

**ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

Company Registration No. 1511481

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

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# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

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## COMPANY DETAILS

### DIRECTORS

Air Chief Marshal Sir John Day, KCB, OBE  
Lord Evans of Watford  
Air Vice-Marshal David Crwys-Williams CB FCIPD FIMgt RAF (Retd)  
J. Field  
K. Ifould, CBE, AFC, FRAeS, MIL, (RAF ret'd)  
J. Kitchen, MA, Mst

### COMPANY NUMBER

1511481 (England and Wales)

### REGISTERED OFFICE

The Royal Air Force Museum,  
Grahame Park Way,  
Hendon,  
London,  
NW9 5LL

### AUDITORS

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

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## DIRECTORS' REPORT

The Directors submit their report and the financial statements of Royal Air Force Museum Enterprises Limited for the year ended 31st March 2010.

### PRINCIPAL ACTIVITIES

The principal activity of the Company during the period was conducting trading operations for the Royal Air Force Museum at Hendon and at Cosford.

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Board reports that the profit for the year was £ 217,115. The overall performance of the business remains very encouraging but it has been somewhat uneven in that retail sales have continued to grow at both sites (notwithstanding the reduced visitor numbers at the London site), whereas it has become increasingly difficult to sustain the traditionally strong performance in relation to corporate events throughout the period of the recession.

#### Retail

It has been an excellent year for retail. Overall expenditure has been within budget, gross margin on budget, and total retail sales income over budget by 11% at £1.3M at London and Cosford combined. Despite the economic climate a 14% increase in sales income was achieved. Guide book sales have increased dramatically and the spend per visitor is up in London and at Cosford.

#### Conference & Corporate Hire

The strong performance of 2009/10 has been difficult to sustain into this financial year, the greatest impact being in London where sales targets have not been achieved. The Cosford results are better and the underlying trend at the site is still one of growth.

#### Simulators

Initiatives put in place have resulted in a substantial increase in 'take-up', particularly in London (despite a reduction in overall visitor numbers) where a 60% increase in income has been achieved in London alone and 33% overall.

#### Alternative Marketing

The income from the programme remains small and the 2009/10 figure is below budget.

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

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## DIRECTORS' REPORT

- continued -

### RESULTS AND DIVIDENDS

The trading profit for the year was £217,115 (2009: £ 193,027). The profits chargeable to corporation tax were covenanted to the parent undertaking, a registered charity.

### DIRECTORS

The following Directors have held office since 1<sup>st</sup> April 2009.

Air Chief Marshal Sir John Day, KCB, OBE  
Lord Evans of Watford  
Air Vice-Marshal David Crwys-Williams CB FCIPD FIMgt RAF (Retd)  
Dr. M.A. Fopp, MA, FMA, FRAeS (Resigned 31<sup>st</sup> January 2010)  
J Field  
K. Ifould CBE, AFC, FRAeS, MIL, RAF (ret'd)  
J Kitchen, MA, Mst

No Director held any beneficial interest in the shares of the Company at any time during the year.

### CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions totalling £247,595 (2009: £231,747).

### DIRECTORS' RESPONSIBILITIES IN PREPARATION OF THE FINANCIAL STATEMENTS

#### Statement of disclosure to auditor

- (a) so far as the Directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

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## DIRECTORS' REPORT

- continued -

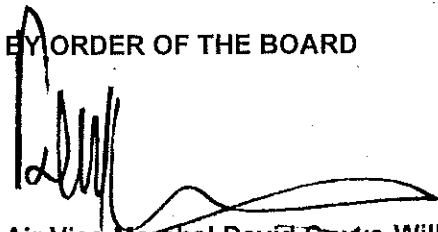
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They 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.

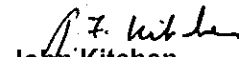
This report has been prepared in accordance with the special provision of Part 15 of the Companies Act 2006 relating to small companies.

BY ORDER OF THE BOARD



Air Vice-Marshal David Crwys-Williams  
Director

Date: 5<sup>th</sup> July 2010



John Kitchen  
Director

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

I have audited the financial statements of the Royal Air Force Museum Enterprises Limited for the year ended 31 March 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (Effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

### Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In my opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

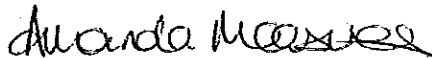
# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

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## Matters on which I am required to report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept, or returns adequate for my audit have not been received from branches not visited by me; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all the information and explanations I require for my audit; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.



Amanda Measures (Senior Statutory Auditor)

Date 9 July 2010

for and on behalf of the  
Comptroller and Auditor General (Statutory Auditor)

157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

Company Registration No 1511481

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
		£	£
TURNOVER	2	1,936,615	1,859,491
Cost of sales		<u>(680,861)</u>	<u>(624,175)</u>
		1,255,754	1,235,316
Other operating expenses (net)	3	<u>(1,034,641)</u>	<u>(1,034,506)</u>
<b>OPERATING PROFIT</b>		221,113	200,810
Investment income	4	113	5,253
Interest payable and similar charges	5	<u>(4,111)</u>	<u>(13,036)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	6	217,115	193,027
Taxation	8	<u>-</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		217,115	193,027
Covenanted payments to the RAF Museum		<u>(247,595)</u>	<u>(231,747)</u>
<b>LOSS FOR THE YEAR</b>	15	<u>(30,480)</u>	<u>(38,720)</u>

The notes on pages 9 to 13 form part of these accounts

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2010

	<u>Notes</u>	<u>2010</u>		<u>2009</u>	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	9		87,747		163,876
<b>CURRENT ASSETS</b>					
Stocks	10	176,885		178,559	
Debtors	11	115,213		142,434	
Cash at bank and in hand		109,551		171,274	
			<u>401,649</u>		<u>492,267</u>
<b>CREDITORS: Amounts falling due within one year</b>	12	(431,303)		(522,231)	
<b>NET CURRENT LIABILITIES/ASSETS</b>			(29,654)		(29,964)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			58,093		133,912
<b>CREDITORS: Amounts falling due after more than one year</b>	13		(86,637)		(131,976)
			<u>(28,544)</u>		<u>1,936</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		100,000		100,000
Profit and loss account	15		(128,544)		(98,064)
<b>SHAREHOLDERS' FUNDS</b>	16		<u>(28,544)</u>		<u>1,936</u>

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

Approved by the Board on

  
Air Vice-Marshal David Crwys-Williams – Director

  
John Kitchen – Director

The notes on pages 9 to 13 form part of these accounts.

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

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## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

### 1. ACCOUNTING POLICIES.

#### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, which assumes the continued support of the Trustees of the RAF Museum, and have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

#### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Flight simulators	5 years straight line basis
Furniture, fixtures and fittings	5 years straight line basis
Motor vehicles	4 years straight line basis
Office & Computer equipment	3 to 5 years straight line basis

#### STOCKS

Stocks are valued on bases which are consistent from one year to another. Stocks of goods purchased for resale and consumable stores are valued at the lower of cost and net realisable value.

#### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

#### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are 'operating leases' and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

#### RECHARGE OF COSTS

The Royal Air Force Museum, the Company's ultimate parent undertaking, has since 1<sup>st</sup> January, 1997, charged the Company at cost, for all services provided to it. The Company has raised a charge on the Museum on a similar basis. This has resulted in a net charge of £241,123 for the year to 31<sup>st</sup> March, 2010. The net charge for the year end 31<sup>st</sup> March, 2009 was £228,689.

### 2. TURNOVER

The Company's turnover was derived from its principal activity. Sales were made in the United Kingdom only.

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010 - continued -

	<u>2010</u> £	<u>2009</u> £
<b>3. OTHER OPERATING EXPENSES (NET)</b>		
Administration expenses	1,034,641	1,034,506
	<u>1,034,641</u>	<u>1,034,506</u>
<b>4. INVESTMENT INCOME</b>		
Bank interest received	<u>113</u>	<u>5,253</u>
<b>5. INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Finance lease interest	376	1,159
Other interest paid	285	1,274
Bank loan interest	3,450	10,603
	<u>4,111</u>	<u>13,036</u>
<b>6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
Profit on ordinary activities before taxation is stated after charging:		
Profit on disposal of fixed assets	9,152	-
Depreciation and amounts written off tangible fixed assets:		
Charge for the period:		
owned assets	56,297	60,182
leased assets	9,484	10,347
Auditors' remuneration	5,750	7,000
<b>EMPLOYEES</b>		
The number of persons at the year end (including Directors) employed by the Company was:		
	No.	No.
Directors	6	7
Retailing	27	27
Conference	6	6
Alternative Marketing	1	1
	<u>40</u>	<u>41</u>
Staff costs for the above persons:		
	£	£
Wages and salaries	535,837	533,583
Social security costs	46,486	43,729
	<u>582,323</u>	<u>577,312</u>

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010 - continued -

### 7. EMPLOYEES - continued

#### DIRECTORS' REMUNERATION

No Director received remuneration during the year (2009: £Nil)

### 8. TAXATION

The Company is party to a deed of covenant under which all taxable profits are paid over to the parent undertaking, which is a registered charity. Therefore no liability to corporation tax arises in this Company's results.

### 9. TANGIBLE FIXED ASSETS

	Flight Simulators	Office and Computer Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	£	£	£	£	£
<b>Cost or valuation:</b>					
1 <sup>st</sup> April, 2009	253,542	220,709	393,029	41,389	908,669
Additions	-	-	-	-	-
Disposals	-	-	-	(41,389)	(41,389)
	<u>253,542</u>	<u>220,709</u>	<u>393,029</u>	<u>0</u>	<u>867,280</u>
31 <sup>st</sup> March 2010	253,542	220,709	393,029	0	867,280
<b>Depreciation:</b>					
1 <sup>st</sup> April 2009	253,542	210,638	259,057	21,556	744,793
Charged in year	-	8,993	47,304	9,484	65,781
Disposals	-	-	-	(31,040)	(31,040)
	<u>253,542</u>	<u>219,631</u>	<u>306,361</u>	<u>0</u>	<u>779,534</u>
At 31 <sup>st</sup> March 2010	253,542	219,631	306,361	0	779,534
<b>Net book value: 31<sup>st</sup> March 2010</b>	<u>0</u>	<u>1,078</u>	<u>86,668</u>	<u>0</u>	<u>87,746</u>
<b>Net book value: 31<sup>st</sup> March 2009</b>	<u>0</u>	<u>10,071</u>	<u>133,972</u>	<u>19,833</u>	<u>163,876</u>

The Net Book Value and Depreciation related to Tangible Assets held by the Company under Finance Leases are NBV £ 0 and Depreciation £9,484

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010 - continued -

		<u>2010</u> £	<u>2009</u> £
10.	<b>STOCKS</b>		
	Goods for resale	<u>176,885</u>	<u>178,559</u>
11.	<b>DEBTORS</b>		
	Trade debtors	55,487	62,269
	Prepayments and accrued income	<u>59,726</u>	<u>80,165</u>
		<u>115,213</u>	<u>142,434</u>
12.	<b>CREDITORS: Amounts falling due within one year</b>		
	Trade creditors	49,541	45,234
	Other taxation and social security costs	11,026	9,403
	Bank Loan	42,866	39,513
	Amounts owed to parent undertaking	49,085	83,772
	Covenanted payment due to parent undertaking	197,595	231,747
	Other creditors incl VAT	23,205	23,371
	Net obligations under hire purchase contracts	-	10,165
	Accruals and deferred income	<u>57,985</u>	<u>79,026</u>
		<u>431,303</u>	<u>522,231</u>
13.	<b>CREDITORS: Amounts falling due after more than one year</b>		
	Bank loan	86,637	131,976
	Net obligations under hire purchase contracts	-	-
		<u>86,637</u>	<u>131,976</u>
14.	<b>SHARE CAPITAL</b>		
	Authorised:		
	100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	Allotted, issued and fully paid:		
	100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

# ROYAL AIR FORCE MUSEUM ENTERPRISES LIMITED

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010 - continued -

	<u>2010</u>	<u>2009</u>
	£	£
<b>15. PROFIT AND LOSS ACCOUNT</b>		
At 1 <sup>st</sup> April 2009	(98,064)	(59,344)
Loss for the financial year after covenanted payment	<u>(30,480)</u>	<u>(38,720)</u>
At 31 <sup>st</sup> March 2010	<u>(128,544)</u>	<u>(98,064)</u>
<b>16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>		
(Loss)/Profit for the year	(30,480)	(38,720)
Opening shareholders funds	<u>1,936</u>	<u>40,656</u>
Closing shareholders funds	<u>(28,544)</u>	<u>1,936</u>

Despite a negative balance sheet which was generated this year as a result of the Covenanted Deed (where all company's profits had been transferred across every year to the Museum for the benefit of the Charity), RAFM Enterprises Ltd has shown a considerable and consistent increase of their own operational profits over the years, and the future plans of the company forecast further significant growth.

The management have nevertheless undertaken to address the effects of the relationship between the RAFM Enterprises Ltd and The Museum and to take appropriate measures in the future to prevent the Shareholders Funds in the company's Balance Sheet from shrinking even further.

### 17. ULTIMATE CONTROLLING PARTY

The parent body is the RAF Museum. The ultimate controlling party are the Trustees of the RAF Museum.

### 18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirements to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent undertaking.