

THE ROYAL AIR FORCE CHARITABLE TRUST
CONSOLIDATED REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

Charity number: 1176054
CIO number: CEO12521

THE ROYAL AIR FORCE CHARITABLE TRUST
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7 MONTHS TO 30 SEPTEMBER 2020

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OFFICERS AND PROFESSIONAL ADVISERS
7 MONTHS TO 30 SEPTEMBER 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)
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

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Introduction

The Trustees present the consolidated group financial statements for The Royal Air Force Charitable Trust (RAFCT or Trust) for the 7 months to 30 September 2020, incorporating the results of the Trust's subsidiaries, The Royal Air Force Charitable Trust Enterprises Limited (RAFCTE or Company) and Scampton Airshow Limited (SAL), in each case for the year ended 30 September 2020. Following the last reporting period Trustees made the decision to alter the Trust's financial year end to align more effectively with the Group's operational year. Inevitably, the statements and results for the 7 months to 30 September 2020 and for the year to 28 February 2020 are not directly comparable.

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

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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 originally established in 1950 in England and Wales, with a grant of £30,000 from the then Air Council, the functions of which were later subsumed within the 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 stated that proceeds from such airshows might be used to further the aims of the charity, or for any other charitable purpose that would benefit past or present members of the Royal Air Force.

The Trust provided finance and administrative support for a number of airshows held at various locations, donating proceeds to the Royal Air Force Benevolent Fund for the benefit of serving and former members of the Royal Air Force directly from the Trust until 1987, and thereafter from The Royal Air Force Benevolent Fund Enterprises, the trading company established specifically to undertake its primary air show activity.

In 1994 the Charity Commission approved a revised Scheme of Administration, widening the permitted activities, but retaining the original objects, of the Trust, and following which the Trustees assumed the lead role in financing the airshow activity of the trading company, which in turn donated profits to the Trust.

Following a governance review in 2004, a decision was taken to alter the relationship between the Trust, the Benevolent Fund and the trading company. In January 2005, with the support of the Charity Commission, Royal Air Force, Ministry of Defence and Benevolent Fund, the Trust was renamed 'The Royal Air Force Charitable Trust' and registered as charity number 210848. The Trust then assumed ownership of the trading company from the Benevolent Fund and changed the company's name to 'The Royal Air Force Charitable Trust Enterprises' (RAFCTE).

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On 1 March 2018, the current Trust was established as a charitable incorporated organisation (CIO) and registered as charity number 1176054 & CEO12521, and the assets and liabilities of the former Trust (charity number 210848) were transferred to the CIO. The former Trust remains in existence to ensure that any legacies that may be left to that Trust are not lost; and a 'uniting direction' was completed with the Charity Commission so that the former Trust and the current Trust/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 ordinarily meet in formal session 4 times per calendar year, holding occasional joint meetings with the Board of Directors of RAFCTE and SAL. However, due to the effect of COVID-19 on the Group's operations, there has been a temporary increase in the number of Trustee meetings throughout the reporting period. Additionally, the majority of these meetings were held remotely in accordance with government guidance.

The majority of Trust administrative activity is conducted electronically, including the circulation of policy documents, the approval of applications for grants and various other discussions. 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 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.

Remuneration

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

Charity Governance Code

The Charity Governance Code was reviewed by the Trustees during the year. The Trust's (and the Group's) governance is kept under constant review by the Trust Board, and work is underway to update the current governance structure with a refreshed framework for audit, risk, governance, and grant committees. Air Marshal Philip Osborn became the new Chairman of RAFCT on 4 June 2020 and, at the direction of the Trust Board, he now leads significant work to develop a new Strategy for the Group and a Future Desired State that will together set the strategic intent for the next 5 years.

Fundraising

RAFCT had no fundraising activities requiring disclosure under S162A of the Charities Act 2011. The Trust does not door-to-door fundraise or proactively seek to fundraise other than through the Group's websites or at RIAT, but is grateful for donations that are received each year. The Trust does not have a fundraising department.

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OBJECTIVES AND ACTIVITIES

As part of the ongoing work to develop a new Strategy for the Group and a Future Desired State, a review by the Trust Board of the stated mission to 'Promote, Support & Encourage'¹ will conclude during the coming financial year. Pending the outcome of that review, the Trust Board remains content that the current mission is an effective definition of the Trust's role in the Service charities sector, complementing the work undertaken by other RAF Charities such as the RAF Benevolent Fund, RAF Central Fund, RAF Association and RAF Museum. The Trust Board also continues to believe that delivery of the Trust's current objectives is principally achieved through the staging of the Royal International Air Tattoo (RIAT) and other airshows and the giving of grants. Trustees have instigated a series of awards and scholarships, funded by the Trust, and delivered through third parties including the Royal Air Force Flying Clubs' Association (RAFFCA), the Royal Air Force STEM² organisation, the Smallpeice Trust, and the Air Cadet Organisation. The impact of COVID-19 and cancellation of RIAT 20 have inevitably limited the opportunities available to the Trust fully to meet its charitable objectives during the reporting period. However, Trustees were able to authorise a limited number of grants, 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, where possible, were 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.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

The Trust made grants totalling £73,554 (2019/20 £734,983). Understandably in the context of what is said above this is a much-reduced figure compared with the previous year. All grant flying activity had to be suspended during this time along with all Air Cadet and face-to-face activity. However, through lockdown some of the Trust's principal grants proved their worth.

Among the successful collaborations between RAFCT and the RAF's Youth & STEM Team is the joint sponsorship of the Scouts' staged Air Activities badge. Launched at RAF Cosford in 2019, and due to run for an initial period of three years, this partnership has proved hugely successful in developing new and exciting STEM-focussed resources, activities and events that enable all Scout sections, from Beavers to Explorer Scouts, to explore the secrets and science of flight. Despite the challenges presented by the pandemic, the RAF's Youth & STEM Team, supported by RAFCT, was able to deliver content and subject-matter expertise to a number of Scouting 'events' including the Scouts' Great Indoors Weekender, the UK's biggest digital summer camp, which took place in July 2020.

¹ The 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.

² Science, Technology, Engineering and Mathematics.

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Designed to spark an interest in the wonder of aviation, many of the resources and activities underpinning the Air Activities badge have an international reach, with some sessions run by STEM Ambassadors as far away as the Falkland Islands. In the 7 months to September 2020, 35,000 Air Activities badges were awarded, a particularly impressive achievement considering how much learning had to be conducted online during this period. Indeed, so valuable has the engagement proved that the Scouts offered to extend the sponsorship period by an extra year at no extra cost.

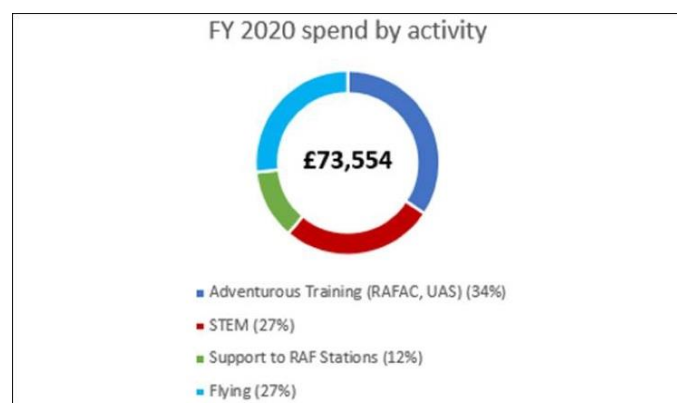
Happily therefore, an element of the Trust's work has continued to successfully reflect the three elements of the mission despite the significant challenges faced by the Group during the reporting period. The Trustees continue to work to increase their reach through partnership with organisations that hold similar objectives to RAFCT and this work continues to progress well.

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, and support for adventurous training (AT) and sports teams. Trustees are pleased to report that a small number of grants of this nature was awarded during the summer.

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 be a popular and rewarding programme and it is expected to be ever-popular once students can get back in the skies once more.

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.



ROYAL AIR FORCE CHARITABLE TRUST ENTERPRISES - ROYAL INTERNATIONAL AIR TATTOO

The decision to cancel RIAT20 as a result of the COVID-19 pandemic was announced on 20 March 2020. The RAFCTE 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 national lockdown came into force the following week. Furthermore, an early decision to cancel ensured that the Company limited its financial exposure and could continue to trade to deliver future RIATs and events. Trustees were fully supportive of this decision. The response from all stakeholders was extremely positive and approximately 70% of the public decided to roll-over their tickets to RIAT21; with all corporate sponsors deciding to roll-over and support the Group.

Although running RIAT, the UK's largest military airshow, is the Company's principal activity, it also normally offers consultancy services to other airshows and had additionally planned to stage two concerts in March 2020. Owing to the COVID-19 pandemic, these concerts and supported airshows were also regrettably cancelled.

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With no event in the summer, RAFCTE quickly developed an alternative offer by developing a virtual Air Tattoo (vAT) over the planned RIAT weekend in July. Featuring interviews, historic footage, new RAF, international and industry material, along with 'virtual' flying displays, this new concept proved a great success. The vAT also provided an opportunity to sell vAT merchandise as well as launch tickets for the planned RIAT21 event. The 2020 virtual Air Tattoo received an excellent response, and it was decided to deliver the event free of charge to the public in recognition of their loyalty and support. It is now likely that this virtual activity will become an annual occurrence.

Throughout the reporting period work was undertaken to scope what a COVID-safe RIAT21 might look like. Several early event models were developed to enable the planned Airshow to adapt to whatever restrictions might be in place at the time of delivery, assuming public gatherings would be permitted by July 2021. In undertaking this work, RAFCTE worked closely with the relevant Local Authority's Event Safety Advisory Group which included representation from Public Health England. Throughout the planning stage, safety remained RAFCTE's number one priority and all key processes, risk assessments and documentation were again under review; where relevant, external subject matter experts were involved. RAFCTE policies and its operational delivery model remain totally compliant with the Military Aviation Authority and Civil Aviation Authority Regulations and often exceed the stringent requirements imposed to ensure that RIAT's proud safety record is maintained.

Notwithstanding the inevitable financial challenges resulting from cancellation of RIAT20, the business remained in a stable financial position assisted by Government COVID-19 financial support and, following the cancellation of RIAT20, insurance recoveries totalling £1,225,120.

Volunteers

Under normal circumstances we would have been delighted to welcome 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. The Air Tattoo volunteers choose to contribute their time and skills for the benefit of the annual Air Tattoo and the Trust's charitable endeavours, and the event that is RIAT 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 the Royal Air Force and approximately 1,000 cadets and staff from the Royal Air Force Air Cadets, providing essential 'summer camps' for cadets.

POST BALANCE SHEET ACTIVITIES

In January 2021, the Government announced a third national COVID lockdown and the second wave of the pandemic presented the Group with unprecedented challenges. To reduce further financial exposure, a decision was taken by the RAFCTE Board to cancel RIAT21, as announced on 16 February 2021. This second consecutive cancellation of RIAT placed significant pressure on the business and so a 'minimise' approach was promptly imposed on all expenditure. Again, happily, only 10% of public ticket holders asked for a refund whilst the majority of sponsors agreed to roll-over their funding to RIAT22. Nevertheless, recognising the potential risk of reliance on deferred income to support the Company's ongoing overheads, and that insurance cover for a RIAT cancellation arising from communicable diseases including COVID-19 would no longer be available, the Trust Board asked the Company's Directors to develop for its review a RAFCTE Recovery Plan setting out how RAFCTE planned to address the financial and operational

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consequences of two cancellations of RIAT and how RAFCTE would deliver a safe and profitable RIAT22. Following receipt at the Trust Board of a mature and reviewed RAFCTE Recovery Plan, Trustees determined that a 'one-off' Capital Contribution payment by the Trust to RAFCTE of £1.7M would assist the Company, and strengthen RAFCTE's Balance Sheet in order to position the Group for delivery of a successful RIAT22. In reaching their decision to make this Capital Contribution Trustees were keenly aware of the significant financial contribution that RAFCTE has made to the Trust over the years and that, through delivery of RIAT, RAFCTE has contributed and will continue to contribute directly to RAFCT's key charitable objectives.

The Trust Board remains confident that the charity has access to sufficient cash reserves to ensure the Group will continue as a going concern, including planning for RIAT22. Accordingly, the going concern basis continues to be adopted in preparing the financial statements of the charity and the Group.

RISKS

In 2020, as part of a wider strategic review of the Group, Trustees undertook a review of the Group's approach to risk and continued work to refine 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 have directed development of a new Risk Committee, as part of action taken to upgrade to the current system, which will be implemented during the coming financial year.

FINANCIAL REVIEW

During the year RAFCTE and the Trust placed surplus cash on fixed term bank deposit whenever cash flow prediction allowed. This generated a return of £8,307 (*February 2020 £26,786*). In addition, RAFCTE secured Government support through the CJRS and CBILS schemes, with the Company claiming additional CJRS funding of £343,984 through to the end of September 2020 and a 6-year £1,530,000 loan under the CBILS.

Consolidated (i.e. for the Trust, RAFCTE and SAL) income for the period was £2,206,801 (*February 2020: £12,140,941*) of which £2,008,728 (*February 2020: £11,568,955*) related to the trading activities of RAFCTE and £NIL (*February 2020 £NIL*) to SAL. Expenditure for the period was £2,289,074 (*February 2020: £11,546,975*) of which £2,148,083 (*February 2020: £10,659,554*) was attributable to RAFCTE. This resulted in net deficit of £262,273 (*February 2020: £593,966 surplus before tax*). 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 £18,073 (*February 2020 £1,674,768*) of which £NIL (*February 2020 £1,123,373*) was covenanted from RAFCTE. RAFCT operating and governance costs were £67,437 (*February 2020 £131,847*) and grants of £73,554 (*February 2020 £734,983*) were made, details of which are shown above.

Consolidated net assets were £3,463,774 (*February 2020 £3,726,047*) at the balance sheet date, of which £266,002 (*February 2020 £405,357*) represents retained profits of RAFCTE, £NIL the retained profits of SAL (*February 2020 £NIL*) and £3,197,672 (*February 2020 £3,320,590*) represents the Trust's unrestricted fund and £100 (*February 2020 £100*) the restricted funds.

The Trustees consider that, despite the cancellation of RIAT 20 and RIAT 21, 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 financial statements comply with current statutory requirements, the Statement of Recommended Practice (FRS 102) 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.

RESERVES POLICY

RAFCTE traditionally provides 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 have historically been potentially vulnerable to weather and other exigencies, the Trustees have maintained a minimum reserve of £400,000, although in recent years the level of cash reserves has been much higher. This year, the impact of COVID, has placed increased focus on the Trust's (and thus the Group's) reserves policy and the consideration of its wider cash holdings and has formed part of the wider discussion on the Group's future Strategy.

The Trustees note that at the year-end Trust reserves totalled £3,197,672 of which £100 is restricted (*February 2020 £3,320,590 – includes £100 restricted funds*). Within those reserves the Trust's cash balances totalled £2,149,741 (*February 2020 £1,966,844*), against which the Trust has made Grant commitments that have yet to be paid of £335,022 (*February 2020 £363,070*), with uncommitted and liquid funds therefore of £2,262,450 (*February 2020 £2,357,320*), as compared to the minimum reserve of £400,000 requirement set out in the Trust's reserves policy.

In light of the above, the Trustees have actively reviewed 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 as part of the strategic review of the Group referred to above.

PLANS FOR FUTURE PERIODS

RAFCT will continue to look for opportunities to refine and promote 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 second challenging year, Trustees are principally concerned with protecting the charity, supporting the Group through to a successful Airshow in 2022 and diversifying its activity. There remain key challenges as we move to a re-launch of the charity as part of recovery post the cancellation of RIAT21 and the Trust Board remains content with the considerable progress made in defining its future desired state and governance. Charitable grants made by RAFCT are likely to continue to be at a reduced level while the Group consolidates its position through the next 18 months.

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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 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Trustees are aware, there is no relevant audit information (as defined by Section 418 (2) of the Companies Act 2006) of which the group's auditors are unaware and each Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

A resolution will be put forward at the Trustee meeting proposing that Crowe U.K. LLP will be reappointed as auditor.

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



Air Marshal Philip Osborn CBE

Date: 16 June 2021

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 30 September 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).

The financial statements have been prepared in accordance with Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has been withdrawn.

This has been done in order for the accounts to provide a true and fair view in accordance with the Generally Accepted Accounting Practice effective for reporting periods beginning on or after 1 January 2015.

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

Date:

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 PERIOD ENDED 30 SEPTEMBER 2020

	Note	Restricted funds Period ended 30 September 2020 £	Unrestricted funds Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	Total funds Year ended 29 February 2020 £
Income from:					
Donations and grants	4	-	359,694	359,694	545,200
Other trading activities	5	-	433,680	433,680	11,568,955
Investments	6	-	8,307	8,307	26,786
Other income	7	-	1,225,120	1,225,120	-
Total income		-	2,026,801	2,026,801	12,140,941
Expenditure on:					
Raising funds	8	-	2,206,069	2,206,069	10,792,466
Charitable activities	9	-	83,005	83,005	754,509
Total expenditure		-	2,289,074	2,289,074	11,546,975
Net (expenditure)/income before taxation		-	(262,273)	(262,273)	593,966
Taxation		-	-	-	(63,379)
Net movement in funds		-	(262,273)	(262,273)	530,587
Reconciliation of funds:					
Total funds brought forward		100	3,725,947	3,726,047	3,195,460
Net movement in funds		-	(262,273)	(262,273)	530,587
Total funds carried forward		100	3,463,674	3,463,774	3,726,047

The notes on pages 18 to 41 form part of these financial statements.

THE ROYAL AIR FORCE CHARITABLE TRUST

**CHARITY STATEMENT OF FINANCIAL ACTIVITIES
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**


	Restricted funds Period ended 30 September 2020 £	Unrestricted funds Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	<i>Total funds Year ended 29 February 2020 £</i>
Income from:				
Donations	-	15,710	15,710	1,668,573
Investments	-	2,363	2,363	6,195
	-	18,073	18,073	1,674,768
Total income				
Expenditure on:				
Raising funds	-	57,986	57,986	112,321
Charitable activities	-	83,005	83,005	754,509
	-	140,991	140,991	866,830
Total expenditure				
	-	(122,918)	(122,918)	807,938
Net movement in funds				
Reconciliation of funds				
Total funds brought forward	100	3,320,590	3,320,690	2,512,752
Net movement in funds	-	(122,918)	(122,918)	807,938
Total funds carried forward	100	3,197,672	3,197,772	3,320,690

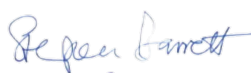
THE ROYAL AIR FORCE CHARITABLE TRUST

**CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2020**

	Note	30 September 2020 £	29 February 2020 £
Fixed assets			
Tangible assets	14	1,260,208	1,319,492
		<u>1,260,208</u>	<u>1,319,492</u>
Current assets			
Debtors	16	623,478	1,130,113
Investments	17	-	2,500,000
Cash at bank and in hand		6,403,636	3,499,792
		<u>7,027,114</u>	<u>7,129,905</u>
Creditors: amounts falling due within one year	18	(3,319,048)	(4,723,350)
Net current assets		<u>3,708,066</u>	<u>2,406,555</u>
Total assets less current liabilities		<u>4,968,274</u>	<u>3,726,047</u>
Creditors: amounts falling due after more than one year	19	(1,504,500)	-
Total net assets		<u><u>3,463,774</u></u>	<u><u>3,726,047</u></u>
Charity funds			
Restricted funds	20	100	100
Unrestricted funds			
Designated funds	20	266,002	405,357
General funds	20	3,197,672	3,320,590
Total unrestricted funds	20	<u>3,463,674</u>	<u>3,725,947</u>
Total funds		<u><u>3,463,774</u></u>	<u><u>3,726,047</u></u>

The financial statements were approved and authorised for issue by the Trustees on 16 June 2021 and signed on their behalf by:


Air Marshal Philip Osborn CBE
Trustee


Mr Stephen Barrett
Trustee

The notes on pages 18 to 41 form part of these financial statements.

THE ROYAL AIR FORCE CHARITABLE TRUST

**CHARITY BALANCE SHEET
AS AT 30 SEPTEMBER 2020**

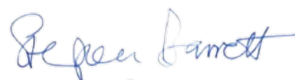
Charity number: 1176054

	Note	30 September 2020 £	29 February 2020 £
Fixed assets			
Investments	15	600,100	600,100
		<u>600,100</u>	<u>600,100</u>
Current assets			
Debtors	16	1,123,373	1,123,373
Cash at bank and in hand		2,149,741	1,966,844
		<u>3,273,114</u>	<u>3,090,217</u>
Creditors: amounts falling due within one year	18	(675,442)	(369,627)
Total net assets		<u><u>3,197,772</u></u>	<u><u>3,320,690</u></u>
Charity funds			
Restricted funds	20	100	100
Unrestricted funds			
General funds	20	3,197,672	3,320,590
Total unrestricted funds	20	<u>3,197,672</u>	<u>3,320,590</u>
Total funds		<u><u>3,197,772</u></u>	<u><u>3,320,690</u></u>

The financial statements were approved and authorised for issue by the Trustees on 16 June 2021 and signed on their behalf by:



Air Marshal Philip Osborn CBE
Trustee



Mr Stephen Barrett
Trustee

The notes on pages 18 to 41 form part of these financial statements.

THE ROYAL AIR FORCE CHARITABLE TRUST

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

	Note	Period ended 30 September 2020 £	Year ended 29 February 2020 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	22	(1,099,485)	780,827
Cash flows from investing activities			
Interest from investments		8,307	26,786
Purchase of tangible fixed assets		(2,925)	(73,343)
Net cash provided by/(used in) investing activities		5,382	(46,557)
Cash flows from financing activities			
New secured loans		1,530,000	-
Repayments of borrowing		(32,099)	(68,506)
Interest paid		(397)	(5,200)
Net cash provided by/(used in) financing activities		1,497,504	(73,706)
Change in cash and cash equivalents in the period		403,401	660,564
Cash and cash equivalents at the beginning of the period		5,999,792	5,339,228
Cash and cash equivalents at the end of the period	23	6,403,193	5,999,792

The notes on pages 18 to 41 form part of these financial statements

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 28 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 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.

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. All intergroup transactions are fully eliminated on consolidation.

During the financial period The Royal Air Force Charitable Trust shortened its accounting period from 29 February 2020 to 30 September 2020 in order to align with its subsidiary company's ('Royal Air Force Charitable Trust Enterprises (RAFCTE)' project year. The Royal Air Force Charitable Trust has the legal authority to shorten its year end in line with its governing documents. As such, these financial statements are prepared for the seven month period from 1 March 2020 to 30 September 2020 and are not directly comparable to the previous year's results.

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. In January 2021, Government announced a third national lockdown and the second wave of the pandemic presented RAFCTE with unprecedented challenges. The decision was taken by the board on 12 February 2021 to cancel RIAT 21.

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. The Charity has agreed to make a capital contribution to the RAFCTE of £1.7m in the financial year ending 30

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.2 Going concern (continued)

September 2021 which has enabled the Board of RAFCTE to confirm with confidence that the business remains a going concern and is well placed to deliver a world class event in 2022.

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.

Government Grants: Job Retention Scheme: Income from government grants, whether 'capital' or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

Where entitlement occurs before income is received, the income is accrued. Where income is received in advance of the Charity having entitlement to the funds the income is deferred.

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 10.

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 PERIOD ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.4 Expenditure (continued)

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

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 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.9 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.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 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.

The expense is recognised within unrestricted funds because this is the fund used to pay wages and salaries.

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

2. Accounting policies (continued)

2.15 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.

2.16 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.

2.17 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 20.

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 20.

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 14 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 16 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 18 for inclusion of the year end

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

3. Critical accounting estimates and areas of judgment (continued)

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 15 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.

Critical accounting estimates and assumptions:

The Charity makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4. Income from donations and grants

	Unrestricted funds Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	<i>Total funds Year ended 29 February 2020 £</i>
Donations			
Donations from RAF 100	-	-	500,000
Other donations	15,710	15,710	45,200
Government grants	343,984	343,984	-
Total 30 September 2020	<u>359,694</u>	<u>359,694</u>	<u>545,200</u>
<i>Total 29 February 2020</i>	<u>545,200</u>	<u>545,200</u>	

The Government grant income recognised totalling £343,984 relates to the Government's Job Retention Scheme as part of their response to COVID-19. There are no unfulfilled conditions. The Charities subsidiary entity The Royal Air Force Charitable Trust Enterprises also received a Government backed CBIL's loan.

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

5. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	<i>Total funds Year ended 29 February 2020 £</i>
RIAT income	379,611	379,611	11,213,972
Other income	8,166	8,166	70,439
Trading income	7,618	7,618	151,630
Consultancy sales	38,285	38,285	132,914
Total 30 September 2020	<u>433,680</u>	<u>433,680</u>	<u>11,568,955</u>
<i>Total 29 February 2020</i>	<u>11,568,955</u>	<u>11,568,955</u>	

6. Investment income

	Unrestricted funds Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	<i>Total funds Year ended 29 February 2020 £</i>
Interest received	8,307	8,307	26,786
Total 30 September 2020	<u>8,307</u>	<u>8,307</u>	<u>26,786</u>
<i>Total 29 February 2020</i>	<u>26,786</u>	<u>26,786</u>	

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

7. Other incoming resources

	Unrestricted funds Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	<i>Total funds Year ended 29 February 2020 £</i>
Insurance claims	1,225,120	1,225,120	-

8. Expenditure on raising funds

Other trading expenses

	Unrestricted funds Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	<i>Total funds Year ended 29 February 2020 £</i>
RIAT expenditure	491,816	491,816	7,644,547
Massed bands expenditure	6,195	6,195	-
Interest paid	397	397	5,200
Admin costs	173,059	173,059	456,425
Trading expenditure	29,683	29,683	99,830
Consultancy expenditure	38,210	38,210	79,906
Payroll costs	1,265,119	1,265,119	2,373,331
Depreciation	62,209	62,209	118,851
Administration expenses	139,381	139,381	14,376
Total 30 September 2020	2,206,069	2,206,069	10,792,466
<i>Total 29 February 2020</i>	<i>10,792,466</i>	<i>10,792,466</i>	

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	<i>Total funds Year ended 29 February 2020 £</i>
Charitable activities	83,005	83,005	754,509
	<hr/>	<hr/>	
<i>Total 29 February 2020</i>	<hr/> 754,509 <hr/>	<hr/> 754,509 <hr/>	

10. Analysis of expenditure by activities

	Activities undertaken directly Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	<i>Total funds Year ended 29 February 2020 £</i>
Charitable activities	83,005	83,005	754,509
	<hr/>	<hr/>	
<i>Total 29 February 2020</i>	<hr/> 754,509 <hr/>	<hr/> 754,509 <hr/>	

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Support costs Period ended 30 September 2020 £	Total funds Period ended 30 September 2020 £	<i>Total funds Year ended 29 February 2020 £</i>
Grant expenditure	73,554	73,554	734,983
Governance costs	9,451	9,451	19,526
	<u>83,005</u>	<u>83,005</u>	<u>754,509</u>
<i>Total 29 February 2020</i>	<u>754,509</u>	<u>754,509</u>	

Included within governance costs above for the charity is £695 (*February 2020: £4,794*) of travel and subsistence costs and £8,756 (*February 2020: £27,445*) of professional fees.

No grants to individuals were paid during the year.

11. Auditor's remuneration

	Period ended 30 September 2020 £	<i>Year ended 29 February 2020 £</i>
Fees payable to the Charity's auditor in respect of:		
The auditing of the accounts of the Charity	3,500	3,490
The auditing of the accounts of the subsidiary entity	11,950	13,930
All assurance services not included above	<u>3,776</u>	<u>10,025</u>

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

12. Staff costs

	Group Period ended 30 September 2020 £	<i>Group Year ended 29 February 2020 £</i>	Charity Period ended 30 September 2020 £	<i>Charity Year ended 29 February 2020 £</i>
Wages and salaries	1,098,763	2,070,760	49,076	87,957
Social security costs	109,106	210,136	3,955	7,286
Contribution to defined contribution pension schemes	57,250	92,435	2,450	4,078
	<u>1,265,119</u>	<u>2,373,331</u>	<u>55,481</u>	<u>99,321</u>

During the year there were redundancy, ex-gratia payments and restructuring costs of £Nil (*February 2020: £14,500*) in relation to agreements made with employees to end employment contracts. There was £nil outstanding at the year end (*February 2020: £nil*).

In addition to wages and salaries, costs totalling £9,027 (*February 2020: £34,394*) were incurred in relation to self employed contractors.

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

	Group Period ended 30 September 2020 No.	<i>Group Year ended 29 February 2020 No.</i>
Air shows	49	50
Other	2	2
	<u>51</u>	<u>52</u>

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020

12. Staff costs (continued)

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

	Group Period ended 30 September 2020 No.	Group Year ended 29 February 2020 No.
In the band £60,001 - £70,000	-	1
In the band £70,001 - £80,000	-	1
In the band £80,001 - £90,000	-	2
In the band £90,001 - £100,000	1	1
In the band £160,001 - £170,000	-	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 £380,323 (*February 2020: £752,644*). This is inclusive of employer's national insurance and pension costs.

13. Trustees' remuneration and expenses

During the period, no Trustees received any remuneration or other benefits (*February 2020: £Nil*).

During the period ended 30 September 2020, expenses totalling £548 were reimbursed or paid directly to 3 Trustees (*February 2020: £1,896 to 5 Trustees*). These related to travel and subsistence and professional fees.

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

14. Tangible fixed assets

Group

	Freehold property £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 March 2020	1,663,394	52,763	642,615	2,358,772
Additions	-	-	2,925	2,925
At 30 September 2020	<u>1,663,394</u>	<u>52,763</u>	<u>645,540</u>	<u>2,361,697</u>
Depreciation				
At 1 March 2020	474,974	28,927	535,379	1,039,280
Charge for the period	13,832	3,409	44,968	62,209
At 30 September 2020	<u>488,806</u>	<u>32,336</u>	<u>580,347</u>	<u>1,101,489</u>
Net book value				
At 30 September 2020	<u>1,174,588</u>	<u>20,427</u>	<u>65,193</u>	<u>1,260,208</u>
At 29 February 2020	<u>1,188,420</u>	<u>23,836</u>	<u>107,236</u>	<u>1,319,492</u>

The net book value of freehold land and buildings includes £477,550 (*February 2020: £477,550*) of land which is not depreciated.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

15. Fixed asset investments

Charity	Investments in subsidiary companies £	Social investments £	Total £
Cost or valuation			
At 1 March 2020	100	600,000	600,100
At 30 September 2020	<u>100</u>	<u>600,000</u>	<u>600,100</u>
Net book value			
At 30 September 2020	<u>100</u>	<u>600,000</u>	<u>600,100</u>
<i>At 29 February 2020</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 28.

16. Debtors

	Group 30 September 2020 £	Group 29 February 2020 £	Charity 30 September 2020 £	Charity 29 February 2020 £
Due within one year				
Trade debtors	100,756	506,136	-	-
Amounts owed by group undertakings	-	-	1,123,373	1,123,373
Prepayments and accrued income	522,722	623,977	-	-
	<u>623,478</u>	<u>1,130,113</u>	<u>1,123,373</u>	<u>1,123,373</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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17. Current asset investments

	Group 30 September 2020 £	<i>Group 29 February 2020 £</i>
Bank deposit accounts	-	2,500,000

18. Creditors: Amounts falling due within one year

	Group 30 September 2020 £	<i>Group 29 February 2020 £</i>	Charity 30 September 2020 £	<i>Charity 29 February 2020 £</i>
Bank overdrafts	443	-	443	-
Bank loans	25,500	32,099	-	-
Trade creditors	49,070	532,659	35	223
Corporation tax	63,379	63,379	-	-
Other taxation and social security	203,605	198,647	-	-
Other creditors	16,010	1,783	-	-
Accruals and deferred income	2,626,019	3,531,713	339,942	6,334
Grants accrued - institutional	335,022	363,070	335,022	363,070
	3,319,048	4,723,350	675,442	369,627

	Group 30 September 2020 £
Deferred income at 1 March 2020	3,004,051
Amounts released from previous periods	(798,982)
	2,205,069

Included within deferred income are amounts which relate to future periods beginning on or after 1 October 2020.

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**NOTES TO THE FINANCIAL STATEMENTS
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Note 18. (continued) Reconciliation of grant creditors - Group and Charity

	30 September 2020 £
Commitments at 1 March 2020	363,070
Grants awarded in the year	73,554
Grants paid in the year	(101,602)
Commitments at 30 September 2020	335,022

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

	Group 30 September 2020 £	<i>Group 29 February 2020 £</i>
Bank loans	1,504,500	-

Included within the above are amounts falling due as follows:

Between one and two years

Between two and five years

Bank loans	1,224,000	-
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Over five years

Bank loans	280,500	-
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Secured loan

The bank loan totalling £1,530,000 is from Barclays 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. £25,500 is due for repayment no later than 30 September 2021. The net book value of the freehold land and property at the year end was £1,174,588 (*February 2020: £1,188,420*). An interest rate of 2.75% is applied to the balance of the fixed rate loan facility of £1,530,000.

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
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20. Statement of funds

Statement of funds - current period

	Balance at 1 March 2020 £	Income £	Expenditure £	Balance at 30 September 2020 £
Unrestricted funds				
Designated funds				
RAFCTE	405,357	2,008,728	(2,148,083)	266,002
	<hr/>	<hr/>	<hr/>	<hr/>
General funds				
General	3,320,590	18,073	(140,991)	3,197,672
	<hr/>	<hr/>	<hr/>	<hr/>
Total Unrestricted funds	3,725,947	2,026,801	(2,289,074)	3,463,674
	<hr/>	<hr/>	<hr/>	<hr/>
Restricted funds				
Restricted Funds - all funds	100	-	-	100
	<hr/>	<hr/>	<hr/>	<hr/>
Total of funds	3,726,047	2,026,801	(2,289,074)	3,463,774
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

20. Statement of funds (continued)

Statement of funds - prior period

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

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

21. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Restricted funds 30 September 2020 £	Unrestricted funds 30 September 2020 £	Total funds 30 September 2020 £
Tangible fixed assets	-	1,260,208	1,260,208
Current assets	100	7,027,014	7,027,114
Creditors due within one year	-	(3,319,048)	(3,319,048)
Creditors due in more than one year	-	(1,504,500)	(1,504,500)
Total	<u>100</u>	<u>3,463,674</u>	<u>3,463,774</u>

Analysis of net assets between funds - prior period

	<i>Restricted funds 29 February 2020 £</i>	<i>Unrestricted funds 29 February 2020 £</i>	<i>Total funds 29 February 2020 £</i>
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>

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

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

	Group Period ended 30 September 2020 £	<i>Group Year ended 29 February 2020 £</i>
Net (expenditure)/income for the per the Statement of Financial Activities)	(262,273)	530,587
Adjustments for:		
Depreciation charges	62,209	118,851
Interest from investments	(8,307)	(26,786)
Decrease in debtors	173,063	274,064
Decrease in creditors	(1,064,574)	(121,089)
Interest paid	397	5,200
Net cash (used in)/provided by operating activities	(1,099,485)	780,827

23. Analysis of cash and cash equivalents

	Group 30 September 2020 £	<i>Group 29 February 2020 £</i>
Cash in hand	6,403,636	3,499,792
Notice deposits (less than 3 months)	-	2,500,000
Overdraft facility repayable on demand	(443)	-
Total cash and cash equivalents	6,403,193	5,999,792

THE ROYAL AIR FORCE CHARITABLE TRUST

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2020**

24. Analysis of changes in net debt

	At 1 March 2020	Cash flows	At 30 September 2020
	£	£	£
Cash at bank and in hand	3,499,792	2,903,844	6,403,636
Bank overdrafts repayable on demand	-	(443)	(443)
Debt due within 1 year	(32,099)	6,599	(25,500)
Debt due after 1 year	-	(1,504,500)	(1,504,500)
Deposit account	2,500,000	(2,500,000)	-
	<u>5,967,693</u>	<u>(1,094,500)</u>	<u>4,873,193</u>

25. Pension commitments

The pension cost charge for the period represents contributions payable to the defined contribution scheme and amounted to £57,250 (*February 2020: £88,357*). Contributions totalling £16,010 (*February 2020: £1,783*) were payable to the scheme at the end of the period and are included within other creditors.

26. Operating lease commitments

At 30 September 2020 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 30 September 2020 £	Group 29 February 2020 £
Not later than 1 year	1,770	3,540
Later than 1 year and not later than 5 years	-	295
	<u>1,770</u>	<u>3,835</u>

The following lease payments have been recognised as an expense in the Statement of financial activities:

	Group 30 September 2020 £	Group 29 February 2020 £
Operating lease rentals	<u>2,065</u>	<u>3,540</u>

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 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 £55,406 (*February 2020: £102,434*) which were paid on behalf of RAFCT. There was an outstanding balance of £1,123,373 due to RAFCT at the year-end (*February 2020: £1,123,373*).

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 (*February 2020: None*).

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

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.

The following was a subsidiary undertaking of the Charity:

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)	2,008,728	(2,148,083)	(139,355)	266,002

Assets totalled £6,471,053 and liabilities totalled £6,205,051, giving total net assets of £266,002.

THE ROYAL AIR FORCE CHARITABLE TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2020

29. Post balance sheet events

The cancellation of RIAT 21 was publicly announced on 16 February 2021. The Board took the view at that time that an early cancellation was essential to avoid the potential risk to public health from a 3-day event attended by a total of up to 170,000 people with aircraft participation typically from over 25 countries. Furthermore, no event cancellation insurance was available for communicable disease/COVID-19. The cancellation of RIAT 21 is a non-adjusting post balance sheet event. As a result of the cancellation of RIAT 21 post period end, the following has occurred:

Deferred Income

At the period end, the Company had a deferred income balance of £2,205,069. As a result of the cancellation of RIAT 21, £1,620,756 has been rolled over to RIAT 22. £406,834 is still in contract with customers and £177,479 has been refunded to customers.

Prepayments

At the period end, the Company had a prepayments balance of £455,077. As a result of the cancellation of RIAT 21, £103,122 has been released to the profit and loss in 2020/21, £8,040 has been refunded by our suppliers and £343,915 has been rolled over to RIAT 22.

Trade Debtors

At the period end, the Company had trade debtors of £100,756. Since then this amount has been settled in full.