

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST

Kent Surrey Sussex Air Ambulance



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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COMPANIES HOUSE

Registered Company Number: 2803242

Registered Charity Number: 1021367

**KENT, SURREY & SUSSEX AIR AMBULANCE TRUST AND ITS SUBSIDIARY
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017**

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KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
GENERAL INFORMATION
YEAR ENDED 31 MARCH 2017

CHAIR: Dr H A Bowcock

OTHER TRUSTEES: P J Barrett
D B R Bowden
A M Farrant
J R H Loudon
Surgeon Captain S W S Millar
T S N Oakes
Mrs S W Simkins
P Stewart

CHIEF EXECUTIVE: A S Bell

COMPANY SECRETARY: Vacant

REGISTERED OFFICE: Unit 14, Wheelbarrow Park Estate
Pattenden Lane
Marden
Kent
TN12 9QJ

Email: info@kssairambulance.org.uk

Website: www.kssairambulance.org.uk

Registered Company No. 2803242

Registered Charity No. 1021367

PRINCIPAL BANKERS: National Westminster Bank Plc
P O Box 166
161 High Street
Rochester
Kent
ME1 1LJ

INVESTMENT MANAGER: GAM London Limited
20, King Street
London
SW1Y 6QY

AUDITORS: Crowe Clark Whitehill LLP
Riverside House
40-46 High Street
Maidstone
Kent
ME14 1JH

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CHAIR'S REPORT
YEAR ENDED 31 MARCH 2017

This has been another productive and successful year for Kent, Surrey and Sussex Air Ambulance Trust. The first of two new AW169 aircraft was delivered and equipped with its medical interior and the building work commenced on an advanced operational base at Redhill. Increased investment in our clinical service has resulted in the review of every mission carried out by our crews and new research programmes to evaluate our work. More detail on these and other developments are given in the Strategy report on pages 3 and 4 and in our Impact Report which will be published early in 2018.

The financial year 2016/17 brought with it increased scrutiny of the charity sector and continuing exposure of fundraising practices. It saw the establishment of the Fundraising Regulator, new guidance for Trustees from the Charity Commission and a consultation led by NCVO resulting in a new code of good governance. As a charity which prides itself on its investment and leadership in clinical governance we, as Trustees, have taken a hard look at our overall Board structures, processes and composition. The Governance section of the Trustees' report at page 6 & 7 provides an insight into the changes and improvements that have been made in our commitment to good governance and into further developments yet to come.

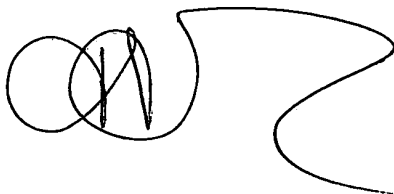
As Chair I am extremely grateful for the commitment of all of our Trustees to our cause and to ensuring that the best possible service is delivered to the population that we serve in the South East. We have taken note of the criticisms of boards that are perceived to have been ineffective in preventing poor practice. We are encouraged, however, by the words of Dame Julia Unwin that 'the model of trusteeship is one of the most precious things that the charity sector has'. We will endeavour to deliver the best value that we can through our efforts as highly skilled volunteers providing an appropriate balance of challenge and support.

The charity has continued to generate strong revenue to cover the costs of our operation, £9.6 million in the last financial year, and to deliver a surplus. Our aim is to hold approximately twelve months worth of expenditure in free reserves and to ensure that all other unrestricted income is designated for expenditure on our essential life saving service. During the 2016/17 financial year delays in two important projects pushed expenditure into this current financial year and these funds are included in our designated reserves.

As Trustees we have taken the opportunity to review our charitable objects and the scope of the service that we deliver, taking into account the particular characteristics of our operating environment. For example, public expenditure on health per capita is lower in the south east than in any other part of the country. The population is growing and some areas of our region have a higher than average proportion of older people. Some of the busiest stretches of roads in Europe separate our geographic area from the Major Trauma Centres that receive our patients. In this context we have looked carefully at how we can extend our service and how we can continue to offer the best value to the population that we serve.

An important decision in the last year has been to explore the feasibility of offering new services, including a time critical transfer, for patients who have suffered a stroke and other neurological conditions including brain injury. Trustees have approved expenditure on a three year trial which will include the cost of operating a third aircraft and of trialling a medical device which will enable remote diagnosis of brain injury. In parallel, we have approved investment in a programme of research which will serve to further develop our evidence base for this new service as well as demonstrating value to donors and other supporters.

On behalf of all of the Trustees I would like to thank our donors for their continued support, our volunteers for their invaluable service and our dedicated staff under the leadership of Chief Executive Adrian Bell.



Dr H A Bowcock
Chair
30th November 2017

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST

STRATEGY REPORT

YEAR ENDED 31 MARCH 2017

INTRODUCTION

Following a long period of uncertainty, the overall position of the Charity is the most secure and promising that it has been for some considerable time and offers exciting prospects for the future, especially as presaged last year with an expansion of the service for time-critical inter-hospital transfer. That having been said, this year has not been without its challenges, notably certification of G-KSST (the new aircraft - AW169), the development of the operational hub at Redhill Aerodrome, and the planning process necessary for the establishment of the Charity HQ and Forward Operating Base (FOB) at Rochester Airport. Now these have been largely overcome we look forward to capitalising on the investments and delivering a programme that can make a radical difference to the nature of the services we deliver. The operational hub and FOB concept allows for maximum efficiency in service delivery by giving us the ability to pre-deploy aircraft and optimise medical crews for the task in-hand.

This arrangement gives the Charity the confidence to pursue a Secondary Transfer service commencing in 2018 which best leverages our niche capabilities in patient care whilst contributing considerably to the overall system of healthcare delivery in the region. This will allow patients to be flown directly to specialist centres, leading to more patients receiving the urgent care they need, in the right place, on time and improving their clinical outcomes. The Charity is also investing appropriately in its Research and Development to drive forward its ambitious programme for the care of patients in both the pre-hospital and inter-hospital fields. There remain, however, a number of challenges if we are to be successful in our aims.

CAPABILITY

Many of our patients need to be taken swiftly to one of our two Major Trauma Centres in London - St George's, Tooting, and King's College, Lewisham - or Brighton and Sussex University Hospitals on the south coast. Although the former two have operational helipads (Brighton's is due in service in 2018), neither are available after 9pm; indeed London is probably the only capital city in Western Europe without a 24/7 hospital helipad. Not only would our patients benefit greatly from such a capability but so would the whole healthcare system in the region as our reliance on road transport at night for such patients removes valuable ambulance assets from the region for prolonged periods and degrades our readiness as we strive to return medical crews to base to reunite them with their aircraft. We consider it of the utmost importance to have such a facility available and will continue to work to this end.

In arriving at our basing decisions the advantages of using existing airfields were readily apparent to us as we can maximise operational outputs and minimise disturbance and disruption to others. We remain acutely aware, however, of the pressures on smaller general aviation facilities, especially in the South East of England and are very concerned that local authorities, decision-makers and influencers take into account the vital role these assets play not just in the delivery of emergency service response but in the health and development of the national aviation infrastructure. Of particular import to this Charity is our ability to maintain service delivery in the event of some form of unexpected, untoward event at the operational hub at Redhill. The Rochester FOB offers a contingent capability to house crew and operate aircraft (with some infrastructure enhancements) that should allow us to maintain services. The Charity's future is therefore inextricably linked to the long-term viability of such small airfields and we trust that this will be acknowledged in the overall schemes for future housing and associated redevelopment.

AVAILABILITY

Our colocation with Specialist Aviation Services (SAS - our aviation partner) at the Redhill operational hub (due late 2017) does much to tackle reductions in aircraft availability due to mechanical defect as we will now have engineering support on base. We still have much work to do in overcoming the vagaries of the weather and the challenges this poses to our ability to fly in reduced visibility and/or low cloud base. One of the many reasons the Charity decided to invest in the AW169 is its ability to operate under instrument flying rules and to exploit GPS navigation technology. We aim to be able to safely operate in just about all states of the weather, not necessarily to 'ad-hoc' landing sites but to dedicated pre-planned sites where we can either rendezvous with patients via ambulance services or on-move our crews to our patients. We recognise that achieving this end will not be easy and will take considerable time but we are committed to this because of the benefits it offers patients and we will be investing in a network of integrated regional weather stations as well as engaging with all relevant regulators and authorities as part of the route to delivery.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
STRATEGY REPORT (continued)
YEAR ENDED 31 MARCH 2017

COMMISSIONING FUNDING

In the course of the last few years, and in different administrations, Ministers have clearly articulated a commitment on the part of the NHS to pay the salaries of clinical staff working on air ambulances. Presently this Charity is in receipt of less than half of these costs but is working with health commissioners to remedy this situation having very recently been given authority by the local ambulance service (South East Coast Ambulance - SECAmb) to conduct its own negotiations with commissioners rather than rely on the offices of SECAmb to make our case for us. We hope to achieve full commissioning funding for crews by the start of financial year 2018/19.

SECONDARY TRANSFERS

In its previous report (year ended 31 March 2016) the Charity committed itself to exploring development of an air ambulance capability and capacity to support patients who frequently either present, or are taken by ambulance to hospitals that may not have the specialists or facilities on-site to deal with their presenting problem. This is particularly germane in the more remote areas of Kent, Surrey and Sussex. For example, specialist medical care for major trauma, neurosurgery, paediatrics or transplant is becoming increasingly centralised in large, London-based hospitals.

Patients who present to a remote hospital with a time-critical condition, need urgent transfer in order to receive the treatment they need. Such treatments could include clot retrieval for stroke, control of major internal haemorrhage, neurosurgery and intensive care of intra-cerebral bleeding, decompression of nerve compression in the spine or receipt of an organ transplant. Without the ability to rapidly transfer a patient, life can be endangered and the risk of quality of life limitation increased. Current data suggests 2-3 patients every 24-hours from Kent, Surrey and Sussex are in this 'time critical' category and need urgent transfer to King's or St George's Hospital. Road transfers can take a long time, particularly at times of traffic congestion and more often than not require local hospitals to use their own staff to care for such patients enroute who can then take a long time to return to their parent hospital.

This Charity can utilise its niche capabilities (swift and safe transport, trained and dedicated staff) to provide a Secondary Transfer service in 2018, allowing patients to be flown by air directly to specialist centres. This will allow more patients to receive the urgent care they need, in the right place, on time and improving their clinical outcomes.



A S Bell
Chief Executive

This report was approved by the board on 30th November 2017 and signed on its behalf



Dr H A Bowcock
Chair

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2017

The Trustees, who are also directors of the Charity for the purposes of the Companies Act, submit their annual report and the audited financial statements for the year ended 31 March 2017. The Trustees have adopted the provisions of the Statement of Recommended Practice 2015 (SORP) Accounting and Reporting for Charities published in July 2014 in preparing the annual report and financial statements of the Charity.

The Air Ambulance service commenced in Kent in 1989 and operated as the Kent Air Ambulance Appeal under the aegis of SETHRA Endowment Funds. The service was transferred to the Charity, a charitable company limited by guarantee and incorporated in March 1993 (Registered Company Number 2803242). It is governed by a Memorandum and Articles of Association which were last amended on 8 December 2011. Its objects are to relieve sick and injured people in South East England and surrounding areas by providing a Helicopter Emergency Medical Service (HEMS) and air ambulance service for the benefit of the community. The Registered Charity Number is 1021367, and the address can be found on page 1.

This report covers Kent, Surrey & Sussex Air Ambulance Trust, together with the subsidiary trading company Air Ambulance Promotions Limited (AAPL).

PERFORMANCE SUMMARY

The Group had a surplus for the year, before taking into account the unrealised gain on investments, of £2.868m (2016 – surplus of £4.845m). Further information about the investments is detailed below under 'Investment Policy and Returns'.

After taking into account unrealised gain on investments of £1.1m, the Group had a surplus of £3.988m (2016 – surplus of £4.642m).

TRUSTEES

The Trustees who served during the year were as follows:

	Committee
Dr H A Bowcock – Chair	PFR, CGSD
P J Barrett – (Vice Chair)	IG
J R H Loudon	PFR
Mrs S W Simkins	IG & V
Surgeon Commodore S W S Millar	CGSD
A M Farrant	IG
T S N Oakes (appointed 30 August 2016)	PFR
P D Stewart (appointed 30 August 2016)	
A H V Monteuiis – Chair (resigned 27 April 2016)	PFR
R Cripps – (resigned 30 August 2016)	
P J C Canney – (resigned 30 November 2016)	PFR
D B R Bowden (resigned 27 June 2017)	

PFR = Planning, Finance and Resources Committee.

CGSD = Clinical Governance and Service Delivery Committee

IG = Income Generation Committee

V = Trustee with responsibility for volunteer matters.

James Loudon, Stuart Millar and Andrew Farrant will retire in accordance with the company's Articles of Association at the Annual General Meeting and, being eligible, offer themselves for re-election.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

GOVERNANCE

Sub committees and trading subsidiary

The Finance, Planning and Resources Committee continues to serve the charity, overseeing budgets and financial planning, investment policy and Human Resources and is chaired by James Loudon. Two new sub committees have been created to ensure that all aspects of the organisation receive appropriate Board oversight and support. All committees meet quarterly in advance of Board meetings.

The Clinical Governance and Service Delivery Committee oversees the clinical service that we deliver to assure that it is effective, safe and person centred and that the essential standards defined by the Care Quality Commission are met. It also reviews the charity's research activities with emphasis upon building a strong evidence base to substantiate our innovation in delivering Pre Hospital Medicine. It is chaired by Surgeon Commodore Stuart Millar and provides a valuable interface between the Trustees and the Operations, Medical and Research Directors, encouraging clinical and operational staff in their commitment to continuous improvement.

The Income Generation Committee oversees all of our fundraising activities and provides the opportunity for Trustees to interrogate our fundraising practices including those that involve the use of third parties to provide assurance that they are ethical and comply with regulations. This committee is chaired by Paul Barrett. It monitors the charity's progress on working towards compliance with GDPR and on ensuring that the charity is not over reliant on one single source of income. Since the establishment of the Fundraising Regulator this committee has responsibility to ensure that we comply with its requirements in addition to those of the Gambling Commission.

A trading subsidiary company, Air Ambulance Promotions Ltd (AAPL), generates income from the sale of lottery and raffle tickets and other merchandise. Its Board has been made up of two independent Directors and one member of staff who is also the Director of Income Generation. The KSSAA Board has resolved to bring the governance of the trading subsidiary into line with common practice and to appoint the Chief Executive and two Trustees from the main Board as Directors of AAPL. The AAPL Board will continue to be chaired by an independent Director, Martin Boutcher to whom we are very grateful for his long service in this role.

Trustee terms and appointments

During the financial year two new Trustees joined the Board bringing with them substantial business and governance experience. Tim Oakes had a distinguished career with Unilever culminating in his role as Managing Director of the group's Korean subsidiary before running a Private Family Office for six years. Patrick Stewart is Head of Employment Law for TWM Solicitors and a member of the Employment Lawyers Association. He has been a dedicated supporter of the charity over many years since TWM selected KSSAA as one of its chosen charities.

Andrew Farrant, who joined the Board in March 2016, has had a long association with the charity as a dedicated member and now Chair of the Air Aid Ball Committee with its track record of raising not only funds but also good will. He is Managing Partner of White and Sons, a private local firm of estate agents and surveyors.

As part of our governance review we have revisited the Trustee terms of office. Again, in keeping with charity practice, Trustees will be appointed for an initial three year term with the option to renew for second and third terms by mutual agreement with the Chair.

New Trustees are appointed by the Board and the nominations process allows for their selection and appointment. We have conducted an audit to identify any notable gaps in our skill set. As a consequence, we have resolved to diversify the Board and, at the time of writing, have identified three individuals with strong expertise in digital communications, marketing, fundraising and logistics and with beneficiary experience.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

GOVERNANCE (continued)

Trustee terms and appointments (continued)

According to our nominations process, candidates may be put forward for consideration by individual Trustees, or the Chief Executive and when necessary, we will enlist external expertise to identify and attract people with specific skills. The Nominations Committee meets on an ad hoc basis and is made up of the Chair, the Chief Executive, the chair of the relevant sub committee and, usually, one other trustee. Candidates are required to forward a CV and to meet the Chair and the Chief Executive informally before proceeding to an interview with the Nominations Committee. One-third of the Trustees, who are subject to retirement by rotation, must retire at every Annual General Meeting. A Trustee who retires at an Annual General Meeting may, if willing to act, be reappointed.

Trustees are selected for their ability to make an effective contribution to the Charity, in terms of skills and experience. The key attributes include:

- Medical/clinical governance
- Operational management
- Accounting/financial management
- Investment
- Legal
- Audit/risk management
- Marketing/Branding
- Social media/digital communications
- Income generation/fundraising
- Human Resources/Performance management
- IT/CRM Systems
- Strategic planning
- Charity governance/chairing
- Research

The Trustees delegate the day to day running of the Charity to the Chief Executive. He manages a staff of one hundred and ten (Charity staff plus seconded pilots, doctors and paramedics) that includes a management team of six who in turn are responsible for the safe and effective delivery of the operation, clinical governance including research and audit, income generation and fundraising, finance and administration, and infrastructure, estates and project management

Declarations of Interest

A register of Trustees' interests is maintained and updated each year. It requires Trustees to declare their employment and previous employment in which they have a financial interest, any appointments including other trusteeships or directorships, significant investments or shareholdings and any notable gifts or hospitality received. They are also asked to declare any conflicts of interest both on this register and at the beginning of each Board meeting.

All trustees give of their time freely and no trustee received remuneration in the year. Details of trustees' expenses and related party transactions are disclosed in note 17 to the accounts.

PAY POLICY FOR SENIOR STAFF

The pay of all staff is reviewed annually although the remuneration of all clinical staff on NHS salaries is governed by public sector arrangements. In view of the nature of the Charity, all operational and clinical staff directly employed by the Charity are benchmarked against their equivalent NHS grades. The salaries of Charity staff are benchmarked against similar sized organisations and charities delivering equally complex and demanding outputs.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

OUR VOLUNTEERS

The Trust is very involved in the community and relies heavily on voluntary help. There are 232 volunteers (2016: 226) assisting the fundraising and clinical teams with a wide range of tasks such as assisting with training and conferences, collection box distribution, the sale of raffle tickets and merchandise at various events, assisting in the office with administrative tasks as well as presenting talks in the local community. Our volunteers are a vital link to the community we serve; without our volunteers we would be unable to connect with local communities as we do now and thus unable to raise the awareness and support that the Charity relies on to maintain its funding model and deliver the acute healthcare so vital to our patients.

STRATEGIC REPORT

Some of the statutory requirements for the Strategic Report are included in this section but most are included in the Strategy Report on pages 3 to 4.

INCOME GENERATION

The Group's overall income was £12.427m (2016: £14.205m) a decrease of 12% on the previous year. In the previous year income was enhanced by £2.611m due to the receipt of specific grants and an exchange gain on our euro account. The grants received were from the Office for Civil Society (£1.741m) for the purposes of the acquisition of a new helicopter and a training facility, The County Air Ambulance Trust, HELP Appeal (£0.5m) for the development of our new Helihub and from HEKSS (£0.112m) for the training of NHS clinical staff. The Trust made an exchange rate gain of £0.258m on the Euros held on deposit pending the acquisition of the new AW 169 helicopter. Eliminating these items from the previous year's income, shows that the underlying fundraising and trading activity of the group increased to £12.427m (2016: £11.594m), an increase of 7%.

Donations and legacies of £4m and our trading income £6.5m predominantly from our well supported Lottery, represents 85% of our income and is due to the hard work of our staff, volunteers, lottery canvassers and most importantly, the continued support and loyalty of the general public. We are appreciative of the support of our landlord at Marden, Alan Firmin (Linton) Limited who have waived part of the rent due on our head office since we moved to these premises in 2000.

Income from Group Fundraising and Events of £0.982m (2016: £0.943m) increased by 4% on last year's figure. Fundraising events provide income from two sources, the majority comes from organisations ranging from large corporates to small clubs and groups as well as individuals who are authorised by the Trust to raise funds in the Trust's name. These events are monitored by the Trust, and staff or volunteers may well attend and support the occasion, but the Trust is not involved in any direct cost. The second source is those major events organised, financed and operated by the Trust.

During the financial year we held our first Strategy Away Day as part of our goal to combine the skills and knowledge of the Executive and the Board to set out a long term vision for the organisation. In reviewing the governance of our fundraising we made the decision to revise our structure and to enable the County Boards to give way to a new Ambassador programme. County Board members have been invited to become Ambassadors and over time new members will be recruited to this programme to donate in their own right and to make their connections available to the charity. In parallel, a study has been commissioned to investigate the feasibility of establishing a major gift programme.

As part of our strategy the Board approved expenditure on some new work to review our brand and to explore the opportunities presented by digital technology, including redesign of our website. We are extremely grateful to Jellyfish Ltd for providing initial consultancy on a pro bono basis. We continue to work with this company in our ambition to take advantage of digital communications to the benefit of all stakeholders including patients, clinicians, volunteers, donors, staff and Trustees.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

EXPENDITURE

We were not in a position to fund the deposit for a second AW169 helicopter until we had sufficient experience of operating the first one. This process was delayed by an unexpected and prolonged process of authorisation required by the European Aviation Safety Agency as well as necessary mechanical testing procedures.

Additionally, funds were held in reserve for premises on the assumption that, subject to planning permission, we would be building a new operational base at Old Hay. By good fortune space became available at Redhill Aerodrome enabling us to design a fit for purpose operating base within an existing hangar close to our current operation. Completion is scheduled for November 2017. During the year space was identified and secured at Rochester Airport to provide offices and a Forward Operating Base with expected completion of this work in early 2018. We believe that these arrangements provide us with a more cost effective way of fulfilling our accommodation requirements than constructing an entirely new facility.

Total expenditure increased by 2% to £9.559m (2016: £9.360m).

Charitable expenditure is the direct costs of the HEMS service plus associated overheads such as Property costs, Legal Finance and administration. There was a small increase by 0.6% in charitable expenditure to £6.767m (2016: £6.725m) and this accounted for 71% (2016: 72%) of total resource expenditure.

The direct expenditure on HEMS increased by £152,000 to £6.299m (2016: £6.147m) due to additional clinical staff resources (£184,000), research and training costs (£70,000), depreciation on helicopter equipment (£22,000) offset by savings in Helicopter activity £124,000.

The management and administration overhead charged to charitable expenditure reduced by 11.5% to £0.296m as the previous year included charges for legal and administrative costs associated with the new 10 year maintenance lease for the AW169 and the existing aircraft. The support cost, which includes property and depreciation on leasehold assets, reduced by £72,000 to £0.172m.

The cost of raising funds increased by £96,000 to £1.355m. The fundraising team has increased in order to expand on the level of engagement campaigns and explore other income opportunities such as challenge events. We continue to review and analyse our fundraising practices in the light of the changes in fundraising regulations and the impending introduction of GDPR in May 2018.

Trading subsidiary costs of £1.438m were up by £62,000 on last year due to increased canvasser activity and the employment of an additional member of staff due to the continued expansion of the lottery and to provide additional resource for gambling commission compliance activities.

AIR AMBULANCE PROMOTIONS LIMITED

The Trust's trading subsidiary continued to achieve improved year on year results as turnover was £6.5m (2016: £6m) an increase of 8% and the overall gross margin increased to 80% (2016: 79%). Membership of the main lottery has increased by 6% to 75,086 and 38,998 (52%) of the members also enter the weekly Superdraw. The weekly draw known as the "24/7" raises funds specifically for the night flying service and by the end of the year there were 5,169 (2016: 5,003) regular players. Total sales from the three weekly lottery draws, scratch cards and raffles amounted to £6.442m – an increase of 9% on the previous year (2016: £5.892m).

Merchandising and Christmas card sales are up 157% at £36k from £14k in 2016 due to the successful re-launch of the Christmas card campaign.

The overall net taxable profit of £848k (2016: £743k) resulted in the company gift aiding this amount to the Trust. The net proceeds of the lottery, £4.075m (2016: £3.758m), were also paid to the Trust along with management charges of £144k (2016: £129k).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

AIR AMBULANCE PROMOTIONS LIMITED (continued)

The company also undertook a review of its canvassing activities with its supplier Tower Lotteries taking into account the requirements of our licence with the Gambling Commission, the requirements of the Fundraising Regulator and the advent of GDPR in May 2018. As a result a solicitation statement was drafted for use by our canvassers at every interface with the public and the statement was agreed with the Fundraising Regulator. Company and Tower systems have been re-engineered in order to improve both the training regime of our canvassers and the supervision by Tower and monitoring by the company. This process is on-going.

INVESTMENT POLICY AND RETURNS

The Trustees are permitted by the Charity's Memorandum and Articles of Association to invest the monies of the Trust not immediately required for its own purpose in such investments, securities or property as may be thought fit.

At the year end the Charity had £6.542m (2016: £5.455m) invested with GAM London Limited in their GAM Charity Growth Portfolio - a fund which seeks long-term capital and income growth for registered charities only. Dividends are rolled over and there is no entry in these accounts, therefore, for investment income from this source. In May 2014 the Trust invested £0.75m in a Catastrophe Bond managed by GAM. At the end of the year the Bond was valued at £0.840m (2016: £0.806m). An amount of £1.086m of an unrealised gain on the Investment portfolio had accrued for the year (2016: loss £0.231m). The total unrealised gain from all investments amounted to £1.121m (2016: loss £0.203m).

The Trustees monitored GAM's own total return as follows:

<i>Investment Performance</i>	<i>Portfolio</i>	<i>ARC Sterling Steady Growth Index</i>	<i>FTSE All Share Index</i>
Since inception (Feb 14) to 31 March 2015	8.6%	7.8%	3.7%
Since inception (Feb 14) to 31 March 2016	4.2%	5.6%	(0.3%)
Since inception (Feb 14) to 31 March 2017	25%	22.5%	21.6%

From inception of the portfolio with GAM (21 February 2014) to 31 March 2017, the KSSAAT portfolio returned 25% compared to 22.5% for the peer group as measured by the ARC Sterling Steady Growth Index. The FTSE All-Share was up 21.6% over the same period.

Investments are also made as cash deposits with banks (NatWest, Scottish Widows, Charities Aid Foundation, Virgin Money) on terms between three months and one year, ensuring that funds are maturing on a regular basis should the Trust's short term cash flow requirements need supplementing. We constantly monitor interest rates, however these continued to fall during the year, resulting in a reduction of interest received to £35,260 (2016: £53,672).

On 8th February 2016 the Charity entered into a innovative secured loan agreement with SAS (Kent) Limited to lend SAS 50% of the purchase price of £3,078,876, for the new AW169 Helicopter at an interest rate of 4.771% over a 10 year term. Repayments commenced in July 2017 a month prior to the aircraft coming into service with the Charity. The legal costs of negotiating and executing the loan documents amounted to £50,000 and this has been capitalised and will be amortised over the term of the loan. At the year end interest of £151,190 (2016: £21,366) has accrued and the outstanding balance on the loan including legal cost stood at £3,301,432 (2016: £3,150,242)

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

RESERVES

The reserves policy is reviewed during the course of the year by the Planning, Finance & Resources Committee and its proposals were adopted by the Trustees in accordance with the reserves and investment matrix below:

Class of Reserve	Value at any time	Trustee Review	Permitted Investments
Restricted Reserves			
Specific donations to include specific donations for equipment and long term capital development	Whatever sum has been given for a restricted purpose less actual expenditure made for that purpose	A quarterly schedule of fund movements is produced with the management accounts for review by the PFRC and the full board of Trustees at each meeting	<p>Cash and near-cash, i.e.: secure non/low-risk short-term notice bank deposits in reputable financial institutions</p> <p>Cash raised via a general appeal may be invested depending on the timeframe for the utilisation of funds.</p> <p>Cash raised for long-term capital expenditure can be invested depending on the time-frame for the utilisation of funds.</p>
General Reserves			
Operational Reserve	An amount as calculated by PFRC and agreed by the full board of Trustees to cover deficits during a period of income degradation should income decrease below expenditure.	Full financial details relating to the calculation of this reserve to be reviewed annually by PFRC and agreed by the full board of Trustees	At least 50% as cash or near-cash (accessible within three months notice) in reputable financial institutions. 50% or less may be in longer term investments (12 – 24 months notice) in reputable financial institutions provided that this is drawn down to match any use of the more liquid reserve.
Cash Flow	An amount as calculated by PFRC and agreed by the full board of Trustees to cover routine cash flow requirements for the proper running of the Charity	Monthly review by PFRC through the issuing of routine management accounts	Cash
Free Reserves	Value of total funds less Restricted Reserves, Operational reserves, cash flow and all Designated funds listed below.	Quarterly review by PFRC and allocated to whichever Unrestricted Reserves as required throughout the course of the Financial Year and as agreed by the full Board of Trustees where appropriate.	Depending on the time-frame of the project funds can be held in investments..

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

RESERVES (continued)

Designated (Unrestricted) Funds

Class of Reserve	Value at any time	Trustee Review	Permitted Investments
Capital Projects	Proposed capital expenditure projects as agreed and authorised by the full board of Trustees	Quarterly review by PFRC	Depending on the time-frame of the project funds can be held in investments.
Property Fund	A significant capital sum deemed sufficient by PFRC and approved by the full Board of Trustees that recognises the Charity's reliance on a long lease at Redhill for service delivery and the consequent potential requirement to react to a break of lease	Full financial details relating to the calculation of this reserve to be reviewed annually by PFRC and agreed by the full board of Trustees	This may be held in longer term investments (12 – 24 months notice) provided that the Charity has sufficient time to react to the nature of the lease break notice period. Whilst this should normally be held in reputable financial institutions, other reputable instruments should be considered including the ownership of a suitable property portfolio
Fixed Asset Reserve	The net book value of fixed assets owned by the Charity, except where these are matched by Restricted Reserves.	Ensures reserves already invested in long term fixed assets for charitable purposes cannot be used for other purposes	Fixed assets owned by the Charity

In the case of all reserves classifications the general approach is to invest funds where planned expenditure is 2 or 3 years in the future, otherwise reserves are held in liquid or more liquid form.

Total consolidated reserves increased by 22% to £21.828m and include restricted funds of 0.914m, general reserves of £9.621m and designated unrestricted funds of £11.293m.

Restricted reserves

The Trust retained a Restricted Funds balance of 0.914m (2016: 920K) a full analysis is shown at Note 14 page 36

General (Unrestricted) Reserves

The financial state of the Charity is reasonably healthy but Trustees are very conscious of the significant liabilities incurred by the Trust, especially in the leasing and operation of aircraft, and the fact that it is almost entirely reliant on public donations for its income; the Charity presently receives less than 10% of operational expenditure from NHS funding.

In order to be able to weather economic turbulence and honour the liabilities held, Trustees deem it prudent to try to maintain at least twelve months expenditure in an Operational Reserve. This sum presently stands at £9.621M (2016: £6.938m) which represents 12 months expenditure (2016: 9 months).

Designated (Unrestricted) Funds

A total sum of £11.293m has been designated as follows:

As part of its overall aircraft procurement programme the Trust loans, at programme start, 50% of each new aircraft's costs to its aviation provider – Specialist Aviation Services – for the ten year period of the lease at a commercial interest.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

RESERVES (continued)

Designated (Unrestricted) Funds (continued)

The Trust has already committed £3.08M to the first aircraft and designated a further £3.57M to the second, thus having £6.65M in the property fund for this purpose. As the monies are repaid over the course of the lease, they will usually be reinvested through this fund to allow the Charity to prepare for future aircraft procurement.

The Charity also has Capital Reserves which are either committed to or designated for its infrastructure requirements and these now total £3.8M. A further £0.25m had been designated for the purposes of reviewing our brand and fundraising development via digital marketing.

The fixed assets reserves presently stand at £592k (2016: £482k) representing the net book value of assets utilised by the Trust.

CHANGES IN FIXED ASSETS

The movements in tangible fixed assets during the year are set out in note 7 to the financial statements.

RISK

The Charity's risk management processes allow for both bottom-up and top-down risks to be identified, weighted, managed and mitigated. The object is to quantify risk as accurately as possible and assess potential impact on strategic objectives. This in turn allows for the proper prioritisation of investment decisions and future operational activity. The Charity continues to invest in its risk management and compliance capabilities as part of an evolving process.

The four key strategic objectives are:

SAFE - not likely to lead to/cause harm or injury

EFFECTIVE - success in achieving desired outcomes and delivering required outputs

RESILIENT - the capacity to withstand/recover from difficulties

SUSTAINABLE - ability to maintain required levels of output over the longer term

All aspects of Governance, Operations and Finance are covered in this process.

A risk register (RADAR) records all operational and clinical risks, and other risks are reported and collated through standard systems. The Charity is also undertaking a review of other risk management systems to ensure that the Board is always fully informed of the overall risk picture, its management and mitigations. All risks are reviewed and managed at an appropriate level by The Risk Management, Reputation, Resources, Clinical Governance and Innovation Committee which is chaired by the Chief Executive and all significant risks are reported and reviewed at each board meeting where management and mitigation measures are discussed and agreed.

The most significant risks the Charity faces concern operational resilience and sustainability and our strategic development continues to be charted with these in mind. Trustees have deliberately built the level of the reserve to allow for necessary investment in aircraft and infrastructure, and also designed our recruitment, selection, training and retention regimes to ensure we have the best possible people to deliver our outputs. Trustees continuously review the risks of our approach to fundraising and of changes in the charity sector's regulatory environment and of the forthcoming implementation of the General Data Protection Regulation (GDPR) in May 2018. The Charity aims always to be totally transparent and open to scrutiny whilst continuing always to preserve and maintain the confidentiality of all personnel data that it needs to hold.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

RISK (continued)

Operational resilience and sustainability are significant risks to the Charity and the introduction of the new aircraft type (AW169) to replace the aging MD902s will secure our aviation for at least the next decade. This larger faster and better equipped aircraft cannot operate from our small Marden base which we are unable to expand. Therefore the Charity is preparing to occupy a new long-term leased facility at Redhill as its service delivery hub and relocate from Marden to Rochester the Charity's fundraising and administrative services with a smaller Forward Operating Base in order to maintain resilience of our operation. The Trustees have ensured that adequate reserves are in place so that appropriate investments can take place. We are mindful however that there is a long term risk to the financial stability of the Charity, if revenue streams are insufficient to fulfil the financial obligations of the leasing contracts shown at note 15 of these accounts.

About 92% (2016: 90%) of Charity income is derived from donations from the community and the trading activities of Air Ambulance Promotions Limited and the Trust could not continue without such generous and thoughtful support. The Trustees are mindful that the Charity needs to maintain its reputation and good standing with the community and at the same time explore new avenues of income streams.

ACCOUNTING POLICIES AND INTERNAL CONTROLS - STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The financial statements are required by law to give a true and fair view of the state of affairs of the Charity and of the profit or loss of the Charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue to operate.

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

The Trustees' are responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website.

GOING CONCERN

Accounting standards require the Trustees to consider the appropriateness of the going concern basis when preparing the financial statements. The Trustees confirm that they consider that the going concern basis remains appropriate. The Trustees have taken notice of the Financial Reporting Council guidance which requires the reasons for this decision to be explained. The Trustees regard the going concern basis as remaining appropriate as the company has adequate resources to continue in operational existence for the foreseeable future. At the 31 March 2017 present time the Charity's general reserves amount to £9.621m (2016: £6.938m), equivalent to over 12 months running costs (2016: 9 months)

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2017

DISCLOSURE OF INFORMATION TO AUDITORS

Insofar as each of the Trustees of the Charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing the audit report) of which the company's auditors are unaware and each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Crowe Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report, which incorporates the Strategic Report, was approved by the board on 30th November 2017 and signed on its behalf.



J R H Loudon
Trustee

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KENT, SURREY & SUSSEX AIR AMBULANCE TRUST

We have audited the financial statements of Kent, Surrey and Sussex Air Ambulance Trust for the year ended 31 March 2017 set out on pages 18 to 40.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, 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. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed as auditor under section 151 of the Charities Act 2011 and under the Companies Act 2006 and report in accordance with regulations made under those Acts.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us 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.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report and any other surrounding information to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF KENT, SURREY & SUSSEX AIR AMBULANCE TRUST

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Darren Rigden

Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor

10 Palace Avenue
Maidstone
Kent
ME15 6NF

Date: 13 December 2017

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 March 2017

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2017	Total Funds 2016
		£	£	£	£
Income from:					
Donations and legacies	3	3,898,949	105,607	4,004,556	5,931,279
Charity activities	3	740,644	27,230	767,874	1,256,353
Trading activity	3	6,356,167	129,797	6,485,964	5,999,617
Investment income	3	186,450	-	186,450	75,038
Other income	3	948,171	33,658	981,829	942,548
Total income		12,130,381	296,292	12,426,673	14,204,835
Expenditure on:					
Raising funds	5	1,354,693	-	1,354,693	1,258,845
Charitable activities	5	6,570,268	196,281	6,766,549	6,724,584
Cost of sales trading subsidiary	5	1,437,930	-	1,437,930	1,376,322
Total expenditure		9,362,891	196,281	9,559,172	9,359,751
Operating surplus		2,767,490	100,011	2,867,501	4,845,084
Unrealised gains/(losses) on investments	8	1,120,615	-	1,120,615	(202,984)
Net income		3,888,105	100,011	3,988,116	4,642,100
Transfer between funds		106,358	(106,358)	-	-
Net movement in funds		3,994,463	(6,347)	3,988,116	4,642,100
Reconciliation of funds:					
Fund balances brought forward	14	16,919,604	919,878	17,839,482	13,197,382
Fund balances carried forward	14	20,914,067	913,531	21,827,598	17,839,482

The above statement contains all the gains and losses recognised in the current and preceding year.

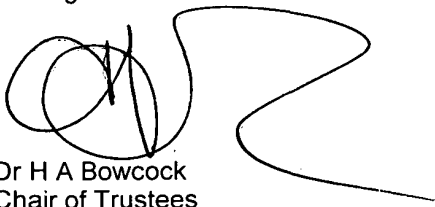
All operations are continuing.

The notes on pages 22 to 40 form part of these financial statements.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CONSOLIDATED BALANCE SHEET
31 MARCH 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	7	592,330	481,774
Investments	8	<u>10,808,181</u>	<u>9,536,376</u>
		<u>11,400,511</u>	<u>10,018,150</u>
CURRENT ASSETS			
Stocks	9	14,138	14,107
Debtors	10	2,035,973	1,056,923
Cash at bank and in hand	11	<u>10,045,318</u>	<u>8,349,840</u>
		12,095,429	9,420,870
CREDITORS: amounts falling due within one year	12	<u>1,668,342</u>	<u>1,599,538</u>
NET CURRENT ASSETS		<u>10,427,087</u>	<u>7,821,332</u>
NET ASSETS		<u>21,827,598</u>	<u>17,839,482</u>
RESERVES			
Designated Funds	14	11,293,160	9,981,774
General Funds	14	9,620,907	6,937,830
Restricted funds	14	<u>913,531</u>	<u>919,878</u>
		<u>21,827,598</u>	<u>17,839,482</u>

Approved by the Board on 30th November 2017
and signed on its behalf:

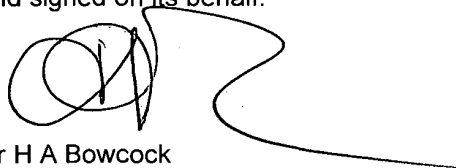

Dr H A Bowcock
Chair of Trustees

The notes on pages 22 to 40 form part of these financial statements.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
BALANCE SHEET
31 MARCH 2017

	Notes	2017 £	2016 £
FIXED ASSETS			
Tangible assets	7	592,330	481,774
Investments	8	<u>10,808,183</u>	<u>9,536,378</u>
		<u>11,400,513</u>	<u>10,018,152</u>
CURRENT ASSETS			
Debtors	10	2,831,829	1,600,807
Cash at bank and in hand	11	<u>8,802,720</u>	<u>7,357,763</u>
		11,634,549	8,958,570
CREDITORS: amounts falling due within one year	12	<u>1,207,462</u>	<u>1,137,238</u>
NET CURRENT ASSETS		<u>10,427,087</u>	<u>7,821,332</u>
NET ASSETS		<u>21,827,600</u>	<u>17,839,484</u>
RESERVES			
Designated Funds	14	11,293,160	9,981,774
General Funds	14	9,620,909	6,937,832
Restricted funds	14	<u>913,531</u>	<u>919,878</u>
		<u>21,827,600</u>	<u>17,839,484</u>

Approved by the Board on 30th November 2017
and signed on its behalf:



Dr H A Bowcock
Chair of Trustees

The notes on pages 22 to 40 form part of these financial statements.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2017

RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2017 £	2016 £
Net Incoming Resources	2,867,501	4,845,084
Investment Income	(35,260)	(53,672)
Interest accrued on loan to SAS	(151,190)	(21,366)
Profit on disposal of Fixed Assets	(4,533)	(4,550)
Write off of Project costs	-	41,743
Depreciation	152,105	135,409
(Increase)/Decrease in Stock	(31)	4,106
Decrease/(Increase) in Debtors	(979,050)	(668,151)
(Decrease)/Increase in Creditors	68,804	603,472
Net Cash Inflow from Operating Activities	1,918,346	4,882,075
Returns on Investment		
Interest Received	35,260	53,672
Capital Expenditure and Financial Investments		
Purchases of Tangible Fixed Assets	(262,661)	(174,513)
Proceeds from Disposal of Tangible Fixed Assets	4,533	4,550
Investment in Loan to SAS	-	(3,128,876)
Net Cash Flow from Capital Expenditure and Financial Investments	(258,128)	(3,298,839)
Net Cash Inflow	1,695,478	1,636,908
Cash at Bank and in Hand		
Opening Balance at 1 April 2016	8,349,840	6,712,932
Net Cash Inflow for the year	1,695,478	1,636,908
Closing Balance at 31 March 2017	10,045,318	8,349,840

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES

General information

The principal activity of the charity is to relieve sick and injured people in South East England and surrounding areas by providing a Helicopter Emergency Medical Service (HEMS) and air ambulance service for the benefit of the community.

The company is incorporated and domiciled in the UK. The address of its registered office is

Unit 14, Wheelbarrow Park Estate
Pattenden Lane
Marden
Kent
TN12 9QJ

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial status.

a) 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 the Republic of Ireland (FRS102) - (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) and the Companies Act 2006.

The Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note.

Accounting standards require the Trustees to consider the appropriateness of the going concern basis when preparing the financial statements. The Trustees have taken notice of the Financial Reporting Council guidance, which requires the reasons for this decision to be explained. The Trustees regard the going concern basis as remaining appropriate as the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

b) Basis of consolidation

The Statement of Financial Activities (SOFA) and Balance Sheet consolidate the financial statements of the Charity and its subsidiary undertaking, Air Ambulance Promotions Limited. The results of the subsidiary are consolidated on a line by line basis.

In accordance with Section 408 of the Companies Act 2006 the Charity has not presented its statement of financial activities. The excess of income over expenditure of the Charity was £4.642m (2015: £2.837m).

c) Fund accounting

Designated funds are unrestricted funds that are earmarked for a particular purpose by the Trustees. The aim and use of each designated fund is set out in note 14.

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (CONTINUED)

c) Fund accounting (continued)

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The cost of raising and administering such funds is charged against the specific fund. The aim and use of each restricted fund is set out in note 14.

Investment income and gains are allocated to the appropriate fund.

d) Incoming resources

All incoming resources are included in the SOFA when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the charity where this can be quantified and a third party is bearing the cost. A corresponding charge is made to the relevant overhead account. No amounts are included in the financial statements for services donated by volunteers.

e) Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs are not directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of the resources.

Fundraising and publicity costs are those incurred in seeking voluntary contributions and do not include the cost of disseminating information in support of the charitable activities. Governance costs are those costs incurred directly with expenditure related to charity compliance and statutory requirements. Charitable expenditure is that expenditure directly in connection with the objects of the Charity and includes management and support costs.

f) Tangible fixed assets and depreciation

Tangible fixed assets are capitalised and included at cost including any incidental expenses of acquisition. Depreciation is provided on all tangible fixed assets at annual rates calculated to write off the cost, less estimated residual value, of each asset evenly over its anticipated useful life, as follows:-

Leasehold improvements	10% straight line over the lease term
Plant and equipment	10% on cost
Office equipment	20% on cost
Computer equipment	25% on cost
Helicopter equipment	20% on cost
Motor vehicles	25% on cost

g) Investments

Listed investments are stated at market value at the balance sheet date. The SOFA includes the net gains and losses arising on revaluations and disposals throughout the year.

Unlisted investments (including Investments in subsidiaries) are measured at cost less accumulated impairment.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

1. ACCOUNTING POLICIES (CONTINUED)

h) Stock

Stock consists of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value. Items donated for resale or distribution are not included in the financial statements unless they are sold or distributed.

i) Value added tax

Irrecoverable value added tax is included within the expenditure to which it relates.

j) Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred. Details of operating lease commitments are as shown in note 13.

k) Pensions

The Charity operates a defined contribution pension scheme for its employees. Contributions to this scheme are charged to resources expended as they fall due. The Charity has no potential liability other than the payment of these contributions.

l) Corporation Tax

No provision has been made for corporation tax as the Charity is able to claim full statutory exemption subject to the proper application of all its charitable reserves.

m) Liabilities

Liabilities are recognised when the Charity has an obligation to make payment to a third party.

n) Scratch cards prizes

Scratch card prizes are recognised as a percentage of ticket sales in line with the theoretical prize pay-out for that game.

o) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of loans which are subsequently measured at amortised cost using the effective interest method

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The company may be required to make estimates and assumptions concerning the future. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The principal areas where judgement was exercised are as follows:

- i) Tangible and intangible fixed assets: the directors annually assess both the residual value of these assets and the expected useful life of such assets which is currently judged to be up to 10 years, based on experience
- ii) Recoverability of trade debtors: the directors annually assess whether a bad debt provision is required or doubtful debtor balances
- iii) Stock provisions: the directors regularly assess the age and quality of stock and will make necessary provisions based on the net realisable value of the stock held.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

3. INCOMING RESOURCES

	2017	2016
	Total Funds	Total Funds
	£	£
Unrestricted funds	Restricted Funds	
£	£	
Donations and Legacies		
Donations (not arising from events)	1,143,409	105,607
Legacies	2,161,603	-
In memorium	367,939	-
Collection Boxes	208,615	-
Waiver on rent	17,383	-
	<u>3,898,949</u>	<u>105,607</u>
Charity activities		
Intangible income – cars loaned by sponsor	16,029	-
Intangible income – Paramedics salaries paid by NHS	199,000	-
Doctors salaries paid by NHS	424,003	-
Intangible income on drugs & medical consumables	11,497	-
Intangible income on legal fees	-	-
Intangible income on fire equipment	287	-
Intangible income – Armed forces Doctors salaries	84,539	-
Trading income in Trust	426	-
Student placements, Seminars and Research	-	27,230
Profit and Loss on disposal of fixed assets	4,533	-
Exchange rate gains	330	-
	<u>740,644</u>	<u>27,230</u>
Income from Trading Subsidiary	<u>6,356,167</u>	<u>129,797</u>
Investment income		
Bank deposit interest	30,857	-
Interest on loan	151,190	-
Bank deposit interest - Trading subsidiary	4,403	-
	<u>186,450</u>	<u>-</u>
Fundraising events		
Group fundraising and events	<u>948,171</u>	<u>33,658</u>
TOTAL INCOME	<u>12,130,381</u>	<u>296,292</u>
	<u>4,004,556</u>	<u>5,931,279</u>
	<u>6,485,964</u>	<u>5,999,617</u>
	<u>186,450</u>	<u>75,038</u>
	<u>981,829</u>	<u>942,548</u>
	<u>12,426,673</u>	<u>14,204,835</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

4. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The Charity has one trading subsidiary that is incorporated in the UK, Air Ambulance Promotions Limited. A summary of its trading results is shown below:

	2017 £	2016 £
Turnover	6,500,761	6,000,471
Cost of sales	<u>(1,318,030)</u>	<u>(1,256,699)</u>
Gross profit	5,182,731	4,743,772
Interest receivable	<u>4,403</u>	<u>5,430</u>
	5,187,134	4,749,202
Less overheads		
Administrative expenses	<u>(119,900)</u>	<u>(119,623)</u>
Income from subsidiary	<u>5,067,234</u>	<u>4,629,579</u>
Paid to KSSAAT - Lottery donations	4,074,825	3,757,719
Paid to KSSAAT - Cost recharges	143,914	129,194
Profit for the year Gift Aided to Trust	<u>848,495</u>	<u>742,666</u>
Income paid to parent	<u>5,067,234</u>	<u>4,629,579</u>

The turnover includes £14,797 (2016: £854) relating to sales of merchandise to the Trust. External trading therefore amounted to £6,485,964 (2016: £5,999,617) and is included in the consolidated Incoming Resources note 3.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

5. ANALYSIS OF TOTAL RESOURCES EXPENDED

			2017	2016
	Unrestricted Funds	Restricted funds	Total Funds	Total Funds
	£	£	£	£
Raising Funds				
Staff costs	796,824	-	796,824	755,736
Consultancy fees	9,720	-	9,720	10,777
Advertising promotion and publicity	223,237	-	223,237	186,570
Other costs	324,912	-	324,912	305,762
	<u>1,354,693</u>	<u>-</u>	<u>1,354,693</u>	<u>1,258,845</u>
 Direct Charitable expenditure				
Air Ambulance running costs	3,565,570	141,428	3,706,998	3,830,630
Paramedics costs	628,634	-	628,634	661,556
Clinical Managers,	367,193	-	367,193	360,388
Doctors on board	845,042	-	845,042	719,205
Operational employees	545,452	-	545,452	461,003
Research and Education	77,321	54,853	132,174	62,435
Dep'n of helicopter				
Equipment	73,517	-	73,517	51,669
	<u>6,102,729</u>	<u>196,281</u>	<u>6,299,010</u>	<u>6,146,886</u>
 Management and Administration				
Staff costs	139,393	-	139,393	135,689
Professional fees	16,559	-	16,559	32,000
Other costs	139,585	-	139,585	166,234
	<u>295,537</u>	<u>-</u>	<u>295,537</u>	<u>333,923</u>
 Support costs and depreciation				
Property expenses	116,542	-	116,542	160,035
Depreciation	55,460	-	55,460	83,740
	<u>172,002</u>	<u>-</u>	<u>172,002</u>	<u>243,775</u>
 Total Charitable expenditure	<u>6,570,268</u>	<u>196,281</u>	<u>6,766,549</u>	<u>6,724,584</u>
 Trading subsidiary cost	<u>1,437,930</u>	<u>-</u>	<u>1,437,930</u>	<u>1,376,322</u>
 TOTAL EXPENDITURE	<u>9,362,891</u>	<u>196,281</u>	<u>9,559,172</u>	<u>9,359,751</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

6. TOTAL RESOURCES EXPENDED

Total resources expended is stated after charging:	2017	2016
	£	£
Auditors' remuneration - as auditors	18,432	16,646
- for taxation services	500	500
- for professional advice provided	7,384	3,990
Operating leases - land and buildings	82,140	71,529
- helicopter (including pilotage standing charges)	2,644,146	2,516,557
- Cars	24,021	14,997
- office equipment	12,319	13,368
Depreciation	152,105	135,409
Staff costs	2017	2016
	£	£
Wages and salaries	1,604,202	1,381,488
Social security costs	167,586	131,734
Pension costs	153,535	129,508
	1,925,323	1,642,730

There were no ex-gratia payments made in the year by way of compensation for the termination of their employment and inclusive of statutory redundancy pay. (2016: £25,000)

The average number of employees excluding Trustees, analysed by function was:-

	2017	2016
	No.	No.
Management and administration	7	9
Fundraising and publicity	22	19
Direct charitable expenditure	16	14
	45	42

The equivalent number of full time staff is 38 (2016: 35) including 31 full time (2016: 27) and 14 part-time (2016: 15) staff.

	2017	2016
Six (2016: five) employees earned more than £60,000 during the year in bandings as follows:		
£60k-£70k	3	2
£70k - £80k	2	1
£80k - £90k	-	1
£100k - £110k	1	1

The total amount of employee benefits received by the seven (2016: seven) members of the Senior Management team was £560,051. (2016: £544,391)

Included within Direct Charitable Expenditure is the cost of staff not directly employed by the Trust. This mainly relates to the cost of doctors on board the helicopters who are employed directly by the NHS and the military £844,159 (2016: £719,205) and NHS Clinical Managers and Paramedics £654,512 (2016: £661,556).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

7. TANGIBLE FIXED ASSETS

GROUP AND CHARITY	Leasehold improvements £	Helicopter equipment (incl plant) £	Motor vehicles £	Computer equipment £	Office equipment £	Rochester Base £	Total £
Cost							
At 1 April 2016	371,773	708,877	98,901	173,757	199,439	-	1,552,747
Additions	68,648	9,797	51,000	1,504	-	131,712	262,661
Disposals	-	-	(15,240)	-	(14,141)	-	(29,381)
At 31 March 2017	440,421	718,674	134,661	175,261	185,298	131,712	1,786,027
Depreciation							
At 1 April 2016	213,087	450,481	77,549	145,348	184,508	-	1,070,973
Disposals	-	-	(15,240)	-	(14,141)	-	(29,381)
Charge for the year	37,178	73,517	22,188	13,761	3,961	1,500	152,105
At 31 March 2017	250,265	523,998	84,497	159,109	174,328	1,500	1,193,697
Net book values at 31 March 2017	190,156	194,676	50,164	16,152	10,970	130,212	592,330
At 31 March 2016	158,686	258,396	21,352	28,409	14,931	-	481,774

8. FIXED ASSET INVESTMENTS

GROUP	Listed Investments	Unlisted Investment £	CAT Bond £	Total £
Market value				
At 1 April 2016	5,455,481	3,275,242	805,653	9,536,376
Interest accrued on loan to SAS	-	151,190	-	151,190
(Decrease)/Increase in valuation	1,086,237	-	34,378	1,120,615
At 31 March 2017	6,541,718	3,426,432	840,031	10,808,181

Listed investments comprises the following:

	Original cost of the investment £	Market Value £
GAM – Charity Growth	3,701,041	6,541,718

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

8. FIXED ASSET INVESTMENTS (CONTINUED)

	Shares in Subsidiary Company £	Listed Investments £	Unlisted investments £	CAT Bond £	Total £
CHARITY					
Market value					
At 1 April 2016	2	5,455,481	3,275,242	805,653	9,536,378
Interest accrued on loan to SAS	-	-	151,190		151,190
(Decrease)/Increase in valuation	-	1,086,237	-	34,378	1,120,615
At 31 March 2017	2	6,541,718	3,426,432	840,031	10,808,183

Listed investments comprises the following:

	Original cost of the Investment £	Market Value £
GAM – Charity Growth	<u>3,701,041</u>	<u>6,541,718</u>
	2017 £	2016 £
Movement on investments		
Market value at the beginning of year	6,386,136	6,589,120
Purchases in year	-	-
	<u>6,386,136</u>	<u>6,589,120</u>
Market value at end of year	<u>7,506,751</u>	<u>6,386,136</u>
Increase/(Decrease) in value	<u>1,120,615</u>	<u>(202,984)</u>

SUBSIDIARY BALANCE SHEET

The assets and liabilities of the subsidiary were:

	2017 £	2016 £
Current assets		
Stock	14,138	14,107
Debtors	375,675	326,372
Cash at bank	<u>1,242,600</u>	<u>992,078</u>
	<u>1,632,413</u>	<u>1,332,557</u>
Creditors: amounts falling due within one year	<u>(1,632,411)</u>	<u>(1,332,555)</u>
	<u>2</u>	<u>2</u>
Representing:		
Called up share capital	2	2
Profit and loss account	-	-
	<u>2</u>	<u>2</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

8. FIXED ASSET INVESTMENTS (CONTINUED)

Creditors in the subsidiary balance sheet includes the current account balance with Air Ambulance Promotions Limited totalling £1,171,531 (2016: £870,257) as detailed in note 9. This amount includes profits gift aided to the Charity of £848,495 (2016: £742,666). All loans and monies due by Air Ambulance Promotions Limited to the Charity are secured by a first floating charge created on 30 March 1994 on the subsidiary company's assets.

9. STOCKS

	Charity		Group	
	2017	2016	2017	2016
	£	£	£	£
Goods for resale at cost	-	-	14,138	14,107

10. DEBTORS

	Charity		Group	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	849,663	241,181	850,346	241,452
Current account with subsidiary	1,171,531	870,257	-	-
Other debtors	252,312	303,884	456,986	442,814
Prepayments and accrued income	558,323	185,485	728,641	372,657
	<u>2,831,829</u>	<u>1,600,807</u>	<u>2,035,973</u>	<u>1,056,923</u>

The current account with subsidiary balance of £1,171,531 includes £848,495 of gift aided profits that were paid to the Trust on 9th June 2017

11. CASH AT BANK AND IN HAND

	Charity		Group	
	2017	2016	2017	2016
	£	£	£	£
Investment deposit accounts	2,073,081	2,055,151	2,073,081	2,055,151
Other bank accounts	6,729,099	5,301,942	7,970,953	6,293,270
Petty cash	540	670	1,284	1,419
	<u>8,802,720</u>	<u>7,357,763</u>	<u>10,045,318</u>	<u>8,349,840</u>

12. CREDITORS: amounts falling due within one year

	Charity		Group	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	743,851	813,030	757,890	832,409
Other taxation and social security	53,389	-	53,389	-
Accruals and deferred income	410,222	324,208	857,063	767,129
	<u>1,207,462</u>	<u>1,137,238</u>	<u>1,668,342</u>	<u>1,599,538</u>

Included in accruals are outstanding pension contributions of £246 (2016: £nil).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

13. FINANCIAL INSTRUMENTS

	Charity 2017 £	2016 £	Group 2017 £	2016 £
FINANCIAL ASSETS				
Financial assets measured at amortised costs	21,709,387	18,134,334	21,781,137	18,257,053
	<u>21,709,387</u>	<u>18,134,334</u>	<u>21,781,137</u>	<u>18,257,053</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(1,150,689)	(1,132,142)	(1,198,652)	(1,171,143)
	<u>(1,150,689)</u>	<u>(1,132,142)</u>	<u>(1,198,652)</u>	<u>(1,171,143)</u>

Financial assets measured at amortised cost comprise cash at bank, trade debtors, loan to SAS and listed investments.

Financial Liabilities measured at amortised cost comprise trade creditors, and accruals.

14. ANALYSIS OF FUNDS

Unrestricted Designated and General Funds

The Unrestricted funds are available for the purposes of the Charity, to be spent as the Trustees see fit to meet the objectives of the Trust. An element of these funds, £11.293m (2016: £9,982m) has been defined as designated funds and earmarked for the future helicopter and infrastructure works and includes the net book value of the fixed assets. A full analysis is detailed below. The balance of £9.621m (2016: £6.938m) has been classified as General funds. The General Funds are not specifically earmarked but equate to 12 months of expenditure used to further the Charity's objectives.

Designated Funds

	As at 31 st March 2016 £	Utilised/ Released £	New Designations £	As at 31 st March 2017 £
Fixed Assets	481,774	(152,105)	262,661	592,330
Future Helicopters	6,500,000	-	151,190	6,651,190
Future Infrastructure	3,000,000	(200,360)	1,000,000	3,799,640
Digital Marketing	-	-	250,000	250,000
	<u>9,981,774</u>	<u>(352,465)</u>	<u>1,663,851</u>	<u>11,293,160</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

14. ANALYSIS OF FUNDS (Continued)

Movements in Funds

	General	Designated	Total Unrestricted	Restricted	Total Funds 2017	Total Funds 2016
Group	£	£	£	£	£	£
Balance at 1 April 2016	6,937,830	9,981,774	16,919,604	919,878	17,839,482	13,197,382
Total income	12,130,381	-	12,380,381	296,292	12,426,673	14,204,835
Total expenditure	(9,010,426)	(352,465)	(9,362,891)	(196,281)	(9,559,172)	(9,359,751)
(Loss)/gain on investments	1,120,615	-	1,120,615	-	1,120,615	(202,984)
Transfers between funds	(1,557,493)	1,663,851	106,358	(106,358)	-	-
Balance at 31 March 2017	9,620,907	11,293,160	20,914,067	913,531	21,827,598	17,839,482

	General	Designated	Total Unrestricted	Restricted	Total Funds 2017	Total Funds 2016
Charity	£	£	£	£	£	£
Balance at 1 April 2016	6,937,832	9,981,774	16,919,606	919,878	17,839,484	13,197,382
Total income	12,130,381	-	12,380,381	296,292	12,426,673	14,204,835
Total expenditure	(9,010,426)	(352,465)	(9,362,891)	(196,281)	(9,559,172)	(9,359,749)
(Loss)/gain on investments	1,120,615	-	1,120,615	-	1,120,615	(202,984)
Transfers between funds	(1,557,493)	1,663,851	106,358	(106,358)	-	-
Balance at 31 March 2017	9,620,909	11,293,160	20,914,069	913,531	21,827,600	17,839,484

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

14. ANALYSIS OF FUNDS (CONTINUED)

Group	General £	Designated £	Total Unrestricted £	Restricted £	Total Funds 2017 £	Total Funds 2016 £
Tangible fixed assets	-	592,330	592,330	-	592,330	481,774
Investments	6,739,139	4,069,042	10,808,181	-	10,808,181	9,536,376
Cash	2,500,000	6,631,788	9,131,788	913,531	10,045,319	8,349,840
Other assets and liabilities	381,768	-	381,768	-	381,768	(528,508)
Balance at 31 March 2017	9,620,907	11,293,160	20,914,067	913,531	21,827,598	17,839,482
<hr/>						
Charity	General	Designated	Total Unrestricted	Restricted	Total Funds 2017	Total Funds 2016
Tangible fixed assets	-	592,330	592,330	-	592,330	481,774
Investments	6,739,141	4,069,042	10,808,183	-	10,808,183	9,536,378
Cash	1,257,401	6,631,788	7,889,189	913,531	8,802,720	7,357,763
Other assets and liabilities	1,624,367	-	1,624,367	-	1,624,367	463,569
Balance at 31 March 2017	9,620,909	11,293,160	20,914,069	913,531	21,827,600	17,839,484

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

14. ANALYSIS OF FUNDS (CONTINUED)

Restricted Funds

	As at 31 st March 2016	Incoming Resources	Resources Expended	Transfers between funds	As at 31 st March 2017
Group & Charity	£	£	£	£	£
Helihub	500,010	-	-	-	500,010
Training centre	241,000	-	-	-	241,000
HEKSS Training	112,182	-	(54,852)	-	57,330
Night Flying	-	163,455	(112,455)	(51,000)	-
Fidelity Mannequins	-	16,082	-	-	16,082
Ultra Sound	25,727	-	-	-	25,727
Simulator	33,628	24,859	-	-	58,487
Ventilator	-	7,700	-	(3,838)	3,862
Autopulse – Cardiac Support pump	2,500	5,000	-	-	7,500
Blood Boxes	3,781	-	(2,188)	-	1,593
Flying Suits	-	2,250	(2,250)	-	-
Kit bags	550	2,650	(3,200)	-	-
Load Bearing Vests	500	600	-	-	1,100
Fire Proof Hi-Viz jackets	-	590	-	-	590
Tempus Pro Monitor	-	51,520	-	(51,520)	-
HEMS Equipment	-	10,188	(10,188)	-	-
Training Equipment	-	250	-	-	250
Training of Clinical staff	-	11,148	(11,148)	-	-
	919,878	296,292	(196,281)	(106,358)	913,531

The transfer of funds amounting to £106,357 includes the following:

Night Flying – (£51,000) the purchase of two Volvo Emergency response cars from donations made by the Lions Clubs International "District 105SE" which were capitalised and depreciated over the useful life of the asset.

Ventilator – the purchase of a ventilator for (£3,837) was capitalised and depreciated over the useful life of the asset.

Tempus Pro Monitor – the use of donations towards the cost of a Tempus Pro Monitor which was capitalised over the useful life of the asset.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

14. ANALYSIS OF FUNDS (CONTINUED)

Restricted Funds (continued)

Restricted funds represent funds held for the provision of emergency equipment and resources for use in Kent, Surrey and Sussex. These funds include:

- Helihub fund is for the work on the development of a Helipad for use by our new helicopter (AW169).
- The training centre fund holds the grant received from the Libor funds for the development of a training centre.
- The HEKSS training fund is for the receipt of the grant provided by Health Education England.
- The Night Flying Fund receives the profits from the 24/7 weekly draw operated by Air Ambulance Promotions Limited and other donations most notably from the Lions Club International District 105SE. The funds are used in support of the Night Flying operations.
- The Fidelity Mannequins fund has been established for the receipt of donations specifically for the purchase of Fidelity mannequins. Income generated from HEKSS training courses has been allocated to this fund.
- The Ultra Sound fund is to receive grants and other donations for ultra sound diagnostic equipment.
- The simulator fund is for the development of a crew training simulator based on our new helicopter (AW169) and the funds have been raised entirely from donations and events organised by the parents of a former patient in memory of their daughter.
- The Ventilator fund was set up to collect donations towards the purchase of ventilators. The Isabel Blackman Foundation £4,500 and The Hamamelis Trust £3,200 made donations for this purpose.
- The autopulse – Cardiac support fund is established to collect donations and grants towards the costs of cardiac support pumps. The Roger De Haan Charitable Trust donated £5,000.
- The Blood Boxes Fund was established to raise funds to buy the blood transportation boxes.
- The Flying Suits Fund is for the receipt of donations specifically for the purchase of flying suits for the HEMS crew. The Evelyn Charitable Settlement, Rotary Club of Hythe, The Godington Charitable Trust and The Great Stone Bridge Estate made donations to this fund in 2016/17.
- Kit Bags fund was established for the receipt of donations for crew kit bags. Mr & Mrs Smith and an anonymous donor made donations to this fund.
- The load bearing vests fund is for the collection of donations for the on-going cost of load bearing vests used by the crew. Willingdon & Jevington Parish Council made a donation to this fund
- Fire Proof Hi-Viz Jackets fund is for the receipt of donations for the purchase of fire proof Hi-Viz jackets to be worn by the HEMS crew. Donations were received from Mylan Pharma UK Ltd and Hellingly Parish Council
- Tempus Pro fund is for the receipt of donations for the purchase of a Tempus Pro Monitor which is a new concept in vital signs monitoring.
- HEMS equipment fund is for donations or funds raised towards the purchase of any HEMS equipment.
- The training equipment fund is for donations received to buy medical training equipment. Esso Petroleum made a donation in 2016/17.
- The training fund is for income raised from non HEKSS external training including the KSSAAT conference which is ring fenced to finance training for our clinical staff.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

15. OPERATING LEASE COMMITMENTS

At the balance sheet date, the company's full commitments over the term of each operating lease or, as in the case of the Marden, Redhill Hangars 2 & 10, until the next break clause of 19th September 2018, 2nd October 2018 and 13th March 2022 respectively, were as follows:

	1 year or less	2 to 5 years	More than 5 Years	Total commitments
	£	£	£	£
Land & Buildings				
Marden Unit	46,500	21,912	-	68,412
Redhill Hangar 2	23,681	12,003	-	35,684
Redhill Hangar 10	207,295	819,525	-	1,026,820
Benenden Unit	3,008	-	-	3,008
Sub total	280,484	853,440	-	1,133,924
Helicopters	5,123,588	14,304,474	16,788,128	36,216,190
Vehicles	18,980	21,248	-	40,228
Office Equipment	2,956	-	-	2,956
Total Lease Commitments	<u>5,426,008</u>	<u>15,179,162</u>	<u>16,788,128</u>	<u>37,393,298</u>

Expiry date: Benenden	31 July 2017
Redhill Hangar 2	2 October 2023
Redhill Hangar 10	12 March 2042
Marden unit	31 December 2029

Length of unexpired leases at 31 March 2017:

Redhill Hangar 2	6.50 years
Redhill Hangar 10	24.96 years
Marden unit	12.76 years
Benenden unit	0.33 years
Helicopters	1.42 years

A 10 year maintenance lease was agreed in February 2016 covering the new AW169 helicopter (G-KSST) and the MD902 helicopter (G-KSSA) and came into effect when the AW169 entered service in June 2017. This agreement supersedes the helicopter agreement listed above.

The Alan Firmin (Linton) Limited our landlord at Marden has indicated its willingness to waive annual rent amounting to £17,383.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

16. CAPITAL COMMITMENTS

At 31 March 2017 the charitable company had capital commitments of £nil (2016:£nil).

	2017 £	2016 £
Civils Contracting Limited	<u>1,744,645</u>	-
	<u>1,744,645</u>	-

17. RELATED PARTY TRANSACTIONS

The following related party transactions took place with Air Ambulance Promotions Limited (AAP) in the year:

	2017 £	2016 £
Gift aided lottery and Raffle profits	4,074,825	3,757,719
Gift aided AAP Profits	848,495	742,666
	<u>4,923,320</u>	<u>4,500,385</u>
Total gift aided donations		
	<u>4,923,320</u>	<u>4,500,385</u>
Recharges for Staff costs	137,008	122,288
Recharges for property and administration	6,906	6,906
	<u>143,914</u>	<u>129,194</u>
Total Recharges		
	<u>143,914</u>	<u>129,194</u>
Purchases of Merchandise	<u>14,797</u>	<u>854</u>

Rix & Kay Solicitors LLP, of which Richard Cripps is a Member, was paid £4,002 (2016: £5,771) for legal advice.

Broad Oak Mini a member of Barretts of Canterbury Ltd of which Paul Barrett is owner and Managing Director, was paid £625 for car repairs.(2016: £51)

Amounts paid to Trustees

No amounts were paid to Trustees during the year (2016: £nil).

Trustee expenses

One Trustee was paid £162 for expenses during the year (2016: £251).

Included in Management and Administration costs is the cost of Trustees' Liability Insurance (including professional indemnity cover) amounting to £5,376 (2016: £5,166).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2017

18. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2016

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2016
		£	£	£
Income from:				
Donations and legacies	3	3,619,984	2,311,295	5,931,279
Charity activities	3	1,111,691	144,662	1,256,353
Trading activity	3	5,874,394	125,223	5,999,617
Investment income	3	75,038	-	75,038
Other income	3	928,735	13,813	942,548
Total income		11,609,842	2,594,993	14,204,835
Expenditure on:				
Raising funds	5	1,258,845	-	1,258,845
Charitable activities	5	6,545,043	179,541	6,724,584
Cost of sales trading subsidiary	5	1,376,322	-	1,376,322
Total expenditure		9,180,210	179,541	9,359,751
Operating surplus		2,429,632	2,415,452	4,845,084
Unrealised gains/(losses) on investments	8	(202,984)	-	(202,984)
Net income		2,226,648	2,415,452	4,642,100
Transfer between funds		1,524,082	(1,524,082)	-
Net movement in funds		3,750,730	891,370	4,642,100
Reconciliation of funds:				
Fund balances brought forward	14	13,168,874	28,508	13,197,382
Fund balances carried forward	14	16,919,604	919,878	17,839,482