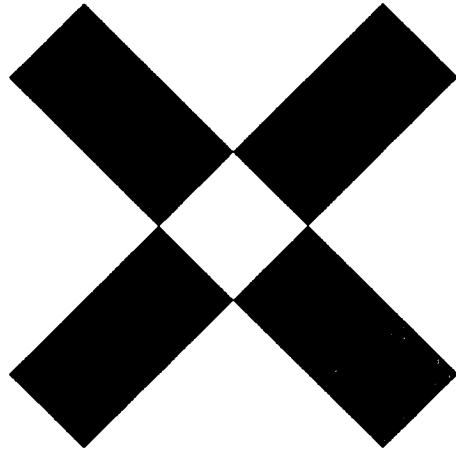


Kent, Surrey & Sussex Air Ambulance Trust



Air Ambulance

Kent Surrey Sussex

**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 MARCH 2018**

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 2018**

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KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
GENERAL INFORMATION
YEAR ENDED 31 MARCH 2018

CHAIR:	Dr H A Bowcock
OTHER TRUSTEES:	P J Barrett Ms C M Blewett D H B Burgess A M Farrant J R H Loudon Surgeon Commodore S W S Millar T S N Oakes Mrs S W Simkins P D Stewart
INTERIM CHIEF EXECUTIVE:	M J Docherty
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 MANAGER:	GAM London Limited 20, King Street London SW1Y 6QY
AUDITORS:	Crowe LLP Riverside House 40-46 High Street Maidstone Kent ME14 1JH

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

During the financial year from April 2017 to March 2018 Kent Surrey and Sussex Air Ambulance (KSSAAT) has attended 2,205 missions and has treated 1,561 patients. We are committed to the continuous improvement of the advanced pre hospital emergency medical care delivered to patients throughout our region, saving lives and significantly improving medical outcomes.

In late 2017 a new aircraft, the AW169, was put into operation. The decision to invest in this advanced technology was based upon the improvements it offers in the delivery of patient care. The much larger cabin with its carefully designed medical interior provides clinicians with 360 degree access to the patient. This opens up the potential for clinical treatment to commence inside the cabin before lift-off, rather than out in the cold, and if appropriate medical interventions to be delivered en route to hospital. Approval was given to invest charity funds in weather stations throughout our region so that the aircraft's capacity for instrument flying will be realised, increasing its availability and reducing the constraints imposed by adverse weather.

At our Strategy Day in September 2017 Trustees approved expenditure on a pilot programme to extend our services capability to provide inter hospital transfer, prompted in part by discussions with the Stroke Unit at St George's Hospital. The three year pilot will quantify the benefits and costs and other resources required to deliver time critical inter hospital transfer for stroke and other medical conditions that may require this service.

The decision to invest in the AW169 necessitated a search for alternative premises in Kent as there was insufficient space for it to land and take off at our Marden base. Rochester Airport, where the charity first began operating, was identified as a suitable location for offices and forward base. A planning application was submitted to Medway Council and received approval for the construction of a modular building which began during the year for completion in mid 2018.

Our new operating base opened in late 2017 in the refurbished and redeveloped Hangar 10 at Redhill Aerodrome. It provides our crews and support teams with state of the art facilities as well as a training centre and quiet rooms both for staff and for former patients and relatives who are visiting the base. We are able to accommodate a sub tenant, our aviation partner Specialist Aviation Services, offering them a facility in the south of England and giving us technical support on site.

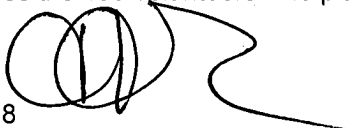
We had been operating from the new Redhill base for several months when we received an inspection from the Care Quality Commission, undertaken at the end of March. We were delighted to receive outstanding feedback from the inspectors who gave strong endorsement for the quality of the service. This included commendation for the 'supportive and compassionate care' provided, for 'strong, comprehensive safety systems' and for all staff demonstrating 'a passion to drive improvement and provide the best possible care'.

During this last financial year our valued partnership with the University of Surrey strengthened and we are grateful for the use of their auditorium and conference facilities to hold a well attended conference on technological innovation in Pre-Hospital Emergency Medicine. The programme included an address by one of our Clinicians, Dr Malcolm Tunncliffe, on the care delivered to victims of the London terror attacks and by Dr Kevin Fong on extreme medicine. It culminated in a powerful and moving lecture by our Associate Medical Director, Professor Richard Lyon MBE, to inaugurate his personal Chair in Pre-Hospital Emergency Medicine at the University of Surrey.

During the year we undertook an audit of Trustee skills and identified the need to diversify the Board and to recruit new members with fundraising, marketing and digital skills. Our search resulted in three exceptional candidates who were welcomed to the November Board meeting. Barney Burgess's career has included working as Commercial Director for Tesco plc and he happens also to be a former patient. Michael Docherty worked for Cancer Research UK for ten years, including as Director of Digital and Supporter Experience and Caitlin Blewett is Director, Head of Digital at Deloitte LLP. During the year we said goodbye to David Bowden who served as a Trustee for six years and chaired the Sussex County committee. The Trustees give their thanks to David for his years of dedication to the Trust.

This last financial year has seen some important developments for the charity. Financial performance has been strong with £14.1m in income raised, £11m in expenditure and £24.7m in unrestricted reserves. As an organisation we are particularly well served by dedicated staff and by a highly committed Board of Trustees. We are, as always, extremely grateful to the many people who contribute essential funds and time to enable our charity to deliver its vital service. This includes the 199 volunteers who play valued roles in supporting our fundraising and training activities.

Dr H A Bowcock
Chair
29th November 2018



KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES
YEAR ENDED 31 MARCH 2018

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 2018. 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).

PERFORMANCE SUMMARY

The Group had a surplus for the year, before taking into account the unrealised gain on investments, of £3.141m (2017 – surplus of £2.868m). Further information about the investments is detailed below under 'Investment Policy and Returns'.

After taking into account the unrealised gain on investments of £0.114m, the Group had a surplus of £3.255m (2017 – surplus of £3.988m).

TRUSTEES

The Trustees who served during the year were as follows:

	Committee
Dr H A Bowcock – Chair	PFR
Surgeon Commodore S W S Millar (Vice Chair)	CGSD
P J Barrett	IG
Ms C M Blewett (appointed 30 th November 2017)	IG
D B R Bowden (resigned 27 th June 2017)	
D H B Burgess (appointed 30 th November 2017)	CGSD
M J Docherty (appointed 30 th November 2017, resigned 24 th July 2018)*	IG
A M Farrant	IG
J R H Loudon	PFR
T S N Oakes	PFR
Mrs S W Simkins	IG & V
P D Stewart	PFR

PFR = Planning, Finance and Resources Committee.

CGSD = Clinical Governance and Service Delivery Committee

IG = Income Generation Committee

V = Trustee with responsibility for volunteer matters.

*Michael Docherty was appointed as Interim CEO on 1st August following the resignation of the previous CEO Adrian Bell.

Each Trustee will retire from office at the third Annual Retirement Meeting following the commencement of his or her term of Office. The Annual Retirement Meeting will be the meeting at which the accounts are approved. In respect of those Trustees in office at the time of adoption of the articles on 18 July 2018, the Article 26.2 will be interpreted such that they are deemed to have commenced their term of office on the date of adoption of these articles. As a consequence no Trustees retired at the Annual Retirement held on 29 November 2018.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

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, KSSAAT is the only air ambulance service in the country to provide a 24/7 helicopter service.

During the year 1st April 2017 to 31st March 2018 our crews carried out 2,205 missions in total and treated 1,561 patients in a region of 3600 square miles. 684 missions were at night (between the hours of 19:00 and 07:00).

16.6% of our patients were aged between 20 and 30 years, 14.7% were aged between 40-50 years and 14.6% were aged between 50-60 years. Over the last three years the age group of 20-30 years has always seen the most incidents attended.

Gender: 70% male, 30% female (this is largely similar over the course of the last three years)

186 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.

1,304 patients were defined as having a traumatic injury in one form or another.

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

112 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: 43% Road Traffic Accident, 25% accidental injury, 14% medical, 7% assault, 5% intentional self-harm, 4% sport/leisure, 1% exposure, 1% other

Proportion of missions undertaken via air vs road: 65% of jobs were tasked to our two helicopters, the AW169 and the MD902, and 35% were tasked to the rapid response cars.

STRATEGIC REPORT

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 40 Clinical governance meetings were held 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 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. There are, however, occasions when the requirement for our service outstrips demand. Every effort is made to provide a response, such as seeking support from a neighbouring service to provide a HEMS team to the patient.

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.

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.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT (continued)

Training

Each year two cohorts of new doctors join KSSAAT 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. Training includes both classroom lectures and simulations or 'moulages' of the real situations that the crews encounter. The doctors are rigorously tested not only on their clinical knowledge but areas such as communication skills with other crew members and with the patient.

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

The new base in Hangar 10 at Redhill has been designed to include a training centre. It offers 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 and from South East Coast Ambulance Service (SECamb) attend the courses. We were able to move in to Hangar 10 in time for the new doctor induction course which took place in February.

Research

At our Strategy Day in September 2017 our lead clinicians made the case for investing in research, audit and innovation, and their proposal was approved by Trustees. They identified twenty six different research projects underway involving over 20 members of the clinical and operational teams. Some of these are in collaboration with the University of Surrey and with SECamb. They include research by our Executive Director of Service Delivery, Leigh Curtis, on the 'Ticking Clock' which examines the effect on scene time of crews of being aware of the passage of time. They also include research on trauma in the elderly and on the use of video transmission from members of the public who are dialling 999.

All of the research projects are intended to improve our understanding and evidence base for clinical and operational practice in a way that can be shared with other practitioners and services. Where possible they are offered for publication in relevant journals and members of staff take the opportunity to attend conferences to present papers and exhibit posters.

KSSAAT continues to have a significant research output in the form of publications, poster presentations and conference talks. These all positively contribute to KSSAAT's global reputation and as a leader in pre-hospital care, attracting leading clinicians to work for us.

A research hub has been incorporated into the design of the Redhill base to provide the space and facilities to work on research. A number of staff members are undertaking Masters' degrees and PhDs as part of their professional development. It was considered important to provide them with appropriate space so that they can work between shifts should they choose to do so.

Key partnerships

Our working relationship with SECamb, with whom we have a formalised agreement in place, is of vital importance to us and to the effective delivery of our service. During the year we were pleased to welcome their Medical Director to the new doctor induction course. SECamb's Head of Research has committed to spending a proportion of her time on our research programme. This represents important progress in aligning our research interests and in sharing evidence. In addition, we were honoured that our crews were awarded 'Team of the Year' by SECamb.

As mentioned in the Chair's report our Head of Research, Professor Richard Lyon, delivered his inaugural lecture at the University of Surrey following our conference in the Rik Medlik auditorium. This partnership with the University provides us with valued access to a health statistician who is involved in several of our research projects. It also offers a link to health economists and to academic processes for medical ethics. During the year 10 students from the University of Surrey have attended our training courses.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT (continued)

Key partnerships (continued)

During the year 634 patients were taken to the three Major Trauma Centres that serve our region, St George's, King's College Hospital and Brighton Hospital. The patients who are taken to these Centres are, almost invariably, the ones who are the most unwell and who require the most urgent transfer to hospital. In addition to the three major trauma centres, we also serve the following hospitals in our region.

Conquest Hospital	Kingston Hospital	St Georges Hospital
Darent Valley Hospital	Maidstone Hospital	St Peters Hospital
East Surrey Hospital	Medway Maritime Hospital	St Richards Hospital
Eastbourne Hospital	QEQM Hospital	Tunbridge Wells Hospital
Epsom Hospital	Royal Surrey County Hospital	William Harvey Hospital
Frimley Park Hospital	Royal Sussex County Hospital	Worthing Hospital
Kings College Hospital	Southampton Hospital	

At present no hospital in London provides a helipad that is available 24/7. We are pleased to support the application by King's College Hospital to make its helipad available continuously and, to enable this to happen, we agreed to contribute to the cost of its security.

Discussions with members of the Stroke Unit at St George's prompted consideration of extending our service ability to offer inter hospital transfer of patients. At our September 2017 Strategy Day, St George's Head of the Stroke Unit outlined the importance of accurate diagnosis of stroke patients. She also explained the advances in treatment of ischaemic stroke and the dramatic improvement in medical outcome if the patient receives treatment at a specialist unit within a short time after diagnosis.

This presentation was an important source of information for Trustees in our decision to provide funding for a three year pilot to evaluate the benefit of providing time critical inter hospital transfers. The pilot project will identify other contexts in which the service will improve patient outcomes and the way in which we can continue to serve the other hospitals in our region.

In making the decision to commit charity funds to this pilot programme there were other factors that were taken into account. The region that we serve, essentially most of the South East, receives less funding for health per capita than any other area of the UK. In addition, we have a higher proportion of older people than some other regions with the complex health challenges that this presents. With increased specialisation some of the local hospitals are discontinuing services, such as treatment for acute stroke. We consider it our duty to review continuously the social and economic factors to determine the greatest public benefit that we can deliver within our charitable objects.

Staff and Patient Wellbeing

The following services are available to KSSAAT staff:

- **Employee Care Programme:** Every employee has access to a 24/7 confidential helpline to receive immediate support or advice on any matters affecting staff at work and home. A qualified counsellor will listen and help staff with advice on how best to deal with any concerns.
- **Bereavement Services:** Bereavement counselling offers unlimited access to a 24/7 bereavement helpline and up to four face to face or telephone sessions with a qualified counsellor. All employees or the immediate family of a deceased member can make use of the service.
- **Probate Services:** The probate helpline supports employees and their families when managing a wide range of legal, financial and administrative matters.
- **Trauma Risk Management (TRiM):** TRiM is a way of supporting staff who are exposed to traumatic incidents. TRiM Practitioners are non-medical personnel (in the context of psychology) who have undergone specific training allowing them to recognise the effects that traumatic events can have upon

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

STRATEGIC REPORT (continued)

Staff and Patient Wellbeing (continued)

people. The Trust has trained 10 staff as TRiM Practitioners, who will manage the process of a TRiM appraisal and follow up after a significant incident. TRiM practitioners can refer staff to occupational health for further assistance. Occupational health is provided through East Surrey Hospital who can provide specific treatment for post traumatic stress.

- Counselling: Staff have access to a confidential counselling service, provided by a specialist counsellor who is also an ex paramedic. As such, he is well placed to understand the unique pressures working in any of the emergency services.

The following quotes from the Care Quality Commission inspection report illustrate the quality of the wellbeing support being delivered to patients (source: Kent, Surrey and Sussex Air Ambulance Trust Headquarters Quality Report 28/06/2018):

- "Staff understood the impact that a patient's care, treatment or condition had on their wellbeing both emotionally and socially and family and relatives were supported during distressing events."
- "When people received care from a range of different staff, teams or services, this was coordinated and there were agreed care pathways with other providers to ensure patients were treated in a way to achieve the best outcome."
- "Staff worked collaboratively to understand and meet the range and complexity of people's needs. All staff, including those in different teams and services were involved in delivering care and treatment."
- "Patients were enabled to make a complaint or raise concerns and were given the help and support they needed to make a complaint. Lessons were learned and action was taken as a result to improve quality of care."

GOVERNANCE

In May 2017 the Trustees began a governance review which is ongoing. In addition to guidance from the Charity Commission and the Fundraising Regulator we have used the Charity Governance Code as our frame of reference. We undertook a gap analysis and have undertaken a number of governance reforms as a result.

Recruitment process

A nominations process has been established for the appointment of new Trustees. A sub committee is made up of the Chair and two or three 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 which can be undertaken by email.

Skills audit and Trustee recruitment and induction

A skills audit identified some notable gaps in the skills at Board level. Specifically we recognised the need to recruit new Trustees with marketing, fundraising and digital experience and also the need for greater diversity. We appointed a recruitment consultant with a specialism in diversity to search for candidates who may not otherwise have considered contacting us. The recruitment campaign was undertaken in the autumn of 2017 and the vacancies were publicised on various digital platforms. It resulted in the selection of Caitlin Blewett, Barney Burgess and Michael Docherty. They were officially appointed at the November Board meeting.

The new Trustees significantly diversify our skills, experience and insights bringing perspectives from working in different countries and cultures as well industries and sectors. They received induction training in February and

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

GOVERNANCE (continued)

Skills audit and Trustee recruitment and induction (continued)

spent whole days with staff at Redhill and Marden receiving briefings on all aspects of our work. They also attended a session with the Chair who explained the governance review and changes to governance arrangements.

Sub Committees

All Trustees are required to join at least one Sub Committee which meet quarterly, within a few weeks of Board meetings.

Planning, Finance and Resources: this 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: established in late 2016, this committee provides scrutiny and oversight of all clinical governance matters and the operation which delivers HEMS. It also receives reports on research activities and on complaints and serious incidents.

Income Generation: also established in late 2016 this committee provides scrutiny and oversight of all fundraising activities which includes trading activities, predominantly the lottery. It reviews marketing plans and compliance with GDPR.

Governing Documents

As part of the governance review we requested that our lawyers revise and update the Memorandum and Articles of Association for both Kent, Surrey and Sussex Air Ambulance Trust and Air Ambulance Promotions Ltd, our trading subsidiary.

KSSAA Trust Revised Memorandum and Articles of Association

The revisions to our governing document include the following:

- In keeping with charity law payments to Trustees, and to people connected with them such as family members, are prohibited except for specific payments such as reimbursement of reasonable expenses;
- Trustees' liabilities in the event of winding up the charity are limited to £1 and a general indemnity is provided against costs incurred in the course of fulfilling their duties;
- Trustees appoint and remove the Chair and, if and when the role is required, the Vice Chair;
- If matters are delegated to certain Trustees they may delegate further with the condition that this power must be exercised particularly carefully;
- Provision is made for the establishment of sub committees, covering the functions and reporting requirements of these committees;
- The Board delegates the management of the charity to staff, in keeping with guidance from the Charity Commission;
- Trustees have the right to change the name of the charity by majority decision
- Decisions may be made by majority vote of Trustees within a meeting or outside of a meeting;
- Decisions can be made if Trustees have the opportunity to communicate with each other even if they are not in the same place, enabling decisions via conference or video call or via internet platforms;
- Specific and extensive provision is made for handling conflicts of interest and a register of Trustees' interests is maintained;
- The appointment of new Trustees is by majority vote of existing ones and fixed terms of office have been established;
- In keeping with many other charities, terms will be for three years for up to three terms, or nine years in total. Once a Trustee has served for nine years they must resign and, in exceptional circumstances, can only resume their role after an absence of one year;
- A Trustee who has not attended three consecutive meetings may be removed;

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

GOVERNANCE (continued)

KSSAA Trust Revised Memorandum and Articles of Association (continued)

- Trustees of the Trust also become members of the company limited by guarantee and cease to be a member when they cease to be a Trustee;
- There is no longer a requirement to hold an Annual General Meeting.

Air Ambulance Promotions Ltd Memorandum and Articles of Association

The governing document for Air Ambulance Promotions Ltd (AAPL) our trading subsidiary, were revised and updated. They took into account guidance from the Charity Commission that Trustees must be prepared to assert the Trust's rights as shareholder and to monitor the risks and reputation of commercial partnerships. The revisions included the following:

- KSSAAT is the sole shareholder of AAPL;
- Two Trustees have been appointed to its Board and the remainder of the Trustees remain independent from it and the Chair, Martin Boutcher, is independent of the Trust (i.e he is not a Trustee);
- Directors of AAPL are appointed and removed by the Trust's Board;
- The sole member of the Company is the Trust and therefore the Directors should be acting to promote the success of the Trust such that in the majority of situations those acting as both Trustees and Directors should not have a conflict of interest;
- If a situation should arise where there is a perceived conflict of interest the Director in question should not vote or be counted in a quorum;
- The minutes of the meetings should declare all interests disclosed;
- Any Trustee serving as a Director must ensure that he or she complies with the Trust's policies on conflicts of interest;
- There is no obligation, according to company law, to hold an Annual General Meeting although the Directors can choose to do so.

Declarations of Interest

A register of Trustees' interests is maintained and updated each year. It requires Trustees to declare their employment and previous employment in which they have a financial interest, any appointments including other trusteeships or directorships, significant investments or shareholdings and any notable gifts or hospitality received 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.

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

PAY POLICY FOR SENIOR STAFF

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

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 also 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.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

FUNDRAISING ACTIVITIES (continued)

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 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 received just 10 complaints about our fundraising. Each complaint was fully investigated and these investigations have helped us learn and improve. We were unable to resolve one complaint, which was escalated by the supporter to the Fundraising Regulator. After a thorough investigation, the Fundraising Regulator found that we had regrettably breached areas of the Code of Fundraising Practice and we fully accepted their decision, implemented their recommendations for improvement and have reviewed and improved our processes as a result.

OUR VOLUNTEERS

The Trust is very involved in the community and relies heavily on voluntary help. There are 199 volunteers (2017: 232) 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.

INCOME GENERATION

The Group's overall income was £14.113m (2017: £12.427m) an increase of 14% on the previous year. The income was enhanced by the receipt of a £1m grant from the Office for Civil Society for the purposes of the acquisition of our new AW169 helicopter.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

INCOME GENERATION (continued)

Donations and legacies of £5.210m and our trading income of £6.855m predominantly from our well supported Lottery, represent 86% 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. We are appreciative of the support of our landlord at Marden, Alan Firmin (Linton) Limited who have waived part of the rent due on our head office since we moved to these premises in 2000.

Income from Group Fundraising and Events of £1.141m (2017: £0.982m) increased by 16% 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

Total expenditure increased by 15% to £10.972M (2017: £9.559m).

Charitable expenditure is the direct cost of the HEMS service plus associated overheads such as Property costs, Legal, Finance and administration. There was an increase by 21% in charitable expenditure to £8.190m (2017: £6.767m) and this accounted for 75% (2017: 71%) of total resource expenditure.

The direct expenditure on HEMS increased by £0.974m to £7.273m (2017: £6.299m) primarily due to an increase of £0.736m in air ambulance running costs on the introduction of the new AW169 which requires additional pilots and has higher running costs than our old aircraft the MD902. Additional clinical staff resources meant that paramedics cost increased by £0.219m and Doctors cost by £0.056m. However, savings of £0.046m were achieved by a reorganisation of the clinical managers and operational management which saw a reduction of one on the staff complement.

The management and administration overhead charged to charitable expenditure increased by 32% to £0.391m. Additional resources have been employed to manage the new Hangar 10 facility at Redhill and professional fees were incurred in relation to the leases of the premises at Redhill and Rochester. The charges also include the installation and lease charges for the Ethernet and telephone systems installed at the new facility at Redhill. The overhead recharges also include the costs of a third-party governance review and a data protection review in preparation for GDPR.

The support cost, which include property and depreciation on leasehold assets, increased to £0.526m (2017: £0.172M). The increase in costs is entirely due to the additional lease, service charges and running costs for our new facility at Redhill Hangar 10. The Hangar 10 lease took effect from March 2017 but the facility was not ready for occupation until December 2017. In the meantime we continued to operate out of Redhill Hangar 2 and our base at Marden. Operations transferred from Hangar 2 to Hangar 10 in December 2017, however the base at Marden continued to be operational until May 2018. The landlords at Marden and Redhill Hangar 2 were given the requisite notice of our intention to leave the premises at the break point dates of 19 September and 2 October 2018 respectively.

The cost of raising funds was £1.359m (2017: £1.355m). The other costs shown at note 5 under the cost of raising funds include a proportion of the third party governance review fees and the data protection review costs as mentioned above.

Trading subsidiary costs reduced by £15.3k to £1.423m

AIR AMBULANCE PROMOTIONS LIMITED (AAPL)

The Trust's trading company continued to achieve improved year on year results as turnover was £6.873m (2017: £6.501m) an increase of 6% and the overall gross margin increased to 81% (2017: 80%). Membership of the main lottery has increased by 9% to 81,968 and 45,020 (55%) 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

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

AIR AMBULANCE PROMOTIONS LIMITED (AAPL) (continued)

were 5,180 (2017: 5,169) regular players. Total sales from the three weekly lottery draws and raffles amounted to £6.807m and increase of 6% on the previous year (2017: £6.442m).

Total merchandise and brand licencing sales amounted to £67k (2017: £59k) and increase of 14%. During the year the Trust undertook a re-branding exercise to be launched on the relocation to Rochester in August 2018. It was agreed with the AAPL that the Trust would buy the existing branded merchandise and as a result, merchandise sales of £18.5k was level with 2017 including the sales to the Trust of £18.2k (2017: £14.8k). The company ran another successful Christmas card campaign and sales were up by 8% at £35.1k from £32.6k in 2017. A second brand licencing agreement was signed and as a consequence sales were up by £5k to £13k.

The directors of the company agreed with the Trust to gift aid each year's taxable profit to the Trust. During the year the Company gift aided £4.390m to the Trust and subsequent to the year end the directors of the company have gift aided the remaining taxable profits for the year of £0.902m.

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 and preparing and readiness for GDPR. The governance process is subject to on-going review by the Company Directors and the Trust board via the Income Generation 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.

At the year end the Charity had £6.702m (2017: £6.542m) invested with GAM London Limited in their GAM Charity Growth Portfolio - a fund which seeks long-term capital and income growth for registered charities only. Dividends are rolled over and there is no entry in these accounts, therefore, for investment income from this source. In May 2014 the Trust invested £0.75m in a Catastrophe Bond managed by GAM. In September 2017 the Trustees decided to redeem the CAT Bond and received the proceeds £0.794m on 27 September 2017. An amount of £0.160m of an unrealised gain on the Investment portfolio had accrued for the year (2017: gain £1.086m). The total unrealised gain from all investments amounted to £0.114m (2017: gain £1.121m).

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%

From inception of the portfolio with GAM (21 February 2014) to 31 March 2018, the KSSAAT portfolio returned 28.2% compared to 24.2% for the peer group as measured by the ARC Sterling Steady Growth Index. The FTSE All-Share was up 23.1% over the same period.

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 fall during the year, resulting in a reduction of interest received to £13,570 (2017: £35,260).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

INVESTMENT POLICY AND RETURNS (continued)

On 8th February 2016 the Trust entered into an innovative secured loan agreement with SAS (Kent) Limited to lend SAS 50% of the purchase price, £3,078,876, for the new AW169 Helicopter at an interest rate of 4.771% over a 10 year term. A condition of the loan agreement required Specialist Aviation Service Group Limited (SASGL) and Specialist Aviation Services Limited (SASL) to provide a Guarantee in favour of the Trust that SAS (Kent) Limited will fulfil all its obligations under the terms of the Loan Agreement and the Aircraft Mortgage with the Trust. The Aircraft Mortgage provides the Trust with a charge on the aircraft and this interest is registered with the CAA. Repayments commenced in July 2017 a month prior to the aircraft coming into service with the Charity. The legal costs of negotiating and executing the loan documents amounted to £50,000 and this has been capitalised and will be amortised over the term of the loan. At the year end interest of £152,369 (2017: £151,190) has accrued and the outstanding balance on the loan including legal cost stood at £3,140,423 (2017: £3,301,432).

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 at an interest rate of 4.771% over a 10 year term. The loan agreement required a Guarantee in favour of the Trust from SASGL and SASL that SAS (Surrey and Sussex) Limited would fulfil its obligations under the terms of the Loan Agreement and the Aircraft Mortgage. The Aircraft Mortgage provides the Trust with a charge on the aircraft and this interest is registered with the CAA. The legal costs amounted to £55,428 and this has been capitalised and will be amortised over the term of the loan. There were no repayments in the year as the helicopter did not enter service until September 2018. At the year end interest of £46,310 has accrued.

RESERVES

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

Class of Reserve	Value at any time	Trustee Review	Permitted Investments
Restricted Reserves			
Specific donations to include specific donations for equipment and long term capital development	Whatever sum has been given for a restricted purpose less actual expenditure made for that purpose	A quarterly schedule of fund movements is produced with the management accounts for review by the PFRC and the full board of Trustees at each meeting	<p>Cash and near-cash, i.e.: secure non/low-risk short-term notice bank deposits in reputable financial institutions</p> <p>Cash raised via a general appeal may be invested depending on the timeframe for the utilisation of funds.</p> <p>Cash raised for long-term capital expenditure can be invested depending on the time-frame for the utilisation of funds.</p>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

RESERVES (continued)

Class of Reserve	Value at any time	Trustee Review	Permitted Investments
General Reserves			
Operational Reserve	An amount as calculated by PFRC and agreed by the full board of Trustees to cover deficits during a period of income degradation should income decrease below expenditure.	Full financial details relating to the calculation of this reserve to be reviewed annually by PFRC and agreed by the full board of Trustees	At least 50% as cash or near-cash (accessible within three months notice) in reputable financial institutions. 50% or less may be in longer term investments (12 – 24 months notice) in reputable financial institutions provided that this is drawn down to match any use of the more liquid reserve.
Cash Flow	An amount as calculated by PFRC and agreed by the full board of Trustees to cover routine cash flow requirements for the proper running of the Charity	Monthly review by PFRC through the issuing of routine management accounts	Cash
Free Reserves	Value of total funds less Restricted Reserves, Operational reserves, cash flow and all Designated funds listed below.	Quarterly review by PFRC and allocated to whichever Unrestricted Reserves as required throughout the course of the Financial Year and as agreed by the full Board of Trustees where appropriate.	Depending on the time-frame of the project funds can be held in investments.

Designated (Unrestricted) Funds

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

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

RESERVES (continued)

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

Total consolidated reserves increased by 15% to £25.083m and include restricted funds of 0.405m, general reserves of £12.091m and designated unrestricted funds of £12.586m.

Restricted reserves

The Trust retained a Restricted Funds balance of £0.405m (2017: £0.914m) A full analysis is shown at Note 14 page 40.

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 less than 8% 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 £12.091m (2017: £9.621m) which represents 13 months expenditure (2017: 12 months).

Designated (Unrestricted) Funds

A total sum of £12.586m has been designated as follows:

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

Designated (Unrestricted) Funds

The Trust has already committed £6.707M for the acquisition of two AW169 Aircraft. As the monies are repaid over the course of the leases, they will usually be reinvested through this fund to allow the Charity to prepare for future aircraft procurement. The Property fund for future helicopters stands at £7.180m (2017: £6.651m).

The Charity also has Capital Reserves which are either committed to or designated for its infrastructure requirements and these now total £0.4m (2017: £3.8m). A further £0.214m (2017: £0.25m) remains designated for the purposes of reviewing our brand and fundraising development via digital marketing.

The fixed assets reserves presently stand at £4.793m (2017: £0.592m) representing the net book value of assets utilised by the Trust.

CHANGES IN FIXED ASSETS

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

RISK

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

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

RISK (continued)

The four key strategic objectives are:

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

EFFECTIVE - success in achieving desired outcomes and delivering required outputs

RESILIENT - the capacity to withstand/recover from difficulties

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

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

A risk register (RADAR) records all operational and clinical risks, and other risks are reported and collated through standard systems. The Charity is also undertaking a review of other risk management systems to ensure that the Board is always fully informed of the overall risk picture, its management and mitigations. All risks are reviewed and managed at an appropriate level by The Risk Management, 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 will secure our aviation future for at least the next decade. This larger faster and better equipped aircraft cannot operate from our small Marden base which we were unable to expand. Therefore, as previously described, the Charity occupied a new long-term leased facility at Redhill as its service delivery hub and relocated from Marden to Rochester the Charity's fundraising and administrative services with a smaller Forward Operating Base in order to maintain the resilience of our operation. The Trustees ensured that adequate reserves were in place so that appropriate investments could take place. We are mindful however that there is a long term risk to the financial stability of the Charity, if revenue streams are insufficient to fulfil the financial obligations of the leasing contracts shown at note 15 of these accounts.

About 86% (2017: 92%) 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;

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
REPORT OF THE TRUSTEES (Continued)
YEAR ENDED 31 MARCH 2018

ACCOUNTING POLICIES AND INTERNAL CONTROLS - STATEMENT OF TRUSTEES' RESPONSIBILITIES
(continued)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

GOING CONCERN

Accounting standards require the Trustees to consider the appropriateness of the going concern basis when preparing the financial statements. The Trustees confirm that they consider that the going concern basis remains appropriate. The Trustees have taken notice of the Financial Reporting Council guidance which requires the reasons for this decision to be explained. The Trustees regard the going concern basis as remaining appropriate as the company has adequate resources to continue in operational existence for the foreseeable future. At the 31 March 2018 present time the Charity's general reserves amount to £12.091m (2017: £9.621m), equivalent to over 13 months running costs (2017: 12 months).

DISCLOSURE OF INFORMATION TO AUDITORS

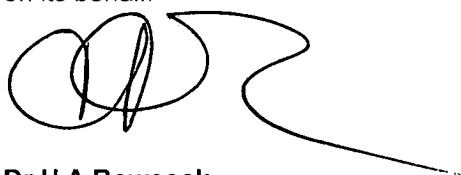
Insofar as each of the Trustees of the Charity at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditors in connection with preparing the audit report) of which the company's auditors are unaware and each Trustee has taken all 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 UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

This report, which incorporates the Strategic Report, was approved by the board on 29th November 2018 and signed on its behalf.



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 2018 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 2018 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.

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.

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

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 strategic 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 strategic 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 [strategic report or the] directors' 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.

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



Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

Riverside House

40-46 High Street

Maidstone

Kent

ME14 1JH

[Date] 10/12/2018

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST

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

	Notes	Unrestricted Funds	Restricted Funds	Total Funds 2018	Total Funds 2017
		£	£	£	£
Income from:					
Donations and legacies	3	4,089,733	1,119,942	5,209,675	4,004,556
Charity activities	3	680,368	14,131	694,499	767,874
Trading activity	3	6,726,433	128,751	6,855,184	6,485,964
Investment income	3	212,248	-	212,248	186,450
Other income	3	1,141,073	44	1,141,117	981,829
Total income		12,849,855	1,262,868	14,112,723	12,426,673
Expenditure on:					
Raising funds	5	1,359,106	-	1,359,106	1,354,693
Charitable activities	5	7,989,540	200,266	8,189,806	6,766,549
Cost of sales trading subsidiary	5	1,422,662	-	1,422,662	1,437,930
Total expenditure		10,771,308	200,266	10,971,574	9,559,172
Operating surplus		2,078,547	1,062,602	3,141,149	2,867,501
Unrealised gains/(losses) on investments	8	114,141	-	114,141	1,120,615
Net income		2,192,688	1,062,602	3,255,290	3,988,116
Transfer between funds		1,570,991	(1,570,991)	-	-
Net movement in funds		3,763,679	(508,389)	3,255,290	3,988,116
Reconciliation of funds:					
Fund balances brought forward	14	20,914,067	913,531	21,827,598	17,839,482
Fund balances carried forward	14	24,677,746	405,142	25,082,888	21,827,598

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

All operations are continuing.

The notes on pages 26 to 44 form part of these financial statements.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST

CONSOLIDATED BALANCE SHEET
31 MARCH 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	7	4,793,154	592,330
Investments	8	<u>13,696,794</u>	<u>10,808,181</u>
		<u>18,489,948</u>	<u>11,400,511</u>
CURRENT ASSETS			
Stocks	9	2,313	14,138
Debtors	10	1,505,419	2,035,973
Cash at bank and in hand	11	<u>6,959,496</u>	<u>10,045,318</u>
		8,467,228	12,095,429
CREDITORS: amounts falling due within one year	12	<u>1,874,288</u>	<u>1,668,342</u>
NET CURRENT ASSETS		<u>6,592,940</u>	<u>10,427,087</u>
NET ASSETS		<u>25,082,888</u>	<u>21,827,598</u>
RESERVES			
Designated Funds	14	12,586,378	11,293,160
General Funds	14	12,091,368	9,620,907
Restricted funds	14	<u>405,142</u>	<u>913,531</u>
		<u>25,082,888</u>	<u>21,827,598</u>

Approved by the Board on 29th November 2018
and signed on its behalf:



Dr H A Bowcock
Chair of Trustees

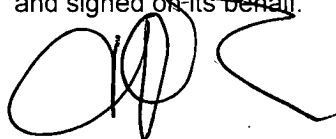
The notes on pages 26 to 44 form part of these financial statements.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST

BALANCE SHEET
31 MARCH 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Tangible assets	7	4,793,154	592,330
Investments	8	<u>13,696,796</u>	<u>10,808,183</u>
		<u>18,489,950</u>	<u>11,400,513</u>
CURRENT ASSETS			
Debtors	10	1,069,499	2,831,829
Cash at bank and in hand	11	<u>5,994,048</u>	<u>8,802,720</u>
		7,063,547	11,634,549
CREDITORS: amounts falling due within one year	12	<u>1,372,870</u>	<u>1,207,462</u>
NET CURRENT ASSETS		<u>5,690,677</u>	<u>10,427,087</u>
NET ASSETS		<u>24,180,627</u>	<u>21,827,600</u>
RESERVES			
Designated Funds	14	12,586,378	11,293,160
General Funds	14	11,189,107	9,620,909
Restricted funds	14	<u>405,142</u>	<u>913,531</u>
		<u>24,180,627</u>	<u>21,827,600</u>

Approved by the Board on 29th November 2018
and signed on its behalf:



Dr H A Bowcock
Chair of Trustees

The notes on pages 26 to 44 form part of these financial statements.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST

CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31 MARCH 2018

RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2018 £	2017 £
Net Incoming Resources	3,141,149	2,867,501
Investment Income	(13,570)	(35,260)
Interest accrued on loan to SAS	(198,679)	(151,190)
Profit on disposal of Fixed Assets	-	(4,533)
Amortisation	3,750	-
Depreciation	185,390	152,105
(Increase)/Decrease in Stock	11,825	(31)
Decrease/(Increase) in Debtors	530,554	(979,050)
(Decrease)/Increase in Creditors	205,946	68,804
Net Cash Inflow from Operating Activities	3,866,365	1,918,346
Returns on Investment		
Interest Received	13,570	35,260
Capital Expenditure and Financial Investments		
Purchases of Tangible Fixed Assets	(4,386,214)	(262,661)
Proceeds from Disposal of Tangible Fixed Assets	-	4,533
Proceeds on disposal of investment	794,202	-
Loan repayments received	309,618	-
Investment in Loan to SAS	(3,683,363)	-
Net Cash Flow from Capital Expenditure and Financial Investments	(6,965,757)	(258,128)
Net Cash Inflow	(3,085,822)	1,695,478
Cash at Bank and in Hand		
Opening Balance at 1 April 2017	10,045,318	8,349,840
Net Cash Inflow for the year	(3,085,822)	1,695,478
Closing Balance at 31 March 2018	6,959,496	10,045,318

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2018

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.

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 £2.353m (2017: £3,140m).

c) Fund accounting

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

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

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (CONTINUED)

c) Fund accounting (continued)

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

Investment income and gains are allocated to the appropriate fund.

d) Incoming resources

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

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

e) Resources expended

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

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

f) Tangible fixed assets and depreciation

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

Leasehold improvements	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

g) Investments

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

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

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.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES (CONTINUED)

h) Stock

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

i) Value added tax

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

j) Operating leases

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

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 2018

3. INCOMING RESOURCES

	2018		2017	
	Unrestricted funds	Restricted Funds	Total Funds	Total Funds
	£	£	£	£
Donations and Legacies				
Donations (not arising from events)	1,099,739	1,023,447	2,123,186	1,249,016
Legacies	2,700,054	96,495	2,796,549	2,161,603
In memorium	-	-	-	367,939
Collection Boxes	270,440	-	270,440	208,615
Waiver on rent	19,500	-	19,500	17,383
	<u>4,089,733</u>	<u>1,119,942</u>	<u>5,209,675</u>	<u>4,004,556</u>
Charity activities				
Intangible income – cars loaned by sponsor	3,477	-	3,477	16,029
Intangible income – Paramedics salaries paid by NHS	199,000	-	199,000	199,000
Doctors salaries paid by NHS	424,524	-	424,524	424,003
Intangible income on drugs & medical consumables	13,633	-	13,633	11,497
Intangible income on fire equipment	-	-	-	287
Intangible income – Armed forces Doctors salaries	10,823	-	10,823	84,539
Trading income in Trust	-	-	-	426
Lease income	23,016	-	23,016	-
Student placements, Seminars and Research	-	14,131	14,131	27,230
Profit and Loss on disposal of fixed assets	-	-	-	4,533
Exchange rate gains	5,895	-	5,895	330
	<u>680,368</u>	<u>14,131</u>	<u>694,499</u>	<u>767,874</u>
Income from Trading Subsidiary	<u>6,726,433</u>	<u>128,751</u>	<u>6,855,184</u>	<u>6,485,964</u>
Investment income				
Bank deposit interest	12,700	-	12,700	30,857
Interest on loan	198,679	-	198,679	151,190
Bank deposit interest - Trading subsidiary	869	-	869	4,403
	<u>212,248</u>	<u>-</u>	<u>212,248</u>	<u>186,450</u>
Fundraising events				
Group fundraising and events	1,141,073	44	1,141,117	981,829
TOTAL INCOME	<u>12,849,855</u>	<u>1,262,868</u>	<u>14,112,723</u>	<u>12,426,673</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

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:

	2018 £	2017 £
Turnover	6,873,354	6,500,761
Cost of sales	<u>(1,307,131)</u>	<u>(1,318,030)</u>
Gross profit	5,566,223	5,182,731
 Interest receivable	 <u>869</u>	 <u>4,403</u>
	5,567,092	5,187,134
 Less overheads		
Administrative expenses	<u>(115,532)</u>	<u>(119,900)</u>
Income from subsidiary	<u>5,451,560</u>	<u>5,067,234</u>
Comprising:		
Paid to KSSAAT - Lottery donations	4,389,827	4,074,825
Paid to KSSAAT - Cost recharges	159,471	143,914
Profit for the year Gift Aided to Trust	<u>902,262</u>	<u>848,495</u>
Total income from subsidiary	<u>5,451,560</u>	<u>5,067,234</u>

The turnover includes £18,170 (2017: £14,797) relating to sales of merchandise to the Trust. External trading therefore amounted to £6,855,184 (2017: £6,485,964) and is included in the consolidated Incoming Resources note 3.

Air Ambulance Promotions Limited gift-aided the profits of £902,262 to the charity on 30th July 2018,

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

5. ANALYSIS OF TOTAL RESOURCES EXPENDED

			2018	2017
	Unrestricted Funds	Restricted funds	Total Funds	Total Funds
	£	£	£	£
Raising Funds				
Staff costs	838,394	-	838,394	796,824
Consultancy fees	4,646	-	4,646	9,720
Advertising promotion and publicity	111,991	-	111,991	223,237
Other costs	404,075	-	404,075	324,912
	<u>1,359,106</u>	<u>-</u>	<u>1,359,106</u>	<u>1,354,693</u>
Direct Charitable expenditure				
Air Ambulance running costs	4,289,770	153,559	4,443,329	3,706,998
Paramedics costs	847,375	-	847,375	628,634
Clinical Managers	275,752	-	275,752	367,193
Doctors	900,755	-	900,755	845,042
Operational employees	591,326	-	591,326	545,452
Research and Education	94,714	46,707	141,421	132,174
Dep'n of helicopter equipment	72,705	-	72,705	73,517
	<u>7,072,397</u>	<u>200,266</u>	<u>7,272,663</u>	<u>6,299,010</u>
Management and Administration				
Staff costs	163,162	-	163,162	139,393
Professional fees	37,926	-	37,926	16,559
Other costs	189,654	-	189,654	139,585
	<u>390,742</u>	<u>-</u>	<u>390,742</u>	<u>295,537</u>
Support costs and depreciation				
Property expenses	442,888	-	442,888	116,542
Depreciation	83,512	-	83,512	55,460
	<u>526,400</u>	<u>-</u>	<u>526,400</u>	<u>172,002</u>
Total Charitable expenditure	<u>7,989,540</u>	<u>200,266</u>	<u>8,189,806</u>	<u>6,766,549</u>
Trading subsidiary cost	<u>1,422,662</u>	<u>-</u>	<u>1,422,662</u>	<u>1,437,930</u>
TOTAL EXPENDITURE	<u>10,771,308</u>	<u>200,266</u>	<u>10,971,574</u>	<u>9,559,172</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

6. TOTAL RESOURCES EXPENDED

Total resources expended is stated after charging:	2018	2017
	£	£
Auditors' remuneration - as auditors	16,683	18,432
- for taxation services	500	500
- for professional advice provided	2,947	7,384
Operating leases - land and buildings	249,944	82,140
- helicopter (including pilotage standing charges)	3,339,660	2,644,146
- cars	43,863	24,021
- office equipment	16,145	12,319
Depreciation	185,390	152,105
	<hr/>	<hr/>
Staff costs	2018	2017
	£	£
Wages and salaries	1,991,424	1,604,202
Social security costs	188,121	167,586
Pension costs	174,830	153,535
	<hr/>	<hr/>
	2,354,375	1,925,323
	<hr/>	<hr/>

One ex-gratia payments of £9,955 was made in the year by way of compensation for the termination of employment. (2017: £NIL)

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

	2018	2017
	No.	No.
Management and administration	6	7
Fundraising and publicity	22	22
Direct charitable expenditure	45	16
	<hr/>	<hr/>
	73	45
	<hr/>	<hr/>

The equivalent number of full time staff is 44 (2017: 38) including 28 full time (2017: 31) and 45 part-time staff (2017: 14).

	2018	2017
Eight (2017:six) employees earned more than £60,000 during the year in bandings as follows:		
£60k-£70k	4	3
£70k - £80k	2	2
£80k - £90k	1	-
£100k - £110k	1	1

The total amount of employee benefits received by the six (2017: seven) members of the Senior Management team was £520,704. (2017: £560,051)

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 £698,991 (2017: £844,159) and NHS Clinical Managers and Paramedics £675,343 (2017: £654,512).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

7. TANGIBLE FIXED ASSETS

GROUP AND CHARITY	Leasehold improvements	Helicopter equipment (incl plant)	Motor vehicles	Computer equipment	Office equipment	Rochester Base	Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2017	440,421	718,674	134,661	175,261	185,298	131,712	1,786,027
Additions	2,032,549	213,359	-	116,214	105,551	1,918,541	4,386,214
Disposals	-	(37,052)	-	-	(49,217)	-	(86,269)
At 31 March 2018	2,472,970	894,981	134,661	291,475	241,632	2,050,253	6,085,972
Depreciation							
At 1 April 2017	250,265	523,998	84,497	159,109	174,328	1,500	1,193,697
Disposals	-	(37,052)	-	-	(49,217)	-	(86,269)
Charge for the year	59,909	72,705	18,290	22,195	9,291	3,000	185,390
At 31 March 2018	310,174	559,651	102,787	181,304	134,402	4,500	1,292,818
Net book values at 31 March 2018	2,162,796	335,330	31,874	110,171	107,230	2,045,753	4,793,154
<i>At 31 March 2017</i>	<i>190,156</i>	<i>194,676</i>	<i>50,164</i>	<i>16,152</i>	<i>10,970</i>	<i>130,212</i>	<i>592,330</i>

8. FIXED ASSET INVESTMENTS

GROUP	Listed Investments	Unlisted Investment	CAT Bond	Total
		£	£	£
Market value				
At 1 April 2017	6,541,718	3,426,432	840,031	10,808,181
Additional investment in year	-	3,683,363	-	3,683,363
Interest accrued	-	198,679	-	198,679
Repayment of loans	-	(309,618)	-	(309,618)
Disposal in the year	-	-	(794,202)	(794,202)
Amortisation	-	(3,750)	-	(3,750)
Increase/(Decrease) in valuation	159,970	-	(45,829)	114,141
At 31 March 2018	6,701,688	6,995,106	-	13,696,794

Listed investments comprises the following:

	Original cost of the investment	Market Value
	£	£
GAM – Charity Growth	3,701,041	6,701,688

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

8. FIXED ASSET INVESTMENTS (CONTINUED)

	Shares in Subsidiary Company	Listed Investments	Unlisted investmen ts	CAT Bond	Total
	£	£	£	£	£
CHARITY					
Market value					
At 1 April 2017	2	6,541,718	3,426,432	840,031	10,808,183
Additional investment in year	-	-	3,683,363	-	3,683,363
Interest accrued	-	-	198,679	-	198,679
Repayment of loans	-	-	(309,618)	-	(309,618)
Disposal in the year	-	-	-	(794,202)	(794,202)
Amortisation	-	-	(3,750)	-	(3,750)
Increase/(Decrease) in valuation	-	159,970	-	(45,829)	114,141
At 31 March 2018	2	6,701,688	6,995,106	-	13,696,796

Listed investments comprises the following:

	Original cost of the Investment £	Market Value £
GAM – Charity Growth	<u>3,701,041</u>	<u>6,701,688</u>
	2018	2017

Unlisted Investments comprise of the following:

Helicopter Loans	6,870,106	3,301,432
Enterprise investment	125,000	125,000
	<u>6,955,106</u>	<u>3,426,432</u>
As at 31 st March 2018		

	£	£
Movement on investments		
Market value at the beginning of year	7,506,751	6,386,136
Disposals in year	(794,202)	
	<u>6,712,549</u>	6,386,136
Market value at end of year	6,826,690	7,506,751
Increase/(Decrease) in value	<u>114,141</u>	<u>1,120,615</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

8. FIXED ASSET INVESTMENTS (CONTINUED)

SUBSIDIARY BALANCE SHEET

The assets and liabilities of the subsidiary were:

	2018 £	2017 £
Current assets		
Stock	2,313	14,138
Debtors	742,050	375,675
Cash at bank	965,448	1,242,600
	1,709,811	1,632,413
Creditors: amounts falling due within one year	(807,547)	(1,632,411)
	902,264	2
Representing:		
Called up share capital	2	2
Profit and loss account	902,262	-
	902,264	2

Air Ambulance Promotions gift aided to the Charity the profits of £902,262 on 30th July 2018 (2017: £848,495) 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.

9. STOCKS

	Charity		Group	
	2018 £	2017 £	2018 £	2017 £
Goods for resale at cost	-	-	2,313	14,138

10. DEBTORS

	Charity		Group	
	2018 £	2017 £	2018 £	2017 £
Trade debtors	251,643	849,663	253,991	850,346
Current account with subsidiary	306,130	1,171,531	-	-
Other debtors	81,799	252,312	384,916	456,986
Prepayments and accrued income	429,927	558,323	866,512	728,641
	1,069,499	2,831,829	1,505,419	2,035,973

11. CASH AT BANK AND IN HAND

	Charity		Group	
	2018 £	2017 £	2018 £	2017 £
Investment deposit accounts	3,430	2,073,081	3,430	2,073,081
Other bank accounts	5,990,236	6,729,099	6,955,519	7,970,953
Petty cash	382	540	547	1,284
	5,994,048	8,802,720	6,959,496	10,045,318

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

12. CREDITORS: amounts falling due within one year

	Charity		Group	
	2018	2017	2018	2017
	£	£	£	£
Trade creditors	606,445	743,851	684,033	757,890
Other taxation and social security	82,454	53,389	82,454	53,389
Accruals and deferred income	683,971	410,222	1,107,801	857,063
	<u>1,372,870</u>	<u>1,207,462</u>	<u>1,874,288</u>	<u>1,668,342</u>

Included in accruals are outstanding pension contributions of £1,159 (2017: £246).

13. FINANCIAL INSTRUMENTS

	Charity		Group	
	2018	2017	2018	2017
	£	£	£	£
FINANCIAL ASSETS				
Financial assets measured at amortised costs	20,103,737	21,709,387	20,769,063	21,781,137
	<u>20,103,737</u>	<u>21,709,387</u>	<u>20,769,063</u>	<u>21,781,137</u>
FINANCIAL LIABILITIES				
Financial liabilities measured at amortised cost	(1,275,506)	(1,150,689)	(1,369,274)	(1,198,652)
	<u>(1,275,506)</u>	<u>(1,150,689)</u>	<u>(1,369,274)</u>	<u>(1,198,652)</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.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

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, £12.586m (2017: £11.293m) has been defined as designated funds and earmarked for the future helicopter and infrastructure works and includes the net book value of the fixed assets. A full analysis is detailed below. The balance of £12.091m (2017: £9.621m) has been classified as General funds. The General Funds are not specifically earmarked but equate to 13 months of expenditure used to further the Charity's objectives.

Designated Funds

	As at 31 st March 2017 £	Utilised/ Released £	New Designations £	As at 31 st March 2018 £
Fixed Assets	592,330	(185,390)	4,386,214	4,793,154
Future Helicopters	6,651,190	(3,750)	532,283	7,179,723
Future Infrastructure	3,799,640	(3,951,090)	551,134	399,684
Digital Marketing	250,000	(36,183)		213,817
	<u>11,293,160</u>	<u>(4,176,413)</u>	<u>5,469,631</u>	<u>12,586,378</u>

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

14. ANALYSIS OF FUNDS (Continued)

Movements in Funds

	General	Designated	Total Unrestricted	Restricted	Total Funds 2018	Total Funds 2017
Group	£	£	£	£	£	£
Balance at 1 April 2017	9,620,907	11,293,160	20,914,067	913,531	21,827,598	17,839,482
Total income	12,849,855	-	12,849,855	1,262,868	14,112,723	12,426,673
Total expenditure	(6,594,895)	(4,176,413)	(10,771,308)	(200,266)	(10,971,574)	(9,559,172)
(Loss)/gain on investments	114,141	-	114,141	-	114,141	1,120,615
Transfers between funds	(3,898,640)	5,469,631	1,570,991	(1,570,991)	-	-
Balance at 31 March 2018	12,091,368	12,586,378	24,677,746	405,142	25,082,888	21,827,598

	General	Designated	Total Unrestricted	Restricted	Total Funds 2018	Total Funds 2017
Charity	£	£	£	£	£	£
Balance at 1 April 2017	9,620,909	11,293,160	20,914,069	913,531	21,827,600	17,839,484
Total income	10,543,102	-	10,543,102	1,262,868	11,805,970	12,426,673
Total expenditure	(5,190,405)	(4,176,413)	(9,366,818)	(200,266)	(9,567,084)	(9,559,172)
(Loss)/gain on investments	114,141	-	114,141	-	114,141	1,120,615
Transfers between funds	(3,898,640)	5,469,631	1,570,991	(1,570,991)	-	-
Balance at 31 March 2018	11,189,107	12,586,378	23,775,485	405,142	24,180,627	21,827,600

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

14. ANALYSIS OF FUNDS (CONTINUED)

Group	General £	Designated £	Total Unrestricted £	Restricted £	Total Funds 2018 £	Total Funds 2017 £
Tangible fixed assets	-	4,793,154	4,793,154	-	4,793,154	592,330
Investments	6,826,688	6,870,106	13,696,794	-	13,696,794	10,808,181
Cash	5,631,236	923,118	6,554,354	405,142	6,959,496	10,045,319
Other assets and liabilities	(366,556)	-	(366,556)	-	(366,556)	381,768
Balance at 31 March 2018	12,091,368	12,586,378	24,677,746	405,142	25,082,888	21,827,598
<hr/>						
Charity	General	Designated	Total Unrestricted	Restricted	Total Funds 2018	Total Funds 2017
Tangible fixed assets	-	4,793,154	4,793,154	-	4,793,154	592,330
Investments	6,826,690	6,870,106	13,696,796	-	13,696,796	10,808,183
Cash	4,665,788	923,118	5,588,906	405,142	5,994,048	8,802,720
Other assets and liabilities	(303,371)	-	(303,371)	-	(303,371)	1,624,367
Balance at 31 March 2018	11,189,107	12,586,378	23,775,485	405,142	24,180,627	21,827,600

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

14. ANALYSIS OF FUNDS (CONTINUED)

Restricted Funds

	As at 31 st March 2017	Incoming Resources	Resources Expended	Transfers between funds	As at 31 st March 2018
Group & Charity	£	£	£	£	£
Helicopter	-	1,000,000	-	(1,000,000)	-
Helihub	500,010	-	-	(500,010)	-
Training centre	241,000	-	-	-	241,000
HEKSS Training	57,330	-	(46,707)	-	10,623
KSSAAT Conference	-	2,500	(2,500)	-	-
Night Flying	-	129,251	(128,751)	-	500
Head Scanners	-	14,791	-	-	14,791
Fidelity Mannequins	16,082	11,139	-	(4,702)	22,519
Ultra Sound	25,727	-	-	-	25,727
Simulator	58,487	-	-	(58,487)	-
Ventilator	3,862	-	-	-	3,862
Blood	-	-	(18,487)	18,487	-
Autopulse – Cardiac	-	-	-	-	-
Support pump	7,500	-	-	-	7,500
Blood Boxes	1,593	1,500	-	-	3,093
Flying Suits	-	475	(475)	-	-
Kit bags	-	100	-	-	100
Physio Control Lucas 3 Devices	-	25,000	-	(25,000)	-
Compact Suction Units	-	1,375	(354)	-	1,021
Load Bearing Vests	1,100	-	-	-	1,100
Fire Proof Hi-Viz jackets	590	600	-	-	1,190
Rescue Warming Mats	-	1,650	-	(1,279)	371
Research	-	71,495	-	-	71,495
Training Equipment	250	-	-	-	250
Training of Clinical staff	-	2,992	(2,992)	-	-
	913,531	1,262,868	(200,266)	(1,570,991)	405,142

The transfer of funds amounting to £1,000,000 includes the following:

Helicopter –£1,000,000 was utilised as part of the loan made to SAS for the acquisition of a second AW169 helicopter.

Helihub – the entire fund of £500,010 was spent on infrastructure improvements at Redhill which have been capitalised and depreciated over the term of the lease.

Fidelity Mannequins - £4,702 was spent on acquiring two training mannequins. These have been capitalised and will be depreciated over the useful life of the asset.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

14. ANALYSIS OF FUNDS (CONTINUED)

Restricted Funds (continued)

Simulator – the funds of £58,487 were raised entirely from donations and events organised by the parents of a former patient in memory of their daughter. With the agreement of the family £40,000 has been spent on the development and fabrication of the AW169 simulator. This project will be capitalised and depreciated over the useful life of the asset. The remaining £18,487 of the fund has been transferred to the Blood fund at the request of the family.

Physio Control Lucas 3 Devices – the entire fund of £25,000 was utilised to purchase four Lucas 3 devices. The equipment was capitalised and will be depreciated over their useful life.

Rescue Warming Mats – the entire fund of £2,992 was used to purchase rescue warming mats. The equipment was capitalised and will be depreciated over its useful life.

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

- Helihub fund is for the work on the development of a Helipad for use by our new helicopter (AW169).
- The training centre fund holds the grant received from the Libor funds for the development of a Hi Fidelity training centre.
- The HEKSS training fund is for the receipt of the grant provided by Health Education England.
- KSSAAT Conference Fund was established to receive funding in support of the on-going expenditure to develop and present a regular KSSAAT Conference. The Hazelhurst Trust donated £2,500.
- 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 £14,791 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 simulator fund is for the development of a crew training simulator based on our new helicopter (AW169) and the funds have been raised entirely from donations and events organised by the parents of a former patient in memory of their daughter.
- The Ventilator fund was set up to collect donations towards the purchase of ventilators.
- The 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.
- The Flying Suits Fund is for the receipt of donations specifically for the purchase of flying suits for the HEMS crew.
- Kit Bags fund was established for the receipt of donations for crew kit bags.
- Physio Control Lucas 3 Devices – the trustees of the estate of the late Annie Hutcheon Dean kindly donated £25,000 in her memory, specifically for the purchase of these devices.
- 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.
- Rescue warming mats is for donations given for the purchase of Rescue Warming Mats.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

14. ANALYSIS OF FUNDS (CONTINUED)

Restricted Funds (continued)

- 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 KSSAAT conference which is ring fenced to finance training for our clinical staff.

15. OPERATING LEASE COMMITMENTS

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

	1 year or less	2 to 5 years	More than 5 Years	Total commitments
	£	£	£	£
Land & Buildings				
Marden Unit	21,912	-	-	21,912
Redhill Hangar 2	11,941	-	-	11,941
Redhill Hangar 10	207,295	612,230	-	819,525
Rochester	15,000	80,000	305,000	400,000
Sub total	256,148	692,230	305,000	1,253,378
Aviation capability	4,243,564	18,485,627	22,296,495	45,025,686
Vehicles	34,028	36,074	-	70,102
Office Equipment	11,580	42,513	-	54,093
Total Lease Commitments	<u>4,545,320</u>	<u>19,256,444</u>	<u>22,601,495</u>	<u>46,403,259</u>

Expiry date: Rochester	2 July 2038
Redhill Hangar 2	2 October 2018
Redhill Hangar 10	12 March 2042
Marden unit	19 September 2018

Length of unexpired leases at 31 March 2018:

Redhill Hangar 2	0.50 years
Redhill Hangar 10	23.96 years
Marden unit	0.5 years
Rochester	20 years
Helicopters – KSST & KSSA	9.19 years
Helicopter – KSSC	10 Years

A 10 year maintenance lease was agreed in December 2017 covering a new AW169 helicopter (G-KSSC) and the AW169 helicopter (G-KSST) and came into effect when G-KSSC entered service in September 2018. This supersedes the previous lease signed in February 2016. The Alan Firmin (Linton) Limited our landlord at Marden has indicated its willingness to waive annual rent amounting to £19,500.

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

16. CAPITAL COMMITMENTS

At 31 March 2018 the charitable company had capital commitments of £488,229 ((2017:£1,744,645).

	2018 £	2017 £
Civils Contracting Limited	112,770	1,744,645
Modulek Limited	286,914	-
ODI	31,506	-
Smartcomm Limited	14,651	-
SHIFTF7 Limited	29,236	-
SEC Operations	13,152	-
	<u>488,229</u>	<u>1,744,645</u>

17. RELATED PARTY TRANSACTIONS

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

	2018 £	2017 £
Gift aided lottery and Raffle profits	4,389,827	4,074,825
Gift aided AAP Profits	-	848,495
	<u>4,389,827</u>	<u>4,923,320</u>
Total gift aided donations	<u>4,389,827</u>	<u>4,923,320</u>
Recharges for Staff costs	152,565	137,008
Recharges for property and administration	6,906	6,906
	<u>159,471</u>	<u>143,914</u>
Total Recharges	<u>159,471</u>	<u>143,914</u>
Purchases of Merchandise	<u>18,170</u>	<u>14,797</u>

Broad Oak Mini a member of Barretts of Canterbury Ltd of which Paul Barrett is owner and Managing Director, was paid £39,624 for the purchase of two cars which were the first prizes in the Two Car raffles sponsored by Air Ambulance Promotions Ltd (2017: £625 – car repairs).

Hazelhurst Trust of which Helen Bowcock is a Trustee donated £2,500 to the KSSAAT Conference Fund.

Amounts paid to Trustees

No amounts were paid to Trustees during the year (2017: £nil).

Trustee expenses

Two Trustees were paid a total of £221 for expenses during the year (2017: one trustee was paid £162). Included in Management and Administration costs is the cost of Trustees' Liability insurance (including professional indemnity cover) amounting to £5,988 (2017: £5,376).

KENT, SURREY & SUSSEX AIR AMBULANCE TRUST
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 MARCH 2018

18. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
YEAR ENDED 31 MARCH 2017

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