



**HAMPSHIRE AND
ISLE OF WIGHT
AIR AMBULANCE**

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED

30 SEPTEMBER 2016

Company Number 5244460



Hampshire and Isle of Wight Air Ambulance

Report and financial statements for the year ended 30 September 2016

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HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

The Trustees of Hampshire and Isle of Wight Air Ambulance (HIOWAA), who are also Directors of the charitable company for the purpose of Company Law, are pleased to present their Annual Report and the Financial Statements for the year ended 30 September 2016. The reference and administrative information set out on page 8 forms part of this report.

Chairman's Report

In taking over as Chairman from Noel Dobbs, I am acutely aware of the huge strides the charity has made during his stewardship as Trustee, Treasurer and Chairman, and on behalf of my fellow Trustees, Volunteers, Staff and Crew I pay tribute to his unstinting dedication and energy throughout his nine years on the Board. During this period, the service provided by HIOWAA has evolved beyond all recognition. We have moved from providing a limited air ambulance service, staffed by a pilot and 2 paramedics, 8 hours a day 5 days a week and based in two Portacabins, to a highly sophisticated Helicopter Emergency Medical Service, staffed by a pilot, Critical Care Specialist Paramedic and Trauma Consultant Doctor, flying up to 19 hours a day, 7 days a week. The aircraft also carries blood and frozen plasma as well as specialist equipment and drugs, and so we are, in effect, bringing the hospital Emergency Department to the Patient. In just the last year, we have seen further exciting developments as we commenced night operations in the new H135 T3 aircraft, conducting our first night mission on the 28th January 2016 and 50 more since. Later in the summer, we commissioned the brand new crew and training facility inside Hangar 2b at Thruxton Airbase, hosting a state-of-the-art immersive simulation facility. Finally, with the paramedic team at full strength for the first time in many years, procurement action was initiated in the autumn to implement the long-awaited Critical Care Team Vehicle, which entered service on the 9th February 2017.

Keeping pace with the funding needed to sustain these operational developments, the charity head office team has also evolved considerably, in particular in the areas of Fundraising and Governance. The Fundraising team now covers all the principal income streams of Community, Corporate, Challenges, Trusts and Foundations but has also developed an award-winning Youth and Schools education programme which continues to go from strength to strength and which we believe significantly raises the profile of the Charity in Hampshire and the Isle of Wight. In many of the projects now being run by the fundraisers, and all of the events that they attend, there is both a growing influence of corporate sponsorship and the ever-present and utterly-indispensable commitment and dedication of our priceless band of Volunteers. I am hugely grateful to our new corporate supporters, including Gunwharf Quays, Allianz and Tesco, but also deeply grateful for the enduring support of others, including Deloitte, Exxon and Knight Frank, without whom many of our innovative and profile-building projects would not have succeeded. It is in the many communities of Hampshire and the Isle of Wight, however, where I am proudest to say that I believe we sit close to the heart of tens of thousands of individual supporters, who provide the bedrock of our fundraising income in ways too numerous and wonderfully diverse to mention. Whether it is from being a member of our Lottery to holding cake sales, giving talks, shows and fancy dress parties, or just dropping a Pound in one of our 1084 collection pots, the People of Hampshire and the Isle of Wight provide the lifeblood funds that keep our Service at the operational readiness necessary to be there for them when they need it most.

Responding to the increased challenge of maintaining our high fundraising standards and information, data and administrative compliance, our Governance team has grown in capability and is now actively engaged in steering the Charity towards ISO270001 accreditation as well as preparing for the implementation of new Data Protection laws in 2018. During a time when the media has rightly focused on the disreputable activities of a very few charities, it is easy to see the attraction of such a rigorous and testing matrix of regulation, as a demonstration of the charity's integrity and how it meets its aims. I know, however, that every member of the team at HIOWAA remains sharply focused on the single most important reason for our existence: to always bring exceptional pre-hospital critical care to people in Hampshire and the Isle of Wight, when they need it most. In delivering this mission, I am proud to say that everyone's activities remain defined by our Values of: Openness, Dedication, Professionalism and Teamwork,

In closing, I commend this annual report to you and, once again, I thank Noel Dobbs for his many years of tireless dedication to HIOWAA. Finally, to all those who support HIOWAA, in whatever way, I send a heartfelt thank you. We could not do what we do without you and this is admirably summed up by the new HIOWAA strapline:

Ordinary People. Extraordinary Care. Supported by You.

John Day – Chairman of Trustees



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Charitable Mission and History

Formed in 2005 and operational in July 2007, as part of the charity's evolving service and identity Trustees resolved in June 2016 to amend the Charity's Objects in the Articles of Association. This was to reflect the evolving needs of our patients and to facilitate continued development. The Charity's objects ("the Objects") are now:

The relief of sickness and injury and the protection of human life for the benefit of the population of and visitors to the counties of Hampshire and the Isle of Wight and surrounding areas, by the provision and support of:

- Air Ambulance services.
- Clinical operational and training services including the provision of such services to other ambulance operators and connected third parties.
- Audit, research, development, training and educational services in pre-hospital medical care; and
- Ancillary equipment and support services related to each of the above

Underpinned by the Charity's Values of: Openness, Dedication, Professionalism and Teamwork, HIOWAA's Mission, as redefined during a Brand Evolution project conducted in the latter part of 2016, is redefined as:

To ensure that, through your support, we always bring exceptional Critical Care to people in Hampshire and the Isle of Wight.

Pivotal to the delivery of our mission are our key partners:

- Babcock Mission Critical Services (Onshore) {formerly Bond Air Services}, who provide every aspect of our aviation capability.
- South Central Ambulance Services (SCAS) who provide Paramedics, staff the helicopter dispatch control desk and hold the contracts that allow Doctors to fly. They also maintain essential clinical governance assurance for our Helicopter Emergency Medical Service (HEMS) and air ambulance operations.
- Thames Valley Air Ambulance (TVAA), with whom we collaborate on many operational aspects and share the same SCAS region. This includes coordination on all training and education as well as on the provision of extended hours (night) cover across Hampshire, the Isle of Wight, Berkshire, Buckinghamshire and Oxfordshire.
- Alongside SCAS, we cooperate closely with the Isle of Wight Ambulance Service in order to provide the very necessary and unique support, vital to people on the Island.

Activities and Achievements

Operational

Activity in the first quarter of the year (to December 2015) focused on delivery and entry into service of the new H135T3 aircraft. This was achieved on 24th October and night flying training commenced immediately, including familiarisation with Night Vision Imaging Systems (NVIS). This training was conducted alongside night clinical training and culminated with an exceptional Joint Air Ambulance Operational Delivery Group meeting on 21st January 2016, with SCAS, Babcock and TVAA. Concluding that all operational and training preparations were complete and standards achieved, it was agreed that both Helimed 56 (HIOWAA) and Helimed 24 (TVAA) could be declared online for night operations on 23rd January 2016. Indeed, HM56 then conducted the first night HEMS mission in our region, on 28th January 2016 when they attended a teenager injured in a road traffic collision in Bicester.

These landmark achievements were formally launched and marked at two events, in Beaulieu and on the Isle of Wight, in March and April 2016. This gave us very important opportunities to both thank supporters and sponsors for their generosity during the 'Minutes Matter' Campaign of 2014, as well as to showcase the enhanced capability that their Air Ambulance now possessed. Both events received unanimous praise and significant local media coverage.

Some further operational highlights have been:

- During the year HIOWAA completed 968 missions (up 23% on FY 14/15) including 156 missions to the IoW (up 30% on FY14/15).



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- Between 28th January and 30th September, HM56 conducted 50 night missions including 15 night transfers from the IoW, saving the IoW NHS Trust over £52,000.
- During the year HM56 conveyed 259 patients including 121 from the Isle of Wight.
- In April, work started on the new HM56 operating base at Hangar 2B, Thruxton Aerodrome, and was completed when the crew moved in on 15th July. The facility includes a brand new immersive simulation training room, which was formally handed over during the first HM56 base training day on 19th August. The facility was partially financed from the Government's ring-fenced LIBOR fine retention fund.
- In July, our relationship with the volunteer blood bikers charity SERV Wessex took a significant step forward when the charity grant-funded the acquisition of a Home Office-approved blood bike. This allowed SERV to sustain its vital service, providing blood and plasma to the airbase every 48 hours.
- Happily, after some unfortunate delays, the HEMS Support Vehicle – renamed the Critical Care Team Vehicle (CCTV) – was ordered in September 16 and, despite further production delays in Sweden, the vehicle entered service in February 2017. HIOWAA is hugely grateful for the support of SCAS Fleet Services for achieving this.
- Long-standing paramedic gaps were finally filled when 3 new HEMS paramedics were recruited in August 16. They joined HM56 and HM24 (TVAA) in October and successfully completed all training and probation in February 2017.
- In November 2016, formal GMC, NHS England and Health Education Wessex approval was received for the joint UHS Southampton/HIOWAA Pre-Hospital Emergency Medicine (PHEM) training programme. The programme will be jointly funded and run by UHS and HIOWAA and will see 2 new PHEM Consultants trained every two years.
- Lastly, and not forgetting the vital importance of the Charity head office organisation, on 20th October 2016, HIOWAA moved offices from 4 Kings Park Road, to our new home in Oriana Way, Nursling. Affording significantly more space than before, the new office brings all staff together on one floor. The ground floor also offers better facilities to manage and repair our growing inventory of promotional event equipment. Also, being less than 2 minutes from the M271/M27, it allows our CCT Vehicle with its critical care team to visit whilst on call, thereby enhancing mutual understanding and cooperation between all staff.

Fundraising

Turning to our fundraising activities, it is appropriate initially to pay tribute once again to our loyal family of enthusiastic and dedicated volunteers. They, as with many other charities, form the foundation blocks for our charity and they are tireless and passionate ambassadors flying our flag. Undertaking a wide range of activities, including giving talks, attending cheque presentations and helping service our 1084 individual cash collection pots (up from 755 in FY14/15), they are completely indispensable. Following an audit of active volunteers, our numbers have reduced to 117, but this is in preparation for a dedicated recruitment drive in Spring 2017. As volunteers themselves, our Board of Trustees once again salutes another year of outstanding work from this dedicated and hard-working band.

Whilst many projects could not succeed without our army of volunteers, the newly restructured fundraising team has also enjoyed considerable success this year, after their restructuring last year. Working towards a key objective of diversification of income streams, a final addition to the team came in June 2016 with the arrival of a part-time Trusts and Foundations Fundraiser. Whilst HIOWAA has historically received sporadic donations from Trusts, it is hoped this appointment will develop a more focused and reliable source of income as well as enhancing reporting and donor care to our established and new donors.

In addition to the financial performance reported below, the fundraising team, ably and dynamically led, has delivered on the organisational objectives they set in early 2016:

- To raise HIOWAA profile across our region, with the aim of becoming a greatly respected charity in Hampshire and the Isle of Wight.
- To be the charity of choice for new and existing donors, through respectful, professional and attentive relationship management.
- To set and communicate high brand standards and monitor consistency in delivery.



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The evidence of their success in delivering these objectives includes the following highlights:

- HIOWAA's "Be a 999 Hero" campaign has continued to go from strength to strength and, by year end, 174 presentations to 23,000 young people had been completed. This success was recognized when the project received the Campaign of the Year Award at the national Association of Air Ambulances annual conference in November 2016.
- Corporate Fundraising has also enjoyed considerable success, further developing the portfolio of corporate relationships. A notable new partnership included selection as Charity of the Year by Gunwharf Quays, one of the South Coast's leading shopping outlets, with 8m visitors a year. By year end, halfway through this partnership, £11,412.40 had already been raised, far exceeding previous charities of the year. Other new partnerships include a two year agreement with Allianz, Job Centre Plus and Road Chef and a busy but fruitful 'National Air Ambulance Week' relationship with Lloyds Banking Group during which £8,000 was raised.
- 145 organised events were attended, reaching a possible 362,135 people across Hampshire and the Isle of Wight (figures obtained from individual event organisers' visitor numbers). This year's priority was to deliver welcoming, interactive and good quality stands that were appealing and created lasting brand awareness. As a result of this focus, HIOWAA was awarded: 1st Place for Best Large Stand - Alresford Show; 2nd Place for Best Large Charity and Commercial Stand - The New Forest Show; 3rd Place for Best Stand - The Romsey Show.
- Challenge Fundraising has continued to deliver sustained success and, in February 2016, 14 challengers completed a gruelling 450KM cycle ride across Vietnam and Cambodia, raising £56,700. In April, 50 brave skydivers jumped in one day, raising over £28,000 and, in October, four of our charity office team, and one volunteer, took on the mighty 3 Peaks Challenge along with 29 other supporters of HIOWAA, raising a staggering £33,455.41. Having launched a second Kilimanjaro Challenge in January 2016, as this report is written, 23 fundraisers have set out to summit the highest mountain in Africa.
- Our Community fundraising approach has again focused on conveying the growing costs of developing and sustaining our critical care teams and the air ambulance in which they serve. Offering tailored support to many individual groups and events, this approach has been successful and, whilst too numerous to thank individually, an excellent example was the Romsey Choral Society who, once informed of our daily average fundraising target of £7,500, went on to raise an incredible £8,200.
- A pivotal element of our fundraising strategy remains our Lottery, and Lottery Fundraising Services (LFS) remain a key partner in facilitating this vital income stream, governed under a recently reviewed Commercial Participation Agreement. Mindful that the lottery continues to contribute a very significant proportion of our income, Trustees, Staff and Crew are very grateful to all those who participate and support.
- Lastly, although immensely difficult to predict, the charity has again benefitted from significant legacy income and Trustees once again record their sincere gratitude to those who have remembered us in their Will.

Financial Review

Financially, 2015/16 has represented another year of sound performance and, responding to the objective of providing stronger and more robust in-year and long term financial management and planning, the Charity's finance team has been further enhanced by the arrival of a very experienced, part-time finance officer. Whilst full details are contained within the financial statements and the accompanying notes, Trustees wish to highlight the following:

- Total income at £6,432k is down £288k (4%) on FY14/15, but this is a reflection of the exceptional, one-off income of £631k received in that year, from three sizeable – unexpected – donations and also the one-off grant from the LIBOR fines fund, used to help fund the development of the airbase at Thruxton.
- As a result, in comparison to last year, voluntary income this year shows a 27% reduction on last year, but it should be noted that the key components of Donations and Legacies achieved 133% of their budget forecast.



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- As indicated above, all the main fundraising income streams have performed well and Trustees wish to -again - place on record their sincere thanks to all those who donate to the charity. They would like to highlight the following particularly significant donations and achievements, in addition to many hundreds of smaller, and anonymous donations:
 - Over £100,000 received from Driver Awareness Training Centres, raised since 2012.
 - £3000 from Portsmouth Motorcycle Racing Club, who have now raised over £20,000 since 2009.
 - £16,700 from Bramshaw Golf Club.
 - Over £40,000 collected from the 1084 individual Cash Collection Pots distributed around Hampshire and Isle of Wight.
- The HIOWAA membership lottery remains the most significant provider of sustainable income to the charity and it has again performed well this year, generating 69% of gross income. Membership numbers have seen a modest 1.2% growth and everyone at HIOWAA remains profoundly grateful to the 67,404 members who continue to support us every week.
- This year the Lottery has returned over 68p in every £1 raised, to the charity. This is significantly above the national average of 46p (published by the Dept for Culture Media and Sport) and over 3 times the legal minimum of 20p. Accordingly we remain confident that our Lottery is amongst the most efficient of its kind.
- Whilst the income from the Lottery (included in Other Trading Activities) shows modest growth, it masks a significant in-year loss of income, on top of a sustained decline, from the sales of "Bag it Up" donated goods. This worsening situation had been under review for some time and led, with regret, to the charity terminating its recycling operations in August 2016.
- Total expenditure of £4,588k is up £716k (19%) on FY14/15, which represents a very modest increase in expenditure on raising funds (now including support costs) of 5%.
- By contrast, Operational expenditure (including support costs) has increased significantly this year (34%), in accordance with the Trustees' strategic objectives set last year. This directly reflects the increasing costs of supporting the education, training and development of doctor-led HEMS teams, as well as the actual costs of implementing extended operations with the new H135T3 aircraft.

Investments Policy

In order to spread both the investment and counterparty risk, the Trustees continue to split the investment management of the Reserve Funds between Rathbone Investment Management Ltd and Brewin Dolphin Ltd. During the year to the end of September 2016, the Trustees continued to transfer reserve funds to their management in accordance with the investment mandate and policy, determined by the Trustees.

The investment objective for both investment managers continues to be to preserve the real value of the funds under management and to maximise total returns. The Trustees continue to review the performance of the Charity's investments regularly, both on an ad-hoc basis and with formal reviews between the managers and the Trustees, scheduled on a quarterly basis.

Reserves Policy

The annual refinement of our strategy to ensure future sustainability resulted in an anticipated 5.25% annual increase in operational costs to 2021. Our financial plans incorporate not only the costs of our 7 year contract with Babcock, but also the forecast increases in costs of doctors' and paramedics' education, development and training, that have already been recognised as pivotal to sustaining the service delivered by HIOWAA. In this context, the Trustees have again endorsed the requirement to build sufficient unrestricted reserves to meet 5 years estimated future operational costs. Compared against this target, investment reserves at 30th September 2016 amounted to £11,873K representing approximately 3.5 years' future operational costs.



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Future Plans

Strategically, the Board recognises that the significant and sustained pressure faced by the NHS is likely to endure for some time and will undoubtedly impact on the need, type and frequency of service that HIOWAA provides to all its communities. Accordingly the Board identified a need for additional clinical skill, at Trustee level, in order to 'put more eyes on the Horizon', and is delighted to welcome Dr Andy Eynon, a senior Consultant in Intensive Care and Emergency Medicine at the Wessex Neurological Centre, Southampton, to the Board.

Building on the foundations laid in the previous year the charity is continuing to help the education and development of our Specialist Paramedics in Critical Care in partnership with their professional body. The charity will continue to assist this process to ensure our helicopter and CCT vehicle are crewed by a first class team.

Some progress has also been made in delivering consistently high-quality, comprehensive operational performance data to assist in future strategy. Taking this, and other charity-wide priorities into account, the following objectives have been set for 2016-17:

- To conduct a thorough review of paramedic operating models, in partnership with SCAS and TVAA, and other stakeholders as necessary, to identify ways in which better resilience and retention can be assured within each Helimed flight.
- The development of detailed and comprehensive clinical and operational performance data reporting systems.
- Given the new offices at Nursling are on only a 4.5 year lease, a detailed evaluation will commence as soon as possible, into the merits (or otherwise) of the future colocation of all HIOWAA operations. This evaluation will be trustee-lead.
- In the light of continued media attention on fundraising standards and the forthcoming implementation of the Fundraising Regulator's Fundraising Preference Service (FPS), as well as the General Data Protection Regulations (GDPR), a full review of our fundraising policies and procedures will be initiated. Initially, this will focus on how well HIOWAA meets the Code of Fundraising Standards and how well HIOWAA meets all the applicable areas of the Code. This will be followed by an assessment of how best to meet the emerging requirements of the FPS and GDPR in order to assure our supporters that all communications with them will continue to be appropriate and that we hold and retain only the information for which they have given us their express permission.

Enabling and Sustaining Future Plans

The current reserves position, the strong HIOWAA brand recognition and the very positive progress in diversifying fundraising income streams will allow the charity to take determined steps towards achieving the above objectives. The Trustees are mindful of the need to pursue a continuing sharp focus on the charity's governance and systems to maintain the highest standards of candour, professionalism and fundraising compliance. In this respect work has already begun on the implementation of new accounting software and achieving ISO270001 accreditation.

Externally, the challenges are clear and the efforts to achieve better operational coordination between TVAA and HIOWAA will allow a clear and cohesive focus on both building resilience into our HEMS teams and extending their capabilities and assuring their performance, through education and training. The charity will develop and adapt to identified need in order to ensure it continues to deliver a high quality, sustainable and professional service to all the communities it serves.



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

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Administration, Governance and Structure

Trustees and Directors

Sir John Day KCB OBE RAF(ret'd)	(Appointed 19 July 2016 – Elected Chair 1 February 2017)
Noel Dobbs FCA	Chairman (retired 25/04/2017)
Robin Beal MA FRCEM	
Andrew Cheesewright FCA	
David Chisnall OBE	(Resigned 19 January 2016)
David Drew	
Dr Andy Eynon BSc(Hons) MBBS(Hons)	(Appointed 25 April 2017)
Nick Howes	
Frances Kellett-Clarke MA	(Resigned 29 March 2017)
Keith Mans FRSA FRAeS	
Jonathan Moseley	
Tony Nicholson CBE LVO MA FRAeS	(Resigned 19 January 2016)
Rachel Peppiatt	
Robert Prescott	
Caroline Roe	(Resigned 12 July 2016)
Peter C Taylor JP, FCA, FRSA	Treasurer

Company Secretary

Sherie Williams Ellen

Chief Executive

Alex Lochrane

Auditors

Nexia Smith & Williamson, 15-17 Cumberland Place, Southampton, Hampshire, SO15 2BG

Bankers

Handelsbanken, 3 Carlton Crescent, Southampton, SO1 2EY

Lloyds TSB Plc, High Street, Winchester

CAF Bank, 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4JQ

CCLA Investment Management Ltd, 80 Cheapside, London, EC2V 6DZ

Investment Managers

Rathbone Brothers Plc, 32 Southgate Street, Winchester, SO23 9EH

Brewin Dolphin, 12 Smithfield Street, London EC1A 9BD (appointed September 2013)

Registered Office

Office Unit, 22 Oriana Way, Nursling, Southampton SO16 0YU

Registered Numbers

5244460 Companies House

1106234 Charity Commission



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Governance

Public Benefit and Openness

Noting Charity Commission guidance on Public Benefit, Trustees remain confident that, through the provision of an Air Ambulance Service, for the advancement of health and the saving of life, which is freely available to the general public in Hampshire and the Isle of Wight, the Charity meets all the provisions necessary.

Last year, Trustees welcomed the establishment of the Fundraising Regulator and the charity is now committed to supporting the Regulator's work in reviewing the Code of Fundraising Practice, by which all the Charity's fundraising practices are bound. As already stated, work is also underway to achieve ISO270001 accreditation in order that HIOWAA supporters and the communities we serve can have continued confidence not only in our fundraising standards but also the way in which we will manage and protect the information they give us.

Structure

Registered on 8/10/2004, full details of the Charity are available online at both the Charity Commission and Companies House websites, but the following is a high level synopsis:

- Incorporated as a Company Limited by Guarantee (Co Reg no 05244460) under Articles of Association updated on 8th June 2016 (Trustees are Members of the Charitable Co with liability of £10).
- Trustees are recruited by the Board against required skill sets and all receive appropriate induction and training. Regular, wider training and development opportunities are also offered.
- The Board of Trustees must consist of at least three individuals and will not normally exceed 12.

Trustees serve an initial term of three years, after which they may offer themselves for re-election; a Trustee will not normally serve for longer than nine years. Formal Trustee full board meetings occur quarterly in order to achieve routine governance business and additionally, as required, for special purpose briefings. The Board has four sub-committees, chaired by a Trustee, covering operations, finance, fundraising and governance with delegated authority to look in greater depth at those areas. The minutes form part of Board papers. Trustees also remain in regular contact with the Senior Management Team (SMT) as required to offer advice and support.

Strategic direction of the Charity is determined by the Trustees, set through their 5 year vision paper and financial plan, which the Chief Executive and SMT are then authorised to deliver in addition to managing the day-to-day business of the Charity and its fundraising activities. In addition, to coordinate operational activity and enhance external cooperation, the Chief Executive meets regularly with SCAS, Babcock and TVAA. Externally, the Charity is a member of the Association of Air Ambulances, the representative body for Air Ambulance charities in the UK that not only acts an effective single voice for the AA community with central government, but who also oversees the activities of the Air Ambulance Association Charity.

Pay Policy for Staff

The pay of all staff is reviewed annually and, subject to satisfactory annual appraisal, is normally increased in line with average earnings. The Chief Executive and Treasurer review all salary recommendations and report to the Board. The salary of the CEO is normally increased in the same way, but subject to satisfactory annual appraisal by the Chairman and Treasurer. In accordance with the revised FRS102, further detail on senior staff pay is contained in the notes to the financial statements (note 9)

Risk

On behalf of Trustees, the Chief Executive maintains a comprehensive Risk Register, designed to assess risks that may impact on the Charity achieving its agreed objectives. Whilst the majority of operational risk is transferred to our key partners SCAS and BASL, Trustees review quarterly the top 5 risks that could impact on both the delivery and resilience of our life-saving service as well as the strong reputation of the Charity. The detailed review of individual risks is delegated to the respective sub-committee.



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Our gratitude

In closing and, as always, the Trustees continue to appreciate that the Air Ambulance is only flying due to the generosity and very broad support that the Charity receives right across the people and communities of Hampshire and the Isle of Wight.

Trustees' Responsibilities for Financial Statements

The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with the Companies Act 2006 and for being satisfied that the Financial Statements give a true and fair view. The Trustees are also responsible for preparing the Financial Statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

After a competed tender process in July and August, the Trustees appointed Nexia Smith Williamson as the Charity Auditors, on 27th Sept 2016. The current Trustees confirm that they have taken all necessary steps to make themselves aware of any information needed by the Charity's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information which has not been disclosed to Nexia Smith Williamson.

In preparing this Trustees' report advantage has been taken of the small companies' exemption.

This report was approved by the Trustees on *25th April 2017* and is signed on their behalf by:

Sir John Day
Chairman



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Independent Auditors' Report



Independent auditor's report to the members of Hampshire and Isle of Wight Air Ambulance

We have audited the financial statements of Hampshire and Isle of Wight Air Ambulance for the year ended 30 September 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 FRS 102 "The Financial Reporting Standard" applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 September 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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



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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:

- 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 trustees' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit or
- The trustees were not entitled to take advantage of the small companies' exemption from the requirement to prepare a strategic report.

Nexia Smith & Williamson

Julie Mutton
Senior Statutory Auditor
For and on behalf of
Nexia Smith & Williamson
Statutory Auditor and Chartered Accountants
Cumberland House
15-17 Cumberland Place
Southampton
Hampshire
SO15 2BG

Date 25/4/17

Nexia Smith & Williamson Audit Limited is a limited company registered in England and Wales (with registered number 04469576)



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Total 2016 £	Total 2015 £
Income and endowments from:					
Donations and legacies	2	1,512,975	-	1,512,975	2,080,735
Other trading activities	3	4,609,257	-	4,609,257	4,457,885
Investments	4	309,825	-	309,825	181,504
Total		6,432,057	-	6,432,057	6,720,124
Expenditure on:					
Raising funds	5	2,243,326	-	2,243,326	2,128,977
Charitable activities	6	2,344,794	-	2,344,794	1,742,830
Total		4,588,120	-	4,588,120	3,871,807
		1,843,937	-	1,843,937	2,848,317
Net gains on investments	11	936,653	-	936,653	34,786
Net income		2,780,590	-	2,780,590	2,883,103
Transfers between funds		241,000	(241,000)	-	-
Net movement in funds		3,021,590	(241,000)	2,780,590	2,883,103
Funds at 1 October 2015		10,300,485	241,000	10,541,485	7,658,382
Funds at 30 September 2016		13,322,075	-	13,322,075	10,541,485

All amounts relate to unrestricted funds and continuing activities.

The notes on pages 16 to 23 form part of these financial statements.



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

BALANCE SHEET AT 30 SEPTEMBER 2016

Company number 05244460

	Note	Total 2016 £	Total 2015 £
Fixed assets			
Tangible assets	10	457,565	25,019
Investments	11	11,873,098	8,197,997
		<u>12,330,663</u>	<u>8,223,016</u>
Current assets			
Stocks		18,883	22,125
Debtors	12	484,287	439,964
Cash at bank and in hand		1,702,055	2,608,906
		<u>2,205,225</u>	<u>3,070,995</u>
Liabilities			
Creditors: Amounts falling due within one year	13	(1,213,813)	(752,526)
Net current assets		<u>991,412</u>	<u>2,318,469</u>
Total assets less current liabilities		<u>13,322,075</u>	<u>10,541,485</u>
Net assets		<u>13,322,075</u>	<u>10,541,485</u>
Funds			
Restricted income funds	18	-	241,000
Unrestricted funds			
- operational		12,672,075	9,650,485
- designated		650,000	650,000
Total unrestricted funds	17	<u>13,322,075</u>	<u>10,300,485</u>
Total funds		<u>13,322,075</u>	<u>10,541,485</u>

Approved by the Trustees and authorised for issue on
and signed on their behalf by:

Sir John Day
Chairman

Peter Taylor JP FCA FRSA
Treasurer

25/4/17

The notes on pages 16 to 23 form part of these financial statements.



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Total 2016 £	Total 2015 £
Cash flows from operating activities:		
Net cash provided by operating activities	1,997,276	2,574,813
 Cash flows from investing activities		
Purchase of property, plant and equipment	(404,127)	(12,145)
Purchase of investments	(2,500,000)	(2,500,000)
 Net cash used in investment activities	(2,904,127)	(2,512,145)
 Change in cash and cash equivalents in the financial year	(906,851)	62,668
 Cash and cash equivalents at the beginning of the year	2,608,906	2,546,238
 Cash and cash equivalents at the end of the year	1,702,055	2,608,906
 Reconciliation of net income to net cash flow from operating activities		
	2016 £	2015 £
Net income for the year	2,780,590	2,883,103
Adjustment for:		
Gains/losses on investments	(936,653)	(34,785)
Investment income	(302,911)	(180,040)
Investment costs	64,463	50,261
Depreciation charges	26,781	4,367
Gift in kind	(55,200)	
Decrease/(Increase) in stock	3,242	(21,625)
(Increase) in debtors	(44,323)	(201,293)
Increase/ in creditors	461,287	74,825
 Net cash provided by operating activities	1,997,276	2,574,813



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016

1 Accounting policies

The financial statements have been prepared in accordance with the Charity Commission Statement of Recommended Practice (SORP) on Accounting and Reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015).

The Trustees confirm that the charity is a public benefit entity, as defined in FRS102.

These financial statements are the first annual financial statements of the charity prepared in accordance with FRS102. The first date at which FRS102 was applied was 1 October 2014. The published financial statements for the year ended 30 September 2015 were prepared in accordance with the previous financial reporting framework.

a) Accounting Convention

The financial statements are prepared under the historical cost convention with the exception of investments, which are included at revalued amounts.

b) Income

Income is recognised once the charity has entitlement to the resources, it is probable that the resources will be received and the monetary value of incoming resources can be measured with sufficient reliability.

Income represents the value of all grants, donations and other income receivable in respect of the year. Legacy income is included on receipt or when it becomes probable that the legacy will be received and the value of the incoming resources can be measured with sufficient reliability.

Income from the lottery is recognised in the period in which the individual prize draws are held. Income received in advance of those draws is deferred until the period in which they take place.

c) Expenditure

Expenditure is recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the respective category. Irrecoverable VAT is charged against the category of expenditure for which it was incurred.

Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice.

Support costs are allocated to the category of expenditure to which they apply. Where costs are not directly attributable, such as staff costs, these are apportioned on the basis of time spent by those staff on different activities.

d) Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. The rates generally applied are on a straight line basis, as follows:

Fixtures and fittings	-	Over 10 years
Equipment	-	Over 4-5 years

Only tangible fixed assets costing more than £500 are capitalised.

e) Leased assets

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term.



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 contd

1 Accounting policies (continued)

f) Investments

Investments are included in the balance sheet at market value.

g) Funds

Unrestricted general funds can be used in accordance with the charitable objects of the organisation at the discretion of the Trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are given for particular restricted purposes.

2 Income from donations and legacies

	Unrestricted funds 2016 £	Total 2016 £	Total 2015 £
Donations	1,300,547	1,300,547	1,856,453
Legacies	212,428	212,428	224,282
	<u>1,512,975</u>	<u>1,512,975</u>	<u>2,080,735</u>

3 Income from other trading activities

	Unrestricted funds 2016 £	Total 2016 £	Total 2015 £
Lottery income	4,458,883	4,458,883	4,229,031
"Bag it up" donated goods	133,376	133,376	215,017
Sale of merchandise	16,998	16,998	13,837
	<u>4,609,257</u>	<u>4,609,257</u>	<u>4,457,885</u>

4 Income from investments

	Unrestricted funds 2016 £	Total 2016 £	Total 2015 £
Investment income	306,368	306,368	181,504
Bank interest	3,457	3,457	-
	<u>309,825</u>	<u>309,825</u>	<u>181,504</u>



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 contd.

5 Expenditure on raising funds

	2016 £	2015 £
Fundraising costs and cost of sales	220,158	185,445
Allocated support costs (note 7)	561,838	525,066
Lottery prizes and expenses	1,396,867	1,368,205
Investment management costs	64,463	50,261
	<u>2,243,326</u>	<u>2,128,977</u>

6 Expenditure on charitable activities

	2016 £	2015 £
Operation of air ambulance	2,157,514	1,567,808
Allocated support costs (note 7)	187,280	175,022
	<u>2,344,794</u>	<u>1,742,830</u>

7 Analysis of expenditure on Support costs

	2016 £	2015 £
Salaries and social security	491,369	433,454
Pension costs	16,540	2,450
Office costs	171,708	163,930
Other administrative costs	58,952	93,138
Governance costs	10,549	7,116
	<u>749,118</u>	<u>700,088</u>

Other administrative costs includes auditors' remuneration for non-audit services. This is £nil (2015 - £27,936) for bookkeeping services.

	2016 £	2015 £
Support costs have been allocated as follows:		
Expenditure on raising funds (note 5)	561,838	525,066
Expenditure on charitable activities (note 6)	187,280	175,022
	<u>749,118</u>	<u>700,088</u>



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 contd.

8	Analysis of Governance costs	2016	2015
		£	£
	Auditor and accountancy fees	7,500	6,975
	Trustees expenses	2,134	-
	Other	915	141
		<u>10,549</u>	<u>7,116</u>
9	Staff costs	2016	2015
		£	£
	Wages and salaries	456,601	401,061
	Employer's national insurance	34,768	32,393
	Employer's pension contributions	16,540	-
		<u>507,909</u>	<u>433,454</u>

No trustee, or any of their connected persons, received any remuneration in the current or prior year. Trustees expenses were £2,134 (2015 - £141) during the year.

The average number of full time equivalent employees was 14 (2015 - 12).

The key management personnel of the charity comprise 4 staff members in addition to the Trustees. The total employee emoluments of the key management personnel of the Charity were £226,851 (2015 – 171,128). The highest paid employee received emoluments of £67,710 (2015 - £70,000) and pension contributions of £8,077 (2015- £2,450) in the year.

No other employee earned over £60,000.



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 contd.

10 Tangible fixed assets	Leasehold property	Equipment	Fixtures and fittings	Total
		£	£	£
Cost				
At 1 October 2015	10,675	32,078	11,830	54,583
Additions	321,399	78,118	59,810	459,327
Disposals	-	(20,051)	-	(20,051)
At 30 September 2016	332,074	90,145	71,640	493,859
Depreciation				
At 1 October 2015	-	26,295	3,269	29,564
Charge for year	7,377	12,259	7,145	26,781
Eliminated on disposal	-	(20,051)	-	(20,051)
At 30 September 2016	7,377	18,503	10,414	36,294
Net book value				
At 30 September 2016	324,697	71,642	61,226	457,565
At 30 September 2015	10,675	5,783	8,561	25,019

11 Fixed asset investments	2016	2015
	£	£
Market value at 30 September 2015	8,197,997	5,533,433
Additions	2,802,911	2,680,040
Investment manager fees	(64,463)	(50,262)
Increase in market value	936,653	34,786
Market value at 30 September 2016	11,873,098	8,197,997
Historic cost at 30 September 2016	10,272,806	7,772,806

Total investment income as disclosed on the face of the Statement of Financial Activities also includes £3,457 (2014 - £1,464) of bank interest. All investments are listed.

No single investments exceeded 5% of total market value.



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 contd.

12 Debtors	2016 £	2015 £
Accrued income	49,967	421,322
Prepayments	195,458	14,739
Other debtors	238,862	3,903
	<u>484,287</u>	<u>439,964</u>

13 Creditors: amounts falling due within one year	2016 £	2015 £
Other creditors	474,306	138,654
Lottery receipts in advance	566,858	472,557
Accruals	161,215	124,814
Other taxation and social security	11,434	16,501
	<u>1,213,813</u>	<u>752,526</u>

14 Controlling party

The charity is controlled by its Trustees.

15 Commitments under operating leases

The charity had commitments under non-cancellable operating leases due in the next 12 months as set out below:

	Land and buildings 2016 £	Other 2016 £	Land and buildings 2015 £	Other 2015 £
Within one year	71,529	1,322,352	-	1,319,148
In two to five years	258,717	5,059,493	-	6,374,528
In more than five years	138,143	-	-	-
	<u>468,389</u>	<u>6,381,845</u>	<u>-</u>	<u>7,693,676</u>

The charge to the Statement of Financial Activities relating to operating leases for the year was £1,305,325 (2015: £1,012,596)

16 Contingent assets

The charity has been notified of material legacies which have not been included in the Statement of Financial Activities because the conditions for recognition have not been met. The estimated cash value is £180,000.



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 contd.

17 Analysis of Unrestricted funds

	At 1 October 2015 £	Net Movement in Funds £	Transfers £	At 30 September 2016 £
General fund - operational reserve	9,650,485	2,780,590	241,000	12,672,075
New aircraft fund	400,000	-	-	400,000
Additional services fund	250,000	-	-	250,000
	<u>10,300,485</u>	<u>2,780,590</u>	<u>241,000</u>	<u>13,322,075</u>

The new aircraft fund comprises an amount designated by the Trustees representing the additional cost of operating a new aircraft for one year.

The additional services fund comprises an amount designated by the Trustees representing the additional cost of supporting longer flying hours for one year.

18 Analysis of Restricted funds

	At 1 October 2015 £	Net Movement in Funds £	Transfers £	At 30 September 2016 £
Reserve for specified capital expenditure	241,000	-	(241,000)	-
	<u>241,000</u>	<u>-</u>	<u>(241,000)</u>	<u>-</u>

19 Transition to FRS 102

These financial statements are the Hampshire and Isle of Wight Air Ambulance's first financial statements that comply with FRS 102. The date of transition to FRS 102 was 1 October 2014.

The transition to FRS 102 resulted in no change in the reported net movement in funds for the year ended 30 September 2015 or the total funds for the years ended 20 September 2014 or 2015.

Under previous UK GAAP (Generally Accepted Accounting Practice) unrealised gains on revaluation of investments were not recognised within Net Income for the year; under FRS 102 these gains are included within Net Income for the year as reflected below.



HAMPSHIRE AND ISLE OF WIGHT AIR AMBULANCE

Report and financial statements for the year ended 30 September 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2016 contd.

19 Transition to FRS 102 (continued)

	Previous GAAP	Adjustment on transition to FRS 102	As reported under FRS 102
	£	£	£
Net income for the year ended 30 September 2015	2,848,317	34,786	2,883,103
Gains on investment	34,786	(34,786)	-
Net movement in funds for the year ended 30 September 2015	<u>2,883,103</u>	<u>-</u>	<u>2,883,103</u>

20 Post balance sheet events

Since the year end the Charity has made a capital commitment amounting to £50,000.