYAL AIR FORCE CHARITABLE TRUST

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by operating activities	22	768,179	197,321
Cash flows from investing activities			
Interest from investments		26,786	22,032
Purchase of tangible fixed assets		(73,343)	(107,119)
Net cash used in investing activities		(46,557)	(85,087)
Cash flows from financing activities			
Repayments of borrowing		(68,506)	(64,248)
Interest paid		(5,200)	(9,112)
Net cash used in financing activities		(73,706)	(73,360)
Change in cash and cash equivalents in the year		647,916	38,874
Cash and cash equivalents at the beginning of the year		5,339,228	5,300,354
Cash and cash equivalents at the end of the year	23	5,987,144	5,339,228

The notes on pages 20 to 40 form part of these financial statements

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

1. General information

The Royal Air Force Charitable Trust is a charitable incorporated organisation, charity no: 1176054 and company number CE012521 England and Wales. The address of its registered office is Douglas Bader House, Horcott Hill, Fairford, Gloucestershire, GL7 4RB. This is also the registered address of the subsidiaries as listed within Note 24 of the financial statements.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

The consolidated financial statements have been prepared under the historical cost convention.

The consolidated financial statements have been prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (2nd edition - effective January 2019) - (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and Charities Act 2011.

The Royal Air Force Charitable Trust meets the definition of a public benefit entity under FRS 102.

The Charity has taken advantage of the exemptions in FRS 102 from the requirement to present a charity only Cash Flow Statement and certain disclosures about its own financial instruments within the consolidated financial statements.

These financial statements consolidate the results of the charity and its subsidiaries, The Royal Air Force Charitable Trust Enterprises (Company no: 02190393) and Scampton Airshow Limited (Company no: 10233810). Scampton Airshow Limited was dormant throughout the year.

All intergroup transactions are fully eliminated on consolidation.

2.2 Going concern

With the emergence of the Covid-19 pandemic, 2020 has brought unprecedented uncertainty and challenges. RIAT 2020, the group's main source of external revenue in each year, was cancelled in March 2020, potentially putting at risk the future financial security of the wholly owned subsidiary company (Royal Air Force Charitable Trust Enterprises "RAFCTE") at that time.

Indeed, even at the date of signing these financial statements, there continues to be a lack of clarity around the development of the pandemic and how that might impact events in 2021 and beyond.

Nevertheless, substantial work has been performed in the period since the cancellation which the RAFCTE Directors are pleased to report has stabilised the current financial position.

Planning continues for a Covid-safe RIAT 2021, where we expect to celebrate our 50th Anniversary, with considerable support from and engagement with our stakeholders: our Volunteers; the Public; Corporate customers and Military Air Arms.

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.2 Going concern (continued)

This has enabled the RAFCTE Directors to take the view that the company is able to continue as a going concern as they plan for RIAT 2021 and beyond.

In addition, the Trustees of the RAFCT are confident that the charity has access to sufficient cash, alongside the ability to grant or withhold funds, to ensure the charity will continue as a going concern.

Accordingly, the going concern basis continues to be adopted in preparing the financial statements of the charity and the group.

2.3 Income

Income from donations

Income from gifts/covenants is recognised in the financial statements when the Charity becomes entitled to the income, it is probable that the income will be received and the amount can be measured with sufficient reliability.

Income from other trading activities

The amounts shown in the Consolidated Statement of Financial Activities represents the value of all goods and services supplied to customers during the year, at selling price exclusive of Value Added Tax. Income is recognised at the point at which the Charity or Companies have fulfilled their contractual obligations to the customer. All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

2.4 Expenditure

Expenditure is accounted for on an accruals basis. Costs of raising funds reflect costs of RIAT, marketing, publicity and printing costs associated with enhancing public awareness of the Charity together with staff costs.

Grants payable have been recognised in the financial statements when the Charity has formally approved the individual institutions' application for grant monies, at the Trustees' Meeting and this has been communicated to the third party. Please refer to the Trustees' Annual Report for analysis of the grants awarded during the year.

Governance costs include expenditure directly attributable to the Trustees' statutory, constitutional and strategic duties and are disclosed in Note 9.

All expenditure is classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.5 Taxation

As a registered charity, the Charity is entitled to taxation exemptions on all income and gains properly applied for its charitable purposes.

Tax is recognised in profit and loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates income.

2.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Freehold land is not depreciated. Cost represents purchase price together with any incidental costs of acquisition. There is no capitalisation limit.

The carrying values of the tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable

Depreciation is provided on tangible fixed assets so as to write off the costs on a straight line basis, less any residual value, over their expected useful economic life as follows:

The estimated useful lives are as follows:

Freehold property	- 50 years
Motor vehicles	- 5 years
Fixtures and fittings	- 3 years

2.7 Investments

Programme related investments are initially measured at cost, and are measured subsequently at cost price adjusted for impairments where necessary.

Included within current investments are short term cash deposits.

2.8 Debtors

Trade debtors and accrued income are recognised at the settlement amount after any impairments. Prepayments are valued at the amount prepaid net of any trade discounts.

Included within the Charity's debtors and creditors are amounts owed from/to its subsidiaries which are recognised at the settlement amount after any impairments.

2.9 Cash, cash equivalents and current asset investments

Cash and current asset investments are represented by cash in hand and deposits with financial institutions. Cash equivalents and current investments are highly liquid and mature between 3 and 12 months.

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Accounting policies (continued)

2.10 Liabilities and provisions

Creditors are recognised where the Group and 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.

2.11 Financial instruments

The Group and Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments.

Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

2.12 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the consolidated Statement of Financial Activities on a straight line basis over the period of the lease.

2.13 Pensions

The Royal Air Force Charitable Trust and The Royal Air Force Charitable Trust Enterprises operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the entity pays fixed contributions into a separate entity. Once the contributions have been paid the entity has no further payment obligations.

The contributions are recognised as an expense in the Statement of Financial Activities when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the entity in independently administered funds.

2.14 Redundancy costs

Redundancy and termination costs are accounted for on an accruals basis when the commitment to terminate a post on the grounds of redundancy has been made.

2.15 Volunteers

Volunteers help out with various aspects of the running of the annual Royal International Air Tattoo and we are very grateful for their contribution. Their contribution is in time only.

2.16 Fund accounting

The unrestricted funds are available for any purpose within the aims and objectives specified in the Trust Deed of the Charity.

Designated funds comprise general funds, which have been set aside at the discretion of the Trustees for specific purposes. The purpose of these are set out in Note 19.

Restricted funds are to be used in accordance with specific restrictions imposed by the donors and grant providers. The aim and use of the restricted funds are set out in Note 19.

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

3. Critical accounting estimates and areas of judgment

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

(a) Useful economic lives of tangible fixed assets

The annual depreciation charge for the tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are amended when necessary to reflect current estimates, based on economic utilisation and the physical condition of the assets.

See Note 13 for the carrying amount of tangible fixed assets and Note 2.6 for the useful lives for each class of asset.

(b) Recoverability of debtors

The Group and Charity makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See Note 15 for the net carrying amount of the debtors.

(c) Historic accruals

In the instances where invoices are not received in relation to services that have been provided to The Royal Air Force Charitable Trust Enterprises and Scampton Airshow Limited, the Group makes an estimate of the expected cost to the Companies. When assessing the value of these accruals/provisions, management considers previous invoices relating to similar services and discussions held with the third parties in relation to the expected costs. Where invoices have not been received for 2 years, the accruals and provisions are written down over 5 years. See Note 17 for inclusion of the year end accruals/provisions.

(d) Impairment of programme related investments

When assessing impairment of the programme related investments, management considers factors including the financial results, future outlook, net assets and market value. See Note 14 for the net carrying amount of investments.

(e) Stock Provision

It is necessary to consider the recoverability of the cost of finished goods and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods.

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

4. Income from donations and legacies

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Donations			
Donations from RAF 100	500,000	500,000	-
Other donations	45,200	45,200	35,202
Total 2020	<u>545,200</u>	<u>545,200</u>	<u>35,202</u>
<i>Total 2019</i>	<u>35,202</u>	<u>35,202</u>	

5. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
RIAT income	11,213,972	11,213,972	12,034,390
Massed bands income	-	-	639,782
Other income	70,439	70,439	6,723
Trading income	151,630	151,630	202,002
Consultancy sales	132,914	132,914	145,616
Total 2020	<u>11,568,955</u>	<u>11,568,955</u>	<u>13,028,513</u>
<i>Total 2019</i>	<u>13,028,513</u>	<u>13,028,513</u>	

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

6. Investment income

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Interest received	26,786	26,786	22,032
Total 2020	<u>26,786</u>	<u>26,786</u>	<u>22,032</u>
<i>Total 2019</i>	<u>22,032</u>	<u>22,032</u>	

7. Expenditure on raising funds

Other trading expenses

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
RIAT expenditure	7,644,547	7,644,547	7,770,366
Massed bands expenditure	-	-	639,317
Interest paid	5,200	5,200	9,112
Admin costs	470,801	470,801	509,330
Trading expenditure	99,830	99,830	135,650
Consultancy expenditure	79,906	79,906	94,870
Payroll costs	2,373,331	2,373,331	2,251,861
Depreciation	118,851	118,851	98,980
Total 2020	<u>10,792,466</u>	<u>10,792,466</u>	<u>11,509,486</u>
<i>Total 2019</i>	<u>11,509,486</u>	<u>11,509,486</u>	

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

8. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2020 £	Total funds 2020 £	<i>Total funds 2019 £</i>
Charitable activities	754,509	754,509	956,668
	<hr/>	<hr/>	
<i>Total 2019</i>	956,668	956,668	
	<hr/>	<hr/>	

9. Analysis of expenditure by activities

	Total funds 2020 £	<i>Total funds 2019 £</i>
Grant expenditure	734,983	935,828
Support costs: governance costs	19,526	20,840
	<hr/>	<hr/>
	754,509	956,668
	<hr/>	<hr/>

Included within governance costs above for the charity is £4,794 (2019: £6,196) of travel and subsistence costs and £27,445 (2019: £18,784) of professional fees.

No grants to individuals were paid during the year.

10. Auditor's remuneration

	2020 £	<i>2019 £</i>
Fees payable to the Charity's auditor in respect of:		
The auditing of the accounts of the Charity	3,490	4,062
The auditing of the accounts of the subsidiary entity	13,930	13,525
All assurance services not included above	10,025	930
	<hr/>	<hr/>

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

11. Staff costs

	Group 2020 £	<i>Group 2019 £</i>	Charity 2020 £	<i>Charity 2019 £</i>
Wages and salaries	2,070,760	1,955,904	87,957	94,468
Social security costs	210,136	216,787	7,286	-
Contribution to defined contribution pension schemes	92,435	79,170	4,078	-
	<u>2,373,331</u>	<u>2,251,861</u>	<u>99,321</u>	<u>94,468</u>

During the year there were redundancy, ex-gratia payments and restructuring costs of £14,500 (2019: £11,782) in relation to agreements made with employees to end employment contracts. There was £nil outstanding at the year end (2019: £nil).

In addition to wages and salaries, costs totalling £34,394 (2019: £7,279) were incurred in relation to self employed contractors.

The average number of persons employed by the Charity during the year was as follows:

	Group 2020 No.	<i>Group 2019 No.</i>
Air shows	50	50
Other	2	2
	<u>52</u>	<u>52</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	Group 2020 No.	<i>Group 2019 No.</i>
In the band £60,001 - £70,000	1	2
In the band £70,001 - £80,000	1	1
In the band £80,001 - £90,000	2	2
In the band £90,001 - £100,000	1	-
In the band £160,001 - £170,000	1	1

The Senior Management Team of the Group are deemed to be the Directors of each entity and the Trust Director. The remuneration for these teams amounted to £752,644 (2019: £688,378). This is inclusive of employer's national insurance and pension costs.

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

12. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2019: £nil).

During the year ended 29 February 2020, expenses totalling £1,896 were reimbursed or paid directly to 5 Trustees (2019 - £6,196 to 3 Trustees). These related to travel and subsistence and professional fees.

13. Taxation

	2020 £	2019 £
Corporation tax		
Adjustments in respect of previous periods	63,379	-

The tax assessed for the year is higher than (2019 - *higher than*) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Net income before tax	593,966	619,593
Effects of:		
Adjustments to tax charge in respect of prior periods	63,379	-

There are no factors considered likely to affect future tax charges.

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

14. Tangible fixed assets

Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 March 2019	1,663,394	41,854	598,462	2,303,710
Additions	-	29,190	44,153	73,343
Disposals	-	(18,281)	-	(18,281)
At 29 February 2020	<u>1,663,394</u>	<u>52,763</u>	<u>642,615</u>	<u>2,358,772</u>
Depreciation				
At 1 March 2019	451,262	38,503	448,945	938,710
Charge for the year	23,712	8,705	86,434	118,851
On disposals	-	(18,281)	-	(18,281)
At 29 February 2020	<u>474,974</u>	<u>28,927</u>	<u>535,379</u>	<u>1,039,280</u>
Net book value				
At 29 February 2020	<u>1,188,420</u>	<u>23,836</u>	<u>107,236</u>	<u>1,319,492</u>
At 28 February 2019	<u>1,212,132</u>	<u>3,351</u>	<u>149,517</u>	<u>1,365,000</u>

The net book value of freehold land and buildings includes £477,550 (2019: £477,550) of land which is not depreciated.

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

15. Fixed asset investments

Charity	Investments in subsidiary companies £	Social investments £	Total £
Cost or valuation			
At 1 March 2019	100	600,000	600,100
At 29 February 2020	<u>100</u>	<u>600,000</u>	<u>600,100</u>
Net book value			
At 29 February 2020	<u>100</u>	<u>600,000</u>	<u>600,100</u>
<i>At 28 February 2019</i>	<u>100</u>	<u>600,000</u>	<u>600,100</u>

In 1994 the Charity made an interest free and unsecured loan of £600,000 to its subsidiary RAFCTE. The loan to RAFCTE was for the purpose of providing finance for activities which further Air Displays in accordance with the charitable objectives of the Charity and as a result the Trustees decided during 2016 to transform the debtor into a Programme Related Investment (Social investment).

The Charity also owns £100 of Share Capital in SAL a dormant subsidiary.

None of the programme related investments are repayable within 365 days.

For details of subsidiaries see Note 24.

16. Debtors

	Group 29 February 2020 £	Group 28 February 2019 £	Charity 29 February 2020 £	Charity 28 February 2019 £
Due within one year				
Trade debtors	506,136	1,118,015	-	-
Amounts owed by group undertakings	-	-	1,123,373	1,243,267
Prepayments and accrued income	623,977	286,162	-	-
	<u>1,130,113</u>	<u>1,404,177</u>	<u>1,123,373</u>	<u>1,243,267</u>

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

17. Current asset investments

	Group 29 February 2020 £	<i>Group 28 February 2019 £</i>
Bank deposit accounts	2,500,000	<i>3,000,000</i>

18. Creditors: Amounts falling due within one year

	Group 29 February 2020 £	<i>Group 28 February 2019 £</i>	Charity 29 February 2020 £	<i>Charity 28 February 2019 £</i>
Bank overdrafts	-	74,982	-	-
Bank loans	32,099	68,420	-	-
Trade creditors	532,659	176,283	223	550
Corporation tax	63,379	-	-	-
Other taxation and social security	198,647	261,747	-	-
Other creditors	1,783	136,880	-	125,000
Accruals and deferred income	3,531,713	3,896,739	6,334	7,109
Grants accrued - institutional	363,070	340,691	363,070	340,691
	4,723,350	4,955,742	369,627	473,350

	Group 29 February 2020 £
Deferred income at 1 March 2019	3,218,823
Resources deferred during the year	3,004,051
Amounts released from previous periods	(3,218,823)
	3,004,051

Included within deferred income are amounts which relate to future periods beginning on or after 1 March 2020. See note 29 - Post Balance Sheet Events for further details.

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

Note 17. (continued) Reconciliation of grant creditors - Group and Charity

	29 February 2020 £
Commitments at 1 March 2019	340,691
Grants awarded in the year	(712,604)
Grants paid in the year	734,983
	<hr/> 363,070 <hr/>

19. Creditors: Amounts falling due after more than one year

	Group 29 February 2020 £	<i>Group 28 February 2019 £</i>
Bank loans	<hr/> - <hr/>	<hr/> 32,185 <hr/>

The bank loan totalling £32,099 (2019: £100,605) is from Allied Irish Bank and is secured by a mortgage debenture incorporating a first legal charge over the freehold property and land at Douglas Bader House, Horcott Hill, Fairford, Gloucestershire, GL7 4RB. The net book value of the freehold land and property at year end was £1,188,420 (2019: £1,212,132). A rate of 6.49% is applied to the balance of the fixed rate loan facility of £32,099 (2019: £100,605). £32,099 is due for repayment no later than 31 March 2020.

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

20. Statement of funds

Statement of funds - current year

	Balance at 1 March 2019 £	Income £	Expenditure £	Gift aid and eliminations £	Balance at 29 February 2020 £
Unrestricted funds					
Designated funds					
RAFCTE	682,708	11,589,547	(10,743,525)	(1,123,373)	405,357
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
General funds					
General	2,512,652	551,394	(866,829)	1,123,373	3,320,590
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted funds	3,195,360	12,140,941	(11,610,354)	-	3,725,947
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds					
RAF Waddington	100	-	-	-	100
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total of funds	3,195,460	12,140,941	(11,610,354)	-	3,726,047
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

20. Statement of funds (continued)

Statement of funds - prior year

	<i>Balance at 1 March 2018 £</i>	<i>Income £</i>	<i>Expenditure £</i>	<i>Transfers in/out £</i>	<i>Balance at 28 February 2019 £</i>
Unrestricted funds					
Designated funds					
RAFCTE	682,708	-	-	-	682,708
General funds					
General	2,168,455	12,155,451	(12,466,154)	654,900	2,512,652
SAL	(930,296)	930,296	-	-	-
	<u>1,238,159</u>	<u>13,085,747</u>	<u>(12,466,154)</u>	<u>654,900</u>	<u>2,512,652</u>
Total Unrestricted funds	<u>1,920,867</u>	<u>13,085,747</u>	<u>(12,466,154)</u>	<u>654,900</u>	<u>3,195,360</u>
Restricted funds					
RAF Waddington	655,000	-	-	(654,900)	100
Total of funds	<u>2,575,867</u>	<u>13,085,747</u>	<u>(12,466,154)</u>	<u>-</u>	<u>3,195,460</u>

The RAFCTE Fund's purpose is to be used by the trading company to ensure there are enough funds to meet costs as they fall due, leading up to the RIAT each year.

The RAF Waddington Fund was to fund the new air show at Scampton.

In the prior year financial statements £600,000 was transferred to Scampton Airshow Limited as a Programme Related Investment of £450,000 and share capital of £150,000. As the transactions were eliminated on consolidation the transfer was made to correct the parent entity position within the financial statements.

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 29 February 2020 £	Unrestricted funds 29 February 2020 £	Total funds 29 February 2020 £
Tangible fixed assets	-	1,319,492	1,319,492
Current assets	100	7,129,805	7,129,905
Creditors due within one year	-	(4,723,350)	(4,723,350)
Total	<u>100</u>	<u>3,725,947</u>	<u>3,726,047</u>

Analysis of net assets between funds - prior period

	<i>Restricted funds 28 February 2019 £</i>	<i>Unrestricted funds 28 February 2019 £</i>	<i>Total funds 28 February 2019 £</i>
Tangible fixed assets	-	1,365,000	<i>1,365,000</i>
Current assets	100	6,818,287	<i>6,818,387</i>
Creditors due within one year	-	(4,987,927)	<i>(4,955,742)</i>
Creditors due in more than one year	-	-	<i>(32,185)</i>
Total	<u>100</u>	<u>3,195,360</u>	<u><i>3,195,460</i></u>

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

22. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 29 February 2020 £	<i>Group 28 February 2019 £</i>
Net income for the period (as per Statement of Financial Activities)	530,587	619,593
Adjustments for:		
Depreciation charges	118,851	98,982
Interest from investments	(26,786)	(22,032)
Decrease in debtors	261,416	207,054
Decrease in creditors	(121,089)	(715,388)
Interest paid	5,200	9,112
Net cash provided by operating activities	768,179	197,321

23. Analysis of cash and cash equivalents

	Group 29 February 2020 £	<i>Group 28 February 2019 £</i>
Cash in hand	3,487,144	2,414,210
Notice deposits (less than 3 months)	2,500,000	3,000,000
Overdraft facility repayable on demand	-	(74,982)
Total cash and cash equivalents	5,987,144	5,339,228

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020**

24. Analysis of Net Debt

	At 1 March 2019	Cash flows	At 29 February 2020
	£	£	£
Cash at bank and in hand	2,414,210	1,085,582	3,499,792
Deposit account	3,000,000	(500,000)	2,500,000
Bank overdrafts repayable on demand	(74,982)	74,982	-
Debt due after 1 year	(32,185)	32,185	-
Debt due within 1 year	(68,420)	36,321	(32,099)
	<u>5,238,623</u>	<u>729,070</u>	<u>5,967,693</u>

25. Pension commitments

The pension cost charge for the period represents contributions payable to the defined contribution scheme and amounted to £88,357 (2019: £79,170). Contributions totalling £1,783 (2019: £11,879) were payable to the scheme at the end of the period and are included within other creditors.

26. Operating lease commitments

At 29 February 2020 the Group and the Charity had commitments to make total future minimum lease payments under non-cancellable operating leases as follows:

	Group 29 February 2020	Group 28 February 2019
	£	£
Not later than 1 year	3,540	3,540
Later than 1 year and not later than 5 years	295	3,835
	<u>3,835</u>	<u>7,375</u>

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

27. Related party transactions

Royal Air Force Charitable Trust Enterprises (RAFCTE)

The Royal Air Force Charitable Trust Enterprises is a wholly owned subsidiary of the Charity.

During the year, RAFCTE were reimbursed costs of £102,434 (2019: £93,909) which were paid on behalf of RAFCT. There was an outstanding balance of £nil due to RAFCTE at the year-end (2019: £7,312).

At the year-end a £1,123,373 (2019: £1,250,579) debtor was outstanding from RAFCTE in respect of gift aid payable to RAFCT.

Scampton Airshow Limited (SAL)

Scampton Airshow Limited is a wholly owned subsidiary of the Charity. The Company was dormant during the financial year.

RAF100

As part of a programme related investment RAFCT is a partner of RAF100.

There were no other related party transactions during the year (2019: *None*).

28. Principal subsidiaries

The following was a subsidiary undertaking of the Charity. Ownership of RAFCTE is held by the Charity. As such RAFCTE is deemed to be a wholly owned subsidiary of the Trust. Under the Trust Deed the Trustees have the power to appoint and/or remove any corporation acting as their nominee, ultimate control of RAFCTE is therefore held by the Trust.

Name	Company number	Registered office or principal place of business	Principal activity
The Royal Air Force Charitable Trust Enterprises (RAFCTE)	02190393	Douglas Bader House, Horcott Hill, Fairford, Gloucestershire, GL7 4RB	Running the Royal International Air Tattoo (RIAT)
Class of shares	Included in consolidation		
Limited by guarantee	Yes		

The financial results of the subsidiary for the period were:

Name	Income £	Expenditure £	Profit/(Loss) / Surplus/ (Deficit) for the period £	Net assets £
The Royal Air Force Charitable Trust Enterprises (RAFCTE)	11,589,547	(11,866,898)	(277,351)	405,357

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

28. Principal subsidiaries (continued)

Assets totalled £6,482,453 and liabilities totalled £6,077,096, giving total net assets of £405,357.

29. Post balance sheet events

The cancellation of RIAT 20 was publicly announced on Friday March 20th. The Board took the view at that time that an early cancellation was essential to avoid the potential risk to public health; a position that was justified when a public “lock-down” came in to force the following week.

The cancellation of RIAT 20 is a non-adjusting post balance sheet event. As a result of the cancellation of RIAT 20 post year end the following has occurred:

Deferred income

At the year end, the Group had a deferred income balance of £3,004,051. As a result of the cancellation of RIAT 20 £18,46,996 has been rolled over to RIAT 21, £358,650 is still in contract with customers and £798,445 has been refunded to customers.

Prepayments

At the year end, the Company had a prepayments balance of £485,072. As a result of the cancellation of RIAT 20 £143,425 has been released to the profit and loss account in 2020/21, £92,335 was refunded by our suppliers and £249,312 was rolled over to RIAT 21.

Trade debtors

At the year end, the Company had trade debtors of £518,784. As a result of the cancellation of RIAT 20 £222,253 has since been refunded to customers and £178,453 has been deferred to RIAT 21.

The remainder of £118,078 has been or will be settled as a trade debtor.