

CHARITY NUMBER: 1058111
COMPANY NUMBER: 03203724

VULCAN RESTORATION TRUST
(COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
REFERENCE AND ADMINISTRATIVE INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2010

COMPANY INFORMATION

Charity Registration Number: 1058111

Company Registration Number: 03203724

Charity Address and Registered Office: 39 Breakspears Drive
St Paul's Cray
Orpington
Kent
BR5 2RX

Company Secretary: Richard Clarkson

TRUSTEES AND DIRECTORS

The trustees of the charity are its directors for the purpose of company law. The trustees serving during the year and since the year end are set out below:

Mr Keith Harvey (Interim Chair and Treasurer)
Mr Richard Clarkson (Secretary)
Mr David Griffiths
Mr Paul Hartrup
Mr Matt Lawrence
Mr Andy Vass

PROFESSIONAL ADVISERS

Independent Examiner: Paul Treby, FCA
9 Martins Paddock
West Cranmore
Shepton Mallet
Somerset
BA4 4QY

Bankers: National Westminster Bank plc
Southend-on-Sea Branch
PO Box 98
132 High Street
Southend-on-Sea
Essex
SS1 1BA

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

The trustees present their report and unaudited financial statements for the year ended 31 December 2010. The trustees' report also represents the directors' report which is required to be prepared under Section 419(2) of the Companies Act 2006.

The reference and administrative information set out on pages 1 and 1(a) form part of this report.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The company was constituted by the Memorandum and Articles of Association on the 24 May 1996. It was registered as a charity on the 18 September 1996.

The charity is limited by guarantee of its members to the extent of £1 each.

The trustees of the charity are a self appointed body. Service on the board is for three years. Retiring trustees can be re-elected. The charity does not employ any staff. The charity maintains a Conflicts of Interest register. Copies of the register can be obtained by sending a stamped addressed envelope to the charity's registered office.

The board of directors met formally on six occasions. The board is responsible for the overall management of the charity, takes policy decisions and ratifies all decisions made by its Engineering and Stock & Events sub-committees. As the charity does not employ any staff, the board is also responsible for the day-to-day running of the charity.

The Charity Commission's Review Visit Report received by the charity in February 2004 recommended amongst other things that the charity produce a new strategic plan. This was done in 2005 with the *Vulcan Restoration Trust - Strategic Plan 2006-10* being formally adopted by the board in October 2005. Although an Annual Plan for 2006 was agreed, plans for subsequent years were not produced. Although the Board is happy that the charity delivers satisfactorily against its aims and objectives on a day-to-day basis, it is aware that a more strategic approach is required if the charity is to fulfil its potential long-term. The Board did not formally review progress against the Strategic Plan in 2010 as was intended but will do so in 2011 as part of the process for agreeing a new Plan for the five years going forward.

A key objective of the Strategic Plan 2006-10 was to improve the charity's governance, including a revised organisational structure for the board and its committees. The board was reduced in size in 2007 with the aim of it taking on a more strategic role and for management of the charity's operational functions to be delegated to its sub-committees. The former Events Committee was reconstituted as the Stock & Events Committee in 2009, with responsibility for the charity's sales and publicity stand, the trading stock and the organisation of all charity events. The day-to-day management of the charity's engineering and aircraft maintenance functions continued to be dealt with by the Engineering Committee. The Board, however, wants to see the committees continue to expand so it can delegate more of its operational responsibilities and concentrate more fully on strategic development of the charity. How this can be done will be considered as part of the process of agreeing a new Strategic Plan.

None of the trustees/directors received any remuneration or benefits from the charity. The charity does not have policies or processes for recruiting or inducting new trustees. The board has intended reviewing both these areas for some time but the need to direct effort and resource into other areas has prevented this from happening. The board is aware of the need to recruit new volunteers, especially into areas such as fund raising, and the board will seek to address this issue as part of the new strategic planning process.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

The charity is a full member of the British Aviation Preservation Council (BAPC) and is an associate member of the Bomber Command Association. It also became a member of the Historic Aircraft Association in April 2010.

Public Benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities.

OBJECTIVES AND ACTIVITIES

The charitable objectives of the charity which represent its principal activity are:

1. To preserve and protect Avro Vulcan aircraft and other aircraft which may or have been in the past associated with the Avro Vulcan as historical objects for the benefit of the public and to demonstrate and display such aircraft at public events.
2. The advancement of education of the general public in items of historical interest together with the associated equipment thereto in particular in the field of aviation.

During the year the charity carried out maintenance and preservation work on former Royal Air Force Avro Vulcan B2 XL426 (G-VJET) at London Southend Airport, Essex, along with its associated ground equipment and buildings, held four public open days, gave educational talks about the aircraft to the public, organised meetings for members' and interested members of the public and attended various public events.

The charity's main headline objectives for the year (as defined in its Annual Plan 2006 – carried forward into 2007-10) were as follows:

- (a) Improved governance: including revised organisational structure; new planning process; and trustee recruitment.
- (b) Improvement of engineering function: including production of maintenance and cost plans; and development of a new policies and procedures manual.
- (c) Improved performance: including implementation of internet trading; forging of greater links with the local community; and review of the charity's membership package.
- (d) Improved knowledge management: including management of documentation and archive materials.

The charity's income is generated by membership fees, entrance fees, appeals, donations, fund-raising draws, auctions and public displays. The charity's main objectives for the year continued and built upon those of the previous year and were to continue the *Return to Power* engineering programme to return XL426 to full ground running condition, to develop and implement new Health & Safety procedures covering all areas of the charity's work, to continue implementing the recommendations of the Charity Commission Review Visit Report, to continue raising the charity's profile in the South Essex area, and to continue to improve its financial position.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

OBJECTIVES AND ACTIVITIES (CONTINUED)

Preservation and Protection of Avro Vulcan Aircraft

XL426 is listed by the BAPC in its National Aviation Heritage Register as a 'benchmark' example of the type and is one of only three Vulcans in the world capable of being taxied under its own power. XL426, and its associated ground equipment, is owned by the charity.

The charity's Engineering Committee continued to set the formal programme of maintenance on XL426 and met to review progress. Matt Lawrence continued as Chief Engineer, with specific responsibility for airframe, engines and avionics, supported by Paul Hartrup, who was responsible for engineering administration and Martin White, Lead Engineer. New volunteers continued to join the Engineering Team during the year.

Following the taxi-run at its Open Day in August 2006 the charity agreed to withdraw XL426 from taxiing service so that a programme of engineering work could be carried out to ensure the aircraft's long-term survivability. The charity estimates that £54,000 will be needed to complete the work and, at the beginning of 2007, launched an appeal called *426 Return to Power* to raise the necessary funds. By the end of 2010, it had raised a total of £16,925 (total £13,314 at the end of 2009). Although no time scale was set to complete the programme, the charity is aware that the work cannot now be allowed to continue without setting a target date for completion. Although the charity received some very considerable 'in kind' support for *426 Return to Power* in 2010 (which hopefully will continue), it is also conscious that it is unlikely to raise the full funding target for some considerable time. With these points in mind, the Engineering Committee produced a shortened work programme which was being considered at the end of 2010.

Return to Power programme engineering activity concentrated on a number of areas. Work on the refurbishment of No.4 elevon (flying control surface) continued throughout the year. This included removing existing skins and replacing them with repaired or newly fabricated metal where necessary. The elevon's internal structures also were either repaired or replaced with new ribs as required. The fabrication of new internal structures for the elevon was a major challenge for the Engineering Team requiring a great deal of research, skill and effort. It was also necessary to out source some of the more complex work. The refurbishment of the elevon has taken longer than anticipated; however the knowledge gained will stand the charity in good stead when it begins work on the remaining flying control surfaces. With No.4 elevon removed from the aircraft, the opportunity was taken to refurbish its balance bay (the area of the aircraft's wing within which the front of the elevon 'sits'). This work will be completed in early 2011 prior to the re-fitting of the elevon on the aircraft.

Work also continued on the repair of Nos. 3 and 4 jet pipe end caps, considerable progress being made during the year. Both end caps will be re-fitted in 2011. Another area of rapid progress was the aircraft's brake units. A local company very kindly offered to overhaul all of the units at no charge, and this work continued throughout the year and into 2011. The renovation or replacement of corroded areas of the aircraft's skin continued. Work repairing the structure of the Counterpoise Plate progressed during the year and renovation of the main undercarriage door fairings also began.

Restoration of the Navigator Radar and Air Electronics Officer (AEO) seats was completed and both were re-installed in the cockpit. Work also continued on the various electronic 'black boxes' removed from the cockpit. The ongoing task of overhauling the aircraft's wheels and Powered Flying Control Units (PFCUs) continued. The aim is to have all the wheels sets and PFCU units (including spares) fully serviceable by the time the *Return to Power* programme is complete.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

OBJECTIVES AND ACTIVITIES (CONTINUED)

Preservation and Protection of Avro Vulcan Aircraft (Continued)

The report on the boroscope examination of all four of XL426's engines carried out at the end of 2009 was completed by the charity in 2010. Copies were sent to the Health and Safety Executive (HSE) and Rochford District Council. The examination was prompted by concerns raised by the HSE and the Council about the possibility of corrosion on engines' Low Pressure and High Pressure Compressors, and the consequent effect this could have on their safe operation. No serious problems were revealed and the HSE and Rochford Council did not raise any further concerns. The report, prepared by the charity in conjunction with its Consulting Engineer, recommended that a compressor wash be carried out on all four engines prior to them being run at high power settings. This was done in the spring, following which the charity re-instated its full engine running programme (although power settings on Nos. 3 and 4 engines remained restricted due to the absence for repair of their jet pipe end caps).

The charity's ongoing programme of regular checks, coupled with numerous works of maintenance and repair on XL426 and its associated ground equipment (additional to that set out in the *Return to Power* programme) continued. The aircraft's electrical systems, including the flying control surfaces and the airborne auxiliary power plant (AAPP), were run weekly and faults rectified as and when they occurred.

The charity continued its ongoing programme of inspection of XL426's airframe for signs of corrosion. Where found, corrosion was removed in accordance with the Vulcan's Structural Repair Manual and the affected areas treated with chemicals. The surface of the aircraft was washed during the year and treated with corrosion inhibiting fluids. The charity continued to run heaters and dehumidifiers in certain areas of the aircraft to inhibit corrosion and the canopy cover continued to be used to prevent water ingress into the cockpit.

Work was ongoing throughout the year servicing and maintaining the charity's items of ground equipment, including its two air tugs, giraffe steps, ladders, and servicing platforms.

A new three phase electrical supply was installed to the charity's aircraft hardstanding at a cost of £9,920. Planning permission was also applied for (and granted in December) to locate two 40 foot shipping containers at the rear of the hardstanding. These will be used to house the charity's avionics shop and aircraft maintenance office, as well as providing storage for grounds maintenance equipment and materials used in connection with the charity's open days (currently in temporary store in the charity's display trailer -see below). The land at the rear of the hardstanding was levelled and prepared for the arrival of the containers. Maintenance of the hardstanding itself was restricted to removal of weeds and filling cracks where necessary.

The charity was represented at meetings of the BAPC during 2010. VRT trustee, Paul Hartrup, is a member of the BAPC Executive Committee. Members of the charity's Engineering Team continued to attend the training courses held at the Imperial War Museum, Duxford, as part of the National Aviation Heritage Skills Initiative. Funding from the Heritage Lottery Fund for the Initiative, run jointly by the BAPC and the Imperial War Museum, ceased in 2010 and all training stopped. At the year's end, the BAPC was continuing to try to find alternative funding for the programme.

The charity would like to thank all the members of its Engineering Team for their ongoing work, support and dedication. It would also like to express its thanks to Ray Coley of Rotable Repairs for his outstanding support and help in 2010.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

OBJECTIVES AND ACTIVITIES (CONTINUED)

Demonstration and Display of Avro Vulcan Aircraft

The charity fulfilled its charitable objective to demonstrate and display Vulcan aircraft by holding four *Visit the Vulcan* public open days on 18 April, 6 June, 15 August and 26 September. London Southend Airport did not hold an open event over the weekend of the Southend Air Show (30-31 May) as is usual; however the charity opened XL426 to visitors over the two days. An estimated 1400 people visited XL426 during the four *Visit the Vulcan* days and the two air show days. Attendance at the June event was noticeably lower than at the other three other days, due possibly to its proximity to the air show weekend. A highlight of the 2010 *Visit the Vulcan* days was a fly past by the Royal Air Force Aerobatic Team *The Red Arrows* at the August event.

The charity continued to deliver its general induction course and airside safety training course (a London Southend Airport requirement) where appropriate to all new volunteers working for the charity. The charity continued to develop its overall programme of training for volunteers.

Education and Information

The charity continued to fulfil its educational objectives by giving talks and guided tours of XL426 to interested groups and societies, maintaining a website containing information about the Vulcan (www.avrovulcan.com), displaying and distributing information about the Vulcan to the public (including publishing its own magazine) and organising meetings for its members and interested members of the public.

The charity published two issues of its magazine *Vulcan News*. Both issues were produced in full colour and were distributed free to charity members, with back issues sold to the public at events and via the charity's on-line shop. As well as providing charity members and the public with in-depth updates on the charity's engineering work, *Vulcan News* also included articles relating to the history of the Vulcan (including air-to-air photographs taken during one of the Black Buck mission in the Falklands conflict, which had not been published before) and features on other preserved Vulcan aircraft.

To ensure its members received frequent communication, the charity published two issues of its *Vulcan News Update* newsletter in 2010. These were printed free-of-charge courtesy of charity member, Julius Bannister. The charity would like to express its gratitude to Julius for his generosity. Issues of the VRT e-newsletter were circulated on a regular basis, bringing up-to-the-minute news and announcements to charity members and interested members of the public. The e-newsletter is free and can be subscribed to via a link on the charity's website.

Only one Enthusiasts Event meeting was held in 2010, the charity's Christmas Enthusiasts' Event & Buffet having to be cancelled because of bad weather. The event that did go ahead incorporated charity's Annual General Meeting and featured Richard Noble OBE as guest speaker. Richard spoke about the Bloodhound SSC project, which aims to take the World Land Speed record beyond 1000 mph. The event was open to charity members as well as guests and the public. The charity also held a Members' Day at which members toured its workshop at Southend Airport prior to seeing the Engineering Team carry out an engine run on XL426 on the aircraft's hardstanding.

A new type of event for 2010 was an evening talk organised by VRT Enterprises Limited (see below) at the Orsett Hall Hotel, Essex, with all profits benefitting the charity. Speaker for the evening was Colonel Rich Graham, USAF Ret'd, who spoke about his experiences flying the SR-71 Blackbird reconnaissance aircraft. All tickets for the event were sold and the

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TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

OBJECTIVES AND ACTIVITIES (CONTINUED)

Education and Information (continued)

charity intends holding similar fund raising events in the future. Most of the tickets were sold via a newly-introduced ticketing facility on the charity's website.

The charity continued to maintain and add to its collection of Vulcan photographs, slides and other memorabilia. The charity's secretary continued the lengthy task of transferring onto electronic media the extensive collection of Vulcan images owned by member Alan Todd. By the end of the year this work was almost complete, with the original slides and photographs to be passed to Air Britain in accordance with Alan's wishes.

Many of the stock items sold by VRT Enterprises Limited (see below) are educational in nature, including books, videos, DVDs, flown philatelic covers containing informational inserts about the Vulcan's history, posters and postcards.

ACHIEVEMENTS AND PERFORMANCE

Structure, Governance and Management

The charity continued to implement the recommendations of the Charity Commission Review Report by implementing its Strategic Plan for the period 2006-10 and its Action Plan for 2006 (carried forward into 2007-10). The targets and objectives set in the Action Plan were only partially met, although the charity is happy that progress continues to be made towards achieving the overall objectives of its Strategic Plan whilst it continues to fulfil its charitable objectives. The charity is aware that its organisational structure must be strengthened in terms of both its financial and human resource if it is to continue to develop, as well as continuing to meet its existing operational targets and commitments. These aspects will be reviewed as the charity considers its strategic planning going forward.

Health & Safety procedures and policies covering all areas of the charity's work continued to be developed and updated during the year.

Preservation and Protection of Avro Vulcan Aircraft

The charity succeeded in maintaining Avro Vulcan XL426 as one of only three of the type capable of being taxied. As the aircraft gets older there is a need to improve maintenance to ensure serviceability. The formulation and implementation of the *Return to Power* programme provides the charity with the opportunity to ensure the long-term preservation of XL426 in full ground running condition for many years to come.

The charity's current Engineering Team will need to be expanded if the *Return to Power* programme is to be completed within a reasonable timescale and if an improved maintenance schedule is to be put in place in the long-term. Additional volunteers continued to join the Team in 2010 and the charity will continue to look at ways of attracting more volunteers in future, both for the Engineering Team and in other areas of its work.

The project to relocate the charity's workshop and stores to a site next to its aircraft hardstanding had been put 'on hold' during 2007. In the medium- to long-term the charity must relocate as part of the airport's plans to build a new terminal close to the site of the charity's existing building. Although not affected by the first stage of the development work, which began in earnest at the airport in 2010, the charity's workshop facility and XL426 will almost certainly have to relocate as the airport implements successive stages of its development plan. A meeting was held with the Airport Director in early 2010 at which various relocation options were discussed.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2008 (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Demonstration and Display of Avro Vulcan Aircraft

The charity's four *Visit the Vulcan* days were very successful from an organisational and financial point of view. The events reflect the charity's desire to provide frequent public access to XL426, bearing in mind that the aircraft is located airside at an operational airport and that the charity is staffed solely by volunteers, and to ensure it maintains a high public profile in the South Essex area.

London Southend Airport did not levy a facility charge for the events and the charity made every effort to reduce the overhead costs for each day. Space for visitor parking was restricted due to the airport development works and so the airport allowed the charity to use one of the airport terminal car parks for visitor parking.

Education and Information

The charity continued to maintain its website (www.avrovulcan.com) featuring news and reports of the charity's activities, including regular engineering reports and historical information about XL426 and the Vulcan. The charity's aim is to make the website a prime source of information about the Vulcan and will continue to expand the content of the website on an ongoing basis.

Eight talks (compared with four in 2009) were given by the charity to interested community groups and societies about the role of the Avro Vulcan in the Cold War and its work at Southend Airport.

Groups and societies visited XL426 on a number of occasions during the year.

Membership

The charity ended the year with 588 members, 51 down on the previous year. 38 new members joined in 2010 (2009: 43). This is the ninth year in succession that membership of the charity has fallen. Membership subscriptions, however, continue to be a vital source of income and the charity would like to thank all its members for their support during the year.

A new membership badge, featuring the current charity logo, was introduced in 2010.

Publicity

Phil Whalley continued his work as the charity's Media Liaison Officer, ensuring its events were well publicised locally and nationally, and raising the charity's profile in the local media and national aviation press. Details of the charity's *Visit the Vulcan Days* appeared in the local press and national aviation magazines, as well as local events guides and websites. Reports of the charity's events and activities appeared regularly in local newspapers and specialist magazines. Of particular note, the March issue of *FlyPast* magazine carried a six page article about the charity, focussing on the *Return to Power* programme. *Return to Power* was also the subject of an article in the local *Leigh Times* newspaper in December.

The charity produced a full colour tri-fold leaflet to publicise its work and activities. Supplies of the leaflet were sent to local and national museums for display and it was also distributed by the charity at its own and at public events. Two different A4 size posters, one publicising the *Visit the Vulcan days* and the other promoting the talk by Colonel Rich Graham, were produced, and these were distributed to national aviation museums, local museums and libraries and tourist offices in Essex and East Anglia. The charity would like to thank Matt Chester for his efforts designing the leaflet and the *Visit the Vulcan days*' poster.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

Publicity (continued)

No work was carried out on the display trailer purchased by the charity in 2009. The trailer was used as a temporary store for materials used by the charity in connection with its *Visit the Vulcan* and other events. Once the two storage containers have been located adjacent to the aircraft hardstanding in 2011 (see above), the materials will be moved to a permanent home in one of the containers. This will allow the charity to begin refurbishing the trailer.

The charity continued its policy of concentrating its efforts on raising its profile in South Essex and, as a consequence, only attended two events outside its local area (the *V-Force Reunion* at Newark Air Museum in April and the *RAF Waddington International Air Show* in July) in 2010. In the local area, the charity's stand attended the *Air Britain Fly-In* at North Weald on 19-20 June, the *Military and Flying Machines* show at Damyns Hall Aerodrome on 7-8 August and the *Castle Point Transport Museum Open Day* on 10 October.

Fund-raising

The charity's annual Prize Draw remained an important source of income producing an increased profit in 2010 of £2,143 (2009: £1,232). The charity would like to thank its vice-president Graham Cash and his family for their help organising the Prize Draw. Raffles were held at various events, and a seat on board XL426 during an engine run on 12 June (plus a limited number of photographers' passes) was auctioned via the internet, both providing valuable additional income.

The *Helping Hands* scheme, introduced in 2008, continued to provide charity members with the opportunity to make monthly donations by standing order. This income is not 'ring fenced' and can be used by the charity as it sees fit. At the end of 2010, monthly income from the *Helping Hands* scheme was on average £216, slightly down on 2009, giving an annual income of more than £2,602.

The VRT 200 Club (a private club, operating within the charity, with membership restricted to the charity's members) continued to raise funds for the charity. At the end of 2010, £14,535 was held in the 200 Club account (compared with £13,381 at the end of 2009). Expenditure in support of the charity's activities in 2010 totalled £1,200 (2009: £2,800), being money set aside for the purchase of a new storage container.

VRT Enterprises Limited

VRT Enterprises Limited (Company Limited by Guarantee) is set up to operate the trading activities of the charity. The charity controls the operations of this company as the trustees of the charity are members of VRT Enterprises. VRT Enterprises reported a trading profit of £3170 (2009: £2,334) for the 2010 financial year.

The charity is connected with VRT Enterprises Limited (Registered Company No: 3300759) by virtue of the fact that it has common directors. All of the profits of VRT Enterprises Limited are transferred to the trust under Gift Aid.

VRT Enterprises Limited carried out the sale of aviation goods and memorabilia via the on-line shop and via the charity's stand at air displays and other events. The only new item of charity-branded merchandise introduced during the year was an enamel badge featuring the current charity logo. VRT Enterprises Limited also operated bar and catering services at charity events, and provided refreshments and ran a licensed bar at the charity's Annual General Meeting. The charity would like to thank the Catering and Bar Team for their efforts in 2010.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
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FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

Risk Management

The directors continued to take steps to identify the major strategic and operational risks the charity faces and procedures have been put in place to mitigate these risks. The directors regularly review risk.

FINANCIAL REVIEW

Incoming resources for the year amounted to £42,181 (2009: £48,708). There were unrealised (loss) profits on investments of £(270) (2009: £324). Total resources expended for the year were £54,623 (2009: £48,834).

The net movement in funds was £(12,712) (2009: £198).

The net assets of the charity as at 31 December 2010 were £26,506 (2009: £39,218). The charity's fixed assets comprise an Avro Vulcan B2 aircraft at London Southend Airport and its associated ground equipment and spare parts, three container stores and their fixtures and fittings, and a display trailer. The net book value of these assets as at 31 December was £588 (2009: £691).

Under the memorandum and articles of association, the charity has the power to make any investment which the trustees see fit.

The trustees are satisfied with the financial position of the charity and would like to thank the many volunteers, companies and organisations who give their time and services to the charity.

PLANS FOR FUTURE PERIODS

Strategic Plan 2006-10

The charity's strategic plan has now expired. The charity will formulate a new plan for the next five years during 2011.

Exit Plan

In response to a request from the London Southend Airport Company, the charity has drawn-up an 'Exit Plan' to take into account its liabilities and contingencies should it ever be required to remove XL426 from the airport. The charity would like to stress that this plan has been produced solely to satisfy the airport that XL426's presence at Southend does not represent a potential liability for the airport company. The airport has no immediate intention to request that the aircraft be removed. The plan is reviewed annually.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

We are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that year. In preparing those financial statements we 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 company will continue its activities.

We are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable us to

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
TRUSTEES' ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

STATEMENT OF TRUSTEES' RESPONSIBILITIES (CONTINUED)

ensure that the financial statements comply with the Companies Act 2006. We are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SMALL COMPANY PROVISIONS

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

Approved by the trustees on

and signed on their behalf by

..... Richard Clarkson
Secretary

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 Unrestricted Funds £	2009 Unrestricted Funds £
INCOMING RESOURCES (INCOME)			
Incoming Resources from			
Generated Funds:			
Voluntary Income	2	28,030	33,090
Activities for Generating Funds:			
Fund Raising Income		10,947	13,193
Investment Income	3	34	46
Gift Aid Receipt from Trading Subsidiary		3,170	2,334
Other Incoming Resources		-	45
		-----	-----
Total Incoming Resources		42,181	48,708
		-----	-----
RESOURCES EXPENDED (EXPENDITURE)			
Cost of Generating Funds:			
Fund-raising Expenses		1,555	3,530
Charitable Activities	4	53,068	45,304
		-----	-----
Total Resources Expended		54,623	48,834
		-----	-----
NET (OUTGOING) RESOURCES ((EXPENDITURE)/INCOME)			
	5	(12,442)	(126)
Unrealised (Losses)/Gains on Investment Assets		(270)	324
		-----	-----
NET MOVEMENT IN FUNDS FOR THE YEAR		(12,712)	198
FUND BALANCES BROUGHT FORWARD		39,218	39,020
		-----	-----
FUND BALANCES CARRIED FORWARD		26,506	39,218
		=====	=====

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

All income and expenditure derives from continuing activities.

The notes on pages 5 to 8 form an integral part of these financial statements.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31 DECEMBER 2010

	Note	2010		2009	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	8		588		691
Investments	9		569		839
			-----		-----
			1,157		1,530
CURRENT ASSETS					
Debtors	10	8,308		13,998	
Cash at Bank		17,041		23,690	
		-----		-----	
NET CURRENT ASSETS			25,349		37,688
			-----		-----
NET ASSETS			26,506		39,218
			=====		=====
FUNDS					
Unrestricted Funds	11		26,506		39,218
			=====		=====

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 386 of the Act, and
- (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its surplus or deficit for the financial year in accordance with the requirements of sections 394 and 395, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Approved by the board of trustees on
behalf by:

and signed on their

.....
K HARVEY
Chairman

Company Registration Number: 03203724

The notes on pages 5 to 8 form an integral part of these financial statements.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared in accordance with the historical cost convention (as modified for the revaluation of fixed asset investments) and in accordance with the Charities Act 1993, Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2005), the Financial Reporting Standard for Smaller Entities (effective April 2008) and the Companies Act 2006. The principal accounting policies which have been adopted on a consistent basis within that convention are set out below.

Incoming Resources

Income is recognised in the period in which the charity is entitled to receipt and the amount can be measured with reasonable certainty.

Donations are recognised on a receivable basis. Donations received for the general purposes of the charity are credited to Unrestricted Funds. Donations subject to specific wishes of the donors are carried to relevant Restricted Funds.

Resources Expended

Resources expended are accounted for in the period in which they are incurred. The irrecoverable element of VAT is included with the item of expense to which it relates.

Where an item of expenditure falls directly within one cost category it is attributed to that category only. Where expenditure involves more than one category, it is apportioned on a reasonable and justifiable basis.

Tangible Fixed Assets and Depreciation

Items of expenditure of a capital nature costing more than £500 are capitalised.

Depreciation of tangible fixed assets is calculated to write off the cost less any residual value over its estimated useful life:

Vulcan XL426	10% per annum on the straight line basis
Plant and Equipment	15% per annum on the reducing balance basis

Listed Investments

Investments are included in the balance sheet at their market value at the balance sheet date. Realised and unrealised gains and losses on investments are included in the Statement of Financial Activities in the year in which they arise. Investment income is credited to income on an accruals basis.

Financial Instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the statement of financial activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

1. ACCOUNTING POLICIES

Unrestricted Funds

These are funds which can be used in accordance with the charitable objects at the discretion of the trustees and which have not been designated for other purposes.

Designated Funds

Designated funds are funds set aside by the trustees out of unrestricted general funds for specific future purposes or projects. The aim and use of each designated fund is set out in the notes to the financial statements.

2. VOLUNTARY INCOME

	2010	2009
	£	£
Return to Power Appeal	2,992	1,489
Donations	8,975	11,707
Gift Aid	4,690	6,910
Subscriptions	11,373	12,984
	<hr/>	<hr/>
	28,030	33,090
	<hr/> <hr/>	<hr/> <hr/>

3. INVESTMENT INCOME

	2010	2009
	£	£
Dividends on UK Listed Securities	34	38
Interest Receivable and Similar Income	-	7
	<hr/>	<hr/>
	34	45
	<hr/> <hr/>	<hr/> <hr/>

4. ANALYSIS OF TOTAL RESOURCES EXPENDED

	£
Charitable Expenditure:	
To preserve and protect Avro Vulcan	34,447
Advancement and Education	18,621
	<hr/>
	53,068
	<hr/> <hr/>

5. NET OUTGOING RESOURCES

	2010	2009
	£	£
Net Incoming Resources is stated after charging:-		
Depreciation of Tangible Fixed Assets	103	972
Dispersal Pan Rental	3,987	2,587
	<hr/> <hr/>	<hr/> <hr/>

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

6. TAX STATUS

The company, being a registered charity, is exempt from any taxation with the exception of value added tax.

7. DIRECTORS

None of the directors who are the trustees received any remuneration or benefits from the company during the year (2009: None). Six directors were reimbursed travel expenses totalling £6,223 during the year (2009: Six directors, total £7,929).

8. TANGIBLE FIXED ASSETS

	Vulcan XL426 £	Plant & Equipment £	Total £
COST			
As at 1 January 2010 and 31 December 2010	8,500	5,504	14,004
DEPRECIATION			
As at 1 January 2010	8,500	4,813	13,313
Charge for the Year	-	103	103
As at 31 December 2010	8,500	4,916	13,416
NET BOOK VALUE			
As at 31 December 2010	-	588	588
As at 31 December 2009	-	691	691

All tangible fixed assets are used in direct furtherance of the charity's objectives.

9. FIXED ASSET INVESTMENTS

	2010 £	2009 £
UK Listed Securities	569	839

The historic cost of UK listed securities at 31 December 2010 was £Nil (2009: £Nil).

10. DEBTORS

	2010 £	2009 £
Tax Reclaims Due	4,200	5,140
Amounts Due from Group Undertakings (see note 13)	3,170	7,445
Prepayments	938	1,413
	8,308	13,998

VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

11. ANALYSIS OF FUNDS

	Balance Brought Forward £	Incoming Resources £	Resources Expended £	Unrealised Gains/ (Losses) £	Balance Carried Forward £
Unrestricted Fund					
General Reserve	38,527	42,181	(54,520)	(270)	25,918
Designated Fund					
Tangible Fixed Assets Fund	691	-	(103)	-	588
	-----	-----	-----	-----	-----
	39,218	42,181	(54,623)	(270)	26,506
	=====	=====	=====	=====	=====

The Tangible Fixed Asset Fund has been set up to assist in identifying those funds that are not free funds and it represents the net book value of tangible fixed assets.

12. COMPANY LIMITED BY GUARANTEE

The company is limited by guarantee of its members to the extent of £1 each. At the balance sheet date there were 588 members (2009: 639) of the company.

13. SUBSIDIARY UNDERTAKING

VRT Enterprises Limited, Company Limited by Guarantee, (Registered in England, Company No: 3300759) is a subsidiary of the charity by virtue of the fact that the trustees of the charity are the members and directors of VRT Enterprises Limited.

The results for the year ended 31 December 2010 was turnover of £8,828 (2009: £8,828) and a profit of £2,334 (2009: profit, £2,334). The reserves of VRT Enterprises Limited at 31 December 2010 were £11,721 (2009: £11,721).

The accounts for VRT Enterprises Limited have not been consolidated with the charity as the gross income of the group is below the relevant threshold under the Charities Act 1993.

Also at the balance sheet date an amount of £3,170 (2009: £7,444) was due to the charity in respect of Gift Aid from VRT Enterprises Limited.

**THE FOLLOWING PAGES DO NOT FORM PART OF
THE STATUTORY FINANCIAL STATEMENTS**

**INDEPENDENT EXAMINER'S REPORT ON THE UNAUDITED ACCOUNTS OF
VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
FOR THE YEAR ENDED 31 DECEMBER 2010**

I report on the Financial Statements of the Company for the year ended 31 December 2010, which are set out on pages 4 to 8.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND EXAMINER

The directors are responsible for the preparation of the financial statements. The directors consider that an audit is not required for this year under section 43(2) of the Charities Act 1993 (the 1993 Act) and that an independent examination is needed.

Having satisfied myself that the Company is not subject to an audit under Company law and is eligible for independent examination, it is my responsibility to:

- examine the financial statements under section 43 of the 1993 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 43(7)(b) of the 1993 Act; and
- to state whether particular matters have come to my attention.

BASIS OF INDEPENDENT EXAMINER'S REPORT

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Company and a comparison of the financial statements presented with those records. It also includes consideration of any unusual items or disclosures in the financial statements, and the seeking of explanations from you as directors concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and, consequently no opinion is given as to whether the financial statements present a "true and fair view" and the report is limited to those matters set out in the statement below.

INDEPENDENT EXAMINER'S STATEMENT

In connection with my examination, no matter has come to my attention:

- which gives me reasonable cause to believe that, in any material respect, the requirements:
 - (a) to keep accounting records in accordance with section 386 of the Companies Act 2006;
 - and
 - (b) to prepare financial statements which accord with the accounting records, to comply with the accounting requirements of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (revised 2005) have not been met; or
- to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.

INDEPENDENT EXAMINER'S REPORT ON THE UNAUDITED ACCOUNTS OF
VULCAN RESTORATION TRUST (COMPANY LIMITED BY GUARANTEE)
FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

.....
PAUL TREBY, FCA

9 Martins Paddock
West Cranmore
Shepton Mallet
Somerset
BA4 4QY

Dated: