MIDLANDS AIR AMBULANCE CHARITY

REPORT AND FINANCIAL STATEMENTS

YEAR ENDING 31ST MARCH 2016

Charity Number 1143118

Company Number 07683841

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CHAIRMAN'S REPORT

I am delighted to present our Annual Report for 2015/16.

In a year which has seen adverse public comment on the fundraising and governance of some charities, we have reviewed our protocols on fundraising and canvassing to ensure we maintain the confidence and trust of the public who provide our funds. We believe that transparency in our activities underpins public confidence, and I am pleased to report that of every £1 given to us we spend over 90p on our charitable purpose and on raising the funds we need to keep investing in our services in the future. We are as always grateful to the public for their support, and to all our fundraisers and supporters who make the service possible.

Over the past year we have continued to develop our service through both the extension of our flying hours to 14 hours per day, and the development of the CELLS (Community Enabled Lit Landing Sites) network which allows us to access an additional 10 hospital sites and provide a direct linkage to the 3 Trauma Centres in our region. Our CELLS network is one of the first in the UK and provides a key element of future inter-hospital emergency transfers. This network would not have been possible without the support of volunteers who are trained to operate the equipment.

Our fundraising and legacy programmes continue to perform well and consequently our reserves are in a healthy position. We have received our first direct funding from the LIBOR fines fund of £241k, which we used to develop our Training and Education Centre at Tatenhill. We continue to focus our fundraising on sustainable income streams such as regular giving and our lottery as this is the most effective use of our fundraising resources over the long term. We have invested in our 3rd retail outlet in West Bromwich, and to support our retail network we have recruited two Directors with specific retail experience.

As we approach our 25th Anniversary Year, and the associated celebrations I would like to express my appreciation to all our supporters and partners, particularly Babcock Mission Critical Services Onshore Limited (formerly Bond Air Services Limited) and West Midlands Ambulance Service NHS Foundation Trust.

Finally following the reappointment of 4 Trustees earlier in the year, Elizabeth Greetham was unable to continue to act as a trustee due to business commitments. We were sorry to lose her advice and counsel and wish her well for the future.

Brendan Connor
Chairman of the Board of Trustees

CHIEF EXECUTIVE'S REPORT

We are celebrating 25 years of service to our communities in 2016, and as we plan for the events and activities that will be taking place with our supporters and staff to celebrate our success, we can also look back to 2015/16 with pride at what we have achieved.

During 2015/16 our paramedics and doctors responded to 1,572 air ambulance missions and treated 863 patients, preventing potential tragedies and retrieving our patients to a specialist hospital within the all important 'Golden Hour.'

Since our formation on 21 May 1991 we have responded to a total of 46,366 air ambulance missions.

The most striking of the incidents our aircraft and clinical teams attended in 2015/16 was the accident that occurred at Alton Towers in June 2015. The dedication, expertise, and bravery demonstrated by our crews was outstanding, and rightly earned them the 'Pride of Britain' award. It was an enormously difficult and lengthy operation, but the team remained with the injured throughout, providing medical support and reassurance, despite personal risk to themselves.

This sort of incident brings media attention and accolades, for those involved. However the majority of incidents we attend do not make the headlines, although to our crews, and of course to the injured person and their family, each incident is as important as any other.

Olivia's story

On Wednesday 29th April 2015 at approximately 5:00pm, 13-year-old Olivia Dean was knocked unconscious after falling from her horse at Guinness Park Farm in Leigh Sinton in Worcestershire.

Having recently completed a First Aid course at work, her mother Moira started to administer CPR, and managed to restore her breathing. Land crew paramedics arrived on the scene to find Olivia still unconscious, and due to the serious nature of her injuries, the Midlands Air Ambulance from the Strensham airbase was called into action. After stabilising Olivia at the scene they airlifted her to Birmingham Children's Hospital where she could receive further advanced trauma care.

The Midlands Air Ambulance took just 12 minutes to get to the hospital, whereas a land ambulance would have taken over an hour.

Upon arrival at Birmingham Children's Hospital, Olivia was diagnosed with a brain injury. Although she didn't require an operation, Olivia needed time and supervised medication to aid her recovery. A few days later, much to the joy of her family Olivia opened her eyes, but it took several more weeks for her to be able to talk again.

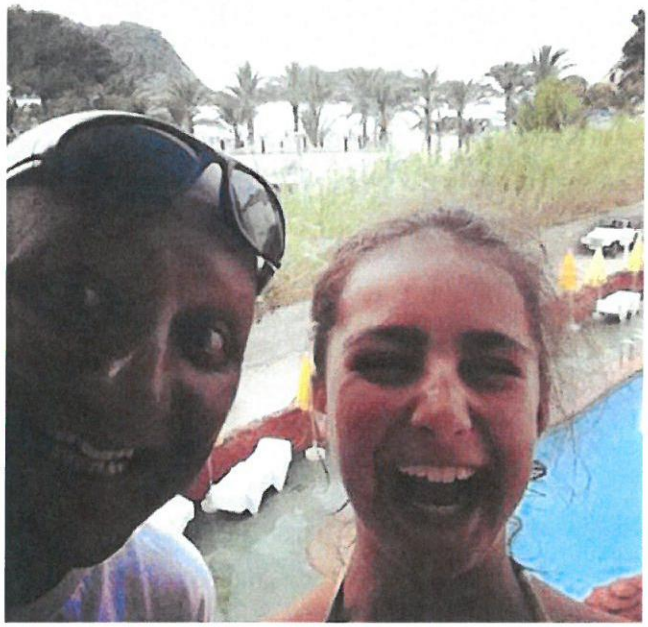
Olivia's father Cyril says: "Without my wife Moira's quick thinking, the Midlands Air Ambulance and the Birmingham Children's Hospital, things could have been very different."

Three months after her accident, Olivia had a progressive return to school, restarting full time in September 2015. Prior to her accident, Olivia was the School Sports Captain and in the 1st teams in netball, rounders and hockey, but was unfortunately advised that she would not be able to participate in any contact sports or go back to riding her horse for at least twelve months.

Finding it difficult to watch his daughter struggling, Cyril wanted to do something fun to raise money for the charity's that had helped to save his daughters life, and inspire his family.

Cyril explains: "On one of my early morning journeys to the hospital, Chris Evans announced the National Walk to Work week to which I shouted at the radio 'It's ok for you! I can't walk to work!'. Unlike most people, my office is a 170 mile drive away from our Malvern home, in Upminster Essex. However, the seed was sown and I decided to take on the challenge."

On Sunday 5th June 2016, Cyril set out from his home, on the 140 walking mile journey to Upminster. After six days of travelling, including nightly stops, Cyril arrived at his office to a hero's welcome from his colleagues.



Olivia and her father Cyril

Each person we attend deserves the best possible medical care, and that is why we continually invest in our clinical services and facilities. The trustees report that follows outlines some of the clinical and operational initiatives we have delivered this year, and some of our plans for the on-going development of our services.

All of our activities across the charity are informed by our Vision, Mission and Values, which include a commitment to continuous improvement, openness, teamwork, honesty and loyalty. We have developed a high performing and committed team across all areas of the charity which is reflected in our activities to further public benefit.

In my capacity as Vice Chair of the Association of Air Ambulances (AAA) which is the representative association for all 19 Air Ambulance Charities in the UK, I participated in the establishment of the National Charity in 2015 to provide a national fundraising vehicle for the sector. This was of particular benefit in 2015 as the national charity received a £5M Treasury Award which was then distributed equally to all air ambulance charities. The Treasury Award enabled Midlands Air Ambulance to build the Education, Training and Medical Simulation Suite at our Tatenhill Airbase.

The Association was also successful in lobbying Central Government through its All Party Parliamentary Group (APPG) which resulted in a change in VAT legislation enabling air ambulances to recover most of their VAT. As a result of this development Midlands Air Ambulance was able to recover £141,000 of the VAT it pays across the year.

My thanks though must go to our donors, volunteers, corporate sponsors, and staff. The Charity continues to thrive and effectively use its resources to further our core purpose in delivering an outstanding air ambulance pre hospital care service across the six counties that we serve. This is a direct result of the capability, hard work, commitment and passion demonstrated by the team, including our volunteers and donors and our dedicated Board of Trustees who have provided constant support, constructive challenge and direction. As we move into 2016, and we celebrate 25 years of service through a number of high profile events and activities, we will be recognising our loyal volunteers and donors.

Hanna Sebright

Chief Executive

If you would like to become a supporter of Midlands Air Ambulance Charity either by volunteering, donating, or running an event to raise funds we would love to hear from you. You can find more details of how to get involved on our web site http://www.midlandsairambulance.com or email us on info@midlandsairambulance.com

REPORT OF THE TRUSTEES AND STRATEGIC REPORT
For the year ending 31 March 2016

Introduction

The trustees are pleased to present their annual directors' report together with the consolidated financial statements of the charity and its subsidiary for the year ending 31 March 2016 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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 Republic of Ireland (FRS 102) (effective 1 January 2015).

Our charitable purpose

Our mission as set out in our Articles of Association is to:

Assist in relieving sickness by the operation of a helicopter emergency medical service within the West Midlands, Shropshire, Staffordshire, Warwickshire, Hereford and Worcester, Gloucestershire and such adjacent areas as may be effectively served by the operation of one or more helicopter ambulance.

Our vision is to:

Be recognised as the UK's pre-eminent provider of charity managed and funded air ambulance services for casualty evacuation and inter-hospital air transfers.

We work in partnership with the West Midlands Ambulance Service NHS Foundation Trust (WMAS) and with South West Ambulance Service NHS Trust (SWAST) to support them in providing the best pre-hospital medical care whenever and wherever we are needed. Our team on the Airdesk at WMAS provide a vital service in reviewing 999 calls received and identifying those where our services can help.

Through the donations and income received from our supporters we operate 3 Helicopter Emergency Medical (HEMS) aircraft based at Strensham in Worcestershire, Tatenhill in Staffordshire and Cosford in Shropshire. This ensures that we can reach 90% of our region within 8 minutes of being asked to attend the scene of a road traffic accident, an individual who has had a heart-attack or fall, or any other occasion where the services we provide could make a difference to the outcome for the patient or patients.

When one of our aircraft is on a call, cover is always provided by the other two, so the counties we serve are not left without aircraft availability should there be a need for us to attend a second incident. We also stagger the operating hours of our teams across the airbases to extend the hours in which our services are available, and when weather or poor light prevents the aircraft from flying our teams operate 3 rapid response vehicles and travel by road instead. In addition we work alongside our neighbouring air ambulances to provide support in their areas, as they do in ours, should there be a need.

We ensure that we carry a doctor on board at least one of our aircraft each day, because this enables us to provide enhanced medical care at the scene. We are extending this cover further in 2016-2017.

We are proudly celebrating 25 years of Midlands Air Ambulance throughout 2016. However we recognise that we are part of a wider critical care team which begins when the 999 call is first received, and continues when a patient is delivered to hospital. As such we are unable to make claims that we have saved lives, but we do proudly boast that we make a significant contribution to:

Saving Lives, by Saving Time

Achievements and performance

Since 1991, the charity has responded to more than 46,000 missions averaging 2,000 per year, making it one of the longest established and busiest air ambulance organisations in the UK. As part of our on-going commitment to our air ambulances we continue to invest in, and celebrate, their operation and activities, and this report sets out some of those achievements this year.

Pride of Britain awards

Midlands Air Ambulance Charity flight doctors, Ben Clark and David Cooper, and critical care paramedic, Tom Waters, won the Emergency Services category at the Pride of Britain Awards this year. They showed tremendous dedication and commitment to saving lives when they attended an incident on the Smiler Rollercoaster at Alton Towers on 2 June 2015.

Our paramedics and doctors tend to people in their greatest hour of need every day, and on this occasion the crew went above and beyond the call of duty, putting themselves at risk to save others. On the day their teamwork, clinical expertise, bravery, and care for the patients was exceptional. Without their input, and ability to work in extremely complex conditions, it is almost certain two of the patients would have had significantly worse outcomes.

CELLS (Community Enabled Lit Landing Sites)

With the support of volunteers and local communities, and financial support from County Air Ambulance Trust, we implemented the first phase of a programme to provide temporary/removable helipads around our region. These involve the use of Glims, which are effectively light strips to provide an H on the ground so that the helicopter is able to land at night or in poor light conditions. Led by our Operations Manager the project has had to be innovative in the way it ensures the equipment is kept fully charged ready for use, and the team have worked closely with the communities involved to gain permission to land on a suitable site such as a sports field. At each site a team of volunteers are trained and ready to install the temporary Helipads whenever they are needed, and without their dedicated support the project would not be feasible.

Phase 1 involved the installation of sites at Bishops Castle, Bridgnorth, Hereford Racecourse, Ludlow, Shobden and Tilstock. Phase 2 is in planning for 2016-2017.

Bridgnorth Community Enabled Lit Landing Site

Training

HEMS (Helicopter Emergency Medical Services) dispatcher training took place in August to increase the numbers of staff trained to work on the Airdesk, and hence to increase resilience in the event of staff illness or progression. The Airdesk team provide a vital service by evaluating the needs of a patient when a 999 call is received. They ensure that the helicopters are dispatched on a timely basis, and that the right aircraft is sent based on the location of the incident and on the clinical need of the patient.

We continue to develop our clinical teams, with the support of West Midlands Ambulance Service. All three senior trainees passed their PHEM (Pre Hospital Emergency Medical) exams in July, there is monthly clinical governance training, and there were two scenario simulation days during the year. .

Tatenhill Training and Education Centre

Through the Air Ambulance Association we were able to bid for, and receive financial support of £241,000 from the Treasury to fund the development and delivery of a state of the art simulation and training centre at our Tatenhill airbase. The facility will provide our paramedics and clinicians with a facility where they can maintain or develop their skills, and learn from the experience and knowledge of colleagues.

Plans for future periods

CELLS (Community Enabled Lit Landing Sites) – Phase 2

We will be building on the success of Phase 1 of the Helipad project over the coming years, and work to identify the next set of suitable sites across our region began in May 2016. We hope to at least double the number of available temporary/removable helipads over the coming year.

Our aim is to provide greater choice of suitable landing sites for our aircraft when ambient light is poor. This will then enable us to provide our communities and our partner organisations, with additional availability and support.

Electronic Patient Record system

West Midlands Ambulance Service NHS Foundation Trust (WMAS) is introducing a state of the art electronic patient record system, which will support the measurement of patient outcomes throughout the chain of care received. As part of our commitment to this programme, and our partnership with WMAS, and with the support of the Henry Surtees Foundation, and the Rowlands Trust, we will be fitting Zoll monitors in each of our aircraft to support the monitoring and measurement of data.

This will also enable us to monitor our operations data more fully, including mission data, future clinical trials and our extended night Helicopter Emergency Medical service (HEMS) trial. We also hope to use this data to support the development of our new clinical website, aimed at sharing good practice.

Doctor led service

We will be implementing a doctor led service on all three of our aircraft next year. With the support of West Midlands Ambulance Service NHS Foundation Trust (WMAS) our clinical teams are experienced, dedicated and well trained in pre hospital medical care.

The addition of a doctor on every aircraft complements the expertise of our paramedics, and brings a greater level of clinical knowledge to every patient we are asked to attend.

New aircraft

Trustees have identified a reserve fund to begin building the finances needed to purchase a second owned helicopter. G-OMAA our existing owned aircraft works out of our Cosford base, and provides the charity with an asset that is at the heart of what we do as a charity. It also helps to future proof the charity's finances.

We are working with our partner organisation Babcock Mission Critical Services Onshore Limited (formerly Bond Air Services Limited) to consider the specification and clinical fit-out of a new aircraft so as to fully explore the options available and identify the likely cost. Trustees will then be able to evaluate the options on an informed basis, and consider the timing of the purchase.

Resuscitation with Pre-hospital Blood Products

This research project, known as RePHILL for short, is a ground breaking new study which will be investigating the benefits of giving patients blood products at the scene of an accident or a medical emergency, rather than waiting until they have reached hospital. The study is a collaborative project, with air ambulances across the UK working together, to record and evaluate the data that will be generated by the study.

Structure and Governance

Group structure

Members of the Charitable Group are Midlands Air Ambulance Charity (a registered charity) and it's wholly owned subsidiary Midlands Air Ambulance Trading Company Limited.

Governing documents

The charity, and its subsidiary company are governed by Articles of Association which set out the primary purpose (our mission), and the way in which the companies are governed.

The Articles provide for such matters as:

- the number of trustees/directors appointed;
- the frequency in which trustee/director meetings are held, and how they are conducted;
- the powers available to the trustees/directors in decision making:

In addition the trustees/directors recognise that they have a duty and responsibility to comply with requirements and guidance issued by the Charity Commission. These include, but are not limited to:

- ensuring that the charity complies with charity law, and prepares reports on what it has achieve and Annual Returns and accounts as required by law;
- ensuring that the charity remains true to the charitable purpose and objects set out in its governing document;
- complying with the requirements of other legislation and any other regulators (if any) which govern the activities of the charity;
- acting with integrity, and avoid any personal conflicts of interest or misuse of charity funds or assets;
- ensuring that the charity is, and will remain, solvent;
- using charitable funds and assets reasonably, and only in furtherance of the charity's objects;
- avoiding undertaking activities that might place the charity's funds, assets or reputation at undue risk;
- taking special care when investing the funds of the charity, or borrowing funds for the charity to use.

Appointment of Trustees

Trustee appointments are made on merit after fair and open competition. A committee is selected to carry out the appointments process, and any trustee vacancy is advertised in national and local publications.

Appointments are made for a term of four years, and trustees may then be reappointed for a further term of four years. Once a trustee has served two terms consecutively he/she may be reappointed for a further term of four years but only after he/she has ceased to act as a trustee for at least a year.

A trustee may not join the Board until he/she has signed a written declaration of willingness to act as a charity trustee.

Trustee induction and training

On appointment a trustee will be provided with an induction programme, which is aimed at supporting them to understand their duties and responsibilities, gain an understanding of the factors affecting the charity and its subsidiaries, and contribute fully to Board meetings as quickly as possible.

The programme will provide for a range of activities including, but not limited to:

- Focused reading
- In-the-role development
- Meetings with key stakeholders
- Meetings with Senior & Operational Management Teams
- Site visits

Trustee Indemnity Insurance

The charity holds trustees and directors Indemnity insurance cover of £1,000,000 (2015: £1,000,000), but the cost is not separable from the total cost of insurance.

Governance review

During the year the trustees initiated and undertook a review of governance, in order to ensure that they were still operating in accordance with good practise.

The review was conducted by an external governance expert who provided reassurance that trustees were acting appropriately, and in accordance with the charity's governing documents. Suggestions made of ways to improve governance further are in the process of implementation.

Trustees' responsibilities in relation to the financial statements

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

Company law requires the charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the group, and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing the financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK 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 in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity 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 charity and the group and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE TRUSTEES AND STRATEGIC REPORT
For the year ending 31 March 2016

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees and Directors

The directors of Midlands Air Ambulance Charity are its trustees for the purpose of charity law. The Trustees and Directors of the group companies serving during the year and since the year end are as follows:

Name	Boards/Committees Served	Date of Appointment (within year)	Date of Resignation (if applicable)
Mr B Connor	Charity Board (Chair).	Re-appointed 7.9.2015	
Mr R Fulton	Charity Board, Audit & Risk Committee, HR & Remuneration Committee, Fundraising Committee.		
Mr I Graves	Charity Board, Audit & Risk Committee, HR & Remuneration Committee (Chair).		
Mrs E Greetham	Charity Board, Audit & Risk Committee.	Re-appointed 7.9.2015	26.10.2015
Mr R Pemberton	Charity Board, Fundraising Committee (Chair), HR & Remuneration Committee, Trading Board (Chair).	Re-appointed 7.9.2015 Trading Board 30.11.2015	
Mr T Rice	Charity Board, Fundraising Committee.		
Mr R Richmond	Charity Board, Audit & Risk Committee (Chair)	Re-appointed 7.9.2015	
Mr N Whale	Charity Board, Fundraising Committee.		
Mr S Mawby	Trading Board.	Appointed 7.4.2016	
Mr T Sehgal	Trading Board.	Appointed 7.4.2016	
Ms H Sebright	Trading Board.		
Mr J Levy	Trading Board.		

Related parties and co-operation with other organisations

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a supplier must be disclosed in an annual return, and declared at each trustees meeting in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

Management and Organisation

Decision making

Trustees have responsibility for setting the strategic direction of the charity and have overall responsibility for the actions and financial matters of the charity and its subsidiary.

The charity has in place a Scheme of Delegation which clearly defines the matters the Board of Trustees are responsible for. The Board devolves to its committee's authority to make decisions on a small number of matters outlined below. However the Board retains collective responsibility for those decisions.

:

Subject	Committee
Consideration and approval of external audit programmes and plans.	Audit and Risk
Financial management and investment recommendations.	Audit and Risk
Review proposals and make recommendations to the Board on pay and conditions of the charity.	HR and Remuneration
Review proposals and make recommendations to the Board on staff pay awards.	HR and Remuneration
Approve fundraising policies and procedures.	Fundraising
Approve policies not listed under the responsibilities of the Board.	All
Receive reports from specific investigations and make recommendations for remedial action.	All
Review and monitor risk management and the risk register.	Audit and Risk

The Board delegate day to day management to the Chief Executive and the Senior Management team. In all respects this only relates to matters that are within the strategy and budgets that have been approved by the Board. Limits of Authority are also in place to recognise the limits in which the Chief Executive has authority to act alone, or must also be approved by one or more of the Senior Management Team.

Key Management personnel

The board of trustees and the senior management team comprise the key management personnel of the charity in charge of directing, controlling, running, and operating the charity on a day to day basis. The senior management team comprises:

Title	Name
Chief Executive Officer	Ms H Sebright
Fundraising Director	Mr J Levy
Finance Director	Mrs K Steed
Business Manager	Mrs A Watkins
Operations Manager	Mrs B Steele

There were no changes to postholders in year.

Corporate supporters

We value highly the relationships we have with our corporate supporters. These corporate bodies give back to the community by working with the charity, providing us with sponsorship for events, prizes for auction/raffles, and/or by giving us the benefit of their expertise so that we can continue to develop what we do at minimal direct cost. Many of these supporters have built relationships with us over many years, and they are a vital part of keeping our service flying.

Fundraising and Marketing

We have been saddened by the adverse canvassing practises in some charity's that have come to light recently, and can reassure our donors and supporters of our on-going commitment to a strong ethical framework to our fundraising activities. To demonstrate that openness to our donors we have published our Code of Practise on our web site, and have asked our fundraising service providers to sign up to the same code.

We have been involved with a huge number of successful fundraising events this year, but record only those we have directly managed in our recorded events income. The events included:

- Bike4Life – a motorcycle ride-out and bike festival, which attracted over 3,000 riders and 9,000 visitors this year.
- Annual Gala Ball, held to recognise the support of our volunteers, corporate supporters, aircrew and donors.
- Open day – a fun day for the family with opportunities to see inside one of our aircraft, talk to the crew, and participate in a number of fun activities for the young and young at heart.
- Corporate golf day – a great opportunity for our corporate supporters to entertain their clients whilst raising funds for the charity.

In addition to these events our fundraising strategy is to build resilience through diversification of income streams, and our success is evident by the growth in income over recent years. We also opened our third shop in West Bromwich, aimed at both increasing income and raising awareness. Details of our main income streams are included in Note 2 and Note 3 of the accounts.

The success of our fundraising and marketing resulted in our Fundraising Director being invited to speak at the National Fundraising Conference on 'Building Awareness'.

Volunteers

We are extremely grateful for the support of all our volunteers, who support us in many different ways including manning collections, working in our shops and speaking at events promoting the charity's work. Included in this list of support we now also have volunteers providing logistical support in deploying our community enabled lit landing sites when needed.

Without this enormously dedicated team of volunteers the charity would not be as successful as it is, and we work hard to ensure that our volunteers are recognised and feel part of the organisation. Our Volunteers Manager provides support and a point of contact for every volunteer, and helps to ensure that their hard work never goes unnoticed.

As part of our commitment we hold quarterly meetings across the region, where volunteers can have an opportunity to meet each other, as well as the clinical teams and charity staff and trustees. Charity staff members regularly work alongside the volunteers at events and collections.

Importantly we recognise and celebrate the contribution to the charity's success made by our volunteers at our annual dinner and awards Gala Ball each year.

Administration & Finance

The charitable purpose, and fundraising to support that activity, is always at the forefront of our minds, but we also strive to ensure that we keep our administrative and financial systems and processes fit for purpose and cost effective.

We are proud to hold the first level of the Practical Quality Assurance System for Small Organisations (PQASSO) and will be working towards the second level this year.

We have continued to develop our customer relationship management database to improve care for donors and the information the system can provide. We have also developed new management account reports to provide information appropriate to each of the users of the accounts, be that strategic information for the trustees or detailed information for budget holders. In addition we are working towards selecting and implementing a new finance system this year to support the growth in transactions and improve the timeliness of reporting.

We train our staff in areas such as customer service, and data protection, and we recognise their achievements and successes in staff awards.

Our aim is to keep our administration and finance costs at less than 12% of the income received, and we are pleased to be able to record that for this financial year we spent only 6.3% of our income on support and governance costs.

Risk management

The charity has in place a risk management policy which is reviewed annually by the senior management team and trustees, and updated when necessary. The policy provides a framework which supports the development of an organisational culture whereby well trained staff proactively identify and manage risks locally, and there is effective risk intelligence and processes of assurance to inform the Board of Trustees.

Risk management continued

The policy aims to challenge complacency by understanding the risks in all aspects of the business. This provides and supports the regular update of the risk register which identifies, manages and wherever possible eliminates, shares or reduces risk to acceptable cost effective levels. Each risk is assessed numerical for the likelihood of it occurring and the consequence if it did, so that significant risks can be identified, and ways to mitigate those risks identified. The risk register is updated by the senior management team whenever a risk area changes, but is formally reviewed by the Audit and Risk committee, the Trading Board and by the Charity Board at their quarterly meetings.

The main risks identified by the register are:

Risk	Mitigating actions
Loss of Key members of staff	• Clear, measurable objective setting • Staff attitude survey • Succession Planning • Review of recruitment process including maximising social media as a tool for recruitment
Loss of office, airbase facilities, trading premises and warehouse	• Maintaining an open dialogue with landlords • Key holding service in operation
Lack of profit from the trading company	• Budgets set and reviewed annually • New Directors with retail backgrounds recruited • Weekly shop manage reports
Failure to protect the charity's reputation	• Clear process and practise in place to ensure contact with supporters exceeds fundraising guidelines • Volunteer manager provides clear guidance and support to collectors and volunteers • Careful monitoring of PR publications, and media activity

Financial Review

The charity has achieved a comprehensive range of different sources of income for the financial year, but this couldn't be achieved without the fantastic contributions in both time and funds made by our supporters and volunteers.

We aim to make a surplus each year in order to be able to invest in larger projects for the future. However it is important to record that in some cases income is accounted for in a particular year in order to comply with the Charity Statement of Recommended Practise (SORP 2015), but has not yet been received.

In addition expenditure on capital items reduces the cash balance as soon as the item is purchased, but the accounting treatment means that the costs are written off through the Statement of Financial Activities over the life of the asset. For larger items, such as premises and aircraft purchases these can be over a 10 or 20 year period.

Reserves policy

The trustees have established a Reserves policy in order to bridge the gap between the spending and receiving of income, to cover unplanned emergency repairs and to fund the purchase of high cost assets such as a new aircraft.

Reserves are categorised under 3 main headings:

Restricted reserves are held where funds have been given with a specific purpose or use in mind, and as such the funds will be ring fenced until all the expenditure has been undertaken and all costs have been taken through the Statement of Financial Activity. Restricted reserves at the end of the reporting period were £523,000 (2015: £260,000).

Designated reserves are set aside by trustees to meet future objectives, and costs.

- The fixed asset reserve recognises that there are costs still to be met through the Statement of Financial activities as a result of past decisions to purchase capital equipment, and in particular the charity owned helicopter. This reserve will be released as the costs are accounted for. At the end of the reporting period the fund balance was £4,639,000 (2015: £4,732,000).
- Recognition has also been given to the likelihood that further investment will be needed in the future into our owned aircraft to ensure the high standards of equipment are maintained. The fund balance at the year-end was £1,000,000 (2015: Nil).
- Trustees have also discussed the purchase of a second aircraft in order to enhance and future proof the service provided to our patients, and develop night flying capability. As such a fund has been established to start building funds towards the potential purchase cost. Work to identify the aircraft type and full cost are underway. At the end of the reporting period the fund balance was £4,693,000 (2015: Nil).

General reserves are held to provide a safety margin should our income fall, or in the event of an unexpected eventuality. The intention of holding such reserves is to provide the breathing space needed to develop alternative plans, whilst ensuring that our service to our patients is maintained, should that occur. Free reserves at the end of the reporting period were £7,831,000 (2015: £15,296,000).

Trustees review the reserves policy annually.

Investment powers and policy

Trustees recognise that they have a duty to protect the Charity's funds and to ensure that investments are balanced and protected.

The Articles of Association of the Charity provide the Trustees with the power to:
'deposit or invest the Charity's funds in any manner as may be thought fit, but only after obtaining such advice from a Financial Expert as the Trustees consider necessary and having regard to the sustainability of investments and the need for diversification.'

In addition the Articles support the delegation of the management of investments to a financial expert, and the trustees have put in place an Investment policy which sets the framework in which Investments are made and managed within the Charity.

Investment powers and policy continued

In setting the policy, Trustees give consideration to ethical matters, and to risk. As a result the policy specifically excludes investment in companies involved with the production of alcohol, because alcohol can be a contributory factor in road traffic accidents, the reason for 38% of our missions in 2015/16. Trustees also consider published advice and guidance, and take advice from an Independent Financial Adviser.

When investment decisions are made the timing of the planned use for the reserves is taken into account, and investments are made so as to ensure that funds are available when needed.

Control of expenditure

We are mindful that it is important to ensure that the majority of the funds received by the Charity are spent on our charitable purpose, the operation of the air ambulances. As such we set ourselves a target to maintain our administration and governance costs below 12% of income received. We are pleased to report that in this financial year we achieved a record level of only 6.3% of income being spent on the day to day administration and governance of the charity.

Pay policy for senior staff

Pay, for senior staff positions, is benchmarked against other charities of a similar size, and in the same geographical region. Consideration is given to any additional responsibilities held on a post by post basis, and if recruitment has proven difficult in the recent past a market addition may also be paid.

The pay of all charity staff, including the senior team, is reviewed annually and any increases awarded are based on performance against objectives on a post by post basis. All SMT remuneration matters are reserved to the whole Board in accordance with the Scheme of Delegation.

Taxation

Midlands Air Ambulance Charity is a registered charity (No. 1143118), and has charitable status with HMRC.
From 1 April 2015 air ambulance charities have been eligible for partial recovery of the VAT incurred on expenditure under Section 33 of VAT Notice 1001.

Reference and administrative details

Charity number:	1143118
Company number:	07683841 (A Company registered in England and Wales)
Registered Office:	Hawthorn House, Dudley Road, Lye, West Midlands, DY9 8BQ

Our advisers

Auditor	Mazars LLP
Bankers	Barclays Bank plc
Company Secretary	Wall James Chappell
Solicitors	Withers LLP

REPORT OF THE TRUSTEES AND STRATEGIC REPORT
For the year ending 31 March 2016

Statement as to disclosure to our auditors

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and

- the trustees, having made the enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information, and to establish that the auditor is aware of that information.

The accounts were approved by Trustees on 6 September 2016 and are signed on their behalf by

Mr B Connor, Chairman

INDEPENDENT AUDITOR'S REPORT
To the members and trustees of Midlands Air Ambulance Charity

We have audited the financial statements of Midlands Air Ambulance Charity for the year ended 31st March 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Statement of Cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31st March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT
To the members and trustees of Midlands Air Ambulance Charity

Opinion on the other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Ian Holder FCA (Senior Statutory Auditor)

For and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

45 Church Street

Birmingham

B3 2RT 13 September 2016

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
including consolidated income and expenditure account
for year ending 31 March 2016

	Note	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Total funds 2016 £'000	Total funds 2015 £'000
Income:						
Donations and legacies	2	10,319	-	478	10,797	9,523
Income from charitable activities:						
Hospital transfers		5	-	-	5	-
Income from other trading activities:						
Trading activities	3	291	-	-	291	251
Fundraising events	4	198	-	-	198	126
Investment Income	5	197	-	-	197	164
Total income		**11,010**	**-**	**478**	**11,488**	**10,064**
Expenditure						
Costs of raising funds						
Trading activities	3	336	-	-	336	241
Fundraising activities and events	4	2,281	-	15	2,296	2,197
Investment Management costs	5	50	-	-	50	37
Expenditure on charitable activities						
Aircraft and base costs	6	4,307	-	187	4,494	4,475
Patient care and support	6	861	-	13	874	950
Total expenditure		**7,835**	**-**	**215**	**8,050**	**7,900**
Net Gain/(Loss) on investments		(307)	-	-	(307)	482
Net income/(expenditure)		**2,868**	**-**	**263**	**3,131**	**2,646**
Transfers between funds		(4,605)	4,605		-	-
Net Movement in Funds		**(1,737)**	**4,605**	**263**	**3,131**	**2,646**
Reconciliation of funds						
Total funds brought forward		9,569	5,727	260	15,556	12,910
Total funds carried forward		**7,832**	**10,332**	**523**	**18,687**	**15,556**

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derives from continuing activities. The figures for the year ended 31st March 2015 have been restated in recognition of the changes required by FRS 102. Details of the restatements made are included in Note 1.

Detailed comparative data for 2015 is included in Note 9.

CONSOLIDATED & CHARITY BALANCE SHEET
as at 31 March 2016

	Note	Group 2016 £'000	Group 2015 £'000	Charity 2016 £'000	Charity 2015 £'000
Fixed assets:					
Tangible assets	13	4,628	4,732	4,604	4,727
Intangible assets	14	11	-	7	-
Investments	15	7,250	7,426	7,250	7,426
Total Fixed Assets		**11,889**	**12,158**	**11,861**	**12,153**
Current assets:					
Stock		48	51	-	-
Debtors	16	1,535	2,474	1,655	2,532
Short term deposits		2,000	500	2,000	500
Cash at bank and in hand		4,209	1,227	4,166	1,193
Total Current Assets		**7,792**	**4,252**	**7,821**	**4,225**
Liabilities:					
Creditors falling due within one year	17	994	854	943	815
Net Current Assets		**6,798**	**3,398**	**6,878**	**3,410**
Total Assets less Current Liabilities		**18,687**	**15,556**	**18,739**	**15,563**
Creditors: amounts falling due after more than one year		-	-	-	-
Net Assets		**18,687**	**15,556**	**18,739**	**15,563**
The funds of the charity:					
Unrestricted income funds	19	7,832	9,569	7,912	9,576
Designated Reserves	19	10,332	5,727	10,304	5,727
Restricted income funds	19	523	260	523	260
Total Charity Funds		**18,687**	**15,556**	**18,739**	**15,563**

The charity has prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011.

The notes at pages 22 to 37 form part of these accounts

The accounts were approved by Trustees on 6 September 2016 and are signed on their behalf by

Mr B Connor, Chairman

CONSOLIDATED STATEMENT OF CASHFLOWS
for the year ending 31 March 2016

	Group 2016 £'000	Group 2015 £'000
Cash used in operating activities	**4,599**	**1,930**
Cash flows from investing activities		
Dividends and Interest from investments	197	164
Purchase of fixed assets	(314)	(38)
Proceeds from sale of investments	-	3
(Increase)/Decrease in short term deposits	(1,500)	853
Purchase of investments	-	(2,591)
Cash provided by (used in) investing activities	**(1,617)**	**(1,609)**
Cash used in financing activities	**-**	**-**
Increase (decrease) in cash and cash equivalents in the year	**2,982**	**321**
Cash and cash equivalents at the beginning of the year	1,227	906
Total cash and cash equivalents at the end of the year	**4,209**	**1,227**

RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Group 2016 £'000	Group 2015 £'000
Net income/(Expenditure) for the period	**3,131**	**2,646**
Depreciation & Amortisation charges	406	389
Gains/(Losses) on investments	177	(482)
Dividends, and interest from investments	(197)	(164)
(Increase)/Decrease) in stocks	3	(19)
(Increase)/Decrease in debtors	943	(632)
Increase/(Decrease) in creditors	136	192
Net cash in Operating activities	**4,599**	**1,930**

ANALYSIS OF CASH AND CASH EQUIVALENTS

	Group 2016 £'000	Group 2015 £'000
Cash in Hand	4,209	1,227
Total cash and cash equivalents at the end of the year	**4,209**	**1,227**

NOTES TO THE ACCOUNTS

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

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 Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The transition to Financial Reporting Standard (FRS) 102 was 1 April 2014.

Midlands Air Ambulance Charity 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.

Reconciliation with previous Generally Accepted Accounting Practice

In preparing the accounts, consideration has been given to whether in applying the accounting policies required by FRS 102 and the Charities Statement of Recommended Practise (SORP) FRS 102 the restatement of comparative items was required.

In this regard Lottery income for the year ended 31st March 2015 has been restated within the Statement of Financial Activities to report gross income and identify the expenditure as a cost of raising funds. There was no impact on group funds or the Balance Sheet.

The loan to the trading company by the charity has been recognised at the present value in recognition of the changes required by FRS 102. The loan has been issued on an interest free basis. The present value of this loan has been recognised based on an assumed interest rate of 4%, which represents the prevailing market rate of interest for similar loan. Whilst group funds are unaffected the financial results of the trading company and the charity individually have been restated.

In accordance with FRS 102 Operating leases are now stated at the minimum lease payments, and prior year figures have been restated to the same basis within Note 18.

Guidance within the Charities SORP has also led to the reallocation of costs relating to fundraising activities, and support costs, so as to ensure they are shown in accordance with good practise.

In addition to restatements relating to changes in accounting policies required by FRS 102 and the Charities SORP, VAT receivable and recoverable by the Charity have now been separately identified within the Debtors and Creditors, rather than being reported net. Group companies are not part of a VAT group.

Basis of consolidation

These accounts consolidate those of the charity and its wholly owned subsidiary Midlands Air Ambulance Trading Limited. These are adjusted, where necessary, to conform to group accounting policies. The individual results of the Trading Company are included in Note 3. A separate Statement of Financial Activities and Income and Expenditure Account for the charity have not been presented in accordance with the exemption afforded by section 408 of the Companies Act 2006. The charity surplus for 2016 was £3,176,000 (2015: £2,635,000).

NOTES TO THE ACCOUNTS

1. Accounting Policies continued

Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided, at their discretion, to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular purposes or purchases. .

Income

All income is reported gross when raised by the charity or its agents. Any fee charged by a third party and deducted from the amount collected before it is remitted to the charity is not offset against income but is reported as a fundraising expense.

Income is recognised in full within the Statement of Financial Activities as soon as the following three factors can be met:

- Entitlement – control over the rights or other access to the economic benefit has passed to the charity;
- Probability – it is more likely than not that the economic benefits associated with the transaction or gift will flow to the charity:
- Measurement – the monetary value or amount of the income can be measured reliably and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

a) Legacies

Legacies are included in the Statement of Financial Activities when all the criteria for income recognition have been met. In addition where the entitlement and probability criteria have been met, but the monetary value is not completely certain. If reliability can be placed on a partial receipt, that income also will be included in the Statement of Financial Activities.

b) Event Income

Income received in advance of an event is deferred if the event takes place after the year-end, unless that income is non-refundable.

c) Gifts in Kind

Assets donated to the charity for its own use are included in the Statement of Financial Activities as incoming resources at the market value at the time of the gift.

Assets and gifts made for conversion into cash and subsequent application fur the charity are included in the accounting period in which the item/s are sold at the sale value.

d) Volunteers & Supporters

The charity benefits greatly from the involvement and enthusiastic support of its many volunteers and supporters, details of which are given in our annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of general volunteers is not recognised in the accounts.

NOTES TO THE ACCOUNTS

1. Accounting Policies continued

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

a) Allocation of overhead and support costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's Air Ambulance operations. These costs have been allocated between the cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 7.

Costs of fundraising activities include the costs of supporting donors, volunteers, and all events which bring in income to the charity, as well as the costs of the Lottery, and events run by the Charity itself.

b) Operating leases

The charity classifies the lease of premises and the helicopters as operating leases; as the title to the asset remains with the lessor. Rental charges are charged according to the terms of the agreement. Full details are provided in Note 18.

c) VAT Recovery

Government changes in VAT legislation in April 2015, has enabled Air Ambulance charities to recover a proportion of the VAT suffered on costs, in accordance with Section 33 of VAT Notice 1001. Any irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Balance Sheet

The Balance Sheet reflects the resources available to the charity, and identifies any restrictions placed on their use.

a) Tangible Fixed Assets

Individual fixed assets costing £1,000 or more, and all IT equipment, are capitalised at cost and depreciated over their estimated useful economic lives on a straight line basis.

Depreciation is charged in each main class of tangible asset as follows:

Leasehold Property Improvements	20% straight line basis
Office Equipment	20% straight line basis
Computers	20% straight line basis
Motor vehicles	33% straight line basis
Helicopter	5% straight line basis

b) Intangible Assets

Intangible assets e.g. software is capitalised at cost and amortised as follows:

Software	20% straight line basis

NOTES TO THE ACCOUNTS

1. Accounting Policies continued

c) Investments

Investment funds are stated at market value at the Balance Sheet date. The Statement of Financial Activities includes the net gain or loss during the financial year. Detailed analysis of the changes in investment value during the year is set out in Note 15. Investments in group undertakings are stated at cost.

d) Stock

Stock is included at the lower of cost or net realisable value. Donated items of stock are recognised at fair value which is the amount the charity would have been willing to pay for the items on the open market.

e) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

f) Short term deposits

The charity categorises short term deposits as those funds intended to be held in accounts for five years or less.

g) Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. Interest free intercompany loans are recognised at present value.

2. Income from donations and legacies

	2016 £'000	2015 £'000
Donations	2,083	2,135
Lottery & regular giving	3,562	3,059
Legacies & in memorium	4,262	3,924
Grants	890	405
	10,797	**9,523**

Income from the Lottery for the year ended 31st March 2015 has been restated to reflect the gross income in accordance with FRS 102 and the Charities SORP (FRS 102). The income was previously shown net of costs incurred. Details of all restatements are shown in Note 1.

Income from Fundraising Events is now separately identified on the face of the Statement of Financial Activity, and is shown in Note 4.

Of the grant income received during the year £478k is restricted in its use. Further details of the grants received are set out in Note 19.

NOTES TO THE ACCOUNTS

3. Trading activities

The wholly owned trading subsidiary Midlands Air Ambulance Trading Company Limited is incorporated in the United Kingdom (company number 08256466) and pays profits, which are surplus to trading requirements, to the charity under the gift aid scheme.

The trading company operates charity shops selling clothing, furniture etc., sells merchandise and generates recycling income.

The summary financial performance of the subsidiary is:

Statement of Comprehensive Income	**2016 £'000**	**2015 £'000**
Turnover	291	251
Cost of sales	(27)	(41)
Gross profit	264	210
Administrative expenses	(309)	(199)
Operating (Loss)/Profit	**(45)**	**11**
Donation to Midlands Air Ambulance	-	-
Taxation	-	-
Retained (Loss)/Profit	**(45)**	**11**

Balance Sheet	**2016 £'000**	**2015 £'000**
Fixed assets	28	5
Current assets	136	136
Current liabilities	(149)	(64)
Liabilities > 1 year	(68)	(84)
Total Net Assets	**(53)**	**(7)**
Share Capital and Reserves	**(53)**	**(7)**

The trading subsidiary has invested during the financial year to support the planned expansion of the trading activities. Figures for the year ended 31st March 2015 have been restated to reflect the net present value of the loan provided by the Charity, in accordance with FRS 102. Details of all restatements are shown in Note 1.

NOTES TO THE ACCOUNTS

4. Fundraising events and activities

The charity generates its income through a range of activities and initiatives, which includes but is not limited to running its own events as identified below:

Income from events	2016 £'000	2015 £'000
Charity managed events	198	126
	198	**126**

The costs of generating all the funds, including those included in Note 2 to the accounts, for the year were:

Costs of charity fundraising	2016 £'000	2015 £'000
Fundraising events	105	72
Marketing	207	214
Fundraising services	1,115	1,137
General Fundraising	868	774
	2,296	**2,197**

Comparatives for 2015 have been restated in accordance with FRS 102 and the Charities SORP (FRS 102). Details of the restatements are outlined in Note 1

5. Investment Income and Fees

	2016 £'000	2015 £'000
Income		
Fixed asset investments	180	128
Interest on deposit accounts	17	36
	197	**164**
Costs		
Investment Management Costs	50	37
	50	**37**

The income and costs outlined above have been recognised in the Statement of Financial Activity in year. The fixed asset investment is held as a long term investment. Its market value at the end of the accounting period is shown in the Balance Sheet, and the unrealised loss for the financial year has also been included on the Statement of Financial Activity. All of the group's investment income is held in the UK.

NOTES TO THE ACCOUNTS

6. Charitable activities

	Aircraft & Airbase Costs £'000	Patient Welfare & Support £'000	2016 Total £'000	2015 Total £'000
Aircraft running costs	3,354	-	3,354	3,455
Aircraft and airbase equipment	103	-	103	27
Airbase running costs	81	-	81	72
Depreciation	351	-	351	228
Paramedic & clinical staff costs	-	587	587	646
Medical supplies & PPE	-	22	22	35
General Expenditure	-	23	23	8
Tasking costs	-	124	124	128
Support costs	571	111	682	788
Governance	34	7	41	39
Total	**4,494**	**874**	**5,368**	**5,426**

Expenditure on charitable activities was £5,369,000 (2015: £5,426,000) of which £5,169,000 was unrestricted (2015: £5,329,000) and £200,000 was restricted (2015: £97,000).

7. Analysis of governance and support costs

The Charity monitors expenditure on administration costs during the year against a KPI (Key Performance Indicator) set by the board. At the year-end costs of the governance function are identified and are apportioned over the charitable activities. The basis of apportionment and the analysis of these costs are set out below.

	Aircraft & Airbase Costs £'000	Patient Welfare & Support £'000	2016 Total £'000	2015 Total £'000	Basis of Allocation
Governance	34	7	41	39	Time spent on Board matters
Administration & HR	355	69	424	358	Proportional to spend
Finance	216	42	258	430	Proportional to spend
Total	**605**	**118**	**723**	**827**	

8. Net income/(expenditure) for the year

This is stated after charging:	2016 £'000	2015 £'000
Operating leases	2,996	2,990
Depreciation	405	389
Audit fees	16	13

NOTES TO THE ACCOUNTS

9. Consolidated Statement of Financial Activities 2015

	Unrestricted funds £'000	Designated funds £'000	Restricted funds £'000	Total funds 2015 £'000
Income:				
Donations and legacies	9,523	-	-	9,523
Income from charitable activities:				
Hospital transfers	-	-	-	-
Income from other trading activities:				
Trading activities	251	-	-	251
Fundraising events	126	-	-	126
Investment Income	164	-	-	164
		-	-	
Total income	**10,064**		**-**	**10,064**
Expenditure				
Costs of raising funds				
Trading activities	240	-	-	240
Fundraising activities and events	2,197	-	-	2,197
Investment Management costs	37	-	-	37
Expenditure on charitable activities				
Aircraft and base costs	4,378	-	97	4,475
Patient care and support	951	-	-	951
Total expenditure	**7,803**	**-**	**97**	**7,900**
Net Gain/(Loss) on investments	482	-	-	482
Net income/(expenditure) and net movement in funds for the year	**2,743**	**-**	**(97)**	**2,646**
Reconciliation of funds				
Total funds brought forward	6,826	5,727	357	12,910
Total funds carried forward	**9,569**	**5,727**	**260**	**15,556**

NOTES TO THE ACCOUNTS

10. Analysis of staff costs, and the cost of key management personnel

	2016 £'000	2015 £'000
Salaries and wages	925	879
Social security costs	85	70
Employers costs of defined contribution pension scheme	16	11
Employers costs of defined benefit pension scheme	31	32
Redundancy provision	78	-
	1,135	**992**

Pension costs are allocated to activities in proportion to the related staffing costs incurred and are wholly charged to unrestricted funds. There are six members of staff who are members of the NHS Pension scheme which is a defined benefit scheme. Contribution rates are set by the pension scheme. It is not possible to identify the charity's share of the underlying assets or liabilities within the scheme.

The charity offers all other employees the opportunity to join a defined contribution pension scheme. From March 2016 staff are auto-enrolled, but each individual can subsequently choose to opt out, in accordance with the legislation. The charity matches employee contributions to a maximum level which has been set and reviewed by the Trustees. In addition the charity maintains death in service insurance cover for staff.

A provision has been made for potential redundancy payment/s as Trustees identified in year that a post or posts may be at risk.

The number of employees receiving benefits in excess of £60,000 for the period was as follows:

	2016 £'000	2015 £'000
£60,000 to £70,000	1	-
£70,000 to £80,000	-	1
£80,000 to £90,000	1	-
£90,000 t0 £100,000	-	1
£100,000 to £110,000	1	-
	3	**2**

Contributions made in year to pension schemes for higher paid employees amounted to £18,579 (2015: £15,513).

The key management personnel comprise the trustees, the Chief Executive Officer, Fundraising Director, Finance Director and Business Manager. The total employee benefits of the key management personnel for the year were £344,106 (2015: £325,655).

The holiday year-end is coterminous with the financial year-end and staff members are not able to carry forward unused holiday allowances from year to year, except in exceptional circumstances. There were no such circumstances at 31 March 2016 or 31 March 2015, so no provision has been made in the accounts for unused holiday.

11. Trustee remuneration and expenses

The charity trustees were not paid or received any benefits from employment with the charity or its subsidiary in the year (2015: £nil). Expenses amounting to £2,522 (2015 £2,308) were reimbursed to 6 (2015: 4) trustees during the year. The expenses were for travel to meetings and on one occasion a claim was made for overnight accommodation. No charity trustees received payment for professional or other services supplied to the charity (2015: £nil).

The charity holds trustees and directors Indemnity insurance cover of £1,000,000 (2015: £1,000,000), but the cost is not separable from the total cost of insurance.

12. Staff Numbers

The average monthly numbers of employees (including casual and part-time staff) during the year were as follows:

	2016 Number	2015 Number
Fundraising	19	18
Administration & HR	8	5
Finance	4	8
Trading	6	4
Average Head Count	**37**	**35**

13. Tangible Fixed Assets

Consolidated

	Aircraft £'000	Land & Buildings £'000	Equipment & Fittings £'000	Computers £'000	Vehicles £'000	Total £'000
Cost:						
As at 1 April 2015	4,571	640	105	80	34	5,430
Additions	-	149	112	11	30	302
As at 31 March 2015	4,571	789	217	91	64	5,732
Depreciation:						
As at 1 April 2015	286	304	32	66	11	699
Charge for the year	228	132	27	6	12	405
As at 31 March 2016	514	436	59	72	23	1,104
Net Book Value						
At 1 April 2015	4,285	336	73	14	23	4,731
At 31 March 2016	**4,057**	**353**	**158**	**19**	**41**	**4,628**

13. Tangible Fixed Assets continued

Charity

	Aircraft £'000	Land & Buildings £'000	Equipment & Fittings £'000	Computers £'000	Vehicles £'000	Total £'000
Cost:						
As at 1 April 2015	4,571	640	99	80	34	5,424
Additions	-	149	87	11	30	277
As at 31 March 2015	4,571	789	186	91	64	5,701
Depreciation:						
As at 1 April 2015	286	304	30	66	11	697
Charge for the year	228	132	22	6	12	400
As at 31 March 2015	514	436	52	72	23	1,097
Net Book Value						
At 1 April 2015	4,285	336	69	14	23	4,727
At 31 March 2016	**4,057**	**353**	**134**	**19**	**41**	**4,604**

14. Intangible Assets

Consolidated

	Software £'000	Total £'000
Cost:		
As at 1 April 2015	-	-
Additions	12	12
As at 31 March 2015	12	12
Amortisation:		
As at 1 April 2015	-	-
Charge for the year	1	1
As at 31 March 2016	1	1
Net Book Value		
At 1 April 2015	-	-
At 31 March 2016	**11**	**11**

14. Intangible Fixed Assets continued

Charity

	Software £'000	Total £'000
Cost:		
As at 1 April 2015	-	-
Additions	7	7
As at 31 March 2015	7	7
Amortisation:		
As at 1 April 2015	-	-
Charge for the year	-	-
As at 31 March 2016	-	-
Net Book Value		
At 1 April 2015	-	-
At 31 March 2016	**7**	**7**

15. Investments

The Charity's investment policy is outlined within the Trustees report, and is reviewed annually. The investments held at year-end were:

	2016 £000's	2015 £000's
Market value at 1 April	7,426	4,356
Disposals at carrying value	-	(3)
Acquisitions at cost	-	2,591
Income on investments reinvested	130	-
Less investment management costs	(50)	-
Net gain/(loss) on revaluation	(307)	482
Market Value at 31 March	**7,250**	**7,426**
Historical cost at period end	**7,133**	**6,973**
Increase/(Decrease) in the value of investments	**(307)**	**482**

NOTES TO THE ACCOUNTS

15. Investments Continued

In addition to the above managed investment the Charity holds the following investment in subsidiary undertakings.

	2016	2015
	£	£
Midlands Air Ambulance Trading Limited	1	1

The investment represents a 100% holding of the issued share capital of Midlands Air Ambulance Trading Limited, a subsidiary undertaking which was incorporated on 17 October 2012 and commenced to trade on 7 December 2012.

16. Debtors

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade debtors	12	3	7	-
Prepayments	319	313	291	287
Accrued income	1,135	2,138	1,135	2,138
Amount due from subsidiary	-	-	171	107
VAT recoverable	58	5	51	-
Other debtors	11	15	-	-
	1,535	**2,474**	**1,655**	**2,532**

Amounts due to the charity from the subsidiary include amounts due within one year £19,231 (2015: Nil) and amounts due in more than one year of £67,766 (2015: £83,651).

Information in respect of restatements is included in Note 1.

17. Creditors: amounts falling due within one year

	Group		Charity	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Trade creditors	648	570	612	537
Accruals	231	145	217	139
Other creditors	90	116	91	119
Taxation and social security costs	25	23	23	20
	994	**854**	**943**	**815**

Information in respect of restatements is included in Note 1.

NOTES TO THE ACCOUNTS

18. Commitments Under Operating Leases

At 31st March group companies had commitments under operating leases set out below. In accordance with FRS 102 these are stated at the minimum lease payments, and prior year figures have been restated.

	Land & Buildings £'000	Helicopters £'000	2016 £'000	2015 £'000
Within one year	68	1,085	1,153	1,139
Within two to five years	26	-	26	40
More than five years	-	-	-	-
	94	**1,085**	**1,179**	**1,179**

19. Reserves

Consolidated

	Opening Balance £'000	Re-statement £000	Restated 31.3.2015 £000	Incoming Resources £'000	Outgoing Resources £'000	Gains & Losses £'000	Transfers £'000	Closing Balance £'000
Restricted Reserves								
County Air Ambulance Trust	260	-	260	201	(197)	-	-	264
Air Ambulance Association	-	-	-	241	(17)	-	-	224
Henry Surtees Foundation	-	-	-	18	(1)	-	-	17
Rowlands Trust				18	-	-	-	18
	260	**-**	**260**	**478**	**(215)**	**-**	**-**	**523**
Designate Reserves								
Fixed Asset Fund	-	-	-	-	-	-	4,639	4,639
Aircraft development	-	-	-	-	-	-	1,000	1,000
Aircraft purchase	-	-	-	-	-	-	4,693	4,693
	-	**-**	**-**	**-**	**-**	**-**	**10,332**	**10,332**
General Reserves								
Fixed Asset fund	4,732	-	4,732	-	-	-	(4,732)	-
Programme Related developments	2,500	-	2,500	-	-	-	(2,500)	-
Expenditure Protection	-	-	-	-	-	-	3,400	3,400
Development Plan	-	-		-	-	-	1,500	1,500
General Reserve	8,064	-	8,064	11,009	(8,141)	-	(8,000)	2,932
	15,296	**-**	**15,296**	**11,009**	**(8,141)**	**-**	**(10,332)**	**7,832**
Total Reserves	**15,556**	**-**	**15,556**	**11,487**	**(8,356)**	**-**	**-**	**18,687**

19. Reserves Continued

Charity

	Opening Balance £'000	Re-statement £000	Restated 31.3.2015 £000	Incoming Resources £'000	Outgoing Resources £'000	Gains & Losses £'000	Transfers £'000	Closing Balance £'000
Restricted Reserves								
County Air Ambulance Trust	260	-	260	201	(197)	-	-	264
Air Ambulance Association	-	-	-	241	(17)	-	-	224
Henry Surtees Foundation	-	-	-	18	(1)	-	-	17
Rowlands Trust				18	-	-	-	18
	260	**-**	**260**	**478**	**(215)**	**-**	**-**	**523**
Designate Reserves								
Fixed Asset Fund	-	-	-	-	-	-	4,611	4,611
Aircraft development	-	-	-	-	-	-	1,000	1,000
Aircraft purchase	-	-	-	-	-	-	4,693	4,693
	-	**-**	**-**	**-**	**-**	**-**	**10,304**	**10,304**
General Reserves								
Fixed Asset fund	4,727	-	4,727	-	-	-	(4,727)	-
Programme Related developments	2,500	-	2,500	-	-	-	(2,500)	-
Expenditure Protection	-	-	-	-	-	-	3,400	3,400
Development Plan	-	-		-	-	-	1,500	1,500
General Reserve	8,092	(16)	8,076	10,719	(7,806)	-	(7,977)	3,012
	15,319	**(16)**	**15,303**	**10,719**	**(7,806)**	**-**	**(10,304)**	**7,912**
Total Reserves	**15,579**	**(16)**	**15,563**	**11,197**	**(8,021)**	**-**	**-**	**18,739**

Restricted Funds

The charity is grateful for the support of the following organisations for their support for the purchase or development of important projects during the year:

Grant Fund	Purpose
County Air Ambulance Trust	Medical equipment, Phase 1 of the Lit Helipad project, groundworks and weather stations at our 3 airbases.
Air Ambulance Association	Development and construction of an education & training centre at Tatenhill.
Henry Surtees Foundation	Zoll Monitor purchase
Rowlands Trust	Zoll Monitor purchase

All the funds are restricted to the purpose they were given for, and where costs have been capitalised the grant will be

restricted against the costs of the depreciation in future financial years.

19. Reserves Continued

Designated Funds

The Fixed Asset fund is set aside to cover the cost of fixed assets used for charitable purposes as they are depreciated over their useful economic life.

Trustees have set aside funds for the development of our owned aircraft GO-MAA in order to ensure it remains fit for purpose throughout its life. Expenditure in this regard is not time limited.

Funds have been designated towards the purchase of a second owned helicopter. Detailed consideration of the type and specification of the aircraft is in progress. The purchase is likely to be completed in 2017-2018.

20. Analysis of net asset by fund

	Restricted Funds £'000	Designated Funds £'000	General Funds £'000	2016 Total £'000	2015 Total £'000
Fixed assets	-	4,628	11	4,639	4,732
Investments	-	5,693	1,557	7,250	7,426
Cash at bank and in hand	523	-	5,686	6,209	1,727
Other net current assets	-	-	589	589	1,671
Total	**523**	**10,321**	**7,843**	**18,687**	**15,556**

21. Related party transactions

No trustee or other person related to the Charity had any personal interest in any contract or transaction entered into by the Charity during the period.

During the period none of the trustees, or members of the key management staff, or parties related to them, has undertaken any material transactions with any related parties.

Advantage has been taken of the FRS 102 exemption for disclosure of inter group transactions with wholly owned subsidiaries.

22. Events after the end of the reporting period.

There are no events after the end of the reporting period that meet the criteria for reporting.