

THE AIR AMBULANCE SERVICE TRADING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



THE AIR AMBULANCE SERVICE TRADING LIMITED

COMPANY INFORMATION

Directors

Mr C Faircliffe
Mrs S Wolter-Ferguson
Mrs M Kempinska
Mrs A Pope
Mr J Williams
Mr N Bandtock (appointed 8 February 2017)

Registered number

06987161

Registered office

Blue Skies House
Butlers Leap
Rugby
Warwickshire
CV21 3RQ

Independent auditor

PKF Cooper Parry Group Limited
Chartered Accountants & Statutory Auditor
One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

Bankers

Barclays Bank Plc
Meridian Business Park
Leicester
LE19 7HB

THE AIR AMBULANCE SERVICE TRADING LIMITED

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THE AIR AMBULANCE SERVICE TRADING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements for the year ended 31 December 2017.

Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who served during the year were:

Mr C Faircliffe
Mrs S Wolter-Ferguson
Mrs M Kempinska
Mrs A Pope
Mr J Williams
Mr N Bandtock (appointed 8 February 2017)

THE AIR AMBULANCE SERVICE TRADING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

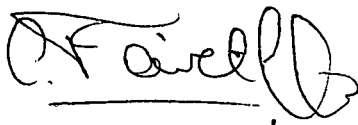
- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small companies note

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 was approved by the board on 16 May 2018 and signed on its behalf.

Mr C Faircliffe
Director

A handwritten signature in black ink, appearing to read 'C. Faircliffe', written over a horizontal line.

THE AIR AMBULANCE SERVICE TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AIR AMBULANCE SERVICE TRADING LIMITED

Opinion

We have audited the financial statements of The Air Ambulance Service Trading Limited (the 'Company') for the year ended 31 December 2017, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its profit 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 directors 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.

THE AIR AMBULANCE SERVICE TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AIR AMBULANCE SERVICE TRADING LIMITED (CONTINUED)

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' 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:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 1, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

THE AIR AMBULANCE SERVICE TRADING LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AIR AMBULANCE SERVICE TRADING LIMITED (CONTINUED)

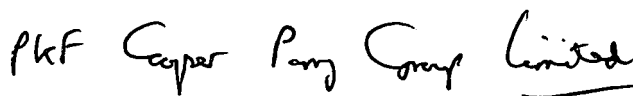
Auditors' responsibilities for the audit of the financial statements

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.

Use of our report

This report is made solely to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Atkins FCA (Senior statutory auditor)

for and on behalf of

PKF Cooper Parry Group Limited

Chartered Accountants

Statutory Auditor

One Central Boulevard
Blythe Valley Business Park
Solihull
West Midlands
B90 8BG

16 May 2018

THE AIR AMBULANCE SERVICE TRADING LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Turnover		7,251,218	5,407,636
Cost of sales		(514,673)	(422,029)
Gross profit		<u>6,736,545</u>	<u>4,985,607</u>
Administrative expenses		(5,909,112)	(4,515,188)
Operating profit	4	<u>827,433</u>	<u>470,419</u>
Profit after tax		<u><u>827,433</u></u>	<u><u>470,419</u></u>
Profit for the year		827,433	470,419
Gift aid payment		(827,433)	(470,419)
Retained earnings at the end of the year		<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 8 to 14 form part of these financial statements.

THE AIR AMBULANCE SERVICE TRADING LIMITED
REGISTERED NUMBER: 06987161

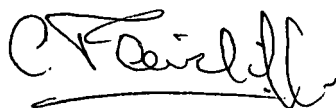
BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	7	730,032	443,180
		<u>730,032</u>	<u>443,180</u>
Current assets			
Stocks	8	159,031	82,811
Debtors: amounts falling due within one year	9	545,561	340,068
Cash at bank and in hand		633,587	550,749
		<u>1,338,179</u>	<u>973,628</u>
Creditors: amounts falling due within one year	10	(2,067,711)	(1,416,308)
Net current liabilities		<u>(729,532)</u>	<u>(442,680)</u>
Total assets less current liabilities		<u>500</u>	<u>500</u>
Net assets		<u><u>500</u></u>	<u><u>500</u></u>
Capital and reserves			
Called up share capital	11	500	500
		<u>500</u>	<u>500</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 May 2018.

Mr C Faircliffe
Director



The notes on pages 8 to 14 form part of these financial statements.

THE AIR AMBULANCE SERVICE TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. General information

The Air Ambulance Service Trading Limited (the company) is a limited liability company incorporated and domiciled in the United Kingdom. The address of its registered office is shown on the company information page.

The financial statements are prepared in Sterling (£), (which is the functional currency of the Company). The financial statements are for a period of one year ended 31 December 2017 (2016: one year ended 31 December 2016).

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared under the historical cost convention, in accordance with applicable accounting standards and on a going concern basis. The company had net current liabilities of £729,532 (2016: £442,680) as at 31 December 2017.

The directors have considered the financial position and future prospects of the Company for a period of at least twelve months from the approval date of the accounts and are confident that the Company has access to sufficient resources to manage its business successfully.

The directors are confident that the company has adequate resources to continue in operation for the foreseeable future, and, accordingly, have adopted the going concern basis in preparing the financial statements.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

THE AIR AMBULANCE SERVICE TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Donated goods

The turnover from donated goods has been recognised from the point of sale in the accounts due to the impractical nature of ascertaining a fair value at the time they are donated. This treatment is in line with the Charities SORP (FRS 102) and not FRS 102, therefore since the financial statements are consolidated in line with the Charities SORP (FRS 102), the exemption not to value at the point of donation has been taken.

2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	20% straight line
Motor vehicles	-	25% straight line
Fixtures and fittings	-	20% straight line
Office equipment	-	20% straight line
Computer equipment	-	33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of income and retained earnings.

THE AIR AMBULANCE SERVICE TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. Accounting policies (continued)

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of income and retained earnings.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Operating leases

Rentals paid under operating leases are charged to the Statement of income and retained earnings on a straight line basis over the lease term.

2.10 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

THE AIR AMBULANCE SERVICE TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. Management are also required to exercise judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

In preparing these financial statements, the directors have made the following judgements:

Determine whether leases entered into by the company either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis based on an evaluation of the terms and conditions of the arrangements, and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event for which it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flow at a rate that reflects the time value of money and the risks specific to the liability.

Whether a present obligation is probable or not requires judgement. The nature and type of risks for these provisions differ and management's judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not.

Depreciation and residual values. The Directors have reviewed the asset lives and associated residual values of all fixed asset classes, and in particular, the useful economic life and residual values of fixtures and fittings, and have concluded that asset lives and residual values are appropriate.

The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projects disposal values.

4. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	183,836	152,420
Other operating lease rentals	1,303,026	829,741
Defined contribution pension cost	35,392	28,763

THE AIR AMBULANCE SERVICE TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

5. Auditor's remuneration

	2017 £	2016 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	7,200	7,200

6. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Administration and Retail	206	164

7. Tangible fixed assets

	Long-term leasehold property £	Motor vehicles £	Fixtures, fittings and office equipment £	ICT equipment £	Total £
Cost or valuation					
At 1 January 2017	7,220	32,205	943,563	30,829	1,013,817
Additions	-	-	447,803	22,885	470,688
Disposals	-	(19,955)	(174,046)	(9,933)	(203,934)
At 31 December 2017	7,220	12,250	1,217,320	43,781	1,280,571
Depreciation					
At 1 January 2017	4,247	23,324	529,383	13,683	570,637
Charge for the year on owned assets	1,444	3,063	167,579	11,750	183,836
Disposals	-	(19,955)	(174,046)	(9,933)	(203,934)
At 31 December 2017	5,691	6,432	522,916	15,500	550,539
Net book value					
At 31 December 2017	1,529	5,818	694,404	28,281	730,032
At 31 December 2016	2,973	8,881	414,180	17,146	443,180

THE AIR AMBULANCE SERVICE TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

8. Stocks

	2017	2016
	£	£
Goods for resale	159,031	82,811

Stock recognised in cost of sales during the year as an expense was £507,662 (2016 - £407,733).

9. Debtors

	2017	2016
	£	£
Trade debtors	94,371	66,414
Other debtors	145,087	71,774
Prepayments and accrued income	306,103	201,880
	<u>545,561</u>	<u>340,068</u>

10. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	341,965	226,195
Amounts owed to group undertakings	1,252,653	887,190
Other taxation and social security	54,676	44,808
Other creditors	1,729	1,756
Accruals and deferred income	416,688	256,359
	<u>2,067,711</u>	<u>1,416,308</u>

11. Share capital

	2017	2016
	£	£
Allotted, called up and fully paid		
500 Ordinary shares of £1 each	<u>500</u>	<u>500</u>

12. Pension commitments

During the year, the company operated a defined contributions pension arrangement. The pension charge for the year was £35,392 (2016: £28,763). At the balance sheet date, included in creditors is an outstanding contribution amounting to £5,761 (2016: £5,203).

THE AIR AMBULANCE SERVICE TRADING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

13. Commitments under operating leases

At 31 December 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	1,353,504	844,429
Later than 1 year and not later than 5 years	4,137,811	2,409,454
Later than 5 years	1,683,436	1,067,329
	<u>7,174,751</u>	<u>4,321,212</u>

14. Related party transactions

As the company is a wholly owned subsidiary of a Company whose consolidated accounts include the results of the subsidiary and are publicly available, the Company has taken advantage of the FRS102 Section 33.1A exemption from disclosing transactions with group undertakings (other than the one disclosed in note 16).

15. Ultimate parent undertaking and controlling party

The Company was under the control of The Air Ambulance Service, a charity registered in England and Wales throughout the year. The results of the Company are consolidated into the Charity's financial statements. A copy of these accounts can be obtained from the Charity Commission.

16. Gift Aid

The Company has made gift-aid payments to its parent charity of £827,433 (2016: £470,419) in respect of the year ended 31 December 2017.