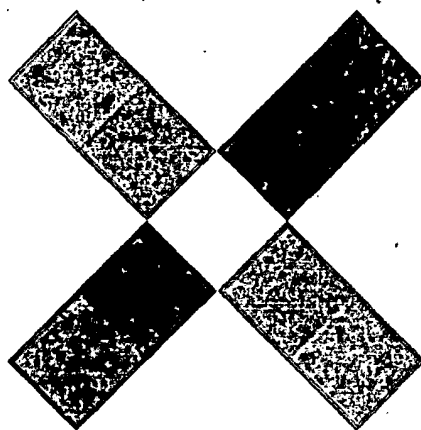


Kent, Surrey & Sussex Air Ambulance Trust



Air Ambulance

Kent Surrey Sussex

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2019**

Registered Company Number: 02803242

Registered Charity Number: 1021367

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST AND ITS SUBSIDIARY
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

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KENT, SURREY & SUSSEX AIR AMBULANCE TRUST

GENERAL INFORMATION

YEAR ENDED 31 MARCH 2019

CHAIR: Dr H A Bowcock OBE DL

OTHER TRUSTEES: P J Barrett MBE
D H B Burgess
M J Docherty
A M Farrant
T S N Oakes
Prof. A Rhodes
P D Stewart

CHIEF EXECUTIVE: A D Welch

REGISTERED OFFICE: Air Ambulance Building
Rochester City Airport
Maidstone Road
Chatham
Kent
ME5 9SD

Email: hello@aakss.org.uk

Website: www.aakss.org.uk

Registered Company No. 2803242

Registered Charity No. 1021367

PRINCIPAL BANKERS: National Westminster Bank Plc
Chatham (A) Branch
148, High Street,
Chatham,
Kent,
ME4 4DB

INVESTMENT MANAGERS:	Smith & Williamson 25, Moorgate London EC2R 6AY	Ruffer LLP 80, Victoria Street London SW1E5JL
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AUDITORS: Crowe U.K. LLP
Riverside House
40-46, High Street
Maidstone, Kent, ME14 1JH

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST CHAIR'S REPORT

I am extremely proud and privileged to chair Kent Surrey and Sussex Air Ambulance Trust (AAKSS), a truly inspirational and world leading organisation. I feel particularly grateful for the commitment of all our staff and our 200 plus volunteers and for the support of our donors, fundraisers and other stakeholders. On behalf of the Trustees we extend our most sincere and heartfelt thanks to every one of them.

The financial year from 1st April 2018 to 31st March 2019, and to the point of writing, has been a period of extremely positive transition and development that saw us raise more funds, attend more missions and treat more patients than in any previous year. In year 18/19, our total income reached over £14.8million and we attended 2,506 missions and treated 1672 patients.

AAKSS is one of the world's leading air ambulance and helicopter emergency medical services at the forefront of utilising technology and innovation to save lives and improve patient outcomes. We remain absolutely committed to and focussed on continuous improvement and on the advanced pre-hospital emergency medical care delivered to patients throughout our region, saving lives and significantly improving patient outcomes. As we approach our 30th anniversary year, I feel it is important to reflect on how much we have achieved since we were founded on 6th November 1989 by Kate Chivers as the South East Thames Air Ambulance.

AAKSS now serves a resident population of 4.7 million across South East England and millions more who pass through our region every year, across an area covering some of the busiest ports and airports and most congested sections of motorway in Europe as well as large rural and semi-rural areas. Our highly skilled medical teams utilise state of the art helicopters, emergency response vehicles, innovative technology and cutting-edge medical equipment and techniques to provide round the clock, world class, pre-hospital emergency medical treatment and care in all weather conditions. We work collaboratively with the wider ambulance service and a network in excess of 20 hospitals including several Major Trauma Centres in London and the South East England to ensure the best possible outcomes for all our patients.

The Board of Trustees are mindful of the leasing commitments of £46m shown in Note 15 on page 53 and the increasing cost of providing a world class service and the importance of having an adequate financial resource at our disposal, in order to maintain our services. At the financial year end, AAKSS remained in a healthy financial position with reserves of £26m including £0.2m in restricted funds and £13.3m in designated funds, which include a provision for future helicopters and the development of digital marketing. The balance of £12.561m, equivalent to 10.7 months of expenditure, are general reserves. The Trustees have taken the view in our reserves policy that we should strive to achieve an equivalent of 12 months of expenditure in general reserves. This takes into account our risk profile and the need to hold funds in reserve for an unexpected call on cash in the future, a degradation of income or to take advantage of opportunities that may present themselves.

During the reporting period, our Chief Executive, Adrian Bell, decided to move on from his role on 10th July 2018 to take up a new opportunity. While we sought to recruit his successor, Michael Docherty resigned as a Trustee and stepped in to lead the organisation as Interim CEO from 1st August 2018 until 26th July 2019, before returning to his role on the Board. During this period, we developed our organisational strategy through a process of staff and stakeholder consultation and engagement.

By April 2019 we had appointed our new Chief Executive, David Welch who I am delighted to say has now taken up post on 1st August 2019. David brings a wealth of experience and commitment as well as empathy with and a passion for our cause. We were extremely fortunate to attract, in David, a highly experienced CEO who has dedicated many years to the charity and health sectors. In particular, he brings a deep commitment to improving patient outcomes and to providing the most holistic and empathetic approach possible to patient care. I am confident that under his leadership AAKSS will continue to grow and develop in the years ahead reaching even more patients and developing our philanthropic reach and our impact on the wider health eco system.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CHAIR'S REPORT

During the year we undertook our annual audit of Trustees skills and identified the need to recruit a new member to bring current clinical skills, and ideally strong research credentials, to the Board. Following an open recruitment process Professor Andrew Rhodes was identified as an excellent fit for our requirements. Andrew is a Consultant in Intensive Care Medicine and Anaesthesia at St George's Hospital, where he also served as Acting Medical Director. He is a Fellow of the Royal College of Anaesthetists, the Royal College of Physicians and the Faculty of Intensive Care Medicine and has a Doctorate in Medicine. He is also Co-chair of the Surviving Sepsis Campaign. We were delighted that he accepted our invitation and joined the Board on 15th March 2019. Also, during the year two long serving Trustees retired, Wendy Simkins and James Loudon. The Trustees give their thanks to Wendy and James for their many years of service to the Trust.

Cutting Edge

Over the last 30 years, we have pioneered some very significant developments in the delivery of pre-hospital emergency medicine. This ranges from influencing world practice in administering anaesthesia in pre-hospital situations to using simple innovations such as wrapping patients in bubble wrap as our research revealed that this helps maintain body temperature very effectively.

We remain the only air ambulance service in the UK to fly helicopters 24 hours a day, seven days a week. We took the step in 2013 to provide our service round the clock following years of research and preparation, transferring knowledge and expertise from the armed services, and through investment in military night vision hardware. We were one of the first organisations outside of the armed services to be authorised to use night flying goggles, which means we can safely land our aircraft in unlit, unmarked sites in darkness. Our evidence shows that this is an essential capability for our service as one third of our missions are now carried out in the hours of darkness.

We have worked closely with King's College Hospital over the last six years to support their application to keep their helipad open overnight, providing helicopter access around the clock and during the hours of darkness. Until March this year, London was the only capital city in the Western world not to have a 24/7 helipad for emergency medicine. Since it opened in March AAKSS has used the helipad numerous times for night missions, entirely consistent with our predictions based upon robust data and significantly benefitting the quality of care for patients.

We were the first air ambulance service to acquire the Augusta Westland 169 (AW169) aircraft and designed and commissioned the special purpose medical interior. The decision to invest in this advanced aircraft was based entirely upon the offered improvements in speed and performance and upon the enhanced cabin space, which enables 360-degree access to the patient during flight. We are at present putting in place the infrastructure to enable instrument flying so that our two AW169's will be able to take off, land and fly in adverse weather conditions. This involves the installation of weather stations located throughout South East England.

In 2019, we formally launched a three-year trial of an enhanced inter-hospital transfer service. Although we have always transferred patients between hospitals, we have had to be selective about the cases to ensure we are able to continue to maintain continuity of care in transit. To address this, we have now put in place systems and processes and further targeted investment necessary to enable us to extend our capability to meet the needs of a wider cohort of patients in accordance with Intensive Care Society guidelines. This enhanced service, which will be undertaken in addition to our existing pre-hospital work, will endeavour to facilitate time critical transfers of patients between hospitals in the South East of England including major trauma patients, patients requiring stroke embolectomy, patients requiring intervention for abdominal aortic aneurysm and acute neurosurgical emergencies.

We believe that this service will, for these patients, enable a faster transfer than is currently possible whilst ensuring the continuation of the high standards of in-hospital care and will provide for the best possible patient outcome. At the same time this service will benefit the wider healthcare system by freeing up the ambulance service and hospital staff resources, which might otherwise be spent undertaking a road transfer potentially for several hours at a time.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CHAIR'S REPORT

Cutting Edge (continued)

Our mission is to save lives and improve medical outcomes by bringing world leading pre-hospital care to patients in a critical condition wherever they are, whenever they need it. Since our first mission on 23rd December 1989, our service has treated more than 30,000 patients and has undoubtedly saved many lives and significantly improved many more patient outcomes.

Research and Innovation

We have an established prize-winning programme of research and innovation that is helping to shape pre-hospital care both in the UK and around the globe. We have led novel projects on pre-hospital anaesthesia and were the first air ambulance in the UK to introduce lyophilised plasma, a blood component vital for bleeding patients. Our leading research and innovation programme was specifically commented on during our Care Quality Commission inspection, as we have one of the highest research outputs for an air ambulance service in the UK.

We have informed air ambulance dispatching across the UK with several important research papers, particularly on traumatic cardiac arrest and were the first air ambulance service in the world to evaluate the use of video streaming directly from a 999 callers' mobile phone in order to survey an accident scene remotely, even before emergency services arrive.

We continue to be at the cutting edge of pre-hospital innovation. For example, we are collaborating with commercial partners including Medfield Diagnostics and King's College Hospital, London, to trial a portable microwave brain scanner. The scanner will be able to detect bleeding in the brain following trauma in just a few seconds and is small enough to be used on scene. We are developing new concepts of working, such as performing critical interventions such as emergency anaesthesia during flight in the new AW169 helicopter.

We are proud and privileged to have been chosen by Phillips as their global launch customer to trial exciting new software called Corsium. In collaboration with the European Space Agency, Corsium will allow real-time live data streaming from the Tempus monitor, even whilst the helicopter is flying, to the receiving hospital and allow remote access to specialist on-call consultants. We believe this will allow more informed and rapid clinical advice and support for AAKSS crews and allow hospitals to better prepare for patient arrival. Both of these concepts have the potential to significantly improve patient care and outcomes. We are delighted that Phillips, a global leader in healthcare technology, has recognised AAKSS as a leading service for innovation and has chosen us to be the first service in the world to trial this exciting new technology.

We aim to develop these concepts and technologies in the coming years as we continue to strive to improve the outcomes and quality of life for our patients and we are investing in our research programme already, having our first paramedic PhD fellow. Our focussed investment in research in this year has resulted in our first paramedic fellow commencing a PhD.

Our Future

The ambitious and inspiring approach that we have developed will maximise our impact through sustained innovation and increased income generation allowing us to continue to deliver best in class emergency services, saving more lives and improving many more patient outcomes. Working collaboratively with all staff in an open and focused manner we have developed a strategy, which enhances our mission by bringing the best pre-hospital care to critical patients wherever they are and whenever they need it.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CHAIR'S REPORT

Our Future (continued)

No matter what role they fulfil at AAKSS, everyone strives to improve patient outcomes. Through our service delivery directorate, we aim to realise the full potential of our current assets and develop our organisational agility and resilience to respond to demand. In order to achieve this, we will diversify our fundraising portfolio in order to grow income generation to £17 million in 2022.

Our research and innovation strategy will provide evidence of our impact and develop new knowledge to improve our services and share knowledge so that we continue to influence policy and practice on a truly global scale. Underpinning all of these aims are our core enablers especially our staff whose wellbeing is paramount. We will elevate our people agenda and aim to attract, develop and retain the best people by investing in their development, supporting internal communications and implementing a proactive approach to talent management.

We strongly believe our strategy underpinned by our core values moves us closer to our ultimate vision - a society where no one dies following sudden, unexpected trauma or medical emergency.

A handwritten signature in black ink, consisting of a large, stylized 'B' followed by a series of loops and a long horizontal stroke.

Dr H A Bowcock

Chair

16th December 2019

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

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 2019. 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 an Articles of Association, which were last amended on 18 July 2018. 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 3.

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

FINANCIAL SUMMARY

The Group had a surplus for the year, before taking into account the unrealised gain on investments, of £0.704m (2018 – surplus of £3.141m). Further information about the investments is detailed below under ‘Investment Policy and Returns’.

After taking into account the unrealised gain on investments of £0.237m, the Group had a surplus of £0.941m (2018 – surplus of £3.255m).

TRUSTEES

The Trustees who served during the year were as follows:

	Committee
Dr H A Bowcock – Chair	PFRC/CGSD
Surgeon Commodore S W S Millar - Vice Chair (resigned 20 th June 2019)	CGSD
P J Barrett	IG/AAPL
Ms C M Blewett (resigned 31 st October 2019)	FC
D H B Burgess	CGSD/AR
M J Docherty (resigned 24 th July 2018, reappointed 1 st August 2019)	FC
A M Farrant	IG/AAPL
J R H Loudon (resigned 14 th March 2019)	PFRC
T S N Oakes (Honorary Treasurer)	AR
Professor A Rhodes (appointed 14 th March 2019)	CGSD
MS W Simkins (resigned 29 th November 2018)	IG
P D Stewart	AR

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

TRUSTEES (continued)

AR = Audit and Risk Committee

CGSD = Clinical Governance and Service Delivery Committee

FC = Fundraising and Communications Committee (formerly known as Income Generation Committee - IG)

AAPL – Directors of AAPL

PFRC – Planning, Finance and Resources Committee

PUBLIC BENEFIT

Our purpose 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'.

HEMS teams are targeted to the most seriously ill and injured patients across the region. The very nature of the injuries or illness that they are likely to have means that they will require the highest levels of specialist care. At the time of writing, AAKSS is the only air ambulance service in the country to provide a 24/7 helicopter service.

During the year 1st April 2018 to 31st March 2019, our crews carried out 2,506 missions (2018: 2,205) in total and treated 1,672 patients (2018: 1,561) in a region of 3600 square miles. There were 862 missions at night between the hours of 19:00 and 07:00 (2018: 684).

15.8% of our patients were aged between 50 and 59 years, 15.6% were aged between 20-29 years and 13.5% were aged between 30-39 years. Gender: 75% male, 25% female.

173 patients had severe head injury requiring intubation (i.e they needed to be anaesthetised before being transferred to hospital). Over half of these cases were in remoter parts of our region and therefore some considerable distance from a Major Trauma Centre.

1,313 patients were defined as having a traumatic injury in one form or another.

297 patients were in cardiac arrest when the crew arrived at the scene.

96 Patients were classified as Code Red. This means that they have significant bleeding which requires urgent administration of blood products, either during the pre-hospital phase of care or shortly after arrival at hospital.

Incident type: 37% Road Traffic Accident, 25% accidental injury, 18% medical, 8% assault, 6% intentional self-harm, 4% sport/leisure, 1% exposure, 1% other

Proportion of missions undertaken via air vs road: 66% of jobs were tasked to our helicopters and 34% were tasked to the rapid response cars.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT

Achievements and Performance

Staff and patient wellbeing

On 28th June 2018 the Care Quality Commission published a report on their inspection of our service, conducted at our Redhill base in March of that year. The full text of the report can be found here:

<https://www.cqc.org.uk/location/1-221134428>

We were pleased to receive a strong commendation from the inspectors on every aspect of our service, according to their inspection criteria which are safe, effective, caring, responsive and well-led. These extracts are from the report which provide examples of their comments:

Safe:

"People were protected by a strong comprehensive safety system, and a focus on openness, transparency and learning when things went wrong. All staff we spoke with were open and transparent, and fully committed to reporting incidents and near misses."

Effective:

"People's care and treatment was planned and delivered in line with current evidence-based guidance, standards and best practice and legislation. Standard operating procedures reflected up to date and relevant legislation and evidence-based guidance."

Caring:

"Feedback from people, who used the service, was continually positive and showed staff had demonstrated encouraging, supportive and compassionate care."

Responsiveness:

"Staff were competent and understood the importance of taking into account the differing needs of patients. Staff had taken part in a variety of published research projects to respond to the needs of patients."

Well-led:

"The service had a clear vision with quality and safety as the top priority. There was a robust and realistic strategy for achieving the vision and delivering good quality care."

The report concludes with a summary of the aspects of our service that the inspectors consider to be outstanding. Here are some highlights from the concluding comments which provide evidence of outstanding practice.

"Safe innovation was celebrated and research was encouraged....The service had also published a variety of research papers that had received recognition, such as the top 10 most influential paper."

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)

Achievements and Performance (continued)

Staff and patient wellbeing (continued)

“Staff took the time to interact with people who used the service in a respectful and considerate manner.”

“The service was recognised for providing good teamwork and partnering with other providers. The service was awarded ‘team of the year’ by the local NHS ambulance trust. They were also awarded partner of the year by the local fire and rescue emergency services.”

“There was effective collaboration and support across all staff groups and a common focus on improving quality of care and people’s experiences. The positivity and enthusiasm from all members of staff we spoke with was overwhelming. All staff demonstrated a passion to drive improvement and provide the best possible care.”

Key partnerships

The needs of critically ill and injured patients are extremely complex and whilst our service plays an important role in saving their lives and returning them to their families it is essential that the care we provide is delivered as part of a networked approach which supports patients from the point of call for help through their hospital journey and beyond into rehabilitation and their return home. It is therefore of fundamental importance that we work collaboratively with our NHS ambulance service and hospital network partners to ensure that together we realise the greatest impact and best outcome for our patients.

We have a formalised agreement in place with SECamb, the NHS ambulance service that covers our region, however beyond this, we have worked together to strengthen our relationship. This is exemplified by the appointment of one of our consultants as a SECamb Associate Medical Director. At a senior level executives from both organisations meet on a monthly basis to explore how strategically we can develop mutually beneficial approaches to operations, mutual aid and training. At a more operational level managers from both organisations have held a series of meetings to strengthen the links between our service and SECamb’s specialist critical care paramedic programme. As a result SECamb Critical Care Paramedics now have regular observer shifts on board one of our aircrafts. We have also created a network of liaison roles at each SECamb ‘Make Ready’ Centres drawn from former AAKSS staff who now work for SECamb to provide a mechanism for feedback between the two organisations for operational staff.

Our relationships with the three Major Trauma Centres that serve our region continue to be vitally important, not least because they are the destination for almost two thirds of all of our patients. With our support, King’s College Hospital successfully achieved the necessary planning consents to allow their helipad to be operated at night making it the first 24/7 facility of its kind in the capital. This development not only benefits the patients we currently treat at night by reducing the time it takes to get to a Major Trauma Centre but also means that our newly launched inter-hospital transfer service developed following collaborative work with one of our other Trauma Centres, St. Georges,

is able to offer benefit what ever the time of day or night. The 24/7 helipad at Kings, we believe, is of such significance to our service and our patients that we agreed to contribute towards the revenue cost to ensure its continued availability. As the only Major Trauma Centre located within our region Brighton and Sussex University Hospital Trust (BSUH) remains a key partner. As a result the majority of our clinical staff work for both organisations and BSUH has made the significant financial investment necessary to develop a roof top helipad to support our service.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (continued)

Key partnerships (continued)

Our newly launched inter hospital transfer service further demonstrates how collaboration with our health partners can broaden our impact. The transfer service enables patients who have a time critical need to be transferred from one hospital to another, to have the speed advantage of our aircraft and the benefit of a clinically significant specialist intervention or level of care. This innovative service not only provides a clear advantage to the individual patients but also increases the availability of the hospital and ambulance staff who would ordinarily have undertaken the transfer.

One of the most significant challenges facing our service is identifying the patients who will most benefit from our care as quickly and accurately as possible from the over 2000 emergency calls made to the ambulance service in our region each day. As part of our approach to meeting this challenge we have developed a partnership with another charity, GoodSAM, who have developed novel technology which allows live streaming from a mobile phone camera. We have collaborated to create an innovative system that enables 999 calls to provide real time footage to our staff from the scene to enable us to determine more accurately the needs of the patient before we arrive.

Once at the patient's side it is vitally important that the care we deliver is truly world class. To support this we have formed a partnership with Philips to pilot technology developed with the support of the European Space Agency, which allows physiological and monitoring data to be streamed in real time from our patients directly to our on-call consultant to support our crew delivery of care. This same technology can also enable transmission to our receiving hospital allowing the hospital clinician to gain insight into the patient's condition before they arrive at hospital and thereby providing a more seamless transition of care.

Clinical Governance

The Trust continues to invest considerable time and resource in clinical governance processes in our commitment to providing the best possible care to patients. During the year, regular Clinical Governance meetings were held, averaging one per week, involving the clinical and operational teams and including training sessions delivered to the Emeritus Clinicians.

Every mission is reviewed and, with a 'no blame' approach, discussions take place about key missions to identify any areas for improvement. The teams have clearly identified objectives and performance metrics. These include measures of the time to activate the aircraft, for example, and for reducing the number of cases that would normally warrant HEMS that are missed.

An objective has been set that there should be no unexpected deaths within 48 hours of care by our teams. Our teams consider it imperative to understand why patients die as this is the only way to ensure that everything that could have been done has been done. This analysis also provides the ability to see retrospectively which patients may have benefitted had new treatments been available and helps to inform decisions about adopting new practice. This is a complex area and one of focused on-going research by this service.

Understanding the cause of death also plays a large part in shaping the nature and methods of delivering training to the teams to ensure that they are as prepared as possible for the type and nature of injuries that they may face at the roadside. AAKSS runs two major training courses each year for our new members of the operational team. Getting this training right is an essential component of effective clinical governance.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (continued)

Clinical Governance (continued)

As well as Clinical Governance days, crews often have 'supervised shifts' where a HEMS Consultant flies as an additional member of the team to assess performance and provide feedback and direction for improving patient care.

Training

Each year two cohorts of new doctors join AAKSS to work full time for up to one year. They begin with an intensive training programme delivered by our experienced Paramedics and Doctors during which they are continuously evaluated. This year we have also recruited an additional four full time paramedics. Training includes both classroom lectures and simulations or 'moulages' of the real situations that the crews encounter. The doctors and paramedics are rigorously tested not only on their clinical knowledge, but on areas such as communication skills with other crew members and with the patient.

During the year, eight doctors completed their time with our service and returned to the hospitals from which they had come which include St George's, King's College Hospital and EMRS in Scotland. There is a strong commitment to sharing best practice locally and internationally and increasing interest from doctors from other countries to work for AAKSS.

The base in Hangar 10 at Redhill includes a training centre offering classrooms and sufficient space to deliver the moulages, which are a very significant part of the training. In addition to our own staff, student paramedics from the University of Surrey, Canterbury Christchurch University and from South East Coast Ambulance Service (SECAmb) attend the courses.

Research

Acknowledging the importance of research to our culture of continuous improvement, the Trustees made their decision to invest in our own research activities. In line with our new Strategy, we continue to achieve meaningful research output, having published five papers in the period in leading medical journals. In 2018, AAKSS won a trio of research awards, including the best projects at Retrieval 2019, the Faculty of Pre-hospital Care and London Trauma conference. We currently have 30 projects at various stages of progress. We continue to collaborate with key research partners, including SECAmb and the University of Surrey.

Several research projects, like live video streaming from scene, have attracted widespread media attention including TV news coverage. The published paper featured on the Resus Room podcast, which has over 50,000 listeners

We have been selected by Phillips to be the first customer in the world to use the new Intellispace Corsium software on the Tempus monitor. This project is also being undertaken in collaboration with the European Space Agency (ESA) and involves live-streaming patient physiology from the aircraft/ambulance to the on-call Consultant and/or hospital.

We have already seen positive patient impact within the first week of the trial and are working on a media launch. ESA have previously expressed interest in supporting instrument flying and point-in-space navigation.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (continued)

Research (continued)

We are on track with the in-aircraft care project. The initial simulator work has led to the creation of a new Statement of Practice (SOP) and we have performed anaesthetics in the aircraft on the ground on live missions. Further simulation work is now ongoing to inform in-flight care.

As an example of our research collaboration, a new project has been established during the year with Medfield, a Swedish company that has developed an advanced portable brain scanner using microwave technology. It offers the opportunity for the rapid diagnosis of stroke or brain injury in a pre-hospital environment. This research trial will be conducted in collaboration with King's College Hospital. Another collaborative project with King's is also aiming to use the VideoBadge body cameras to improve our understanding of teamwork and non-technical skills. A new collaborative project with Kings College Hospital is also aiming to use the VideoBadge body cameras to improve our understanding of teamwork and non-technical skills.

Fundraising activities

We receive much support from individuals through a range of activities. Through their support, our donors really do help to lay the foundations for everything we do and we truly value every contribution we receive. We work hard to build and develop lasting relationships with grant making trusts and foundations and cultivate long-term support from the corporate sector. Our trading operation focuses on the promotion and sale of tickets for our subscription lotteries and our raffles, and the sale of our charity Christmas cards.

Our aim is to improve patient outcomes by delivering the most effective pre-hospital emergency service and to continuously develop understanding of our impact. This could not be achieved without the generosity of our supporters and through the dedication and pioneering spirit of our people.

Our team of charity staff work to raise the income required with the help of carefully selected professional fundraisers and commercial participators. To promote our lotteries, we engage with a professional canvassing agency. We work very closely with them to ensure compliant fundraising practices and procedures are in place and are adhered to. We engage with some businesses through commercial participation agreements, which encourage a consumer to purchase their goods on the basis the charity will receive a percentage or an amount of funds as a result. Great care is taken to ensure that we have the correct contractual arrangements in place to set out the standards and obligations that must be met.

The Trust is committed to protecting individuals who may be vulnerable, or find themselves in difficult circumstances. Our charity staff and the lottery canvassers we engage with receive regular, appropriate training and have received guidance to help them manage a difficult situation when one occurs. In addition, lottery canvassers that represent us have completed a registration to become Dementia Friends to broaden their understanding and their ability to recognise this.

We are registered with the Fundraising Regulator and as part of our fundraising promise we strive to ensure that all of our fundraising is conducted in a fair and responsible way. The Code of Fundraising Practice delivers a set of principles and standards for us to adhere to. We comply with data protection regulation and make it easy for people

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
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YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (continued)

Fundraising activities (continued)

to choose how we communicate with them, what they receive, and to also tell us if they no longer wish to hear from us.

We strive to delight and exceed the expectations of our supporters as without them, we simply could not operate and make such a difference in our region. However, we acknowledge that there may be times when we do not meet our own high standards. When this does happen, we want to hear about it, deal with the situation as quickly as possible and put measures in place to prevent a recurrence. We take complaints very seriously and treat them as an opportunity to improve. We are always very grateful when we hear from people who are willing to take the time to help us make these improvements. In the last year we processed 1.8m transactions (including lottery payments and donations) and received just 21 complaints about our fundraising. Each complaint was fully investigated and these investigations have helped us learn and improve. We were able to resolve all complaints through our complaints procedure and some have been instrumental in changes made to our processes.

Our Volunteers

The Trust is very involved in the community and relies heavily on voluntary help. There are 201 volunteers (2018: 199) 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.

GOVERNANCE

The Trustees maintain an on-going review of governance with reference to guidance from the Charity Commission, the Fundraising Regulator and the Charity Governance Code.

In November 2018, having reviewed the governance structure including committee structure, the Board agreed to create a new Audit and Risk Committee, revise and agree Matters reserved for the Board and revise and agree delegated authority and decision making rights. Work was also completed to clarify and document the Trustee roles and responsibilities, with role profiles for Chair, Committee Chairs and Trustees.

A specialist company Professional Governance Services (PGS), was engaged to provide governance support to the Board and their review commenced in January 2019. This review looked at the proposals for the new committee structures, the portfolio of policies in place, and in particular safeguarding policies and practices.

A new Trustee role was created with particular focus upon people, to provide oversight and support to staff responsible for Human Resources with a particular Board responsibility for Safeguarding. The review by PGS looked at safeguarding across all areas of the organisation and has culminated in the development of our safeguarding practises and a revised safeguarding policy.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (continued)
Governance (continued)

Sub Committees

The new committee structure took effect from April 2019 and all Trustees are required to join at least one Sub Committee, which meet quarterly, within a few weeks of Board meetings.

Audit and Risk Committee: the purpose of this committee is to support the Board in executing its responsibilities around Risk Management, internal control and governance and to ensure that funds are used appropriately. The committee provides scrutiny and oversight of all financial aspects of the organisation, including the trading subsidiary and reviews budgets and financial performance. It has been delegated to appoint and remove investment advisors who manage the charity's cash assets.

Clinical Governance and Service Delivery Committee: this committee provides assurance to the Board in relation to Clinical Governance and service delivery of HEMS. It also receives reports on research activities and on complaints and serious incidents.

Fundraising and Communications Committee: the purpose of the committee is to provide assurance to the Board in relation to the Charity's fundraising and income generation and brand communications activities. The committee provides scrutiny and oversight of all fundraising activities, which includes trading activities, predominantly the lottery. It reviews marketing plans and compliance with GDPR and Fundraising Regulations.

Trustee Recruitment process

A nominations process has been established for the appointment of new Trustees. A Nominations sub committee is made up of the Chair, the relevant sub committee chair, the CEO and one or two other Trustees. Applicants are required to submit a CV and attend an informal meeting at one of the bases to see the charity's work in action and to determine whether they wish to proceed with their application. Selected candidates proceed to a formal interview with the Nominations Committee, which makes its recommendations to the Board. Appointment to the Board is by a majority vote.

Skills audit and Trustee recruitment and induction

A trustees' skills audit was undertaken and an updated matrix was presented to the Board on 29th November 2018. This exercise identified that clinical skills are the least represented and therefore the area in most urgent need of strengthening. A recruitment agency, Prospectus, which specialises in diversity and the not for profit sector, was engaged to conduct an open search for a clinical trustee. This culminated in the selection and appointment of Professor Andrew Rhodes who joined the Board on 15th March 2019.

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 in relation to the Trust. They are also asked to declare any conflicts of interest both on this register and at the beginning of each Board meeting.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)

Skills audit and Trustee recruitment and induction (continued)

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 all non-clinical staff are benchmarked against similar sized organisations and charities delivering equally complex and demanding outputs.

FINANCIAL REVIEW

Income Generation

The Group's overall income was £14.845m (2018: £14.113m) an increase of 5% on the previous year.

Donations and legacies of £4.129m and our trading income of £7.997m predominantly from our well supported Lottery, represent 82% of our income and are due to the hard work of our staff, volunteers, lottery canvassers and most importantly, the continued support and loyalty of the general public.

Income from Group Fundraising and Events of £1.063m (2018: £1.141m) decreased by 7% 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.

EXPENDITURE

Note 5 at page 41 shows that total expenditure increased by 29% to £14.140M (2018: £10.972m) for four main reasons:

1. The Charity had a full year operating its first AW169 (KSST) replacing the old MD902 (KAAT). In August 2018, the charity took delivery of a second AW169, KSSC, which entered into service in September 2018 to replace an MD902 (KSSAA). The AW169 standing charge rates are 135% more than the MD902s and the flying charge rates are 67% greater. As a result, the HEMS operating costs have risen by £1.862m with £1.683m being Air Ambulance running costs and the remainder being clinical staffing costs and depreciation on new helicopter equipment.
2. The trading company grew its lottery membership by 18% to 96,372 in the year increasing turnover by £1.1m. The cost of sales mainly on canvassing costs, increased by £0.759m.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)
EXPENDITURE (CONTINUED)

3. Our premises costs have increased by £0.228m as we have moved to new facilities at Hangar 10 at Redhill Aerodrome and Rochester City airports.

The Charity had a full year operating out of Hangar 10 at Redhill Aerodrome, which cost £2.4 m to refurbish and kit out in 2017/18. This facility provides the charity with hanger space for all of its helicopters, garage space to house all four response cars, training facilities providing classrooms and space to deliver simulations or “moulages”, sufficient storage and office space to house all the Operational team and all equipment and consumables. The facility also allows the charity to sublet part of the premises to our Helicopter leasing company, Specialist Aviation Services, which benefits the charity as we now have helicopter maintenance staff on site and the sublet provides an income to the charity. Hangar 2 our former base at Redhill Aerodrome was handed back to the landlord on 2nd October 2018.

In August 2018, the charity vacated the offices and hangar at Marden and moved the fundraising and administrative staff to a new purpose-built facility at Rochester City Airport. This new facility includes a modular build office block and a refurbished hangar and helipad and cost £2.4m to complete. The development provides staff with a fit for purpose environment in which to raise funds, promote the charity and deal with charity finance and administration. The facility incorporates a crew room, which enables the HEMS operation to use as a forward operating facility. It also provides the operation with added resilience in the event of Redhill being closed due to adverse weather or in the event of a catastrophic failure at the aerodrome.

4. The charity appointed consultants to assist in the development of a new charity wide strategy, to complete the review of governance including safeguarding, deal with PR after the departure of the CEO and in preparation for the appointment of a new CEO and to provide external assistance with regulatory and compliance matters. The total increase in consultancy cost is £0.206m.

The cost of raising funds increased by 28% to £1.736m (2018: £1.359m). The Income Generation team previously shared the accommodation at Marden with HEMS operations however since the move to Rochester City Airport, running costs including depreciation are included in the costs of raising funds. The move from Marden coincided with the rebrand launch and the appointment of a new PR consultant. In addition as previously mentioned, the Charity undertook a full review of its governance and developed, with the assistance of consultants, a new charity wide strategy. These costs have been split equally between charitable expenditure and the cost of raising funds.

The HEMS service plus associated overheads such as Property costs, Legal, Finance and administration make up the direct cost of charitable activities.. There was an increase of 27% in charitable expenditure to £10.222m (2018: £8.190m) and this accounted for 72% (2018: 75%) of total resource expenditure. As mentioned above £1.862m of the increase is due to HEMS operating costs and particularly the introduction of the new AW169 aircraft.

The management and administration overhead charged to charitable expenditure increased by 11% to £0.434m due to an apportionment of the consultancy charges relating to strategic planning and governance.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)
EXPENDITURE (CONTINUED)

The support cost, which include property and depreciation on leasehold assets, increased by £0.127m to £0.653m (2018: £0.526m) as it was the first full year of operations from our new larger facility at Redhill Hangar 10 and there was a full year's depreciation charge on the property and its fittings.

AIR AMBULANCE PROMOTIONS LIMITED (AAPL)

The Trust's trading company continued to achieve improved year on year results, as turnover was £8.002m (2018: £6.873m) an increase of 16%. Membership of the main lottery has increased by 17% to 96,372 and 56,029 (58%) of the members also enter the weekly Superdraw. The weekly draw known as "24/7" raises funds specifically for the night flying service and by the end of the year there were 4,743 (2018: 5,180) regular players. Total sales from the three weekly lottery draws and raffles amounted to £7.952m and increase of 17% on the previous year (2018: £6.807m).

Total merchandise and brand licencing sales amounted to £49.8k (2018: £66.5k) a decrease of 25% primarily due to a fall of £13k in sales to the Trust of branded merchandise. The company ran another successful Christmas card campaign and sales were £34k (2018: £35k) and the brand licencing agreements were down by £2k to £11k.

The directors of the company agreed with the Trust to gift aid each year's taxable profit to the Trust. This amounted to £6.554m during the year including the remaining taxable profits of £0.533m at the end of the year.

The company continued to closely monitor and manage the canvassing activities undertaken by its supplier Tower Lotteries, taking into account the requirements of our licence with the Gambling Commission, the requirements of the Fundraising Regulator. The governance process is subject to on-going review by the Company Directors and the Trust board via the Fundraising and Communications committee.

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. The trustees consider it appropriate to hold reserves in a combination of cash, low risk investment funds (Ruffer – targeting to preserve capital and beat returns on cash deposits), and balanced risk investment funds (Smith & Williamson – targeting returns of CPI + 3%).

On 8 March 2018 the Board of Trustees agreed to open an investment account with Smith & Williamson to reduce the portfolio risk. The Smith & Williamson account was opened with £2m being transferred from general reserves on 25th May 2018.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)

INVESTMENT POLICY AND RETURNS (CONTINUED)

On 11th September 2018 the Planning, Finance and Resources Committee decided to switch funds out of GAM London Limited and in November 2018, three investment houses were invited to present a strategy for future investment to the Planning Finance and Resources Committee. As a result of this review, the Board of Trustees appointed Ruffer LLP to be an investment manager alongside Smith & Williamson and authorised the liquidation of the investment held by GAM London Limited. The Trustees authorised a further £3m to be invested with Smith & Williamson and £4m with Ruffer LLP from the liquidated GAM investment.

At the year end the Charity had £9.203m (2018: £6.702m) invested in unlisted investments with three investment houses, Smith & Williamson, Ruffer LLP and GAM London Limited.

At 31st March, all but £0.064m of the GAM investment had been liquidated and returned to the Charity. This balance was received on 5th August 2019.

INVESTMENT POLICY AND RETURNS

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

Investment Performance	Portfolio	ARC Sterling Steady Growth Index	FTSE All Share Index
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%
Since inception (Feb 14) to 31 March 2018	28.2%	24.2%	23.1%
Since inception (Feb 14) to 31 March 2019	31.5%	31.6%	30.9%

From inception of the portfolio with GAM (21 February 2014) to 31 March 2019, the portfolio returned 31.5% compared to 31.6% for the peer group as measured by the ARC Sterling Steady Growth Index. The FTSE All-Share was up 30.9% over the same period.

At the year end the Charity had £5.140m portfolio with Smith & Williamson and is managed based on a multi-asset Portfolio Strategy which aims to achieve a combination of capital growth and income distributions over the long term (5 years +). Dividends are rolled over and there is no entry in these accounts, therefore, for investment income from this source.

The Trustees monitored Smith & Williamson's own total return as follows:

Investment Performance	Portfolio	MSCI WMA Balanced Index	CPI+3%
Since inception (May 18) to 31 March 2019	1.5 %	0.8%	3.92%

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STRATEGY REPORT (CONTINUED)

INVESTMENT POLICY AND RETURNS (CONTINUED)

From inception of the portfolio with Smith & Williamson (25th May 2018) to 31 March 2019, the portfolio returned 1.5% compared to the chosen benchmarks of 0.8% for MSCI WMA Balanced Index and 3.92% for CPI +3%.

The charity invested £4m on 29 March 2019 with Ruffer LLP. The portfolio is invested entirely in one in-house fund with the aim of delivering positive returns regardless of how the financial markets perform and at a higher rate than would be achieved by depositing funds in cash. The Ruffer LLP bench marking data for the period has not been included in this report as comparison with performance would be meaningless, given the very short period Ruffer LLP have managed our investment.

Investments are also made as cash deposits with banks (NatWest, Scottish Widows, Charities Aid Foundation) 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 be low during the year, resulting in a small increase of interest received to £15,772 (2018: £13,570).

The total unrealised gain from all investments amounted to £0.237m (2018: gain £0.114m).

On 8th February 2016 the Trust entered into a secured loan agreement with SAS (Kent) Limited to lend SAS 50% of the purchase price, £3,078,876, for the new AW169 Helicopter (G-KSST) at an interest rate of 4.771% over a 10 year term. At the year end interest of £140,094 (2018: £152,369) has accrued and the outstanding balance on the loan including amortised legal cost stood at £2,862,704 (2018: £3,140,433).

On 21st December 2017 the Trust entered into a second secured loan agreement with SAS (Surrey & Sussex) Limited to lend 50% of the purchase price, £3,627,935 for a second AW169 Helicopter (G-KSSC) at an interest rate of 4.771% over a 10 year term. The legal costs amounted to £69,748 and this has been capitalised and will be amortised over the term of the loan. Repayments commenced in September 2018 and at the year end interest of £175,554 (2018: £46,310) has accrued and the outstanding balance on the loan including legal costs stood at £3,640,047 (2018: £3,729,673).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)

RESERVES

The reserves policy is reviewed during the course of the year by the Audit & Risk Committee (AR) 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			
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 AR 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>
Designated (Unrestricted Funds)			
Capital Projects	Proposed capital expenditure projects as agreed and authorised by the full board of Trustees	Quarterly review by AR	Depending on the time-frame of the project, funds can be held in investments.
Property Fund	A significant capital sum deemed sufficient by AR 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 AR 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

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)
RESERVES (CONTINUED)

General Unrestricted Funds			
Class of Reserve	Value at any time	Trustee Review	Permitted Investments
General			
Operational Reserve	An amount as calculated by AR 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 AR 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 AR and agreed by the full board of Trustees to cover routine cash flow requirements for the proper running of the Charity	Monthly review by AR 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 AR 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.

In the case of all reserves classifications, funds are invested where planned expenditure is 2 or 3 years in the future, otherwise reserves are held in liquid or more liquid form. The general approach is to retain around 8 weeks' worth of expenditure in cash and at least 3 months' worth of expenditure available at a minimum of 3 days' notice from our invested funds. Total consolidated reserves increased by 4% to £26.024m and include restricted funds of 0.196m, general reserves of £12.413m and designated unrestricted funds of £13.267m.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)

General (Unrestricted) Reserves

The financial state of the Charity is 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 received 11% 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 a General Reserve. This sum presently stands at £12.561m (2018: £12.091m) which represents 10.7 months expenditure (2018: 13.2 months).

Designated (Unrestricted) Funds

A total sum of £13.267m has been designated as follows:

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

The Trust loaned SAS £6.707M for the acquisition of two AW169 Aircraft and the loans are included in the future helicopters fund. As the monies are repaid over the term of the loan, the interest received will usually be reinvested in the future helicopters fund to allow the Charity to prepare for future aircraft procurement. The Property fund for future helicopters stands at £7.501m (2018: £7.180m).

The Charity also had Capital Reserves which were either committed to or designated for its infrastructure requirements and these now total £nil (2018: £0.4m) as the two projects to refurbish Hangar 10 at Redhill Aerodrome and build the new offices at Rochester City Airport are complete. A further £0.250m (2018: £0.214m) remains designated for the purposes of reviewing our brand and fundraising development via digital marketing.

The fixed assets reserves presently stand at £5.517m (2018: £4.793m) representing the net book value of assets utilised by the Trust.

Restricted Reserves

The Trust retained a Restricted Funds balance of £0.196m (2018: £0.405m). A full analysis is shown at Note 14 page 51.

CHANGES IN FIXED ASSETS

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

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)

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.

Corporate risk is reviewed in relation to four specific domains:

- STRATEGIC
- OPERATIONAL
- FINANCIAL
- COMPLIANCE

A risk register (RADAR) records all corporate and directorate risks, 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, Clinical Governance and Innovation Committee which is chaired by Leigh Curtis, Executive Director of Service Delivery 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. 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.

Operational resilience and sustainability are significant risks to the Charity and the introduction of the new aircraft type (AW169) to replace the aging MD902s is intended to secure our aviation future for at least the next decade. In order to maintain the resilience of our operation these larger faster and better equipped aircraft can operate from our service delivery hub at Redhill Aerodrome and our smaller Forward Operating Base co-located with our Administrative headquarters at Rochester City Airport. We partner with a well respected organisation in SAS and have managed to maintain aircraft availability of 93.8% through the introduction of 2 new aircraft, despite their complexity and the additional maintenance requirements rightly imposed by EASA following the tragic fatal accident at Leicester. The new aircraft type and its availability are essential elements in a number of key strategic service developments such in flight care, enhanced inter hospital transfer, performance based navigation and centralised operations and as a result these programmes and the realisation of their associated benefits have been slowed, limited or taken longer to achieve.

The service as part of its development plan invested in additional aircraft capacity and resilience intended to drive up aircraft mechanical availability. This has had the result of largely negating the impact of the aviation challenges

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2019

STRATEGY REPORT (CONTINUED)

RISK (CONTINUED)

encountered in terms of aircraft availability has limited the impact to delays in service development programmes. The service is currently working with its aviation partner as a matter of high priority to develop a short to medium term improvements and benefits realisation programme supported by a revised and contractually underpinned service delivery approach.

The Trustees ensure that adequate reserves are in place so that appropriate investments can take place to improve our service delivery. 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 89% (2018: 93%) 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.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
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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 2019, the Charity's general reserves amount to £12.561m (2018: £12.091m), equivalent to over 10 months running costs (2018: 13 months).

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 U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report, which incorporates the Strategic Report, was approved by the board on 16th December 2019 and signed on its behalf.

A handwritten signature in black ink, consisting of a large, stylized 'O' followed by a series of loops and a long horizontal stroke extending to the right.

Dr H A Bowcock

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT, SURREY AND SUSSEX AIR AMBULANCE TRUST

Opinion

We have audited the financial statements of Kent, Surrey and Sussex Air Ambulance Trust for the year ended 31 March 2019 which comprise the consolidated statement of financial activities, consolidated balance sheet, charity balance sheet, cashflow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (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. Our audit work has been undertaken so that we might state to the charitable company's members 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2019 and of the group's incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KENT, SURREY AND SUSSEX AIR AMBULANCE TRUST

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- the information given in the trustees' report, which includes the directors' report and the strategy report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategy report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategy report or the director's report included within the trustees' report.

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

- the parent company has not kept adequate accounting records; or
- the parent 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.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 18 the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KENT, SURREY AND SUSSEX AIR AMBULANCE TRUST**

Responsibilities of trustees (continued)

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Darren Rigden

Crowe U.K. LLP

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

**Riverside House
40-46 High Street
Maidstone
Kent
ME14 1JH**

17 December 2019

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
		£	£	£	£
Income from:					
Donations and legacies	3	3,996,827	131,999	4,128,826	5,209,675
Charity activities	3	1,319,325	4,975	1,324,300	694,499
Trading activity	3	7,877,500	119,064	7,996,564	6,855,184
Investment income	3	331,419	-	331,419	212,248
Other income	3	1,063,492	-	1,063,492	1,141,117
Total income		14,588,563	256,038	14,844,601	14,112,723
Expenditure on:					
Raising funds	5	1,736,421	-	1,736,421	1,359,106
Charitable activities	5	10,094,690	127,222	10,221,912	8,189,806
Cost of sales trading subsidiary	5	2,181,926	-	2,181,926	1,422,662
Total expenditure		14,013,037	127,222	14,140,259	10,971,574
Operating surplus		575,526	128,816	704,342	3,141,149
 Unrealised gains/(losses) on investments	 8	 236,991	 -	 236,991	 114,141
Net income		812,517	128,816	941,333	3,255,290
Transfer between funds		337,559	(337,559)	-	-
Net movement in funds		1,150,076	(208,743)	941,333	3,255,290
 Reconciliation of funds:					
Fund balances brought forward	14	24,677,746	405,142	25,082,888	21,827,598
 Fund balances carried forward	 14	 25,827,822	 196,399	 26,024,221	 25,082,888

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

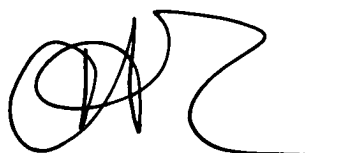
All operations are continuing.

The notes on pages 35 to 55 form part of these financial statements.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CONSOLIDATED BALANCE SHEET
31 MARCH 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	7	5,516,672	4,793,154
Investments	8	15,831,132	13,696,794
		<u>21,347,804</u>	<u>18,489,948</u>
CURRENT ASSETS			
Stocks	9	3,121	2,313
Debtors	10	1,276,265	1,505,419
Cash at bank and in hand	11	5,290,298	6,959,496
		<u>6,569,684</u>	<u>8,467,228</u>
CREDITORS: amounts falling due within one year	12	<u>1,893,267</u>	<u>1,874,288</u>
NET CURRENT ASSETS		<u>4,676,417</u>	<u>6,592,940</u>
NET ASSETS		<u>26,024,221</u>	<u>25,082,888</u>
RESERVES			
Designated Funds	14	13,267,294	12,586,378
General Funds	14	12,560,528	12,091,368
Restricted funds	14	196,399	405,142
		<u>26,024,221</u>	<u>25,082,888</u>

Approved by the Board on 16th December 2019
and signed on its behalf:




Dr H A Bowcock
Chair of Trustees

The notes on pages 35 to 55 form part of these financial statements.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
BALANCE SHEET
31 MARCH 2019

	Notes	2019 £	2018 £
FIXED ASSETS			
Tangible assets	7	5,516,672	4,793,154
Investments	8	15,831,134	13,696,796
		<u>21,347,806</u>	<u>18,489,950</u>
CURRENT ASSETS			
Debtors	10	1,250,898	1,069,499
Cash at bank and in hand	11	4,790,333	5,994,048
		<u>6,041,231</u>	<u>7,063,547</u>
CREDITORS: amounts falling due within one year	12	1,364,814	1,372,870
NET CURRENT ASSETS		<u>4,676,417</u>	<u>5,690,677</u>
NET ASSETS		<u>26,024,223</u>	<u>24,180,627</u>
RESERVES			
Designated Funds	14	13,267,294	12,586,378
General Funds	14	12,560,530	11,189,107
Restricted funds	14	196,399	405,142
		<u>26,024,223</u>	<u>24,180,627</u>

Approved by the Board on 16th December 2019
and signed on its behalf:



Dr H A Bowcock
Chair of Trustees

The notes on pages 35 to 55 form part of these financial statements.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2019

RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2019 £	2018 £
Net Incoming Resources	704,342	3,141,149
Investment Income	(15,772)	(13,570)
Interest accrued on loan to SAS	(315,647)	(198,679)
(Profit)/Loss on disposal of Fixed Assets	51,736	-
Amortisation	9,069	3,750
Depreciation	383,756	185,390
(Increase)/Decrease in Stock	(808)	11,825
Decrease/(Increase) in Debtors	229,154	530,554
(Decrease)/Increase in Creditors	18,979	205,946
Net Cash Inflow from Operating Activities	1,064,809	3,866,365
Returns on Investment		
Interest Received	15,772	13,570
Capital Expenditure and Financial Investments		
Purchases of Tangible Fixed Assets	(1,192,288)	(4,386,214)
Proceeds from Disposal of Tangible Fixed Assets	33,278	-
Investments made in year	(9,000,000)	-
Proceeds on disposal of investment	6,735,298	794,202
Loan repayments received	688,253	309,618
Investment in Loan to SAS	(14,320)	(3,683,363)
Net Cash Flow from Capital Expenditure and Financial Investments	(2,749,779)	(6,965,757)
Net Cash Inflow	(1,669,198)	(3,085,822)
Cash at Bank and in Hand		
Opening Balance at 1 April 2018	6,959,496	10,045,318
Net Cash Inflow for the year	(1,669,198)	(3,085,822)
Closing Balance at 31 March 2019	5,290,298	6,959,496

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

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

Air Ambulance Building
Rochester City Airport
Maidstone Road
Chatham
Kent
ME5 9SD

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.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (CONTINUED)

b) Basis of consolidation (continued)

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 £1.844m (2018: £2.353m).

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.

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.

c) 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.

d) 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.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (CONTINUED)

e) 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	straight line over the term of the respective lease
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

f) 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.

Loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

g) 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.

h) Value added tax

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

i) 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 5.

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.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (CONTINUED)

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

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 2019

3. INCOMING RESOURCES

			2019	2018
	Unrestricted funds	Restricted Funds	Total Funds	Total Funds
	£	£	£	£
Donations and Legacies				
Donations (not arising from events)	1,109,373	131,999	1,241,372	2,123,186
Legacies & In memorium	2,573,192	-	2,573,192	2,796,549
Collection Boxes	304,512	-	304,512	270,440
Waiver on rent	9,750	-	9,750	19,500
	<u>3,996,827</u>	<u>131,999</u>	<u>4,128,826</u>	<u>5,209,675</u>
Charity activities				
Intangible income – cars loaned by sponsor	4,201	-	4,201	3,477
Intangible income – Paramedics salaries paid by NHS	429,600	-	429,600	199,000
Doctors salaries paid by NHS	770,400	-	770,400	424,524
Intangible income on drugs & medical consumables	13,519	-	13,519	13,633
Intangible income – Armed forces Doctors salaries	-	-	-	10,823
Trading income in Trust	74	-	74	-
Lease income	151,369	-	151,369	23,016
Student placements, Seminars and Research	1,956	4,975	6,931	14,131
Profit and (Loss) on disposal of fixed assets	(51,736)	-	(51,736)	-
Exchange rate gains/(loss)	(58)	-	(58)	5,895
	<u>1,319,325</u>	<u>4,975</u>	<u>1,324,300</u>	<u>694,499</u>
Income from Trading Subsidiary	<u>7,877,500</u>	<u>119,064</u>	<u>7,996,564</u>	<u>6,855,184</u>
Investment income				
Bank deposit interest	12,362	-	12,362	12,700
Interest on loan	315,647	-	315,647	198,679
Bank deposit interest - Trading subsidiary	3,410	-	3,410	869
	<u>331,419</u>	<u>-</u>	<u>331,419</u>	<u>212,248</u>
Fundraising events				
Group fundraising and events	1,063,492	-	1,063,492	1,141,117
TOTAL INCOME	<u>14,588,563</u>	<u>256,038</u>	<u>14,844,601</u>	<u>14,112,723</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

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:

	2019 £	2018 £
Turnover	8,001,883	6,873,354
Cost of sales	<u>(2,060,659)</u>	<u>(1,307,131)</u>
Gross profit	5,941,224	5,566,223
 Interest receivable	 <u>3,410</u>	 <u>869</u>
	5,944,634	5,567,092
 Less overheads		
Administrative expenses	<u>(121,267)</u>	<u>(115,532)</u>
Income from subsidiary	<u>5,823,367</u>	<u>5,451,560</u>
Comprising:		
Paid to AAKSS - Lottery donations	5,122,747	4,389,827
Paid to AAKSS - Cost recharges	168,009	159,471
Profit for the year Gift Aided to Trust	<u>532,611</u>	<u>902,262</u>
Total income from subsidiary	<u>5,823,367</u>	<u>5,451,560</u>

The turnover includes £5,319 (2018: £18,170) relating to sales of merchandise to the Trust. External trading therefore amounted to £7,996,564 (2018: £6,855,184) and is included in the consolidated Incoming Resources note 3.

Air Ambulance Promotions Limited gift-aided the year-end profit of £532,611 to the charity and this was paid on 2nd July 2019.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

5. ANALYSIS OF TOTAL RESOURCES EXPENDED

			2019	2018
	Unrestricted Funds	Restricted funds	Total Funds	Total Funds
	£	£	£	£
Raising Funds				
Staff costs	858,577	-	858,577	838,394
Consultancy fees	71,280	-	71,280	4,646
Advertising promotion and publicity	86,912	-	86,912	111,991
Other costs	719,652	--	719,652	404,075
	<u>1,736,421</u>	<u>-</u>	<u>1,736,421</u>	<u>1,359,106</u>
 Direct Charitable expenditure				
Air Ambulance running costs	5,999,378	127,222	6,126,600	4,443,329
Paramedics costs	928,813	-	928,813	847,375
Clinical Managers	424,192	-	424,192	275,752
Doctors	1,007,969	-	1,007,969	900,755
Operational employees	497,530	-	497,530	591,326
Research and Education	57,409	-	57,409	141,421
Dep'n of helicopter equipment	92,469	-	92,469	72,705
	<u>9,007,760</u>	<u>127,222</u>	<u>9,134,982</u>	<u>7,272,663</u>
 Management and Administration				
Staff costs	134,122	-	134,122	163,162
Professional fees	37,137	-	37,137	37,926
Other costs	263,112	-	263,112	189,654
	<u>434,371</u>	<u>-</u>	<u>434,371</u>	<u>390,742</u>
 Support costs and depreciation				
Property expenses	472,107	-	472,107	442,888
Depreciation	180,452	--	180,452	83,512
	<u>652,559</u>	<u>-</u>	<u>652,559</u>	<u>526,400</u>
 Total Charitable expenditure	<u>10,094,690</u>	<u>127,222</u>	<u>10,221,912</u>	<u>8,189,806</u>
 Trading subsidiary cost	<u>2,181,926</u>	<u>-</u>	<u>2,181,926</u>	<u>1,422,662</u>
 TOTAL EXPENDITURE	<u>14,013,037</u>	<u>127,222</u>	<u>14,140,259</u>	<u>10,971,574</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

6. TOTAL RESOURCES EXPENDED

Total resources expended is stated after charging:	2019	2018
	£	£
Auditors' remuneration- as auditors	17,837	16,683
- for taxation services	500	500
- for professional advice provided	2,555	2,947
Operating leases - land and buildings	274,978	249,944
- helicopter (including pilotage standing charges)	4,672,656	3,339,660
- cars	36,181	43,863
- office equipment	14,982	16,145
Depreciation	383,756	185,390
	<hr/>	<hr/>
Staff costs	2019	2018
	£	£
Wages and salaries	2,153,297	1,991,424
Social security costs	195,558	188,121
Pension costs	167,454	174,830
	<hr/>	<hr/>
	2,516,309	2,354,375
	<hr/>	<hr/>

Two ex-gratia payments totalling £24,089 were made in the year by way of compensation for the termination of employment. (2018: £9,955)

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

	2019	2018
	No.	No.
Management and administration	7	6
Fundraising and publicity	22	22
Direct charitable expenditure	51	45
	<hr/>	<hr/>
	80	73
	<hr/>	<hr/>

The equivalent number of full time staff is 43 (2018: 44) including 30 full time (2018: 28) and 50 part-time staff (2018: 45).

	2018	2017
Ten (2018: eight) employees earned more than £60,000 during the year in bandings as follows:		
£60k-£70k	5	4
£70k - £80k	4	2
£80k - £90k	-	1
£100k - £110k	-	1
£110k - £120k	1	-

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

6. TOTAL RESOURCES EXPENDED (CONTINUED)

The total amount of employee benefits received by the seven (2018: six) members of the Senior Management team was £554,354 (2018: £520,704)

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 £771,951 (2018: £698,991) and NHS Clinical Managers and Paramedics £724,389 (2018: £675,343).

7. TANGIBLE FIXED ASSETS

GROUP AND CHARITY	Redhill Base	Helicopter equipment (incl plant)	Motor vehicles	Computer equipment	Office equipment	Rochester Base	Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2018	2,472,970	894,981	134,661	291,475	241,632	2,050,253	6,085,972
Additions	310,540	406,173	-	113,450	58,702	303,423	1,192,288
Disposals	(371,773)	(108,005)	(16,900)	(152,967)	(128,724)	-	(778,369)
At 31 March 2019	2,411,737	1,193,149	117,761	251,958	171,610	2,353,676	6,499,891
Depreciation							
At 1 April 2018	310,174	559,651	102,787	181,304	134,402	4,500	1,292,818
Disposals	(293,310)	(105,380)	(16,901)	(152,392)	(125,372)	-	(693,355)
Charge for the year	107,510	92,469	12,750	47,970	33,037	90,020	383,756
At 31 March 2019	124,374	546,740	98,636	76,882	42,067	94,520	983,219
Net book values at 31 March 2019	2,287,363	646,409	19,125	175,076	129,543	2,259,156	5,516,672
<i>At 31 March 2018</i>	<i>2,162,796</i>	<i>335,330</i>	<i>31,874</i>	<i>110,171</i>	<i>107,230</i>	<i>2,045,753</i>	<i>4,793,154</i>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

8. FIXED ASSET INVESTMENTS

GROUP	Listed Investments £	Unlisted Investment £	Total £
Market value			
At 1 April 2018	6,701,688	6,995,106	13,696,794
Additional investment in year	9,000,000	14,320	9,014,320
Interest accrued	-	315,647	315,647
Repayment of loans	-	(688,253)	(688,253)
Disposal in the year	(6,735,298)	-	(6,735,298)
Amortisation	-	(9,069)	(9,069)
Increase/(Decrease) in valuation	236,991	-	236,991
At 31 March 2019	9,203,381	6,627,751	15,831,132

	Shares in Subsidiary Company	Listed Investments £	Unlisted investment s £	Total £
CHARITY	£	£	£	£
Market value				
At 1 April 2018	2	6,701,688	6,995,106	13,696,796
Additional investment in year		9,000,000	14,320	9,014,320
Interest accrued		-	315,647	315,647
Repayment of loans		-	(688,253)	(688,253)
Disposal in the year		(6,735,298)	-	(6,735,298)
Amortisation		-	(9,069)	(9,069)
Increase/(Decrease) in valuation		236,991	-	236,991
At 31 March 2019	2	9,203,381	6,627,751	15,831,134

GROUP and CHARITY

Listed investments comprises the following:

	Original cost of the Investment £	Market Value £
GAM Charity Growth	67,824	63,534
Smith & Williamson portfolio	5,000,000	5,139,774
Ruffer LLP portfolio	4,000,000	4,000,072
AT 31st March 2019	9,067,824	9,203,380

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

8. FIXED ASSET INVESTMENTS (CONTINUED)

	2019	2018
Unlisted Investments comprise of the following:		
Helicopter Loans	6,502,751	6,870,106
Enterprise investment	125,000	125,000
	<hr/>	<hr/>
As at 31 st March 2019	6,627,751	6,955,106
	<hr/>	<hr/>
	£	£
Movement on investments		
Market value at the beginning of year	6,826,690	7,506,751
Additions in year	9,000,000	-
Disposals in year	(6,735,298)	(794,202)
	<hr/>	<hr/>
	9,091,392	6,712,549
	<hr/>	<hr/>
Market value at end of year	9,328,382	6,826,690
Increase/(Decrease) in value	236,990	114,141
	<hr/>	<hr/>

SUBSIDIARY BALANCE SHEET

The assets and liabilities of the subsidiary were:	2019	2018
	£	£
Current assets		
Stock	3,121	2,313
Debtors	704,732	742,050
Cash at bank	499,965	965,448
	<hr/>	<hr/>
	1,207,818	1,709,811
	<hr/>	<hr/>
Creditors: amounts falling due within one year	(1,207,816)	(807,547)
	<hr/>	<hr/>
	2	902,264
Representing:		
Called up share capital	2	2
Profit and loss account	-	902,262
	<hr/>	<hr/>
	2	902,264
	<hr/>	<hr/>

Air Ambulance Promotions Limited gift aided to the Charity the profits of £532,611 on 2nd July 2019 (2018: £902,262) and 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.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

9. STOCKS

	Charity		Group	
	2019	2018	2019	2018
	£	£	£	£
Goods for resale at cost	-	-	3,121	2,313

10. DEBTORS

	Charity		Group	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	123,600	251,643	125,200	253,991
Current account with subsidiary	679,364	306,130	-	-
Other debtors	19,863	81,799	168,331	384,916
Prepayments and accrued income	428,071	429,927	982,734	866,512
	<u>1,250,898</u>	<u>1,069,499</u>	<u>1,276,265</u>	<u>1,505,419</u>

11. CASH AT BANK AND IN HAND

	Charity		Group	
	2019	2018	2019	2018
	£	£	£	£
Investment deposit accounts	3,437	3,430	3,437	3,430
Other bank accounts	4,786,524	5,990,236	5,286,324	6,955,519
Petty cash	372	382	537	547
	<u>4,790,333</u>	<u>5,994,048</u>	<u>5,290,298</u>	<u>6,959,496</u>

12. CREDITORS: amounts falling due within one year

	Charity		Group	
	2019	2018	2019	2018
	£	£	£	£
Trade creditors	909,029	606,445	951,447	684,033
Other taxation and social security	75,202	82,454	75,202	82,454
Accruals and deferred income	380,583	683,971	866,618	1,107,801
	<u>1,364,814</u>	<u>1,372,870</u>	<u>1,893,267</u>	<u>1,874,288</u>

Included in accruals are outstanding pension contributions of £2,816 (2018: £1,159).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

13. FINANCIAL INSTRUMENTS

	Charity		Group	
	2019	2018	2019	2018
	£	£	£	£
FINANCIAL ASSETS				
Financial assets measured at amortised costs	21,212,364	20,103,737	17,034,492	20,769,063
	<u>21,212,364</u>	<u>20,103,737</u>	<u>17,034,492</u>	<u>20,769,063</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(1,249,789)	(1,275,506)	(1,280,719)	(1,369,274)
	<u>(1,249,789)</u>	<u>(1,275,506)</u>	<u>(1,280,719)</u>	<u>(1,369,274)</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, £13.267m (2018: £12.586m) has been defined as designated funds and earmarked for the future helicopter and Digital Marketing and includes the net book value of the fixed assets. A full analysis is detailed below. The balance of £12.561m (2018: £12.091m) has been classified as General funds. The General Funds are not specifically earmarked but equate to 10.7 months of expenditure used to further the Charity's objectives.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

14. ANALYSIS OF FUNDS (CONTINUED)

Designated Funds

	As at 31 st March 2018 £	Utilised/ Released £	New Designations £	As at 31 st March 2019 £
Fixed Assets	4,793,154	(468,770)	1,192,288	5,516,672
Future Helicopters	7,179,723	(9,069)	329,968	7,500,622
Future Infrastructure	399,684	(416,193)	16,509	-
Digital Marketing	213,817	(25,617)	61,800	250,000
	<u>12,586,378</u>	<u>(919,649)</u>	<u>1,600,565</u>	<u>13,267,294</u>

The Fixed Assets fund is the net book value of Fixed Assets.

The future helicopter fund includes the value of the loans made to SAS for the acquisition of the two AW169 helicopters £6.707m, plus the legal costs incurred £0.120m. The legal cost is being amortised over the terms of each loan and is charged to the fund and the interest received during the period is added to the fund. The balance at the end of the period is £7.501m.

Digital Marketing is the fund set aside for the development and implementation of a new website.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

14. ANALYSIS OF FUNDS (Continued)

Movements in Funds

Group	General £	Designated £	Total Unrestricted £	Restricted £	Total Funds 2019 £	Total Funds 2018 £
Balance at 1 April 2018	12,091,368	12,586,378	24,677,746	405,142	25,082,888	21,827,598
Total income	14,588,563	-	14,588,563	256,038	14,844,601	14,112,723
Total expenditure	(13,093,388)	(919,649)	(14,013,037)	(127,222)	(14,140,259)	(10,971,574)
(Loss)/gain on investments	236,991	-	236,991	-	236,991	114,141
Transfers between funds	(1,263,006)	1,600,565	337,559	(337,559)	-	-
Balance at 31 March 2019	12,560,528	13,267,294	25,827,822	196,399	26,024,221	25,082,888

Charity	General £	Designated £	Total Unrestricted £	Restricted £	Total Funds 2019 £	Total Funds 2018 £
Balance at 1 April 2018	11,189,107	12,586,378	23,775,485	405,142	24,180,627	21,827,600
Total income	13,314,219	-	13,314,219	256,038	13,570,257	11,805,970
Total expenditure	(10,916,781)	(919,649)	(11,836,430)	(127,222)	(11,963,652)	(9,567,084)
(Loss)/gain on investments	236,991	-	236,991	-	236,991	114,141
Transfers between funds	(1,263,006)	1,600,565	337,559	(337,559)	-	-
Balance at 31 March 2019	12,560,530	13,267,294	25,827,824	196,399	26,024,223	24,180,627

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

14. ANALYSIS OF FUNDS (CONTINUED)

Group	General £	Designated £	Total Unrestricted £	Restricted £	Total Funds 2019 £	Total Funds 2018 £
Tangible fixed assets	-	5,516,672	5,516,672	-	5,516,672	4,793,154
Investments	9,328,381	6,502,751	15,831,132	-	15,831,132	13,696,794
Cash	3,846,028	1,247,871	5,093,899	196,399	5,290,298	6,959,496
Other assets and liabilities	(613,881)	-	(613,881)	-	(613,881)	(366,556)
Balance at 31 March 2019	12,560,528	13,267,294	25,827,822	196,399	26,024,221	25,082,888

Charity	General £	Designated £	Total Unrestricted	Restricted £	Total Funds 2019	Total Funds 2018
Tangible fixed assets	-	5,516,672	5,516,672	-	5,516,672	4,793,154
Investments	9,328,383	6,502,751	15,831,134	-	15,831,134	13,696,796
Cash	3,346,063	1,247,871	4,593,934	196,399	4,790,333	5,994,048
Other assets and liabilities	(113,916)	-	(113,916)	-	(113,916)	(303,371)
Balance at 31 March 2019	12,560,530	13,267,294	25,827,824	196,399	26,024,223	24,180,627

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

14. ANALYSIS OF FUNDS (CONTINUED)

Restricted Funds

	As at 31 st March 2018	Incoming Resources	Resources Expended	Transfers between funds	As at 31 st March 2019
Group & Charity	£	£	£	£	£
Training centre	241,000	-	-	(219,129)	21,871
HEKSS Training	10,623	-	-	-	10,623
Night Flying	500	231,612	(119,564)	(112,548)	-
Head Scanners	14,791	19,131	-	-	33,922
Fidelity Mannequins	22,519	-	-	-	22,519
Ultra Sound	25,727	-	-	-	25,727
Ventilator	3,862	-	-	(3,862)	-
Autopulse – Cardiac					
Support pump	7,500	-	-	-	7,500
Blood Boxes	3,093	320	(1,393)	(2,020)	-
Kit bags	100	-	(100)	-	-
Compact Suction Units	1,021	-	-	-	1,021
Load Bearing Vests	1,100	-	-	-	1,100
Fire Proof Hi-Viz jackets	1,190	-	(1,190)	-	-
Rescue Warming Mats	371	-	-	-	371
Research	71,495	-	-	-	71,495
Training Equipment	250	-	-	-	250
Training of Clinical staff	-	4,975	(4,975)	-	-
	405,142	256,038	(127,222)	(337,559)	196,399

The transfer of funds amounting to £337,559 includes the following capitalised items:

Training Centre –£219,129 was utilised in the creation of a training centre in Hangar 10 for the purpose of induction and developing our clinical team.

Night Flying - £112,548 donated by the Lions Club International District was utilised to purchase night vision goggles for use by the HEMS crew.

Ventilator - £3,862 was used to purchase an Oxylog 3000 plus ventilator

Blood boxes - £2,020 was spent on Credo Blood Boxes

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

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:

- The training centre fund holds the grant received from the Libor funds for the development of a Hi Fidelity 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 Head scanners fund has been established to receive funding towards the research & development and ultimately the production of a head scanner to be used by the Crew. The Lions Club International District 105SE donated £19,131 in the year.
- 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 Ventilator fund was set up to collect donations towards the purchase of ventilators.
- The autopulse – Cardiac support fund is established to collect donations and grants towards the costs of cardiac support pumps.
- The Blood Boxes Fund was established to raise funds to buy the blood transportation boxes.
- Kit Bags fund was established for the receipt of donations for crew kit bags - £100 was utilised.
- Compact Suction units - this is in place to collect donations specifically for the purchase of compact suction units
- The load bearing vests fund is for the collection of donations for the on-going cost of load bearing vests used by the crew.
- 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 – £1,190 was utilised during the year.
- Rescue warming mats is for donations given for the purchase of Rescue Warming Mats.
- Research a legacy was received specifying that the funds should be used for research purposes for diagnosis and treatment.
- The training equipment fund is for donations received to buy medical training equipment.
- The training fund is for income raised from non HEKSS external training including the AAKSS 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 2019

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 Redhill Hangar 10 until the next break clause of 13th March 2022, were as follows:

	1 year or less	2 to 5 years	More than 5 Years	Total commitments
	£	£	£	£
Land & Buildings				
Redhill Hangar 10	207,295	404,935	-	612,230
Rochester	20,000	80,000	285,370	385,370
Sub total	227,295	484,935	285,370	997,600
Aviation capability	4,161,240	19,040,380	21,881,402	45,083,022
Vehicles	23,761	6,418	-	30,179
Office Equipment	15,418	43,731	-	59,149
Total Lease Commitments	4,427,714	19,575,464	22,166,772	46,169,950

Expiry date:

Rochester	2 July 2038
Redhill Hangar 10	12 March 2042

Length of unexpired leases at 31 March 2019:

Redhill Hangar 10	22.96 years
Rochester	19.25 years
Helicopters – KSST & KSSC	9.19 years
Helicopter – KSSA	1 Year

The Trust entered into a new 10-year operating lease on 1 August 2018 which covers both our AW169 Aircraft, superceding the previous lease

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

16. CAPITAL COMMITMENTS

At 31 March 2019, the charitable company had capital commitments of £47,616 (2018: £488,229).

	2019	2018
	£	£
SkyView Systems	47,616	-
Civils Contracting Limited	-	112,770
Modulek Limited	-	286,914
ODI	-	31,506
Smartcomm Limited	-	14,651
SHIFTF7 Limited	-	29,236
SEC Operations		13,152
	47,616	488,229

17. RELATED PARTY TRANSACTIONS

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

	2019	2018
	£	£
Gift aided lottery and Raffle profits	5,118,789	4,389,827
Gift aided AAP Profits	1,438,832	-
	6,557,621	4,389,827
Total gift aided donations	6,557,621	4,389,827
Recharges for Staff costs	161,103	152,565
Recharges for property and administration	6,906	6,906
	168,009	159,471
Total Recharges	168,009	159,471
Purchases of Merchandise	5,319	18,170

Broad Oak Mini a member of Barretts of Canterbury Ltd of which Paul Barrett is owner and Managing Director, was paid £24,094 for the purchase of one car which was the first prizes in the "Win A Car" raffle sponsored by Air Ambulance Promotions Ltd (2018: £39,264 – two cars).

Hazelhurst Trust of which Helen Bowcock is a Trustee made no donations in the year. In 2018, the Hazelhurst Trust donated £2,500 to the AAKSS Conference Fund.

Amounts paid to Trustees

No amounts were paid to Trustees during the year (2018: £nil).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2019

17. RELATED PARTY TRANSACTIONS (continued)

Trustee expenses

One Trustees was paid a total of £328 for expenses during the year (2018: two trustees were paid £221). Included in Management and Administration costs is the cost of Trustees' Liability insurance (including professional indemnity cover) amounting to £6,208 (2018: £5,988).

18. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2018
		£	£	£
Income from:				
Donations and legacies	3	4,089,733	1,119,942	5,209,675
Charity activities	3	680,368	14,131	694,499
Trading activity	3	6,726,433	128,751	6,855,184
Investment income	3	212,248	-	212,248
Other income	3	1,141,073	44	1,141,117
Total income		12,849,855	1,262,868	14,112,723
Expenditure on:				
Raising funds	5	1,359,106	-	1,359,106
Charitable activities	5	7,989,540	200,266	8,189,806
Cost of sales trading subsidiary	5	1,422,662	-	1,422,662
Total expenditure		10,771,308	200,266	10,971,574
Operating surplus		2,078,547	1,062,602	3,141,149
Unrealised gains/(losses) on investments	8	114,141	-	114,141
Net income		2,192,688	1,062,602	3,255,290
Transfer between funds		1,570,991	(1,570,991)	-
Net movement in funds		3,763,679	(508,389)	3,255,290
Reconciliation of funds:				
Fund balances brought forward	14	20,914,067	913,531	21,827,598
Fund balances carried forward	14	24,677,746	405,142	25,082,888