

Registered Charity Number: 1070281

**THE ROYAL INTERNATIONAL AIR
TATTOO FLYING SCHOLARSHIPS FOR
THE DISABLED IN MEMORY OF GROUP
CAPTAIN SIR DOUGLAS BADER CBE,
DSO, DFC**

**TRUSTEES' REPORT
AND
FINANCIAL STATEMENTS**

**Year ended
28 February 2011**

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**THE ROYAL INTERNATIONAL AIR TATTOO FLYING SCHOLARSHIPS FOR THE
DISABLED IN MEMORY OF GROUP CAPTAIN SIR DOUGLAS BADER CBE, DSO, DFC**

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Edwin Brenninkmeyer (Chairman) Timothy Prince Susie Dunbar Peter Middleton Peter Vacher Air Marshal Sir Robert Wright KBE, AFC, FRAeS FCMI Professor Diana Green CBE, BSc.Econ, Ph.D Econ, D.Univ, FRSA Keith Bayliss Tricia Nelmes
Patron	Lieutenant General His Royal Highness Prince Faisal bin Al Hussein of the Hashemite Kingdom of Jordan
Charity registration number	1070281
Registered address	Douglas Bader House Horcott Hill Fairford Gloucestershire GL7 4RB
Bankers	Lloyds TSB Bank Plc 1st Floor Severnside House Fortan Road St Mellons Business Park Cardiff CF3 0EY
Independent Examiner	RSM Tenon Limited Chapel House Westmead Drive Westlea Swindon SN5 7UN
Financial Advisers	Aberdeen Asset Management 1 Bow Churchyard London EC4M 9HH
Solicitors	Charles Russell 8-10 New Fetter Lane London EC4A 1RS
Website Address	www.toreachforthesky.org.uk

**THE ROYAL INTERNATIONAL AIR TATTOO FLYING SCHOLARSHIPS FOR THE
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TRUSTEES' REPORT

for the year ended 28 February 2011

The Trustees present their report and financial statements for the year ended 28 February 2011

1 CONSTITUTION, OBJECTIVES AND ACTIVITIES

The Royal International Air Tattoo Flying Scholarships for the Disabled in memory of Group Captain Sir Douglas Bader CBE, DSO, DFC ("Flying Scholarships for the Disabled") is constituted under a trust deed dated 20 May 1998 and is a registered charity. It was first established in 1983 to perpetuate the memory of the famous disabled World War II fighter ace Group Captain Sir Douglas Bader CBE, DSO, DFC.

The object of Flying Scholarships for the Disabled ("FSD") 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 form about themselves. A board considers all the applicants and selects about 24 to go forward to a 3-day final selection board at RAF Cranwell where candidates attend a number of interviews and undertake a variety of different tests. From these the selection board decide who should be awarded scholarships, the actual number in any one year being dependent on the number of sponsors and the financial state of the charity. Members of the selection board include Trustees, FSD supporters and a doctor.

Apart from the website and leaflet distribution at relevant events the scheme is not advertised. Most applicants have heard about it as a result of reading case histories in specialist magazines, from ex FSD scholars or from Aerobility – the British flying charity for disabled people.

The majority of scholarships are either sponsored or financed by the dividends received from FSD's endowment fund investments. Each year there are also a number of fundraising activities including the annual Christmas mailshot.

2 STRUCTURE, GOVERNANCE AND MANAGEMENT

Organisational Structure

The administration of the Charity is vested in Trustees, currently nine in number, who delegate the day-to-day operation of the Charity to its Director, Sue Whitby, who also acts as Secretary to the Trustees. In accordance with the declaration of the Trust, the Trustees have the absolute discretion to apply or invest money as they think fit. The Trustees have had due regard to guidance published by the Charity Commission on Public Benefit.

Trustees are encouraged to participate in the annual selection procedure for scholars, and to attend RIAT where the scholarships are awarded; also to visit those scholars being trained in the UK.

Trustees

The current Trustees are listed on page 1. On 1 March 2010, Edwin Brenninkmeyer was appointed as a Trustee and subsequently was appointed Chairman of the Trustees following the resignation of the previous Chairman, Alan F Smith, on 8 November 2010.

As set out in the Trust Deed of FSD, at the first ordinary meeting in each year, the trustees elect one of their number to be chairman until the first ordinary meeting of the following year. The previous year's Chairman may stand for re-election.

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**TRUSTEES' REPORT (continued)
for the year ended 28 February 2011**

2 STRUCTURE, GOVERNANCE AND MANAGEMENT (CONTINUED)

Trustees (continued)

When a vacancy arises on the Board of Trustees, persons considered suitable to undertake such a role, based on their background and level of experience, will be approached to determine if they wish to act in this capacity 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. In addition they meet with the Director (FSD's only employee) for a general briefing on the Charity's operations and administration.

If the individual agrees to be appointed, the nomination is then approved by the Board of Trustees and the individual also completes a Trustee Acceptance Form.

New trustees are provided with:

The Charity Commissioners' Publication CC3
The Trust Deed dated 20 May 1998
The Deed of Ratification, Appointment and Retirement of Trustees dated February 2006
The Deed of Amendment dated February 2006
The previous year's Report and Accounts
The minutes of the two previous meetings
The last Risk Assessment Review and Risk Register

3 ACHIEVEMENTS AND PERFORMANCE

This year, thanks to our sponsors, we were able to award six 5-week scholarships and eight 4-week scholarships.

The 5-week scholarships at 43 Air School, South Africa were awarded to Jason Beaumont, Dave Cooper, Vin Lloyd-Williams, Martin Sabry, Barbara Towler and Waqas Zaib; the 4-week scholarships with Aerobility (formerly the BDFA) at Lasham to Michael Boreh, Paddy Corcoran, Lee Pirie and Matt Wilson; the 4-week scholarships with the Bristol Aero Club at Filton to Steve Mitchell and Colin Preston and the 4-week scholarships with Aeros at Wellesbourne to Tony Brealey and Stuart Spink - and the sponsors of Tony and Stuart very kindly paid for them to return to Wellesbourne for a further week in order that they could achieve their NPPLs.

Scholarships were generously sponsored by the RAF's Battle of Britain Memorial Flight; British Airways High Flight (2); Peter Cruddas (in support of FSD's 'Dawn to Dusk' Challenge in 2009); FSD's 2009 'Dawn to Dusk Challenge "Reach for the Islands"; the Guild of Airline Pilots and Air Navigators; Help for Heroes (2); the RAF Charitable Trust; the Red Arrows Charitable Trust and the RIAT Air Traffic Controllers who had each contributed a sum of money every month during the previous three years and are now continuing with their donations so that they can sponsor another scholarship in 2013. In addition there was an FSD/Help for Heroes Scholarship in memory of Paul Bowen and the Bob Taylor Memorial Scholarship donated by 'Wings Around the World'.

The annual support of the George Stewart Memorial Trust and that of the Swire Trust was most welcome as were the annual contributions to the endowment fund by the Viccarage Trust and 'Wings Around the World'.

**THE ROYAL INTERNATIONAL AIR TATTOO FLYING SCHOLARSHIPS FOR THE
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TRUSTEES' REPORT (continued)
for the year ended 28 February 2011

3 ACHIEVEMENTS AND PERFORMANCE (CONTINUED)

The George Stewart Memorial Trust made its customary and most welcome contribution to the cost of scholarships and once again the Viccarage Trust and Wings Around the World made very generous donations to our development fund.

Given the impact that the economic recession has had on most charities we consider ourselves extremely fortunate to be supported by some very loyal sponsors and donors, without whom we would be unable to finance the number of scholarships we do each year.

In association with the charities Help for Heroes and Battle Back, we were particularly pleased this year to be able to award three scholarships to injured servicemen. In 2009 we appealed to readers of our December Newsletter to help us provide a scholarship for a disabled serviceman or woman and thanks to their generosity, and others, we were able to include an FSD sponsored Help for Heroes Scholarship in this year's programme. When Help for Heroes heard about our scheme, they thought it was a great idea and decided to sponsor two of their own!

In September we organised a clay shoot in aid of Help for Heroes and raised sufficient funds for another FSD/H4H Scholarship in 2011.

In view of the atrocious weather conditions over the last few years at RIAT a more spacious marquee was hired capable of comfortably accomodating all interested parties. As in previous years, the Trustees are indebted to the RIAT volunteer supporters for their help at the Presentation Ceremony and for the facilities provided at RIAT for our scholars, their families and friends; also to the RAF who allow us the use of Cranwell each year for our Final Selection Board and to the RAF team there who make it happen so efficiently.

4 FINANCIAL REVIEW

It remains the policy of the the Trustees to maintain, as best they can, a balance between fundraising for the long term financial future of the Trust and the short term need to finance and administer annual scholarships.

Until recently our investment policy has been to grow capital to meet our long term objective of raising £2m for the endowment fund. However the present economic climate has seriously affected our income stream and so, for the time being, our portfolio strategy is being changed to generate more income but with minimum risk to the capital base.

Total funds now stand at £907,651, an increase of £62,280 compared to 2009/10 largely due to a recovery of £62,571 in the market value of our endowment fund investments.

To maximise income the endowment's fund's cash assets of £92,500 will be invested in our existing portfolio with Aberdeen Asset Management.

Long term the Trustees are also looking to establish a capital base to generate income to fund 10 full scholarships per annum. Monies arising from Polly Vacher's Wings Around the World flights will be applied for this purpose, along with donations from former scholars and other sources.

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TRUSTEES' REPORT (continued)
for the year ended 28 February 2011

4 FINANCIAL REVIEW (CONTINUED)

Reserves Policy

The Trustees reviewed again the level of reserves held and considered the level of free reserves that would be required to sustain scholarships at their desired level. The Trustees consider that the most appropriate level of free reserves should be one year's worth of scholarship and administration costs.

INDEPENDENT EXAMINER

The trustees intend to ask the existing examiner to undertake the independent examination of the Trust in the following year.

Approved by the Board on

Edwin Brenninkmeyer
Chairman of Trustees

Independent Examiner's Report to the Trustees of The Royal International Air Tattoo Flying Scholarships for the Disabled in Memory of Group Captain Sir Douglas Bader CBE DSO DFC

I report on the accounts of the charity for the year ended 28 February 2011 which are set out on pages 7 to 13.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees 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.

It is my responsibility to:

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

Basis of independent examiner's statement

My examination was carried out in accordance with 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:

- to keep accounting records in accordance with section 41 of the 1993 Act; and
- to prepare accounts which accord with the accounting records and comply with the accounting requirements of the 1993 Act.

have not been met; or

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

RSM Tenon Limited
Chartered Accountants
Chapel House
Westmead Drive
Westlea
Swindon
SN5 7UN

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**THE ROYAL INTERNATIONAL AIR TATTOO FLYING SCHOLARSHIPS FOR THE
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**STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 28 February 2011**

	Note	Unrestricted Funds 2011 £	Restricted Funds 2011 £	Endowment Funds 2011 £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources						
Incoming resources from generated funds						
- Voluntary income	2	50,964	93,193	7,483	151,640	161,526
- Investment income	3	19	15,888	-	15,907	20,047
Total incoming resources		<u>50,983</u>	<u>109,081</u>	<u>7,483</u>	<u>167,547</u>	<u>181,573</u>
Resources expended						
Costs of generating funds						
- Costs of generating voluntary income		20,126	-	-	20,126	19,619
- Investment management costs		262	-	-	262	483
Charitable activities	4	-	126,561	-	126,561	129,960
Governance costs	5	20,889	-	-	20,889	17,631
Total resources expended		<u>41,277</u>	<u>126,561</u>	<u>-</u>	<u>167,838</u>	<u>167,693</u>
Transfers						
Gross transfers between funds		(10,000)	34,698	(24,698)	-	-
Net incoming resources before other gains and losses		(294)	17,218	(17,215)	(291)	13,880
Other recognised gains/losses						
Gains / losses on investment assets	9	-	-	62,571	62,571	94,470
Net movement in funds		(294)	17,218	45,356	62,280	108,350
Reconciliation of Funds						
Total funds brought forward		84,549	178,166	582,656	845,371	737,021
Total funds carried forward	11	<u>84,255</u>	<u>195,384</u>	<u>628,012</u>	<u>907,651</u>	<u>845,371</u>

The incoming resources and resulting net movements in funds arise from the charity's normal activities

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**BALANCE SHEET
as at 28 February 2011**

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	8	-	-
Investments	9	566,701	500,517
		<u>566,701</u>	<u>500,517</u>
CURRENT ASSETS			
Cash at bank and in hand		345,755	346,854
		<u>345,755</u>	<u>346,854</u>
CREDITORS			
Amounts falling due within one year	10	(4,805)	(2,000)
NET CURRENT ASSETS		<u>340,950</u>	<u>344,854</u>
NET ASSETS		<u><u>907,651</u></u>	<u><u>845,371</u></u>
FUNDS			
Unrestricted funds		84,255	84,549
Restricted funds	11	195,384	178,166
Endowment funds	11	628,012	582,656
		<u>907,651</u>	<u>845,371</u>

The financial statements were approved by the Board of Trustees on.....
and signed on their behalf by:

Edwin Brenninkmeyer
Chairman of Trustees

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 28 February 2011**

1 ACCOUNTING POLICIES (continued)

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 purposes. The aim and use of each restricted fund is set out in the notes to the financial statements.

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 and hence income arising on the endowment funds is allocated to a restricted fund used to fund scholarships.

Investment income and gains are allocated to the appropriate fund.

2 VOLUNTARY INCOME

	2011 £	2010 £
Donations		
- Wings around the world	908	322
- Former scholars	145	(2,408)
- Viccarage Trust	6,430	10,352
- Other donations	50,964	60,321
Sponsorships received	93,193	92,939
	<u>151,640</u>	<u>161,526</u>

Included within donations are amounts due from HMRC in respect of gift aid refunds.

3 INVESTMENT INCOME

	2011 £	2010 £
Interest receivable	1,886	3,109
Dividends receivable from investments	14,021	16,938
	<u>15,907</u>	<u>20,047</u>

4 CHARITABLE ACTIVITIES

	2011 £	2010 £
Scholarship Direct Costs	99,118	102,484
Allocated Support Costs:		
- Wages and salaries (note 6)	21,619	20,881
- Printing and stationery	936	520
- Travel and subsistence	1,115	850
- Office charge	3,500	3,500
- Office support costs	273	1,725
	<u>126,561</u>	<u>129,960</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 28 February 2011**

5 GOVERNANCE COSTS

	2011	2010
	£	£
Wages and salaries (note 6)	9,399	8,903
Independent examination fee	1,440	1,410
Bookkeeping costs	2,270	2,018
Other administration costs	7,780	5,300
	<u>20,889</u>	<u>17,631</u>

The fees disclosed above include VAT.

6 STAFF COSTS

	2011	2010
	£	£
Staff costs during the year were as follows:		
- Salaries	28,167	27,109
- Social security costs	2,851	2,713
	<u>31,018</u>	<u>29,822</u>

The average number of employees during the year was 1 (2010: 1).

Trustees are not remunerated or reimbursed for directly incurred travel expenses.

7 TAXATION

The charity is exempt from taxation on its charitable activities.

8 TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £
Cost	
At 1 March 2010 and 28 February 2011	<u>4,138</u>
Depreciation	
At 1 March 2010 and 28 February 2011	<u>4,138</u>
Net book value	
At 28 February 2011	<u>-</u>
At 28 February 2010	<u>-</u>

All tangible fixed assets were used for charitable purposes.

THE ROYAL INTERNATIONAL AIR TATTOO FLYING SCHOLARSHIPS FOR THE
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 28 February 2011

9 FIXED ASSET INVESTMENTS

	At 01.03.10 £	Additions/ reinvestment at cost £	Transfers to current account £	Interest on deposits £	Unrealised gain in year £	At 28.2.11 £
Listed Investments						
Property income Trust	66,877	-	-	-	2,992	69,869
Charity Select Global (ex-UK) equity Fund	141,628	-	-	-	11,821	153,449
Charity Select UK Total Equity Fund	214,750	-	-	-	39,500	254,250
Charity Select GBL International Diversified Equity Fund	49,562	-	-	-	8,258	57,820
GBP BNP Charity Deposit	1,310	-	(1,310)	1,183	-	1,183
CAF Gold Account	26,390	-	-	3,740	-	30,130
	<u>500,517</u>	<u>-</u>	<u>(1,310)</u>	<u>4,923</u>	<u>62,571</u>	<u>566,701</u>

10 CREDITORS - due within one year

	2011 £	2010 £
Accruals and deferred income	<u>4,805</u>	<u>2,000</u>

11 RESTRICTED / ENDOWMENT FUNDS

	At 01.03.10 £	Income £	Resources expended £	Gains / (losses) £	Transfers £	At 28.2.11 £
Wings around the world						
- Permanent endowment *	415,649	908	-	-	-	416,557
- Funds held as capital until needed *	6,974	-	-	-	(6,974)	-
Former scholars fund						
- Permanent endowment *	15,392	145	-	-	-	15,537
- Restricted funds	1,784	53	-	-	-	1,837
John Saville fund						
- Permanent endowment *	100,000	-	-	-	-	100,000
- Restricted funds	18,785	-	-	-	-	18,785
Scholarship fund						
- Restricted funds	157,596	109,028	(126,561)	-	34,698	174,761
ACT Foundation						
- Permanent endowment *	40,000	-	-	-	-	40,000
- Funds held as capital until needed *	630	-	-	-	(630)	-
Vicarage Trust						
- Permanent endowment *	31,600	6,430	-	-	-	38,030
Entrepreneurs Fund						
- Permanent endowment *	10,000	-	-	-	-	10,000
- Funds held as capital until needed	157	-	-	-	(157)	-
Unrealised Gains/losses						
- AAM *	(54,682)	-	-	62,571	-	7,889
CAF/AAM/AI distributions						
- Funds held as capital until needed *	16,937	-	-	-	(16,937)	-
	<u>760,822</u>	<u>116,564</u>	<u>(126,561)</u>	<u>62,571</u>	<u>10,000</u>	<u>823,396</u>

* - Denotes endowment funds included above

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 28 February 2011**

11 RESTRICTED / ENDOWMENT FUNDS (CONTINUED)

The majority of endowment funds are held as listed investments with the balance held in bank accounts. Restricted and unrestricted funds are largely held in bank accounts. Net current assets relate solely to unrestricted funds.

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.

The Former Scholars' fund comprises donations from former scholars.

The John Saville fund comprises donations from John Saville.

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

The ACT Foundation comprises donations from the ACT Foundation.

The Entrepreneurs Fund comprises donations from the Entrepreneurs Fund.

With the exception of the scholarship fund all funds have been created to permanently fund, in perpetuity, future scholarships. The capital may not be expended and is to be invested to provide income to fund future scholarships.

Restricted Funds

The Scholarship Restricted Fund comprises monies raised that are to be used specifically to fund scholarships.

Other restricted funds represent interest received on permanent endowment funds.

Transfers

Interest earned on the Wings Around the World permanent endowment fund may be used to fund a full scholarship when the annual interest earned is sufficient to pay in full for a scholarship. Any residual interest must be kept within the permanent endowment.

During the year, all remaining funds held as capital until needed to fund future scholarships were transferred into the Scholarship restricted fund together with a further £10,000 from unrestricted funds. Decisions on funds transfers are made by the Board of Trustees.

12 RELATED PARTIES

The trust has a close relationship with the Royal Air Force Charitable Trust Enterprises and through it the Royal International Air Tattoo from which it derives its name. Certain trustees Alan Smith and Timothy Prince are also directors of RAFCTE.

During the year, the Trust paid £7,300 (2010 £7,771) to reimburse it for costs incurred on behalf of the Trust.

There were no outstanding balances with related parties at 28 February 2011 (2010 £nil).