

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

**TRUSTEES' REPORT AND INDEPENDENTLY
EXAMINED FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 28 FEBRUARY 2017

**A company limited by guarantee (in England and Wales)
No. 08112334
Registered Charity Number 1148914**

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

CONTENTS

YEAR ENDED 28 FEBRUARY 2017

	PAGES
Officers and Professional Advisers	1
Trustees' Annual Report	2-6
Independent Examiner's report to the Trustees	7-8
Statement of Financial Activities	9
Balance Sheet	10
Cash Flow Statement	11
Notes to the Financial Statements	12-21

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 28 FEBRUARY 2017

Registered company and charity name	Royal International Air Tattoo Flying Scholarships for Disabled People
Company number	08112334
Charity numbers	1148914 (England and Wales)
Trustees	Keith Bayliss (Chairman) Tricia Nelmes (Retired 23 November 2016) Geoff Brindle Dr Eleanor Ivory Oliver Delany OBE Nigel Samuels Ian Bennett Tony Cann (Appointed 15 May 2016) Andrew Smart (Appointed 15 May 2016) Fiona Luckhurst (Appointed 15 May 2016)
Patron	Lieutenant General His Royal Highness Prince Faisal bin Al Hussein of the Hashemite Kingdom of Jordan
Principal office	Douglas Bader House Horcott Hill Fairford Gloucestershire GL7 4RB
Independent Examiner	Guy Biggin Crowe Clark Whitehill LLP Carrick House Lypiatt Road Cheltenham Gloucestershire GL50 2QJ
Bankers	HSBC 2 Market Place Cirencester Gloucestershire GL7 2NB
Financial Advisors	Cazenove Capital Management 12 Moorgate London EC2R 6DA
Solicitors	Charles Russell LLP 8 - 10 New Fetter Lane London EC4A 1RS
Website Address	www.fsdp.co.uk

ROYAL INTERNATIONAL AIR TATTOO FLYING SCHOLARSHIPS FOR DISABLED PEOPLE

TRUSTEES' ANNUAL REPORT

YEAR ENDED 28 FEBRUARY 2017

The Trustees, who are also the directors for the purposes of company law, present their report and financial statements for the year ended 28 February 2017 under the Companies Act 2006 and the Charities Act 2011, together with the unaudited financial statements for the year, and confirm that the latter comply with the requirements of the Companies Act 2006, Financial Reporting Standard 102 (FRS 102), the Charities SORP (FRS 102) and the Charity's Memorandum and Articles of Association.

CONSTITUTION, OBJECTIVES AND ACTIVITIES

Royal International Air Tattoo Flying Scholarships for Disabled People was incorporated on 20 June 2012 and registered as a charity on 11 September 2012. For legal reasons, its previous unincorporated charity, The Royal International Air Tattoo Flying Scholarships for Disabled People (formerly 'for the Disabled') in memory of Group Captain Sir Douglas Bader CBE DSO* DFC* (DBMF) is being kept open for the sole purpose of holding the permanent endowment funds and for any future legacies in that name. On 7 February 2013, for administrative and accounting convenience, the Charities Commission approved a Scheme whereby DBMF became a linked charity of FSDP and ceased to be a separate charity. The governing document is the Articles of Association as adopted on 20 June 2012.

The object of Flying Scholarships for Disabled People ("FSDP") is to relieve the condition of, and improve the quality of life of, disabled people by helping them to discover their true potential through the mental and physical stimulation of learning to fly a light aircraft. Disabled people means persons who are physically disabled or handicapped or otherwise impeded for any medical reason from leading a normal life.

Each year, disabled people wishing to apply for a scholarship do so by completing a comprehensive application form. A preliminary selection board considers all the applicants, typically about 60 per year, and selects up to 24 to go forward to a 2 or 3 day final selection board at RAF Cranwell. The candidates are subject to medical assessment, interviewed, undertake a variety of tests and also have the opportunity to find out more about what the scholarship involves. The actual number of scholarships awarded in any one year is dependent on the number of sponsors and the financial state of the charity. Members of the selection board include the Trustees, FSDP supporters, flying school instructors and the medical team.

Apart from its website and leaflet distribution at relevant events, the scheme is not advertised. However, it enjoys some modest local PR coverage of the activities of some scholars. Most applicants have heard about it as a result of visiting our website, reading case histories in specialist magazines, from ex FSDP scholars or from Aerobility – a British flying charity for disabled people.

The majority of scholarships are either sponsored or financed by the dividends received from FSDP's endowment fund investments. Each year there are various fundraising activities including the annual Christmas Newsletter.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Structure

The administration of the charity is vested in the Trustees, currently nine in number, who delegate the day-to-day operation of the charity to its General Manager, Julie Bull, who also acts as Secretary to the Trustees.

In addition to attendance at quarterly Trustee meetings, the Trustees typically participate in the annual selection procedure for scholars, attend the Presentation Ceremony at the Royal International Air Tattoo ("RIAT"), on which occasion the scholarships are awarded, and visit scholars during their training in the UK.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

TRUSTEES' ANNUAL REPORT (CONTINUED)

YEAR ENDED 28 FEBRUARY 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT (*continued*)

Trustees

The Trustees for the reporting period are listed on page 1. At the annual general meeting in each year, the Trustees elect one of their number to be chairman until the annual general meeting of the following year. The previous year's Chairman may stand for re-election.

When a vacancy arises on the Board of Trustees, persons considered suitable to undertake such a role, based on their background and ability to provide the expertise required of the Board, are approached to determine if they wish, and have the capacity, to join the Board and, if so, an interview is arranged.

At the time of their interviews, potential new trustees receive a detailed briefing on the purpose and objectives of the charity and, if appointed, what is expected of them. They are encouraged to attend a Trustee meeting and observe the selection procedure for scholars. In addition they meet with the General Manager for a general briefing on the charity's operations and administration. If the individual agrees to be appointed, the nomination is then considered and, as appropriate, approved by the Board of Trustees. All potential trustees are required confirm they are a fit and proper person in accordance with the Charities Commission requirements.

New trustees are provided with:

- The Charity Commissioners' Publication CC3
- The Articles of Association dated 20 June 2012
- The previous year's Report and Accounts
- The minutes of the two previous Trustee meetings
- The Terms and Conditions for Scholars and Flying Schools
- The last Risk Assessment Review and Risk Register
- Access to Dropbox and all of the charity's documented policies and procedures

The Trustees are expected to familiarise themselves with their obligations and remain abreast of any relevant developments in charity law.

New Trustees are appointed for a fixed term of up to six years. Hitherto, the overall period of tenure of a trustee had been variable. However, having determined that the maximum period should normally be six years – assuming that expertise of the trustee in question can be readily replaced – there is now a trustee rotation plan in place that has prompted a programme of recruitment of new trustees.

ACHIEVEMENTS AND PERFORMANCE

Thanks to our sponsors, during 2016 we were able to award seven 3-week scholarships to Karen Cox, Peter Lau and Adrian Walton with Gryphon Aero Club at Kemble, Stuart Campbell, Howard Doupe, Lee Rowe and Claire White with Bristol Aero Club at Kemble and four 4-week scholarships to Celestyn Chmielewski, Mark Colquitt, Derek Dente and Mark Tustain with Shadow Aviation at Old Sarum.

Scholarships were generously sponsored by British Airways High Flight (two scholarships), The Royal Air Force Charitable Trust (three scholarships), The Air Pilots Benevolent Fund, Wings Around the World, Lockheed Martin, The Red Arrows Trust, John and Diana Davy and an anonymous donor.

The George Stewart Memorial Trophy is awarded each year to either a man or a woman who, it is felt, has achieved the most as a result of gaining a scholarship in the previous year and the 2015 recipient was Paul Stares. The Wings Around the World Trophy is awarded each year to the woman who over time, it is felt has achieved much from the flight training experience and this was awarded jointly to Bethany Colburn and Jo Kay.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

TRUSTEES' ANNUAL REPORT (CONTINUED)

YEAR ENDED 28 FEBRUARY 2017

ACHIEVEMENTS AND PERFORMANCE (*continued*)

The Douglas Bader Trophy, awarded as a result of a generous legacy from Gregory Whiteley, is given to the scholar(s) or person(s) who it is felt has contributed most to the charity. The trophy was awarded to supporter Rosemary Taylor.

Our promotional activity during the year included a Christmas Newsletter to our database of supporters, a collection at the annual Presentation Ceremony and an Aviation Supper Club event.

The Trustees remain indebted to all our sponsors, friends and members of the public for their donations. In addition we are most grateful to; RAFCTE and the RIAT volunteer supporters for their help throughout the year and particular for the facilities provided at RIAT that allow our scholars to have a memorable and fitting Presentation Ceremony; the Air Cadets from 2496 Squadron Cumbernauld for their support during our Final Selection Board and the Presentation Ceremony and all at RAF Cranwell who annually host our Final Selection Board. Without this collective commitment to the charity we would struggle to function effectively. We are also most appreciative of our Patron and the Chief of the Air Staff for their particular acknowledgement of our scholars' achievements by their presentation of certificates, wings and trophies.

FINANCIAL REVIEW

It is gratifying to report that the financial results for 2016/17 show a marked improvement on the prior year. With regard to the Statement of Financial Activities (SoFA), key factors were an unanticipated legacy of £42k, reinvigorated fund raising - which included the Scholars' Scholar initiative - and the generous sponsorship of Lockheed Martin and the Aviation Supper Club. The latter proved to be a most successful event, the proceeds of which, £13.5k, will be applied to a scholarship in 2017.

We did not anticipate the increase in receipts and so we also cut our costs. Specifically, we awarded 11 scholarships in 2016, as compared to 15 in 2015 of which 2 were in the USA, and that represented a saving of £50k.

With regard to the Balance Sheet, the single biggest factor is the £200k increase in the market value of our investments, which more than restored the loss recorded last year. While our overall approach to the award of scholarships was necessarily financially prudent, and we accordingly have a positive financial outcome, it is accompanied by some sense of disappointment as to whether we could have done more. That said, we have the resources in place to award more scholarships in 2017.

The financial challenge for us as a charity is that there are always more people with a disability who we know would benefit from a scholarship than we have the resources to support. Consequently, there is much to be done as outlined below.

PLANS FOR THE FUTURE

The trustees' envisage that over the next few years FSDP will:

- Further extend its brand and outreach within both the aviation industry and disabled sector;
- Generate more aviation experiences for disabled adults;
- Broaden our community of past and present scholars;
- Maintain an appropriate control and consistency of standards across our service suppliers;
- Develop and deliver our fundraising strategy to maximise the opportunities presented; and
- Progress its integrated and interactive marketing plan.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

TRUSTEES' ANNUAL REPORT (CONTINUED)

YEAR ENDED 28 FEBRUARY 2017

Despite the limited resources available to administer the charity, during 2016/17 many of the building blocks that will support the above ambitions were laid. They include:

- The creation of a new website and social media feeds;
- The introduction of well being metrics;
- The recruitment of new trustees;
- The development of both fundraising strategy and marketing plan; and
- The creation of a Flying sub-committee with a particular remit to scrutinise the flying scholarship experience.

There is more to be done and the Action Plan for 2017/2018 encompasses the following:

- Setting up a FSDP members' club;
- Further developing the mentor scheme to provide scholars with greater post scholarship support;
- Running a PR campaign to support 2017 activities;
- Increasing the number of scholarship awards made by identifying and bidding for support from new potential benefactor organisations and individuals;
- Raising the number and quality of applications for scholarships from the disabled community;
- Establishing relationships with local disabled charities;
- Ensuring the trustee body has, over the immediate and longer term, the full complement of trustee skills, experience and capacity necessary to deliver the charity's objectives; and
- Further developing metrics that enable the objective assessment of the outcomes of FSDP activity.

PUBLIC BENEFIT

In drafting this report, the trustees have complied with the duty in Section 4 of the Charities Act 2011, to have due regard to public benefit guidance published by the Charity Commission.

We continue to obtain, notably through the post scholarship reports that are written by every scholar, clear evidence that the vast majority of scholars enjoy a considerable boost in their sense of well being as a direct result of completing the scholarship. We are aware of the 'honeymoon effect' potentially to be found in such reports. In consequence we have introduced surveys that measure a scholar's well being prior to the award of a scholarship, on the completion of the scholarship and then again a minimum of 6 months later. These quantitative measures combined with the qualitative commentary offer preliminary evidence of a sustained benefit to scholars in terms of well being, confidence and engagement with society. All of the foregoing constitutes a public benefit.

RESERVES POLICY

The Trustees maintain the view that the charity should hold a combination of 'cash' plus investment income sufficient to equate to awarding 10 scholarships plus the associated administrative support costs. This currently equates to circa £125k. While reserves are currently sufficient, the need for regular additional unrestricted fund raising remains.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

TRUSTEES' ANNUAL REPORT (CONTINUED)

YEAR ENDED 28 FEBRUARY 2017

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees (who are also directors of the Royal International Air Tattoo Flying Scholarships for Disabled People for the purposes of company law) 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).

Company law requires the Trustees to prepare financial statements for each financial year. Under company 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT EXAMINER

The trustees will continue to appoint an examiner to undertake the independent examination of the Trust each year.

Approved by the Board on

Keith Bayliss
Chairman of Trustees

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES

YEAR ENDED 28 FEBRUARY 2017

I report on the financial statements of the company for the year ended 28 February 2017 which are set out on pages 9 to 21.

This report is made solely to the charitable company's Trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the charitable company's Trustees as a body in accordance with section 154 of the Charities Act 2011. My independent examiner's work has been undertaken so that I might state to the charitable company's Trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's Trustees as a body for my independent examiner's work, for this report, or for the opinions I have formed.

Respective responsibilities of Trustees and examiner

The Trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The Trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed. The charity's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Association of Chartered Certified Accountants.

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

- examine the financial statements under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 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 charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as Trustees 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 accounts 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:

- (1) 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 accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities

have not been met; or

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES (CONTINUED)

YEAR ENDED 28 FEBRUARY 2017

- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.

'THIS REPORT HAS NOT YET BEEN SIGNED'

Guy Biggin, FCCA
Crowe Clark Whitehill LLP
Carrick House
Lypiatt Road
Cheltenham
Gloucestershire
GL50 2QJ
Date:

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)**

YEAR ENDED 28 FEBRUARY 2017

	Note	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2017 £	Total Funds 2016 £
Income and endowments from:						
Donations and legacies	4	124,556	39,000	-	163,556	79,387
Investments	5	36,162	-	-	36,162	37,286
Other		2,752	-	-	2,752	-
Total income		163,470	39,000		202,470	116,673
Expenditure on:						
Raising funds	7	19,061	-	-	19,061	1,869
Charitable activities	6	81,270	39,000	-	120,270	166,000
Total expenditure		100,331	39,000	-	139,331	167,869
Net gains/(losses) on investments	11	30,443	-	94,063	124,506	(81,930)
Net income/ (expenditure)		93,582	-	94,063	187,645	(133,126)
Net movements in funds		93,582	-	94,063	187,645	(133,126)
Reconciliation of funds:						
Total funds brought forward	13	307,459	-	652,979	960,438	1,093,564
Total funds carried forward	13	401,041	-	747,042	1,148,083	960,438

The notes on pages 12 to 21 form part of these financial statements.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

Company registration number: 08112334

**BALANCE SHEET
AS AT 28 FEBRUARY 2017**

	Note	28 February 2017		29 February 2016	
		£	£	£	£
Fixed assets					
Investments	11		<u>1,052,240</u>		<u>852,251</u>
			<u>1,052,240</u>		<u>852,251</u>
Current assets					
Cash at bank and in hand		<u>114,271</u>		<u>138,485</u>	
		<u>114,271</u>		<u>138,485</u>	
Liabilities:					
Creditors: Amount falling due within one year	12	<u>(18,428)</u>		<u>(30,298)</u>	
Net current assets			95,843		108,187
Total net assets			<u>1,148,083</u>		<u>960,438</u>
The funds of the charity:					
Unrestricted funds	13		401,041		307,459
Restricted funds	13		-		-
Endowment funds	13		<u>747,042</u>		<u>652,979</u>
Total charity funds			<u>1,148,083</u>		<u>960,438</u>

The Trustees are satisfied that for the year in question, the charitable company was entitled to exemption from an audit under section 477 of the Companies Act 2006 and that the members have not required the charitable company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Act.

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 2006 relating to small companies.

These financial statements were approved by the Board of Trustees on
and are signed on their behalf by:

.....
Keith Bayliss
Chairman of Trustees

The notes on pages 12 to 21 form part of these financial statements.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

CASH FLOW STATEMENT

YEAR ENDED 28 FEBRUARY 2017

	Notes	2017 £	2016 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities	15	15,107	(68,520)
Cash flows from investing activities:			
Dividends and interest from investments	5	36,162	37,286
Proceeds from sale on investments	11	-	865,659
Purchase of investments	11	(74,632)	(927,544)
Movement in cash held as investments	11	(851)	(6,637)
Net cash used in investing activities		(39,321)	(31,236)
Change in cash and cash equivalents for the reporting period		(24,214)	(99,756)
<i>Cash and cash equivalents at the beginning of the reporting period</i>		<u>138,485</u>	<u>238,241</u>
Cash and cash equivalents at the end of the reporting period		<u>114,271</u>	<u>138,485</u>

The notes on pages 12 to 21 form part of these financial statements.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

1. Legal status of the charity

The Royal International Air Tattoo Flying Scholarships for Disabled People is a company limited by guarantee and incorporated in England and Wales (08112334) and a registered charity (1148914). Its registered office and principal place of business is Douglas Bader House, Horcott Hill, Fairford, Gloucestershire, GL7 4RB.

2. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements have been prepared under historical cost convention with the exception of investments which are included at market value.

The Royal International Air Tattoo Flying Scholarships for Disabled People meets the definition of a public benefit entity under FRS 102.

Going concern

These financial statements have been prepared on a going concern basis, which the Trustees consider to be appropriate as a result of projections prepared, which together with the level of working capital and realisable investments available indicate the charity will be able to operate within the facilities currently available. The financial statements do not include any adjustments that would result from the going concern basis becoming non-applicable.

Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity.

Restricted funds are funds which are to be used in accordance with specific instructions imposed by donors or which have been raised by the charity for a particular purpose. The aim and use of each restricted fund is set out in the notes to the financial statements.

Permanent endowment funds represent those assets which must be held permanently by the charity, principally investments. The funds must be retained in perpetuity to generate income to provide further scholarships.

Expendable endowment funds are attributable to the original amount settled on the charity, subsequent settlement and accumulated gains and losses thereon. The endowments are expendable at the discretion of the Trustees on expenditure which meets the charitable objectives of the charity.

Investment income and gains are allocated to the appropriate fund.

Income

Donations income is received by way of sponsorship for individual scholarship placements, and by way of donations and gifts (including Gift Aid). Income from donations is included in income when there is evidence of entitlement, the amount can be measured and the receipt is probable. When donors impose conditions which have to be fulfilled before the charity becomes entitled to such income, the receipt of income is not included within income until the pre-conditions have been met.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

2. Accounting policies (*continued*)

Investment income consists of dividends and interest on the charity's bank and investment balances. Investment income is included when receivable.

For legacies, entitlement is taken as the earlier of the date on which either: the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the charity, or the charity is aware of the granting of a probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material to the charity.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all direct costs related to the category. The irrecoverable element of VAT is included within the expense to which it relates.

Charitable activities relate to direct costs of scholarships awarded. The cost of overall direction and administration, including the salary and overhead costs of administration, is apportioned on the basis that 70% of these support costs also relate to charitable activities.

Raising funds comprise of those costs incurred in setting up and managing fundraising events and the investment managers' fees.

Governance costs comprise all costs incurred in running the charity, which cannot be directly allocated to the charitable activities or the costs of raising funds. As such, it includes secretarial expenses, independent examination and legal fees together with the remaining 30% of support costs not allocated to direct charitable activities.

Investments

Investments listed on a recognised stock exchange are stated at the market value at the date of the Balance Sheet. Gains on disposals are calculated as the difference between the disposal proceeds and the market value of the investment at the previous year end (or date of acquisition if purchased during the year), and are recognised in the Statement of Financial Activities.

Gains on investments held at the year end is the difference between the market value at the current year end and the market value at the previous year end (or date of acquisition if purchased during the year), and are recognised in the Statement of Financial Activities.

Cash

Cash is represented by cash in hand and deposits with financial institutions. Cash equivalents and current investments are highly liquid and mature in no more than 3 months.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

Taxation

As a registered charity the Royal International Air Tattoo Flying Scholarships for Disabled People is entitled to taxation exemptions on all of its income and gains, properly applied for its charitable purposes.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

2. Accounting policies (continued)

Financial instruments

The charity only has financial assets and financial liabilities of a fund that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

The charity has the following basic financial instruments. Cash at bank and in hand, accruals and other creditors, which are all measured at amortised cost.

Critical accounting judgements and key sources of estimation uncertainty

Preparation of the financial statements requires management to consider making any significant judgements and estimates where necessary. There are no items in the financial statements where significant judgements and estimations have been made. This will also be a key assumption going forward into the next reporting period.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

3. Comparative Statement of Financial Activities for the year ended 29 February 2016

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2016 £
Note				
Income and endowments from:				
Donations	4 79,387	-	-	79,387
Investments	5 37,286	-	-	37,286
Total income	<u>116,673</u>	-	-	<u>116,673</u>
Expenditure on:				
Raising funds	7 1,869	-	-	1,869
Charitable activities	6 166,000	-	-	166,000
Total expenditure	<u>167,869</u>	-	-	<u>167,869</u>
Net (losses)/gains: on investment assets	11 (16,770)	-	(65,160)	(81,930)
Net (expenditure) /income	(67,966)	-	(65,160)	(133,126)
Transfers between funds	276,832	(276,832)	-	-
Net movements in funds	208,866	(276,832)	(65,160)	(133,126)
Reconciliation of funds:				
Total funds brought forward	13 98,593	276,832	718,139	1,093,564
Total funds carried forward	13 <u>307,459</u>	-	<u>652,979</u>	<u>960,438</u>

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

4. Donations

	2017 £	2016 £
Donations and legacies		
Donations	23,851	11,149
Legacies	41,870	-
Gift aid	3,086	6,268
Sponsorships received	94,749	61,970
	163,556	79,387

5. Investments

	2017 £	2016 £
Interest receivable	-	15
Dividends receivable from investments	36,162	37,271
	36,162	37,286

6. Charitable activities

	2017 £	2016 £
Scholarships to individuals - direct costs	54,992	104,867
Allocated support costs:		
- Wages and salaries (note 9)	24,639	25,849
- Travelling and subsistence	4,491	1,240
- Office charges	3,500	3,500
- Office support costs	32,648	30,544
	120,270	166,000

Classified within Office support costs there are Governance costs which include:

	2017 £	2016 £
Wages and salaries (note 9)	10,559	11,078
Independent examination fee	3,060	3,000
Taxation fees and accountancy costs	6,001	4,382
Other administrative costs	13,028	12,084
	32,648	30,544

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

7. Raising funds

	2017	2016
	£	£
Marketing	16,970	1,869
Investment managers costs	2,091	-
	19,061	1,869

8. Net (income)/expenditure

Net (income)/expenditure are stated after charging:

	2017	2016
	£	£
Independent examiners fee	1,630	1,600
Independent examiners fee - other services	1,430	1,400
	3,060	3,000

9. Staff costs

	2017	2016
	£	£
Staff costs during the year (and remuneration of key management personnel) were as follows:		
- Wages and salaries	30,533	31,597
- Social security costs	254	1,047
- Pensions	4,411	4,283
	35,198	36,927

The average number of employees during the year was one (2016: one).

No employees were paid in excess of £60,000 in either financial year.

10. Trustees remuneration and expenses

No Trustee has been paid remuneration in either financial year.

Four trustees (2016: two) were reimbursed expenses for travel and subsistence totalling £1,524 (2016: £524)

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

11. Fixed asset investments	2017	2016
	£	£
<i>Market value at 1 March 2016</i>	852,251	865,659
Additions	74,632	927,544
Disposals	-	(865,659)
Unrealised gains/(losses)	124,506	(81,930)
Movement in cash held as investments	851	6,637
Market value at 28 February 2017	<u>1,052,240</u>	<u>852,251</u>

The historical cost of listed investments, excluding liquid assets, held at 28 February was £1,002,891 (2016: £928,259).

12. Creditors - amounts falling due within one year

	2017	2016
	£	£
Accruals and deferred income	14,025	12,955
Other creditors	4,403	17,343
	<u>18,428</u>	<u>30,298</u>

Deferred income	2017	2016
	£	£
<i>Deferred income at 1 March 2016</i>	9,000	6,000
Resources deferred during the year	10,000	9,000
Amounts released from previous years	(9,000)	(6,000)
Deferred income at 28 February 2017	<u>10,000</u>	<u>9,000</u>

Deferred income relates to donations received which relate to future periods beginning on or after 1 March 2017.

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

13. Statement of funds

	<i>At 1 March 2016</i>	Income	Expenditure	Investment gain in year & transfers	At 28 February 2017
Wings around the world					
- Permanent endowment	437,808	-	-	63,068	500,876
Former scholars fund					
- Expendable endowment	15,597	-	-	2,247	17,844
John Saville fund					
- Expendable endowment	99,773	-	-	14,372	114,145
Scholarship fund					
- Restricted funds	-	39,000	(39,000)	-	-
ACT fund					
- Expendable endowment	39,909	-	-	5,749	45,658
Vicarage Trust					
- Expendable endowment	49,916	-	-	7,190	57,106
Entrepreneurs Fund					
- Expendable endowment	<u>9,976</u>	<u>-</u>	<u>-</u>	<u>1,437</u>	<u>11,413</u>
	652,979	39,000	(39,000)	94,063	747,042
Unrestricted Funds	<u>307,459</u>	<u>163,470</u>	<u>(100,331)</u>	<u>30,443</u>	<u>401,041</u>
	<u>960,438</u>	<u>202,470</u>	<u>(139,331)</u>	<u>124,506</u>	<u>1,148,083</u>

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

13. Statement of funds (Continued)

Permanent Endowment Funds

The Wings Around the World fund comprises donations raised by Polly Vacher's two solo flights around the world and a variety of other fundraising initiatives.

Expendable Endowment Funds

The Former Scholars' fund comprises donations from former scholars.

The John Saville fund comprises donations from John Saville.

The ACT Fund comprises donations from the ACT Foundation.

The Viccarage Trust fund comprises donations from Peter Viccars and the Viccarage Trust.

The Entrepreneurs Fund comprises donations from the Entrepreneurs Fund.

Restricted Funds

The Scholarship fund comprises scholarships with restrictions received from the Air Pilots Benevolent Fund and the Royal Air Force Charitable Trust.

14. Analysis of net assets between funds

	Unrestricted	Restricted	Endowment	Total Funds
	£	£	£	£
Investments	305,198	-	747,042	1,052,240
Current assets	114,271	-	-	114,271
Current liabilities	(18,428)	-	-	(18,428)
	<u>401,041</u>	<u>-</u>	<u>747,042</u>	<u>1,148,083</u>

**ROYAL INTERNATIONAL AIR TATTOO
FLYING SCHOLARSHIPS FOR DISABLED PEOPLE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 28 FEBRUARY 2017

15. Cash flow from operating activities

	2017	2016
	£	£
Net income / (expenditure) for the reporting period (as per the Statement of Financial Activities)	187,645	(133,126)
Adjustments for:		
Dividends and interest from investments	(36,162)	(37,286)
(Gains)/losses on investments	(124,506)	81,930
(Decrease)/increase in creditors	(11,870)	19,962
Net cash provided by/ (used in) operating activities	<u>15,107</u>	<u>(68,520)</u>

Analysis of cash and cash equivalents

	2017	2016
	£	£
Cash in hand	<u>114,271</u>	<u>138,485</u>
Total cash and cash equivalents	<u>114,271</u>	<u>138,485</u>

16. Related parties

The charity has a close relationship with the Royal Air Force Charitable Trust Enterprises Limited ("RAFCTE") and through it the Royal International Air Tattoo from which it derives its name.

During the year, the charity paid £7,400 (2016: £7,400) to reimburse RAFCTE for costs incurred on behalf of the charity.

The amount payable to RAFCTE at the year end was £110 (2016: £110).

Fiona Luckhurst, a new Trustee of Royal International Air Tattoo Flying Scholarships for Disabled People is also the Director of Shadow Aviation Ltd. During the year Royal International Air Tattoo Flying Scholarships for Disabled People paid Shadow Aviation Ltd £14,551 (2016: £nil) for services provided. £nil was outstanding at the year end.

17. Financial instruments

	2017	2016
	£	£
Financial assets		
Financial assets that are debt instruments measured at amortised cost	<u>114,271</u>	<u>138,485</u>
Financial liabilities		
Financial liabilities measured at amortised cost	<u>8,428</u>	<u>21,298</u>

Financial assets measured at amortised cost comprise of cash at bank and in hand.

Financial liabilities measured at amortised cost comprise of other creditors and accruals.