

**ARMY AIR CORPS CHARITY**

**REGISTERED CHARITY NUMBER 1184333**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED**

**31 MARCH 2021**



**ARMY AIR CORPS CHARITY**  
**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31ST MARCH 2021**

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**ARMY AIR CORPS CHARITY**  
Registered Charity No 1184333

**TRUSTEES' REPORT  
FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2021**

**REFERENCE AND ADMINISTRATIVE INFORMATION**

*Colonel-in-Chief of the Army Air Corps*

His Royal Highness The Prince of Wales KG KT GCB OM ADC

*Colonel Commandant Army Air Corps*

Major General NR Borton DSO MBE

*Deputy Colonel Commandant Army Air Corps*

Major General JTE Illingworth OBE

*Members of the Regimental Committee and Trustees of the Army Air  
Corps Fund as at 31<sup>st</sup> March 2021*

Colonel JM Facer ADC\*

Colonel AH Willman\*

Colonel P Hayhurst \*

Colonel E Butterworth\*

Colonel DF Venn\*

Colonel (Retired) A Tucker#

Colonel (Retired) WJ Sivewright

Lieutenant Colonel A Mitchell AAC\*

Lieutenant Colonel (Retired) DK Joyce#

Major A White AAC\*

Captain A Fitz-Gerald AAC\*

WO1 G Good AAC\*



*Non-Trustee members of the Regimental Committee*

Lieutenant Colonel (Retired) CJ Ions MBE\*#  
(Chief Executive for the AAC Charity)

Lieutenant Colonel C Howard-Higgins AAC\*  
(Chairman of the AAC Sport and Adventure Training Committee)

Those marked \* are *ex officio* members of the Regimental Committee.  
Those marked # are also members of the Investment Sub Committee.

*Bankers:* Holts Military Banking, The Royal Bank of Scotland plc,  
200 Fowler Avenue, Fowler Business Park, Farnborough, Hants,  
GU14 7JP.

*Solicitor:* Wilsons Solicitors, Alexandra House, St Johns Street, Salisbury  
SP1 25B

*Investment Advisers:* Investec, 2 Gresham Street, London, EC2V 7QN.

*Auditors:* BRC Accountants, Aldwych House, Winchester Street Andover  
SP10 2EA.

*Army Air Corps Secretary and  
Chief Executive of the  
Army Air Corps Charity:*  
Lieutenant Colonel (Retired) CJ Ions MBE\*#

*Accountant:* Mrs S Delaney FCCA#

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Regimental Headquarters Army Air Corps  
Headquarters Army Air Corps  
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**INTRODUCTION TO THE SECOND REPORT  
FROM THE ARMY AIR CORPS CHARITY (1184333)  
TO THE CHARITY COMMISSION**

1. In 2018 the Trustees of the Army Air Corps Fund took up the Charity Commission advice to register as a Charity Incorporated Organisation. The result was the demise of the Army Air Corps Fund (No 1072126) on 30<sup>th</sup> September 2019 and the creation of the Army Air Corps Charity (No 1184333) as a Charitable Incorporated Organisation with similar objects. A scheme was agreed on 14<sup>th</sup> June 2019 enabling the registration of the new charity with the Charity Commission on 9<sup>th</sup> July 2019. The Army Air Corps Charity (No 1184333) began operating on 1<sup>st</sup> October 2019.

2. This is the second report on the Army Air Corps Charity No 1184333, which came into being on 9<sup>th</sup> July 2019, but did not start operating until 1<sup>st</sup> October 2019. It had been created in order to establish a Charitable Incorporated Organisation (CIO), which provides greater protection for the charity, its trustees and beneficiaries. The action was carried out by Wilsons Solicitors, using Charity Commission guidance. It replaced the unincorporated Army Air Corps Fund No 1072126. The Army Air Corps Fund No 1072126 has closed and has been removed from the register.

**THE ORIGIN OF THE ARMY AIR CORPS  
WELFARE AND BENEVOLENCE ACTIVITY  
AND  
ONGOING DEVELOPMENT**

3. The modern<sup>1</sup> Army Air Corps was formed on 1st September 1957. At that time two welfare and benevolence funds were established and operating. The first was the Army Air Corps Association Fund, which was set up for use by the Army Air Corps Association, principally for the benefit of its members. It was not registered as a charitable fund. The second was the Brigadier Army Air Corps Fund, which did have charitable status and was set up to provide welfare and benevolence for the members of the Army Air Corps. The two entities were effectively merged and later formally established as the Army Air Corps Fund (No 1072126). The Army Air Corps Fund (1072126) ceased operating on 30<sup>th</sup> September 2019 when it was replaced by the Army Air Corps Charity (1184333).

4. In the mid-1960s the Ministry of Defence permitted the introduction of the Armed Forces Day's Pay Scheme (DPS). This was largely in response to the end of National Service and in the realisation that Her Majesty's Armed Forces would need to call on Non-Public Funds in order to provide welfare and benevolence for its serving and

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<sup>1</sup> An Army Air Corps had been established in 1942 to encompass Airborne Forces in the Second World War. It was comprised of the Glider Pilot Regiment, the Parachute Regiment and the Special Air Service. At the end of the War its component units were reduced and reallocated. The Army Air Corps of the Second World War period was disbanded on 22 May 50.



veteran communities. The premise was then, and still is now, that all serving members of the Army would be encouraged to make an annual contribution of at least the sum of one day's pay to a welfare and benevolence fund. That contribution is taken from salary before tax and directed to the "cap badge" fund.

5. The permanent cadre of the early Army Air Corps was relatively small with the majority of the aircrew and groundcrew serving on secondment from their own Regiments and Corps. As the Army Air Corps moved towards centralisation in the late 1960s, and as the strength of that permanent cadre increased, the senior officers of the Corps accepted that a realistic welfare and benevolence fund was required in order to conduct non-Public activity and to invest for future needs. As a consequence, an Army Air Corps Regimental Committee was formed in February 1968 to manage the domestic and non-Public financial affairs of the Corps using the voluntary contributions from the Day's Pay Scheme as a source of income.

6. In May 1968 the Army Aviation Association and The Army Air Corps Regimental Committee agreed to rationalise their financial functions. The Army Aviation Association had replaced the Army Air Corps Association to include Army personnel involved in Aviation who were not members of the Army Air Corps. That rationalisation resulted in the amalgamation of the two Funds. This was done in order to avoid duplication of effort and in recognition of the charitable status of the Brigadier Army Air Corps Fund. The Fund was to be used for the welfare of past and present members of the Army Air Corps and their eligible dependants. It was further agreed that within the Brigadier Army Air Corps Fund the transactions related to the activities of the Army Aviation Association would be easily identifiable.

7. With the permission of the Charity Commissioners the name of the Brigadier Army Air Corps Fund was changed to the Army Air Corps Fund in October 1974. This allowed for the then Regimental Colonel Army Air Corps,<sup>2</sup> who is the focus for domestic and non-Public financial affairs, to exercise his responsibilities with the Fund. At that time the Trustees established lines within the Fund to accommodate the financial needs of the Headquarters Officers' Mess and the Headquarters Warrant Officers' and Sergeants' Mess, whose principal income is from a portion of the voluntary contributions given through the Day's Pay Scheme.

8. In the early 1980s the Trustees began to invest for growth in the Fund in the knowledge that the serving and retired communities were growing and in order to establish a reserve. This "reserve" was to be available to mitigate risk and was coupled to the provision of capital to cover forecast costs for significant events and projects such as anniversaries and the creation of memorials. An investment sub committee was established in order to manage investments on behalf of the Trustees. Targets for growth were set by conducting various studies against a forecast of known events, an understanding of an increase in demand, potential risks and the possibility of the Corps ceasing to exist as an entity. Forecast events included the 25<sup>th</sup>, 50<sup>th</sup> and 60<sup>th</sup>

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<sup>2</sup> The appointment was re-titled as Colonel Army Air Corps in 2014.



anniversaries, all of which resulted in significant expenditure and, for the 25<sup>th</sup> and 50<sup>th</sup>, the creation of memorials. The 60<sup>th</sup> anniversary was marked by the presentation of a new Guidon by our Colonel in Chief on behalf of Her Majesty The Queen at a parade and service of thanksgiving in Salisbury Cathedral. There are plans developing to mark the 65<sup>th</sup> anniversary with an event at Middle Wallop.

9. The forecast for welfare and benevolence demand had been partially estimated by a study of benevolence in the Armed Forces charity sector and partially by appreciation of increasing cost. Those figures were balanced against a general Army demographic that did not fit neatly alongside the Army Air Corps community demographic, which has a general start state from the centralisation of the Corps and the creation of a professional groundcrew cadre in the mid 1970s. In effect the cap badge responsibility grew significantly from that centralisation and increased as the Corps recruited direct entrants across its aircrew and groundcrew ranks.

10. The growing strength of the Corps increased the income to its Fund through voluntary contributions. The demand on the Corps Fund for benevolence and welfare needs was relatively low by comparison, particularly in periods of high operational tempo. However, changes in structures and establishments reduced the Corps strength, which had the effect of reducing the income from voluntary contributions. That reduction coincided with increasing demands on the Corps Fund in both welfare and benevolence.

11. In Financial Year 2014/2015 the operating part of the Fund began to draw from investment income to augment the income received from voluntary contributions. This change was in order to cover the reduction in income from those voluntary contributions and to meet the increasing demands. In Financial Year 2015/2016 that draw from income investment increased. The annual draw on income from investment is now routinely in the region of £200000 to £250000. It can therefore be seen that the balance has shifted so that the principal source of income is now from investments rather than from the voluntary contributions of the serving members. The report for this period for the new Charity shows that the trend continues and is accepted by the Trustees as the norm for today and into the future. That need underlines the significance of investment in order to provide both an income and a contingent reserve.

12. Though the AAC Association continued to be managed within the Army Air Corps Fund with transactions easily visible, it was of concern that the veteran community was waning in strength and that it engaged in very little activity other than re-union events organised under the aegis of the two Headquarters Messes. In 2013 the Association changed its name to the Army Air Corps Veterans' Association in order to give a clear identification of its role and to attract Service Leavers to join. In a move to make that membership more attractive the annual subscription fee was suspended in favour of a small joining fee to cover administration costs. In early 2021 that fee was removed so that membership of the Association would be free. This was a move in preparation for greater use of digital communication between the Association members



and the AAC. That effectively removed any regular and significant income. The Army Air Corps Trustees acknowledged the benefits of the change and accepted that the financial burden in the future would fall to the General Purpose Fund within the Army Air Corps Charity. In the meantime, the Trustees gave direction that the reserve fund held on behalf of the Association would be used as the source for any significant expenditure until it became necessary to fall back on the Army Air Corps Charity. As at the date of this report that policy and process was holding firm. The option of re-introducing an annual subscription fee is kept under review. However, the change of title also resulted in a widening of the criteria for membership. In effect any individual who had served with or been attached to Army Aviation units from 1957 onwards could be considered for membership. In step with this deliberate policy change membership was also opened to members of the antecedent Corps units; the Air Observation Post Flights and Squadrons of 1940 to 1957 and the Glider Pilot Regiment Flights and Squadrons of 1942 to 1957. That opened up membership to personnel who had not served as Army Air Corps personnel and who had not contributed to the AAC Fund. It was agreed that members of the Association might benefit from collective arrangements but not individually, particularly for benevolence – that provision remained the responsibility of the individual's parent organisation whilst serving.<sup>3</sup>

13. In a similar vein it is worth noting the changes brought about through the introduction of the Reserve forces through the Defence Review. Reservists are regarded as being part of the Army, whether on duty or not. Hitherto members of the Territorial Army or Reserve were only eligible to draw upon cap badge welfare and benevolence funds if their need resulted from Army service. The eligibility criteria have changed to the same as a Regular Service person. In line with that change members of the AAC Reserve are encouraged to make voluntary contributions to the AAC Charity. However, the contributions made are based upon their actual days of service therefore the contributions made are relatively low in comparison with their Regular counterparts.

14. The income to the AAC Charity from voluntary contributions and the drawdown of investment income is currently matched to the forecast expenditure. However, that match is balanced against current income at a time when there is an understandable upward trend in expenditure. The period covered in the first report was to have been used to examine the Corps Charity against known and forecast income and expenditure with the aim for extrapolating the information to inform the investment needs and to revise the Charity's Reserve policy. That was achieved in part but was somewhat overridden by the peculiarities imposed on society by the Covid-19 pandemic.

15. The period of this second report on the Army Air Corps Charity (1184333) encompasses the introduction of social restrictions under the threat of the Covid-19

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<sup>3</sup> Veterans of the Glider Pilot Regiment and Air Observation Post units who did not transfer to the AAC look to the Airborne Forces Security Fund (ABSF) and Royal Artillery (RA) Fund respectively. Veterans of other Services, Corps and Regiment who did not transfer to the AAC look to their parent Service organisation.



pandemic. Those restrictions did affect the income and expenditure of the Charity, but that effect was not as severe as had been anticipated. The investment portfolio had been affected in the early months of restrictions but quickly rallied and stabilised. A concern that the effects would bring a significant increase on demand for benevolence was not realised. On the social and sporting side of the Charity activity there was a reduction in outgoings. This was turned to advantage by replacing, renewing and refurbishing equipment and making improvements to Messes. However, the virus remained prevalent, restrictions at various levels remained in force and the potential effects remain as factors that have to be considered against the objectives of the Charity, particularly as society begins to adjust itself to the threat that has been illustrated and as individuals cope with the effects.

### **THE OBJECTS AND PURPOSE OF THE ARMY AIR CORPS CHARITY NO 1184333**

16. The objects of the Army Air Corps Charity (No 1184333), agreed with the Charity Commission, are:

- a. To promote the efficiency of Her Majesty's Army and particularly the Corps in such charitable ways as the Trustees may decide.
- b. The relief of persons who are in need, hardship or distress and are serving or former members of the Corps or the eligible children or dependants of such persons.

17. The Trustees may relieve persons in need by making grants of money to them or making short term loans to them or providing or paying for goods, services or facilities or by making grants of money to other persons or bodies who provide goods, services or facilities to those in need.

18. The purpose of the Army Air Corps Charity is therefore to provide the financial means whereby the Army Air Corps can discharge its charitable obligations to past and present members of the Corps and their eligible dependants.

19. The Army Air Corps Charity also acts as a holding fund for other Army Air Corps non-public accounts, which includes the Army Air Corps Veterans' Association account and the Headquarters Messes.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **GOVERNING INSTRUMENT**

20. The Governing Scheme for the AAC Charity (1184333) was agreed on 14<sup>th</sup> June 2019 and sealed on 9<sup>th</sup> July 2019, to come into operation on 1<sup>st</sup> October 2019. This Army Air Corps Charity supersede the previous schemes of the Army Air Corps Fund (1072126) and its predecessors.



## GOVERNANCE AND STRUCTURE

### GOVERNANCE

21. The Army Air Corps Charity (1184333) began operating as a CIO on 1<sup>st</sup> October 2019. Operating as a CIO provide the charity, its Trustees and agents with better legal protection and gives it the ability to hold property and to employ staff, should it need to do so in the future.

22. A detailed examination of governance conducted in 2010/2011 confirmed that sound processes and practices were in place in relation to prevention of fraud and dishonesty. Those processes and practices are reviewed each year. The Trustees are regularly alerted to the dangers of complacency and maintain a rolling review of the subject. There are tiered levels of authority in place and limitations on the financial amounts in those tiers, which in themselves reduce the risk of any significant level of fraud or theft. The accounts are checked regularly and frequently, thus allowing any discrepancy or unusual activity to be brought to attention early for examination and investigation.

23. The processes and procedures for the financial aspects of Charity activities are reviewed at each Spring meeting when financial authorities and expenditure forecasts are authorised by the Trustees. The financial activities of the Charity are examined at both the Spring and Autumn meetings. The accounts are audited by an external auditor each year. Those audited accounts provide the basis for the annual report to the Charity Commission. The audit report is widely circulated to the Trustees and other committee members, and to Army Air Corps personnel through their units.

24. An annual report on the financial activities of the Army Air Corps Charity is published in the Army Air Corps' Newsletter, *Hawkeye*, and the Army Air Corps Journal.

25. All new Trustees and non-executive members of the AAC Committee receive instructions and reference documents relevant to their role, including audited financial reports, minutes of meetings, the Scheme agreed with the Charity Commission and underpinning instructions directly related to the Charity and its activities. They also receive a copy of the Charity Commission notes on the Charities Act and the Commission's pamphlets related to good governance and the responsibilities of the Trustees.

26. Trustees are encouraged to attend formal training for their role. In the period under review, the restrictions imposed by the pandemic have limited the ability to hold face to face meetings of all the Trustees. Those limitations have been mitigated by the use of digital communication and the electronic distribution of reading notes, with



decision points related to them. The objects of the Charity and the duties of the Committee are highlighted at each meeting of the Committee. Members present are invited to declare any interests that may have a bearing on their objective decision making. Known and related interests are registered – for example the ex Officio appointment holders of the Corps Colonel, Commandant Army Aviation Centre and Corps Sergeant Major positions are also ex Officio members of the Army Flying Museum Board of Directors, which includes a trading company. That fact is made known at the start of each Corps Committee meeting with a reminder in discussions relating to Museum funding activity.

## **STRUCTURE**

27. The review of Governance previously mentioned (para 22) recommended that the structure of the Army Air Corps Charity Trustee Board and the supporting Committee should be such that it was small enough to be effective, large enough to be representative and authoritative enough for the responsibilities laid upon it. The resulting restructuring proved to be useful and effective. The recommendations of that review are also relevant to the current Army Air Corps Charity. However, the protection offered by the Charitable Incorporated Organisation encouraged the Trustees to widen the membership so that those holding representative membership of the Board could also exercise voting rights as Members. This had the benefit of introducing more diversity into the make up of the Trustee Board, which also acts as the AAC Committee.

28. The ex officio Trustees include the Head of Arm for the Army Air Corps, the Commanders from the main Army Air Corps communities, representative unit commanders and individuals from within the Corps. The voluntary Trustees are drawn from the retired community, two of whom are also members of the Army Air Corps Charity Investment Sub Committee. Additional members are drawn onto the Committee as non-voting subject matter experts and representatives. This structure ensures that the Trustees have sufficient knowledge, experience, level of representation and maturity to accept and to understand the responsibilities placed upon the individual and the group. It also ensures that the Corps Committee is well advised and represented in its role of managing the non-Public affairs of the Army Air Corps.

29. Observers from within the serving Army Air Corps are invited to attend the Regimental Committee meetings. The minutes of meetings are circulated throughout the Army Air Corps and those minutes include reports of income and expenditure and forecast budgets. Meetings are advertised in advance with invitations to submit items for discussion.

## **RECRUITMENT AND APPOINTMENT OF THE COMMITTEE**

30. The composition of the Corps Committee is laid down within Army Air Corps Instructions and is published in minutes of the meetings. The creation of the Army Air



Corps Charity as a Charitable Incorporated Organisation allows more flexibility in the selection of Trustees.

31. The Trustees are the core members of the Corps Committee and are a mixture of ex officio and volunteer members. Trustees who are ex officio members also represent areas of the military community and/or speciality areas. Non-Trustees have a presence on the Committee in a representational role and as observers. Occasionally subject matter experts may be invited to join the Committee, without the executive powers of a trustee, for a specific purpose or project. The criteria governing the selection of Trustees are:

- a. **Ex Officio.** Ex officio individuals become members of the Corps Committee by virtue of their specific appointment in the Army Air Corps. Though ex officio appointment to the Committee is linked to the military appointment the position on the Committee is voluntary and this point is made clear in the invitation to join.
- b. **Selection.** The Committee as a body selects both serving and retired personnel as members of the Corps Committee to provide a balance to match the aims of the Army Air Corps Charity.
- c. **Period of service on the Committee.** The tenure for ex officio members is related to their time in the linked appointment. The period for volunteer members is normally 5 years but a voluntary extension of up to 5 years may be granted with the approval of the Army Air Corps Committee.

## TRUSTEE INDUCTION AND TRAINING

32. The core members of the Corps Committee are also the Trustees for the Army Air Corps Charity. By virtue of their current or previous service in the British Army and the Army Air Corps they will be familiar with its purpose and activities. Indeed, some members will have served on the Committee in other appointments as a consequence of their military service. All members on appointment receive a welcoming letter from the Corps Secretary, which explains their duties and their obligations. That letter includes a copy of the Charity Commission Scheme for the Fund, the latest audit report, minutes from the previous Trustee meeting and guidelines for Trustees, the Charities Act 2006 booklet and relevant Charity Commission publications. Charity Commission bulletins are also circulated to Trustees for their information as they are published. The restrictions imposed by the pandemic had prevented any structured training for Trustees but four of the members had received training in the pre Covid period. Four of the Trustees had served on the Committee in previous appointments.



## CURRENT TRUSTEES

33. At the date of the submission of this annual report the Trustees [for the AAC Charity] were:

Colonel JM Facer ADC (Chairman)  
Colonel RI Melling MBE (Deputy Chairman)  
Colonel A Tucker (Chairman of the Investment Sub Committee)  
Colonel D Amlot MBE  
Colonel E Butterworth  
Colonel RJ Seymour  
Colonel (Retired) WJ Sivewright  
Lieutenant Colonel A Mitchell AAC  
Lieutenant Colonel (Retired) DK Joyce (Member of the Investment Sub Committee)  
Major A White AAC  
Captain C Fitz-Gerald AAC  
WO1 P Dockrell AAC

This list differs from that as at 31st March 2021 and reflects changes in appointment holders.

## TRUSTEE ACTIVITIES

34. The Trustees of the Charity are the voting members of the Army Air Corps Committee with responsibility for the Army Air Corps Charity. The Corps Committee meets formally twice each year, in the Spring and Autumn.

35. The Spring meeting examines the income and expenditure of the previous financial year and considers the forecast of income and expenditure for the coming financial year. It also authorises the delegated financial authorities and the agreed income and expenditure.

36. The Autumn meeting reviews the in year income and expenditure, with the ability to adjust and revise if required.

37. Out of committee dealings which involve the Army Air Corps Charity may be dealt with through majority voting by e-mail, an authorised subcommittee or by using the delegated powers of the Colonel Army Air Corps, Army Air Corps Secretary, Chairman of the Investment Sub Committee and Secretary of the Army Air Corps Sports and Adventure Training Committee as appropriate.

38. The social restrictions imposed by Her Majesty's Government in response to the Covid-19 pandemic did require a change in the way that Trustees were able to meet. Where practicable meetings were conducted with a combination of digital communication and physical attendance in order to limit contact and to allow the correct levels of social distancing.



39. In common with the other similar military focussed funds, the Army Air Corps Charity was set up to promote the efficiency of Her Majesty's Army, particularly the Corps, and to provide practical and financial assistance to serving and retired members of the Army Air Corps and their eligible dependants, who, for whatever reason, are in need of help. In cases of need, priorities are assessed once all available evidence has been scrutinised. Where appropriate advice and additional assistance may be sought from other Service Charities<sup>4</sup>. Information may also be gleaned from Unit Welfare Staff, the wider MOD and from Army Air Corps Veterans' Association Branches, where they exist.

40. Grants or loans may be authorised by the Trustees, based upon evidence of need and a reasonable assurance of recovery.

41. The Charity does not carry out any significant fundraising activities. Where fund raising activity is undertaken it is reviewed and monitored by the Trustees, with support, guidance and advice provided where necessary.

42. General delegated financial powers are extended to the Army Air Corps Secretary (in his appointment as Chief Executive of the Army Air Corps Charity) and to the Colonel Army Air Corps. Specific delegated authority is granted for the Chairman of the Investment Sub Committee and the Secretary of the Army Air Corps Sports and Adventure Training Committee for their respective areas of activity.

43. The Army Air Corps Regimental Sergeant Major has limited and supervised financial authority for the affairs of his own Headquarters Mess. The Army Air Corps Committee itself holds the financial authority for the Army Air Corps Headquarters Officers' Mess.

44. As stated elsewhere in this report, the delegated financial authorities are reviewed and renewed each year. From time to time funds and attendant financial authority may be allocated and delegated for specific projects and sub committees appointed by the Trustees. Those additional authorities for designated funds and specific projects are reviewed at each Corps Committee meeting. Designated Funds whose objects have been achieved are closed and those still in progress are examined.

## **PUBLIC BENEFIT**

45. The "public benefit" in the context of the Army Air Corps Charity is felt principally by those in the serving and retired communities of the Army Air Corps, and their eligible dependents. The use of the Fund in the delivery of benevolence and services that enhance military efficiency give benefit to the Ministry of Defence and therefore to the wider Public. It will be seen in this report that the significant expenditure on Charity activities to maintain and to enhance morale, and also to provide benevolence to those

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<sup>4</sup> Principal Service charities include the Army Benevolent Fund (ABF), the Royal British Legion (RBL) and the Soldiers', Sailors' and Airmen's Families Association (SSAFA) Forces Help.



in need, is an illustration of that "public benefit". The various Restricted and Designated funds reported in this section also explain that contribution to "public benefit".

## CHARITY ACTIVITIES

### BENEVOLENCE

46. **General.** The relief of persons in need, hardship or distress through "benevolence" is one of the objects of the Charity and fundamental to the rationale for holding non-Public Army Funds. The provision of that benevolence, both directly and indirectly, contributes to the well-being of individuals and to our community as a whole and is significant in supporting the other object of the Charity, which is the promotion of military efficiency. Those that receive it are not only helped but are also reassured that they are cared for and that their loyalty, and service is recognised. Those that see it being delivered appreciate the gesture on their behalf and know that they may also turn to the Fund in time of need.

47. **Delivery of Benevolence.** Benevolence is delivered through the Army Air Corps Headquarters on behalf of the Trustees and is principally done in liaison with Service and Service related Charities<sup>4</sup>. The Charity also makes an annual donation to the Army Benevolent Fund for its work in support of the wider Army community. That contribution is close to 12% of the income to the General Purpose Fund from voluntary contributions. In the annual forecast of expenditure, the Trustees make available a sum in the region of £60000 for individual benevolence grants. That sum can be increased in year if necessary, so as to ensure that all cases that merit support are satisfied. The general criteria of "need" is applied to the cases with the intention of providing a hand up rather than a hand out. It is emphasised that each case is scrutinised and assessed individually, bringing in additional help from other sources<sup>4</sup> if necessary.

48. **Measurement of success and achievement in Benevolence.** It is difficult to measure success or achievement in the delivery of benevolence. In the majority of cases dealt with it is the individual that has asked for assistance, and often through one of the Service related charities<sup>4</sup>. Of the cases referred for attention few are refused and then only if the need is not proven. If an individual is not eligible for assistance from the Army Air Corps Charity advice is given for alternative pathways. Occasionally cases receive practical and advisory support that does not require a financial grant to resolve the problem. Historically this Charity was providing benevolence in the region of £5K per annum in the years 2000 – 2005. In the years since then demand has grown and continues to grow. That is in part attributable to a growing veteran population for a Fund that started in the 1960s (and a Corps that centralised in the 1970s). It is also a reflection of rising costs of living. Since 2005 the Charity operators have been proactive in making the communities aware of its objects and in cooperating with other Service and Service related charities<sup>4</sup>, which are also reasons why more cases are being effectively dealt with. In short, the Charity is reaching out with "benevolence" to those who need it. In Financial Year 2020/2021 over the period covered in this report a similar number received financial assistance amounting to in the region of £58000.



Many of the cases were linked to indebtedness and associated anxiety. The incidence of debt related problems amongst early Service leavers in the 18 – 35 years group remains a concern.

## **THE PROMOTION OF MILITARY EFFICIENCY**

49. **General.** The object of the Charity to promote military efficiency is generally linked to the maintenance of morale through the provision of welfare. The Charity Commission section on the use of charitable funds in support of "The Armed Forces and Emergency Services" provides useful guidance. The Trustees apply that guidance and their own knowledge to the allocation of funds, grants and donations in order to deliver that object for the benefit of the serving community and therefore for Defence and the general public. The headline areas below explain in more detail the use of allocated, restricted and designated funds used in the delivery of activities that maintain the morale and well-being of individuals and the communities that they serve.

## **SPORTS AND ADVENTUROUS TRAINING**

50. The Army takes the view that sport and adventurous training provide the opportunities for leadership, team building, challenge, exercise, development and fellowship for individuals. The support and promotion of these activities assists in the welfare and wellbeing of individual-serving members of the Army Air Corps as well as promoting *esprit de corps* and contributing to the idea of military efficiency. In 2013/2014 the benefits of investing in people through the opportunities of sport and adventure training was examined with a recommendation that it should be encouraged and supported. The Trustees strongly endorse this view and place it high on the activities within the object of promoting military efficiency. They gave instructions in FY 2015/2016 for the allocation of funds to be increased by taking money from investment income. The aim of that increase was funding for overseas sports tours, but experience has shown that additional funding is needed across the spectrum of sport and adventure training activities.

51. The restrictions imposed by the pandemic had a detrimental effect on the physical delivery of sporting gatherings, team games and group adventure activities in FY 2020/2021. After consideration the Trustees decided not to reduce the allocation. Instead opportunity to conduct sporting and adventurous activity in safe conditions was encouraged. There was also the advantage to the teams, pursuits and disciplines to review, renew and refurbish associated clothing and equipment items. The allocation to AAC Sport and Adventure Training from Corps Funds of £160000 was fully utilised under the careful management of the Chairman and Secretary of the Army Air Corps Sport and Adventure Training Committee, reporting to the AAC Colonel. The level of funding is kept under review.



## TROPHIES AND AWARDS

52. **General.** Trophies and awards, which are specific to the AAC exist and are presented annually in recognition of individual endeavour and achievement. Money is made available within the Fund for engraving, framing and minor expenses associated with the awards, including the provision of individual mementoes and the maintenance of the trophies themselves. Awards and trophies, including those for sport and adventure training are managed, overseen and maintained by authorised subcommittees chaired by the Colonel Army Air Corps, which meet at least once in each calendar year and report to the Army Air Corps Committee (the Trustees).

53. **The Stockwell Sword.** The major single expenditure is for the Stockwell Sword. The Stockwell Sword (a new engraved Army Air Corps sword) is presented to the individual considered to be the best young officer of the year. The majority of the income for this award comes direct from the Officer Cadet Unit Prize Fund, controlled by the Director General Army Training and Recruiting whose organisation provides money for several prizes of this nature to other Corps and Regiments. The Army Air Corps Charity acts as a conduit for this expenditure and provides additional funding as required.

54. **Sport and Adventure Training Awards and Trophies.** The cost of awards and trophies administered by the AAC Sport and Adventure Training Committee is taken from the annual allocations through the AAC Charity to the overall activity (see paras 50 and 51).

55. **Allowances for senior officers of the Army Air Corps, Commanding Officers and those acting on behalf of the Corps in Honorary and Functionary appointments.** The Trustees of the AAC Charity recognise that senior appointment holders will have expenses associated with Corps representation. The appointment holders are the Colonel Commandant and his Deputy Colonels Commandant, Colonel Army Air Corps, the Commander of 1<sup>st</sup> Aviation Brigade and the Deputy Commanders of the Find and Attack forces, Commanding Officers of AAC Regiments and, where appointed, Honorary Colonels. A sum of money is therefore allocated each year by the Trustees for use in support of their duties for the wellbeing and benefit of the Army Air Corps as a whole. Expenditure extends to hosting, attendance at events and general duties when representing the Army Air Corps as well as sundry expenses related to their duties. The Trustees keep these allowances under review with the aim of using them for the good and benefit of the Corps and its members in line with the object of "promoting military efficiency". The allowances are attributed to the AAC Headquarters Officers' Mess Fund and to the General Purpose Fund in equal sums. Sundry expenses outside of the scope of those allowances may be covered by the appropriate lines in the Fund and/or the discretion of those holding appropriate financial authority.



## RESTRICTED FUNDS

### THE ARMY AIR CORPS HEADQUARTERS MESSES

56. The Army Air Corps Headquarters Officers' Mess Fund and the Army Air Corps Headquarters Warrant Officers' and Sergeants' Mess Fund are regarded as Restricted Funds within the Army Air Corps Charity because they attract contributions from their own members in order to provide benefit for those communities. In principal, the purpose of these two funds follows the AAC Charity object of promoting military efficiency through the maintenance of morale and can also be used to assist with the delivery of benevolence.

57. The respective members use these funds to enhance the fabric, furnishings and surroundings of their respective buildings and to contribute to Mess activities in order to enhance the quality of their life. All of these messes are used by the retired members of our community at varying times of the year for reunions and meetings. As a result, the benefits of this expenditure are much more widespread than for just those who contribute. The two Mess Funds also provide the means for the acquisition and maintenance of significant heritage items on behalf of the Corps as a whole. If called upon the Mess funds may also be used to assist in benevolent activities. The Messes may also make contributions to general events, activities and projects across the Corps that may benefit All Ranks.

58. The geographical spread of the Army Air Corps and the grouping of units on aircraft type bases, principally in the UK have created significant centres of AAC population at sites other than Middle Wallop. That has increased the dependence of the dispersed Messes on the use of the funds held on behalf of the Officers and the Warrant Officers and Senior Non Commissioned Officers of the Corps.

#### **Re-union functions run by the Headquarters Messes.**

59. **The AAC Headquarters Officers' Mess.** The AAC Officers' Dinner Club normally holds one annual dinner and an annual lunch by way of "reunion". The restrictions of the pandemic prevented those gatherings in FY 2020/2021.

60. The lull in delivery of the events resulted in an examination of the financial foundation of the process. Hitherto, retired officers contributed a small annual fee for administration. Following an examination of the process it was decided that the financial benefit of that administration fee was outweighed by the administrative burden of managing it. The practice was brought to a close in FY 2020/21. Individuals were advised to cease their Standing Orders. Instead, AAC Officers who retired were deemed to have made meaningful contributions to the Headquarters Mess through their voluntary contributions under the day's pay scheme during their service. This was also a reflection of the change mentioned in the previous report, which recorded the



closure of the AAC Officers' Dinner Club and incorporation of the events into the routine activity of the Headquarters Officers' Mess Fund.

61. The annual AAC Officers' Dinner is the vehicle that provides the only specific reunion for the commissioned members of the Army Air Corps, past and present at the "home of the Corps" in Middle Wallop. The Dinner also provides the opportunity for a very wide briefing of members in the up to date activities of the Corps and the promulgation of proposals for the year ahead. Attending members are then able to brief their units, branches and others with confidence. The annual AAC Officers' Lunch, which is normally held in London, has a similar role but is less formal, though it does allow Officers serving away from the Corps to be brought up to date on current affairs.

62. **The AAC HQ Warrant Officers and Senior Non Commissioned Officers' Mess.** The Army Air Corps Warrant Officers and Senior Non Commissioned officers hold an annual dinner which fulfils the same purpose as the annual Officers' dinner. The event is run as an activity of the Headquarters Warrant Officers' and Sergeants' Mess through that fund line.

63. The social restrictions imposed in response to the Covid-19 pandemic have affected and significantly reduced the ability to carry out the traditional events in the social calendar of the Army Air Corp. As a result, the annual Warrant Officers' and Senior Non Commissioned Officers' and the Officers' dinners were not held in 2020 or in the first quarter of 2021.

## **DESIGNATED FUNDS**

64. Significant financial commitments and specific activities are designated to ensure allocation of the appropriate financial resources to those areas. The current designated funds are listed and reported on in this document as follows:

The Gordon Sear Legacy  
The Sam and Margaret Law Legacies  
The Army Air Corps History Book Project  
The Army Air Corps Veterans Association  
The Glider Pilot Regiment Benevolent Fund.

65. **The Gordon Sear legacy in memory of Staff Sergeant Fenton Sear.** The Sear Legacy comes from the estate of Gordon Sear, the father of Staff Sergeant Fenton Sear, who died whilst serving with the Army Air Corps and was given in his memory.

The Trustees directed that the legacy be used to support an annual prize to individual junior soldiers deemed to be deserving by their Commanding Officers. That activity has proved to be unwieldy and failing in its purpose and was brought to a close in FY 2020/21. In 2018 the Trustees agreed that a sum of money from the legacy could be



put to use to establish a memorial for Staff Sergeant Sear. Though the opportunity to do so was offered to the Headquarters Warrant Officers' and Sergeants' Mess to install a memorial bench at one of the AAC sites, that offer was refused. Following a review and a request for funding from HQ Wattisham Station there was a move to allocate the legacy to a community project to convert a wooded area on station into a leisure area under the title "Parkwood". In the event other funding was also attracted, which reduced the draw on the Sear Legacy to £5000. At the time of this report the Trustees had directed that the remaining £15000 in the legacy could be used to support the publication and distribution of the Army Air Corps History Book project. The stipulation was that the Fenton Sear Legacy and the generosity of his father, Gordon Sear was to be recorded in the book when published and in any later editions, thus honouring the purpose for which it had been given to the AAC.

66.. **The Sam and Margaret Law Legacies** had been mentioned in the previous report. The Trustees considered uses for the combined legacy in the region of £45000 in the FY 2020/21 period. An initial proposal to use the legacies to create a memorial bench in HQ AAC was turned down as not required. The Trustees then directed that the legacies should be used to support the publication and distribution of the Army Air Corps History Book project. The stipulation was that the legacies from Sam and Margaret Law were to be recorded in the book when published and in any later editions, thus honouring their memory and generosity. They also gave instructions for a portion of the money to be made available for a physical memorial, such as a bench, on an opportunity basis.

67. **The Army Air Corps History Book Project** has been designated in order to manage it as a fund across the boundaries of the financial years. The research and development of the book has been hampered by the restrictions of the pandemic. The pre-production budget allocated to the book was £35000. This report also shows that the Trustees have designated/earmarked legacy money to support the publication and distribution of the book, once the authors' presentation has been approved by the Trustees (see paras 65 and 66).

68. **The Army Air Corps Veterans' Association.** The origins of the Army Air Corps Association and its subsequent guises are explained elsewhere in this report, specifically under the section titled, "The origins of the Army Air Corps Fund" and in its own section titled, "Army Air Corps Veterans' Association".

69. In 2013 the Association was re-branded in order to attract more Service leavers to join. Annual subscriptions were subsequently suspended. The Army Air Corps Fund then assumed the responsibility for the minor costs of administration. The remainder of the AAC Association fund has been designated as the Army Air Corps Veterans' Association Fund so that it is available for grants to events and activities related to the Army Air Corps Veterans' Association itself.

70. The Army culture promotes the idea of comradeship that continues into civilian life and encourages Corps and Regimental Associations as a means of maintaining



contact and communication between the serving and retired communities. The Army Air Corps' veteran community has grown considerably since centralisation in the 1970s<sup>5</sup>. The revitalisation of the Association in 2013/2014 increased the membership significantly. The Association has three main aims:

- a. To maintain a bond of comradeship between the serving and retired members.
- b. To promote the interests of the Army Air Corps.
- c. To make recommendations for the welfare and benevolence of eligible members.

71. The Association is currently run through a secretariat provided by the Army Air Corps and managed on behalf of the Army Air Corps Regimental Committee by a volunteer group of serving and retired members.

72. The Association fund is held as a separate line in the Army Air Corps Charity, which is in line with the agreement reached during the merger of the various funds in the 1960/70 period. Annual subscriptions to the Association were suspended in 2013 in favour of a one off administration fee. Though that encouraged membership it effectively cut off an assured and measurable income. The Trustees of the AAC Fund acknowledged that and agreed to accommodate administrative support and minor running costs from the Army Air Corps Fund. They gave instructions to the Association organisers that events and activities under the Association banner should be largely self-supporting but agreed that requests may be made to the AAC Charity for grants in aid.

73. Not all veterans of the Army Air Corps are Association members and not all Association members have membership of a regional branch. Not all members of the Association are veterans of the Army Air Corps. These factors emphasise the need to have a clear identity within the general activity of the Charity, just as the workings of the two Headquarters Messes are clearly identifiable.

74. The regional civilian Branches of the Army Air Corps Association aimed to provide a means of geographical focus for Association members who are minded to join them. The branches were semi autocratic in that they were permitted to raise revenue through local membership subscriptions, local fundraising activity and donations. There was no single model across the branches. Of the many that came into being in the early 1980s only one may be viewed as active; principally for social events. Until 2014 the Association Fund could give grants to Branch Chairmen, on request, to cover administrative expenditure or to assist with events. That facility is no

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<sup>5</sup> A conservative estimate of the number of AAC Veterans in 2012/2013 was 10,000. At that time AAC Veteran membership in the Association was estimated at around 1,000. In response to the 2013 revision that number has grown to 2500.



longer in place, hence the agreement that the Association may submit requests for grants to the AAC Charity.

75. Each year the Army Air Corps endeavours to provide support and refreshment facilities at appropriate venues that bring the serving and retired communities together. Examples are minor events at Army Air Corps units, the annual Army versus Navy Rugby match at Twickenham, annual services of Remembrances at various locations and activities organised by the regional branches. The convenience of social media as a means of communication has created an environment for ad hoc gatherings of veterans outside of the formality of regional branches and organised events. These gatherings under local arrangements fit the idea of bringing together veterans for reunion and are therefore tacitly supported and, where appropriate benefit from grants, if there is a request and a need. Where appropriate and possible Association volunteers are used as a means of coordinating those events with encouragement for engagement and involvement of members. The remaining Association money is available in this designated fund for activity and events. Funding for such activities and events may also be requested from the Army Air Corps Charity

76. However, the social restrictions imposed by the Covid-19 pandemic have prevented the full development of those initiatives.

77. In a review of publications, the Association monthly Email newsletter was re-titled from *Hawkabout* to *Hawkeye* in order to restore the latter as the newsletter and maintain the historic name (*Hawkeye* is the British Army codename for Army Aviation). The newsletter itself is the principle means of passing non-urgent information and that distribution has been expanded to include the serving community through AAC units and to embrace those AAC personnel serving away from AAC units. It currently has a circulation in the region of 2500 copies. The majority are despatched by Email with only a small number requiring hard copies and attracting postage costs. "in House Publications" are also covered later in this report.

78. **The Glider Pilot Regiment Association and Benevolent Fund.** The Glider Pilot Regiment was formed in the Second World War as a component of British Airborne Forces<sup>6</sup>. In 1947 the Regiment re-rolled to fly light aircraft on reconnaissance and liaison duties. In 1957 the Regiment was disbanded. The serving members of the disbanding Glider Pilot Regiment were given the option of transferring into the forming Army Air Corps, to return to their parent cap badge or to transfer to other Regiments and Corps. At that time the Regimental strength was low; the majority volunteered for transfer to the Army Air Corps. It is thus an antecedent unit of the modern Army Air Corps.

79. Their Association had formed in 1945, an act of comradeship driven in part by the casualties and experience at the Battle of Arnhem in 1944 and the Rhine Crossing

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<sup>6</sup> The Army Air Corps of the Second World War was formed in 1942 and disbanded in 1950.



in 1945<sup>7</sup>. In February 2016 the remaining veterans of the Glider Pilot Regiment acknowledged that numbers, age and infirmity rendered their Association non-viable. They voted by a majority to bring it to a close on 31<sup>st</sup> December 2016. They also gave instructions for their remaining funds to be transferred to the Army Air Corps Fund once all income and expenditure had been satisfactorily accounted for. A portion of that money was to be used to create an annual award to the best Junior Soldier in the Army Air Corps in memory of the Glider Pilot Regiment. That transfer action was carried out in 2018 and the fund was closed.

80. The Army Air Corps Charity hosts the Glider Pilot Regiment Benevolent Fund (GPRBF), which is managed by the Army Air Corps Secretary (see that explanation in the section titled, "Funds held as custodian trustee on behalf of others"). The number of regular beneficiaries from that fund has dwindled to two widows of former Glider Pilot Regiment members. Veterans of the Second World War Glider Pilot Regiment look to the Airborne Forces Security Fund (ABSF) for their benevolence needs. The contingent plan is to transfer half of the remaining GPRBF to the ABSF and to retain half in the AAC Charity to service any GPR related activity managed by the Army Air Corps.

81. **The Air Observation Post Squadron Association.** Though the Air Observation Post Association (AOPA) is not a lodger or designated fund within the AAC Charity it is worthy of mention in this section for understanding the pre-history of the modern Army Air Corps in relation to the Glider Pilot Regiment, which hitherto has been a lodger and therefore designated fund.

82. The Air Observation Post (AOP)<sup>8</sup> Squadron organisation was established in 1941 to provide airborne observation for Artillery. The AOP Squadrons and aircraft were provided by the Royal Air Force (RAF) but crewed by experienced Royal Artillery (RA) personnel who had been trained as Army Pilots and observers. Many of the Second World War squadrons were suspended as the war ended but a few remained in service as Royal Auxiliary Air Force Squadrons to maintain the original observation role and to provide for reconnaissance and liaison duties. In 1957 those existing Squadrons and their subsidiary flights were absorbed into the modern AAC, along with the remaining aircrew and flights of the GPR. The RAF also transferred all of the AOP Squadron and Glider Tug Squadron numbers to the AAC (Squadron numbers 650 to 679), which remain in use within the modern Army Air Corps.

83. The AOP had a strong affinity with the RA and, like the GPR, the Association that stemmed from it remained independent of the AAC. There is no formal financial

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<sup>7</sup> Between 1942 and 1957 The Glider Pilot Regiment had been committed to operations in Norway, Sicily, Italy, Yugoslavia, Greece, North West Europe, including Southern France, Palestine, India the Far East and Korea.

<sup>8</sup> The AOP fielded Squadrons and Detachments for the Second World War campaigns in North Africa, Sicily, Italy, the Far East and North West Europe. Post war the AOP remained in role to provide support to operations in the Far East, Egypt, Cyprus and Korea as well as supporting training in UK and Europe. It was absorbed into the AAC in 1957.



link between the AOPA and the AAC Charity but the AAC does give assistance to the AOPA when requested and where there is need or benefit to the Corps and its history.

## IN HOUSE PUBLICATIONS

84. The Army Air Corps Charity provides the means of production for the annual Journal, publicity and recruiting material and other sundry publications. The MOD does not allocate Public funding for the printing, publication and distribution of such In House Publications. The costs are borne by the Army Air Corps Charity.

a. **Army Air Corps Journal.** The annual Army Air Corps Journal serves as a means of informing members of activities in the reporting year and is an important historic document in its own right. Serving members of the Army Air Corps and members of the Army Air Corps Veterans' Association receive a copy of the annual Journal, which summarises the activities of the Corps and its members in the year. The Charity provides the expenditure required to produce, publish, print and distribute the Journal.

b. **The HawkAbout/Hawkeye newsletter.** *HawkAbout* was launched in late 2013 as a monthly newsletter and bulletin. It was renamed as *Hawkeye* in January 2016 in order to preserve the historic title of a publication that had been used within the AAC Association. It is also a British military radio codename for "Aviation". It is mainly distributed by Email and therefore has no significant financial cost other than minor postal costs for some hard copy distribution. However, its impact as a means of communication with the serving and veteran communities has been very positive. Later in 2016 the distribution was extended to Army Air Corps units and to Army Air Corps personnel posted away from the Corps so as to extend the positive benefits of the publication. It is well received by the communities that it serves and proves that resources used in communication do contribute to morale and therefore efficiency.

85. In 2014 the need to archive and safeguard past publications for historical reasons was acknowledged. Work is in hand to achieve this. That work has been enhanced by the improvements to the Army Flying Museum Archive and financial support for temporary staff when needed.

## THE ARMY FLYING MUSEUM.

86. The Army Flying Museum houses a collection of historic artefacts and archived material dating back to the early days of British military flying, which began to develop in the late 19<sup>th</sup> Century. A modern refurbishment reached maturity in April 2018 with a re-opening and a change of name from the Museum of Army Flying to the Army Flying Museum.

87. The interest free loan provided by the Army Air Corps Fund (now the Charity) to assist in that transition is scheduled to be repaid in September 2021 to the Army Air



Corps Charity (1184333). The loan is covered by a formal agreement. In a recent review of the purpose of the loan the AAC Charity Trustees took a view that the loan could be used, if necessary and by agreement, as a contingency to mitigate any adverse effects of the Covid-19 pandemic restrictions. The Trustees do not consider that the level of foregone interest is material to the accounts and remain assured that the repayment will be made on the due date.

88. The AAC Charity Trustees also acknowledge that there is a relationship between the AAC Charity and the Army Flying Museum through the maintenance of related historical artefacts and the archives. Assistance given to the Army Flying Museum from the AAC Charity is therefore relevant in terms of maintaining AAC heritage.

### **Measurement of success and achievement in the promotion of Military Efficiency.**

89. Like "benevolence" the measurement of success and achievement in this object is difficult to express in terms of cost and just as difficult to judge by alternative criteria. The successful application of support to activities through the General Purpose Fund and the allocations within it, the Restricted and Designated funds and the fact that most of the income to the Army Air Corps Charity from both the voluntary contributions and that drawn from investment income is expended on the two objects in the year is evidence that it is being used effectively and for the good and benefit of the communities it serves.

### **ACHIEVEMENTS AND PERFORMANCE**

90. The Trustees present their report with the audited accounts of the Army Air Corps Charity (1194333) for the period ended on 31st March 2021. The attached accounts have been prepared on the basis that they comply with current statutory requirements and the Fund's Governing documents.

91. There have been a number of changes to the composition of the Regimental Committee during the reporting year. Those changes are principally related to change of appointment holders in the ex officio membership and to the expansion of the membership. The composition of the Committee is kept under review and is published across the Army Air Corps regularly.

92. The details of the Charity, principal office, appointment holders and other relevant addresses as at 31st March 2021 are listed on page 1. The details of those Trustees serving on the Committee as at the date of submission of this report are reported in the section on "Trustee Induction and Training".

93. The value of the fund may be used as an indication of the performance of the Charity. The value of the Charity as at 31st March 2020 was £9.47M. The value of the Charity as at 31st March 2021 was £11.71M



94. Targets for the growth of the Fund have been given by the Trustees for the Investment Sub Committee to achieve since the 1980s when investment for growth was established as a function of the Fund. Those targets were set against the knowledge of a growing serving and retired community, forecast events that required capital, the need for contingency funds over and above the annual budgets and a reserve to serve the objects of the charity should the Army Air Corps cease to exist as an entity or should its assured income cease. That specific target direction has been relaxed in order to allow the Investment Committee to maintain growth whilst providing income from investments in order to provide additional income to the Army Air Corps operating fund. This is because the income from voluntary contributions is insufficient to meet the forecast needs.

95. In recent years that need to take income from investment has become more pronounced in order to support the two objects of the Charity and forecast of significant events. In recognition of that change the Trustees removed the stricture of set targets and gave instructions for the Investment Sub Committee to increase the worth of the Fund through investment using RPI plus 3% as a guide with the aim of providing income to the General Purpose Fund and the provision of funds for forecast projects, such as the 65<sup>th</sup> anniversary celebrations and the Army Air Corps website project.

96. In very broad terms the income from voluntary contributions has satisfied the general needs of the Corps over the last decade whereas the 25<sup>th</sup> and 50<sup>th</sup> anniversaries in 1982 and 2007 respectively stand as good examples of the use of the reserve (that is to say, income from investment) in support of events. The target set by the Trustees for 2006 was £5M, which was to provide the funding for the 50<sup>th</sup> Anniversary and to maintain a balance to mitigate the effects of that main risk. It proved to be an accurate forecast and an achievable target. In the years covering the anniversary, the Fund committed £1M to related activity. The Trustees took a similar view when they set the target for the Investment Sub Committee in 2015/2016 in time for the delivery of the 60<sup>th</sup> anniversary events during 2017 and the financial assistance given to the Museum of Army Flying. The Investment Sub Committee achieved and maintained that target in that reporting period, but it also became clear that the General Purpose Fund would require financial support to add to the income from voluntary contributions in order to deliver charitable benefit through its objects.

97. The achievement of the 2015/2016 target figure ahead of schedule added to the relevance of the rolling review of the Fund. The Trustees had decided to limit expenditure on 60<sup>th</sup> anniversary events thus reducing the original forecast of funding required. They gave instructions to the Investment Sub Committee to consider how future targets may be softened to allow for longer term investments with the idea of growth. That review recommended the Fund should continue to grow but be resilient enough to make money available to the General Purpose Fund from investment income.



98. That was tested in Financial Year 2015/2016 when £70,000 was taken from investment income to provide funding for overseas sports tours and again in Financial Year 2016/2017 £150,000 was taken to bridge the income gap resulting from the reduction in the size of the serving Corps.

99. In FY 17/18 that drawdown from investment was increased to £350,000 which included 60<sup>th</sup> Anniversary expenditure. In FY 18/19 the drawdown was £200,000 for general expenditure, £220,000 for a grant to the Museum of Army Flying for its refurbishment programme and £150,000 as a loan in support of the Museum's closed period.

100. The trend to augment annual income by drawing down from investment has continued and has become the norm. In this reporting period £100,000 has been made available from investment income.

101. The reasons to support this drawdown from investment income are explained earlier in this report but the Trustees acknowledge that this use of income is wholly in line with Charity Commission guidance. Though there may be fluctuations in the Market that will affect the overall worth of the Charity, it is considered that there is a sufficient reserve to enable to deliver its objects

102. The Army Air Corps Charity has continued to pursue its objectives by the provision of charitable and welfare support to the serving Army Air Corps, retired members and dependents and in support of military efficiency within the Corps. In the main that work has been through the provision of services outlined in the "Objectives and Activities" section of this report.

103. At the end of FY 2020/2021 the worth of the Charity was £11.71M.

## **FINANCIAL REVIEW**

### **PRINCIPAL FUNDING SOURCES**

104. **General.** The source of funding for the AAC for Corps activity remains, principally, in the voluntary contributions from the serving community into the General Purpose Fund and into the Headquarters Messes. However, it is also necessary to augment the income into the General Purpose Fund by routinely drawing down from investment income in order to effectively deliver the objects of the Charity. Some income from investment is used within the activity of the Investment Sub Committee to increase the worth of the Charity through growth and to achieve that growth through careful management of the Charity's portfolio. This drawdown from income investment to carry out the objects of the Charity is now the norm and likely to remain so. That policy is working in that the income from investments provides money on hand to meet significant commitments early in the financial year and ensures an even cash flow across the year. The additional income from voluntary contributions, which is received



in monthly increments, combined with the income from investment ensures that there is sufficient funding available to meet forecast expenditure and to respond to any unforeseen needs if required. The Trustees keep the practice under review and take advice from the Army Air Corps Secretary and the Investment Sub Committee accordingly.

105. **Voluntary contributions.** Until Financial Year 2016/2017 the principal source of funding for the Army Air Corps General Purpose Fund was from the voluntary contributions of the serving members of the Corps through a system known colloquially as the Day's Pay Scheme or officially as Service Day's Pay Giving. This method is common across the Army. Under Queens' Regulations for the Army all serving officers and soldiers are encouraged to make voluntary donations to their own Regimental Benevolence Fund. That donation is taken from their pay, before tax, in twelve monthly contributions, amounting to the agreed deduction. In 2016 Army personnel serving in the Reserve were invited to make voluntary contributions in the same manner as those in the Regular Army but in sums proportionate to their military service. The contribution throughout the Financial Year are the sum of one day's pay from Airtroopers and Lance Corporals, one and three quarters days' pay from Senior Non Commissioned Officers and Warrant Officers and two days' pay from Officers. The additional three quarter and a whole days' pay are contributions to the respective Headquarters Messes. It is a voluntary donation that requires the permission of the individual. All soldiers and officers entering the Army Air Corps are briefed on the activities of the Charity and are invited to make voluntary contributions. It is not compulsory. Army Air Corps personnel are also brought up to date and refreshed in their knowledge of the Charity through briefings on career courses.

106. The majority of serving personnel now contribute voluntarily to the Charity. Only a small minority elect not to make donations. The reduction in the strength of the Corps has had an effect on income in that there are fewer serving members making voluntary contributions to the Charity.

107. The Charity "Reserve" in the worth of its investments is well placed now to augment the income from voluntary contributions and to be maintained as a primary source of income for the future.

108. **Investments.** There are dividends, interest and profit from the Army Air Corps Charity investments. It has been the practice to reinvest this income within the investment activity in support of growth. The reduction in income from voluntary contributions and the increase in demand on the Charity caused the Trustees to give direction for income from investment to be transferred to the General Purpose Fund. An exercise conducted by the Investment Sub Committee with the Brokers has confirmed that the practice is viable. The resulting investment policy is to aim for growth with assured annual income to the General Purpose Fund coupled to the ability to draw on investment income for forecasted projects.



109. **Donations.** There are periodic donations (occasionally as bequests) and some regular donations. Where a significant donation or legacy is received it is the practice to allocate that money to a specific project so that the donation is recognised and recorded. In 2015 the Fund received a legacy from the estate of Mr Gordon Sear who had left it to the Army Air Corps in memory of his son, Staff Sergeant Fenton Sear who had died whilst serving with the Corps. The Trustees gave instructions for the legacy to be used for the good and benefit of the serving community. The operation of that legacy is covered elsewhere in the section titled, "Designated Funds".

## GRANTS

110. The types of grants made fall into the following categories:

- a. **Immediate Assistance Grant.** Grants made to individuals, who in the opinion of the Trustees are in need, to relieve hardship.
- b. **Funeral Expenses.** In cases where the deceased has not made provision for funeral expenses and financial difficulties may arise subsequently the expenses may be paid if local authority/state grants are inadequate. The Fund would normally, but not exclusively, follow Army Benevolent Fund guidelines in this area. This type of grant would be considered very carefully and on a case by case basis.
- c. **Continuing Needs Grant.** In cases where long-term continual assistance is required annual grants may be paid to cover specific treatment. In addition, Bursary grants may be made in conjunction with the Army Benevolent Fund to support those who, following difficulties or distress, merit support to re-establish their lives. This type of grant would be considered very carefully and on a case by case basis. As at the end of this reporting period only one case of providing grants for a continuing need was in operation.
- d. **Donations.** Donations are made to other service charities, primarily The Army Benevolent Fund, but also and occasionally the Soldiers Sailors Airmen and Families Association - Forces Help and The Royal British Legion.
- e. **One off Donations.** There is a continuing call for 'one off' donations in support of specific projects. The Trustees consider these on merit.
- f. **Educational Grants.** In the past the Trustees have been invited to assist with education fees for the children of serving soldiers who have died or been killed whilst serving. The Trustees consider each case very carefully and on merit. Some cases have been supported by the Fund and in concert with other organisations, such as the Army Benevolent Fund<sup>2</sup>. The Fund would normally follow Army Benevolent Fund guidelines in this respect, which is to say, continued support to children already in private education and only up to GCSE



level. As at the end of the financial year there were no grants in support of education in operation.

g. **Welfare Grants.** The domestic budget sets aside an annual sum for the provision of welfare grants and for similar expenditure in the Headquarters Messes. These may be given in support of unit and individual activities as an aid to maintaining morale and in the maintenance of military efficiency.

h. **Sport and Adventure Training Grants.** The Trustees recognise the importance of sport and adventure training as an aid to maintaining morale and in the promotion of military efficiency. The Army Air Corps Fund makes available a significant sum in the annual domestic budget in support. The grants to specific sports, training and individuals are managed by the Secretary of the Army Air Corps Sports and Adventure Training Committee on behalf of the Trustees. Colonel Army Air Corps is President of Army Air Corps Sport and Adventure Training and is the representative Trustee who sits on the Committee, which is chaired by an ex officio, serving Army Air Corps Officer.

## LOANS

111. The policy for loans, rather than grants, has been established in line with the guidelines issued by the Charity Commissioners in the Statement of Recommended Practice (SORP). Notwithstanding the policy, loans are not a regular activity and are not openly encouraged. Loans which are 'unsecured' i.e. where the Trustees do not have a guarantee of the return of the loan, are scrutinised very carefully, and if it is felt that the imposition of a difficult repayment regime may exacerbate the welfare problem being addressed then a grant may be preferred. Loans which can be 'secured', (as an example; against terminal benefits on leaving the service), may be granted but are carefully balanced against the need for legal safeguards and the potential for an individual to renege on an agreement. As at the end of this reporting period there was one outstanding loan, which was £150000 to the Army Flying Museum to assist with operating costs following the major refurbishment programme in 2018/2019. That interest free loan is due for repayment to the Army Air Corps Charity in September 2021. However, £50000 of the loan was repaid in May 2021. When the Trustees agreed to the grant of the loan they were satisfied that the Fund (now the Charity) would forego the interest from that loan.

## INVESTMENT POLICY

112. A subcommittee of the Army Air Corps Committee, known as the Investment Sub-Committee, oversees the Army Air Corps Charity investments and has been in existence since the early 1980s. This sub-committee is chaired by a Trustee of the Charity, and comprises at least three other voting members, all of who are senior serving or retired Army Air Corps officers with some investment experience. Two of those members are also Trustees of the Army Air Corps Charity. Investec, a London-



based firm of stockbrokers, who are consulted over investment decisions, advise the sub-committee. The Investment Sub-Committee meets formally at least three times a year and receives a strategic briefing from the Broker at the end of each calendar year. Arrangements also exist to take decisions out of committee, whenever necessary, via a quorum which is called by the Secretary or the Chairman. That quorum must be a minimum of three members of which one must be either the Chairman or a delegated member. The Chairman of the Investment Sub-Committee reports regularly, in person and in writing, on the sub-committee activities to the Trustees of the Charity (the Army Air Corps Regimental Committee). Though not a member of the Investment Sub Committee the Colonel Army Air Corps (Chairman of the Army Air Corps Regimental Committee) is invited to attend their meetings as an observer.

113. The Trustees have directed the Investment Sub-Committee work for growth in the value of the Fund's investment and the ability to make money available from investment as income to the domestic budget.

114. The last hard target set was for £8m by Financial Year 2015/2016. That target was achieved and maintained in Financial Year 2014/2015. The Trustees conducted a review of the targeting as a result. The short term result was to soften the target to be in line with growth in the market (RPI plus 3% is the guide) in order to give more freedom and flexibility to the Investment Sub Committee to use longer term investment for greater benefit and to have money available for the Army Air Corps General Purpose Fund in order to meet increasing demands, as directed by the Trustees.

114. That £8M target had been based upon a study conducted in 2007/2008. It used the criteria of projected benevolent need and forecast events requiring significant expenditure as measures. Since that study there have been significant factors that affect the interpretation of that original reasoning as follows:

- a. The need to divert more funding for objects of the charity in terms of welfare and benevolence activity for the domestic budget.
- b. The effects of structural changes in the Army, which has reduced the numbers of serving personnel in the Army Air Corps; thus, reducing the annual income through the day's pay scheme.
- c. The increase in the number of Army Air Corps Reserves from 150 to 650 in the Army structure. Though those Reserves are able to make voluntary contributions to the AAC Fund (now the AAC Charity) from Financial Year 2016/2017 their contributions are only a fraction of that taken from Regular soldiers, and do not compensate for that change. It does have the effect of potential increase in the draw on welfare and benevolence because the Charity will have a duty to provide benevolence in cases of hardship related to military service and will have an obligation in support of "military efficiency" to extend welfare provision to Reservists on duty.



- d. The need to have funding available in the run up to and execution of celebratory activities and significant events.
- e. The obligation to support the Army Flying Museum.
- f. The reduced potential threat of disbandment of the Army Air Corps.

116. The Charity has done well to maintain growth during the reporting period under review and to make available investment income for the domestic budget.

## **RESERVES**

117. The "Reserve" for the purposes of this report is the worth of the Army Air Corps Charity through investment and the income derived from that investment.

118. The original Reserve policy for the Army Air Corps Fund (now the AAC Charity) was to invest for growth with an eye to future income from that investment. It was driven by the centralisation of the Corps in the mid 1970s. That centralisation increased the capbadge strength of the Corps through the creation of a professional groundcrew cadre and increasing direct entry to the Corps across the ranks. Prior to centralisation the majority of groundcrewmembers supporting aircraft operations were attached from other Regiments and Corps.

119. The Army Air Corps Trustees took into consideration the future liabilities of the Corps, in particular the demands of the veteran community on benevolence. At the same time the Trustees recognised that there would be a need for capital outlay for events and activities in the future that could not be met from the annual income to the Charity from the voluntary contributions of the serving members. Their examination identified such occasions as significant anniversaries and also that the number of veterans who could seek benevolent aid would have increased significantly by 2008. The Trustees therefore responded by creating an investment fund, principally and initially for growth, in order to provide a reserve that would meet the needs of those commitments through the availability of income.

120. Those assumptions were confirmed by a later examination in the wake of the 2007 50<sup>th</sup> anniversary events. The Trustees also recognised that there were risks that needed to be mitigated by that reserve.

121. A significant, though currently unlikely, risk is the possibility of changes in the Army structure that could disband the Army Air Corps as an entity or see it absorbed into another Service organisation. If that was to be the case the Charity would have a degree of benevolence responsibility for those who had served in the Army Air Corps up to the point of that disbandment or absorption. The liability figure would be in the region of 25000 veterans plus eligible dependents in addition to funding for staffing and



working premises. The potential for such an event is not imminent and there would be a warning and lead in period. However, it has to be considered as a significant factor in the need for a Reserve and would be particularly relevant to a need for financing in the related transition period.

122. Another risk would be the permanent or temporary loss of assured income should the Ministry of Defence withdraw its support for the Day's Pay Scheme, which allows the recovery of voluntary contributions directly from the salaries of the serving community. The ability to draw upon a reserve would be vital either as a permanent need or in order to bridge a financial gap until an alternative system could be put in place.

123. Any reduction in the size of the Regular establishment of the Corps as a result of structural changes in the Army and Armed Forces would have the effect of reducing the annual income from the serving community through the Day's Pay Scheme.

124. The increasing demands on the fund in terms of welfare and benevolence have been reported elsewhere. The Trustees have authorised the regular use of income from investment in order to meet those demands. Effectively that increase is being taken from the reserve.

125. The Trustees aim to maintain free reserves in unrestricted funds at a level which equates to approximately 12 - 24 months of forward expenditure. The Trustees consider that this level will provide sufficient funds to respond to unexpected shortfalls in income and enable the Trust to respond one-off grant opportunities outside the normal annual budgetary cycle.

126. In addition, the Trustees currently manage investment funds in the region of £10M for the purpose of generating investment income to support the charitable aims of the Charity. This fund could be accessed in the event of an unplanned closure and allow the Charity 3-4 years to formulate an orderly closure and to fulfil its existing short - medium term obligations.

127. The balance held as free reserves at 31<sup>st</sup> March 2021 was £350000, which amounts to circa 12 months expenditure against a tightened budget.

128. In general terms, and specifically for the General Purpose Fund, the Army Air Corps Charity uses its annual income from the voluntary contributions and minor donations in supporting the objects of the charity. In recent years the Trustees have authorised the drawdown of income from investments to augment that annual expenditure. The current worth of the investments is such that the drawdown of those funds does not dramatically affect growth. It is now clear that the principal source of income to the General Purpose Fund is currently from investment income. That situation is the result of increasing commitments, reduction in routine income and capital outlay. The Trustees will keep all of those under review. In the meantime, they



are grateful to the early Trustees who had the foresight to invest for a future that is being realised.

129. In effect the Fund's investments are the source of the Charity Reserve. The Trustees continue to take income from investment in order to meet in year commitments for the Charity.

130. The Trustees have taken into consideration the principal risks that the assured income from the serving community might cease or be interrupted and that the Army Air Corps might cease to exist as an entity. Either one of those could result from changes brought about by the Ministry of Defence or at State level. Neither is seen as imminent.

134. The effects of the Army reforms resulting from the Strategic defence Review more or less secured the future of the Army Air Corps until at least 2025. However, should either one happen, it would be necessary to increase the drawdown from investments in order to meet commitments in the short, medium and long term. The Trustees have examined that potential and are satisfied that the investment, as a reserve, is sufficiently flexible to allow it to continue to support the operation of the Charity until procedures and processes are adjusted to meet the needs. This reserve policy is also reflected in the investment policy, which features in the preceding section of this report. It is also identified in the risks section, which follows this section.

135. The Trustees were content that there was sufficient justification for the maintenance and growth of the Reserve through investment but also accepted that there was a need to apply some income from investment in satisfaction of the charitable objects of the Charity. Those factors are repeated and explained elsewhere in this report.

## **RISKS**

136. The Trustees have considered risks to the Charity set against the scope of activities engaged in by the Charity, its defined areas of operation and responsibilities as well as its administrative location and structure. They have established controls, which include:

- a. Formal agenda for the Regimental Committee activity.
- b. Terms of reference to the Investment sub-committee, supported by a Statement of Investment Principles, which is reviewed annually.
- c. A reserves policy, which identifies the need for a Reserve and its uses.
- d. A policy for the provision of welfare and benevolence in line with the purpose and objects of the Army Air Corps Charity.



- e. Hierarchical authorisation and delegated approval levels.
- f. Financial forecasting and review of expenditure.
- g. Delegated financial responsibility monitored and managed by governance and in year reviews.
- h. External audit.
- i. Review of Fund targets, processes practices and procedures.

### **SUMMARY OF GRANTS AND DONATIONS FOR THE PERIOD ENDED ON 31<sup>st</sup> MARCH 2021**

137. At the beginning of the 2018/2019 financial year a forecast of welfare expenditure was approved by the Trustees based on the examination of income and expenditure from previous years. During the course of the 2018/2019 financial year the Trustees approved a change of entity to a Charitable Incorporated Organisation. In order to achieve that they sought permission from the Charity Commission to extend the reporting period for the AAC Fund (1072126) by six months to 30<sup>th</sup> September 2019 and to reduce the initial reporting period for the new AAC Charity (1184333) to six months ending on 31<sup>st</sup> March 2020. The effect of that reduction in the current reporting period is that it will only show six months of income and expenditure which will be at odds with previous reporting years. However, the shortened reporting period will bring the new Charity back in line with financial year reporting cycle.

138. Where appropriate and possible additional financial support for individual needs is sought from other Service related charities, including the Army Benevolent Fund and the Royal British Legion, the Army Air Corps Charity may also act with other Service charities, particularly in cases where individuals may have had service in another Arm, Regiment or Corps.

139. The table shown below summarises the grants and donations made on both individual welfare cases and to Army Air Corps Units from 1975 to 2005. In general terms it supports the upward trend foreseen by the OPCS research.

1975	1976	1977	1978	1979	1980	1981	1982
£2,323	£2,540	£3,000	£6,000	£4,500	£8,657	£5,000	£9,118
1983	1984	1985	1986	1987	1988	1989	1990
£570	£5,920	£945	£7,148	£2,475	£12,952	£4,915	£4,915
1991	1992	1993	1994	1995	1996	1997	1998
£7,183	£8,688	£1,887	£15,701	£26,033	£37,783	£40,699	£41,608
1999	2000	2001	2002	2003	2004	2005	
£44,378	£45,700	£73,386	£69,968	£46,407	£61,039	£85,414	

Notes:



1. For the years shown 1975 to 2001 the accounts are for the year beginning 1<sup>st</sup> February. From 2002 the start of the accounting year changed to 1<sup>st</sup> April.
2. The figures pre 1990 proved somewhat difficult to extract and their complete accuracy cannot be guaranteed. There has been an anomaly for the year 1988, which has been reported year on year in the Trustee's report, which cannot be substantiated.
3. Post 1990 figures have been extracted from supporting information attached to the accounts.
4. The figures shown relate to the total of grants and donations made to individuals, Army Air Corps units and in support of other charities. From 2006 the reporting was expanded to include sports and adventure training.

140. The manner in which the expenditure is summarised for this report has been altered to create a better and more visible understanding of how the Charity is used in pursuit of its charitable obligations. The figures for the years quoted below from 2006 reflect expenditure on activities that include individual charity grants, welfare, sports and adventure training and sundry activities for the good and benefit of the members. The detailed breakdown of that expenditure is featured in the accounts themselves.

2006	2007	2008	2009	2010	2011	2012	2013
£141,681	£127,688	£331,516	£121,587	£169,791	£154,055	£176,146	£198,261
2014	2015	2016	2017	2018	2019	2020	2021
£192,434	£304,428	£219,150	£254,601	£345,365	£466,339	£90,941	£287,393

Notes:

1. The figure quoted in 2008 includes a £225K grant to the MAF extension project.
2. The 2006/2007/2008 figures reflect expenditure related to the 2007 Jubilee Year.
3. The figure in 2015 reflects an increase in expenditure on sport and adventure training including a grant for a powered glider and funding for overseas sports tours.
4. The figure in 2016 is lower than that of 2015 because some expenditure was covered by in the previous accounting year and others are accounted under the general area of sport.
5. The figure in 2020 reflects a reporting period of 6 months, whereas the figure in 2019 reflects an 18 month period. The 2018/2019 financial year was extended to bring the AAC Fund (1072126) to a close on 30 Sep 19. The AAC Charity (1184333) opened on 1 Oct 19 with a shortened period of 6 months ending on 31 Mar 20 to bring the reporting period back into the financial year cycle.

## PLANS FOR FUTURE PERIODS

141. The Charity will continue to follow its major objective in carrying out its charitable activities in accordance with the Scheme agreed with the Charity Commission. That work will be carried out as described in the "Achievements and Performance" section of this report.

142. The practical involvement of Trustees in the activity of the Charity will play a major part in their training and development.

143. On behalf of the Army Air Corps the Trustees gave the Museum of Army Flying an interest free loan of £150000 to assist the Museum with cash flow during its closed period and in the immediate transition following the completion of that phase of the



project The Museum was officially reopened as the Army Flying Museum in April 2020 with the loan still in use. In Financial Year 2020/2021 the Trustees gave permission for that loan to be used as a contingency in the period of the pandemic restrictions, should it be needed. The loan is due to be repaid by September 2021 and is on track to be so, with £50000 of that loan repaid in May 2021.

144. The 65<sup>th</sup> Anniversary of the Army Air Corps falls in 2022. The Trustees are therefore minded to earmark the £100000 repayment of the Museum loan to support an anniversary event or events.

145. The Trustees are aware of the need to improve communication to and from both the serving and retired communities of the Army Air Corps. To that end they have allocated £35000 in a designated fund to support the creation of an Army Air Corps website.

146. The Trustees had previously acknowledged the need for the publication of an authoritative history of the Army Air Corps and the commissioning of artwork. The history book project is in process but has been hampered by the pandemic restrictions. A memorandum of agreement between the Army Air Corps is in force and kept under review. The project is now held in a designated fund (qv). Funding from two legacies has been earmarked for contribution to the publication and distribution of the book (qv).

147. During the course of the year under review the Trustees had agreed to use the Army Air Corps Charity as the entity with which the Army Air Corps could enter into an agreement with AMMO Company as the preferred supplier of branded clothing, accoutrements, sports and leisure wear. The benefits to the Army Air Corps and its serving and veteran communities were assurance of standards and accuracy, coupled to affordable prices. In return the Charity would benefit from donations from the company, related to sales. That agreement was activated on 1<sup>st</sup> June 2021. In order to set up a website with the Company the AAC Charity contributes of £60 per month through a standing order. The relationship with the Company is handled by serving members of the Army Air Corps reporting to the AAC Colonel.

148. The Trustees continue to monitor and to examine the domestic income and expenditure against the in year budget as a means of intelligent forecasting. Despite some fluctuations they believe that demands on the Charity for welfare and charitable support across the serving and retired community will rise. That expenditure includes the traditional benevolence in terms of the relief of those in need. It also embraces the positive effects on morale and well-being of proactive expenditure on sports and adventurous training, welfare projects and similar activities within the community. They are also alert to the potential negative effects of austerity measures in society and of changes within the Armed Forces themselves, not least of which are the increased readiness cycles and training deployments. All of these factors suggest that there will be a continuing need to take income from investment in order to support the charitable objects of the Charity and that investment income will be the principal source.



149. The review of the Association which resulted in the suspension of annual subscription charges has had the effect of transferring the small burden of administrative costs to the Army Air Corps Charity. The long term effect of that suspension and transfer of responsibility has yet to be fully assessed but will be kept under review. There has been a positive effect in terms of recruitment of veterans to the Association.

150. The Trustees will continue to examine the growth, maintenance and use of the Reserve against medium and long term needs and risks.

#### **FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

151. **The Glider Pilot Regiment Benevolent Fund.** The Glider Pilot Regiment was formed in the Second World War. The remnants of it were absorbed into the modern Army Air Corps when it was established in 1957. The surviving veterans of the Glider Pilot Regiment are aged in their nineties. In 2013 they requested that their small benevolent fund was administered on their behalf by the Army Air Corps. Christmas boxes are distributed to widows of the Regiment suffering hardship and need. The annual disbursement has dropped from £1000 to £400 as those widows have died. Their Benevolent Fund has in the region of £13K at the end of this reporting year. The Army Air Corps will continue to administer it for as long as is necessary. The Glider Pilot Regiment Association was disbanded on 31<sup>st</sup> December 2016 and the Committee members who managed it have since stood down. The Benevolent Fund will continue to be administered by the AAC Charity with the principal aim of providing for GPR Veterans and eligible dependants until it is clear that the need does not exist. With the blessing of the GPR Veterans and their Committee before their Association disbanded any remaining funds would be transferred into the AAC Fund (now the Charity), however the AAC Charity Trustees are minded to split any remaining funds between the Army Air Corps Charity and the Airborne Forces Security Fund. The latter fund does have a responsibility for providing charitable support to the veterans of the Second World War airborne forces. This and the closure of the Glider Pilot Regimental Association Fund are also reported in the section titled, "Designated Funds".

#### **GRATIA**

152. The Trustees of the Army Air Corps Charity are grateful to the Commandant of the Army Aviation Centre of Middle Wallop for the use of real estate and facilities throughout the year for their meetings.

#### **RESPONSIBILITIES OF THE TRUSTEES**

153. The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

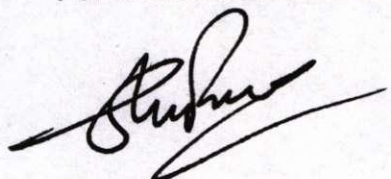


154. The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements 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 operation.

155. The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

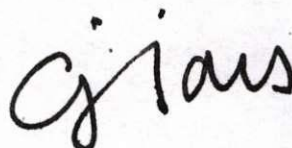
For and on behalf of the Trustees



JM Facer ADC  
Colonel  
Colonel Army Air Corps  
Chairman and Trustee  
Army Air Corps Charity

13 October

2021



CJ Ions MBE  
Lieutenant Colonel (Retired)  
Regimental Secretary AAC  
and Chief Executive  
Army Air Corps Charity

13<sup>th</sup> October 2021

Headquarters Army Air Corps  
Middle Wallop  
Stockbridge  
Hants  
SO20 8DY



## **Independent Auditor's Report to the Trustees of Army Air Corps Charity**

### **Opinion**

We have audited the financial statements of Army Air Corps Charity (the 'charity') for the year ended 31<sup>st</sup> March 2021 which comprises of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31<sup>st</sup> March 2021, 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 Charities Act 2011.

### **Basis for opinion**

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

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

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

We have nothing to report in this regard.



### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 36 & 37, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experiences and through discussion with those charged with governance (as required by auditing standards). We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation, Charities SORP and The Charities Act. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement lines.

We identified the following areas that could be most susceptible to fraud or irregularities: use of funds, designation of restricted funds and the recording of grants and legacies. The audit procedures undertaken did not identify any actual fraud or irregularities.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with laws and regulations.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may



involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (ie. gives a true and fair view).

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

*BRC accountants*

BRC accountants, Statutory Auditor

Aldwych House  
Winchester Street  
Andover  
Hampshire  
SP10 2EA

Date: *4/11/21*

BRC accountants is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.



**ARMY AIR CORPS CHARITY**  
**STATEMENT OF FINANCIAL ACTIVITIES**  
**FOR THE YEAR ENDED 31ST MARCH 2021**

		Unrestricted Funds	Restricted Funds	Total Funds 31st March 2021	Total Funds 9th July 2019 to 31st March 2020
	Note	£	£	£	£
<b>Income and endowments from:</b>					
Donations and legacies	2	270,592	116,341	386,933	179,912
Charitable activities	3	14,463	(70)	14,393	19,748
Investments	4	196,508	28	196,536	94,207
<b>Total income and endowments</b>		<b>481,563</b>	<b>116,299</b>	<b>597,862</b>	<b>293,867</b>
<b>Expenditure on:</b>					
Raising funds	6	38,955	0	38,955	18,710
Charitable activities	7	415,189	80,604	495,793	261,203
Other	8	8,499	0	8,499	10,575
<b>Total expenditure</b>		<b>462,643</b>	<b>80,604</b>	<b>543,247</b>	<b>290,488</b>
<b>Net gains/(losses) on investments</b>	11	<b>2,186,812</b>	<b>0</b>	<b>2,186,812</b>	<b>(1,365,288)</b>
<b>Net income/(expenditure)</b>		<b>2,205,732</b>	<b>35,695</b>	<b>2,241,427</b>	<b>(1,361,909)</b>
<b>Transfer between funds</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Incoming Resources before other recognised gains and losses</b>		<b>2,205,732</b>	<b>35,695</b>	<b>2,241,427</b>	<b>(1,361,909)</b>
<b>Other Recognised Gains and Losses</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Movement in Funds</b>		<b>2,205,732</b>	<b>35,695</b>	<b>2,241,427</b>	<b>(1,361,909)</b>
<b>Reconciliation of funds</b>					
Funds transferred from Army Air Corps Fund on 1st October 2019 / B/fwd		9,199,343	267,423	9,466,766	10,828,675
<b>Total funds carried forward</b>		<b>11,405,075</b>	<b>303,118</b>	<b>11,708,193</b>	<b>9,466,766</b>

The notes on pages 44 - 55 form part of these accounts



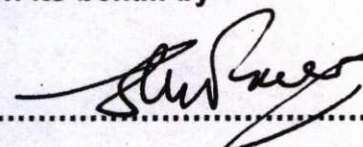
# ARMY AIR CORPS CHARITY

## BALANCE SHEET AS AT 31ST MARCH 2021

	Note	31st March 2021 £	31st March 2020 £
<b>Fixed Assets</b>			
Tangible fixed assets	10	0	0
Investments	11	11,358,720	8,617,082
		<u>11,358,720</u>	<u>8,617,082</u>
<b>Current Assets</b>			
Debtors	12	174,624	174,073
Cash at bank and in hand	13	217,039	715,093
		<u>391,663</u>	<u>889,166</u>
<b>Liabilities</b>			
Creditors: Amounts falling due within one year	14	(42,190)	(39,482)
		<u>349,473</u>	<u>849,684</u>
<b>Net Current Assets</b>			
		<u>11,708,193</u>	<u>9,466,766</u>
<b>Total assets less current liabilities</b>			
<b>The Funds of the charity</b>			
Restricted funds	15	303,118	267,423
Unrestricted funds			
Designated	16	145,225	94,741
Other Charitable Funds	18	11,259,850	9,104,602
Total charity funds		<u>11,708,193</u>	<u>9,466,766</u>

These financial statements have been prepared in accordance with FRS 102.

Approved by the Board of Trustees on 18 October 2021 and signed  
on its behalf by

  
.....Trustee

The notes on pages 44 - 55 form part of these accounts



# ARMY AIR CORPS CHARITY

## STATEMENT OF CASHFLOWS AS AT 31ST MARCH 2021

	31st March	9th July 2019 to 31st March 2020
	£	£
<b>Cash flows from operating activities</b>		
Net income/(expenditure) per SOFA	2,241,427	(1,361,909)
Adjustments for:		
Depreciation	0	0
(Gains)/losses on investments	(2,186,812)	1,365,288
Dividends and interest from investments	(196,536)	(94,207)
(Increase)/decrease in debtors in year / from transfer	(551)	8,370
Increase/(decrease) in creditors in year / from transfer	2,708	(15,282)
<b>Net cash provided (used in) by operating activities</b>	<u>(139,764)</u>	<u>(97,740)</u>
<b>Cash flows from investing activities</b>		
Dividends and interest from investments	196,536	94,207
Proceeds from the sale of investments	1,267,918	790,723
Purchase of investments	(1,822,744)	(586,098)
<b>Net cash provided by (used in) investing activities</b>	<u>(358,290)</u>	<u>298,832</u>
<b>Change in cash and cash equivalents in the year</b>	(498,054)	201,092
<b>Cash and cash equivalents brought forward / transferred from Army Air Corps Fund on 1st October 2019</b>	715,093	514,001
<b>Cash and cash equivalents at the end of the year</b>	<u>217,039</u>	<u>715,093</u>

The notes on pages 44 - 55 form part of these accounts



## **ARMY AIR CORPS CHARITY**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021**

#### **1 Accounting Policies**

##### **a) Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **b) Statement of compliance**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice 2019 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 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and applicable charity law.

##### **c) Basis of preparation**

Army Air Corps Charity meets the definition of a public benefit entity under FRS 102 and is a Charitable Incorporated Organisation registered with the Charities Commission in England, United Kingdom. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements are prepared in sterling, which is the functional currency of the Charity, monetary amounts in these financial statements are rounded to the nearest £.

##### **d) Income and endowments**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of the income receivable can be measured reliably.

##### **Donations**

Donations are recognised when receivable. In the event that a donation is subject to fulfilling performance conditions before the charity is entitled to the funds, the income is deferred and not recognised until it is probable that those conditions will be fulfilled in the reporting period. Income from Gift Aid tax reclaims is recognised for any donations with relevant Gift Aid certificates recognised in income for the year. Any amounts of Gift Aid not received by the year end are accounted for in income and accrued income in debtors.

For legacies, entitlement is taken on a case by case basis as the earlier the date on which the charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the charity has been notified of the executor's intention to make a distribution. If the legacy is in the form of an asset other than cash or an asset listed on a recognised stock exchange, recognition is subject to the value of the asset being able to be reliably measured and title to the asset has passed to the charity. Where legacies have been notified to the charity or the charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.



## **ARMY AIR CORPS CHARITY**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021**

#### **1 Accounting Policies - continued**

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the charity has control over the item. Fair value is determined on the basis of the value of the gift to the charity. For example the amount the charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

##### ***Grants***

Grants are accounted for as received. Grants received are included as unrestricted funds unless the source of the income restricts its application in which case it would be included in the relevant restricted fund.

##### ***Investment income***

Investment income together with the tax recoverable thereon is accounted for on a received basis.

#### **f) 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. All expenditure is accounted for on an accruals basis.

##### ***Grants payable***

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Trust. In the case of an unconditional grant offer this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the one-year or multi-year grant. Grants awards that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside of the control of the Trust.

##### ***Irrecoverable VAT***

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

##### ***Raising funds***

These are costs incurred in attracting voluntary income, the management of investments and those incurred in trading activities that raise funds.

##### ***Charitable activities***

Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.



## **ARMY AIR CORPS CHARITY**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021**

#### **1 Accounting Policies - continued**

##### ***Allocation of support and governance costs***

Support costs have been allocated between governance costs and other support costs. Governance costs comprise all costs involving the public accountability of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit and legal fees together with an apportionment of overhead and support costs.

##### **g) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight line basis over five years.

##### **h) Fixed asset investments**

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The statement of financial activities includes the net gains and losses arising on revaluation and disposals throughout the year.

The charity does not acquire put options, derivatives or other complex financial instruments.

The main form of financial risk faced by the charity is that of volatility in equity markets and investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

All gains and losses are taken to the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the Statement of Financial Activities.

##### **i) Fund structure**

Unrestricted income funds are general funds that are available for use at the trustee's discretion in furtherance of the objectives of the Charity and have not been designated for other purposes.

Designated funds are unrestricted funds that are resources set aside for specific purposes at the discretion of the trustees.

Restricted income funds are those donated for use in a particular area or for specific purposes, the use of which is restricted to that area or purpose.



## **ARMY AIR CORPS CHARITY**

### **NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021**

#### **1 Accounting Policies - continued**

##### **j) Taxation**

The Fund is a registered charity and accordingly is exempt from all forms of direct taxation

##### **k) Financial instruments**

The charity only has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

##### **l) Fund-Raising Standards Information**

The charity does not carry out any significant fundraising activities. Where fund raising activities are undertaken these activities are reviewed and monitored by the trustees and support and advice is provided where necessary.

##### **m) Disclosure of long or short period**

The Charity's previous reporting period started on 9th July 2019, when it was registered with the Charities Commission, and ended on 31 March 2020. The assets of the Army Air Corps Fund were transferred to the Army Air Corps Charity on 1st October 2019.



# ARMY AIR CORPS CHARITY

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021

	Unrestricted Funds	Restricted Funds	31st March 2021	Total 9th July 2019 Total 31st March 2020
	£	£	£	£
<b>2 Income from donations and legacies</b>				
Regimental subscriptions	167,665	110,626	278,291	136,180
Association subscriptions	140	0	140	310
Other subscriptions	0	715	715	1,520
COIF Charity Fund	800	0	800	800
Callendar Charitable Trust	2,500	0	2,500	0
Donations - Legacies	39,902	0	39,902	4,980
Donated Services (Note 5)	58,490	0	58,490	28,670
Other	1,095	5,000	6,095	7,452
	<u>270,592</u>	<u>116,341</u>	<u>386,933</u>	<u>179,912</u>
<b>3 Income from charitable activities</b>				
Unused Individual Benevolence Grants	2,418	-	2,418	720
Refunds	12,045	-	12,045	4,553
Contribution towards grants/payments	0	(70)	(70)	14,475
	<u>14,463</u>	<u>(70)</u>	<u>14,393</u>	<u>19,748</u>
<b>4 Income from investments</b>				
Income from quoted investments	196,437	0	196,437	93,744
Interest on deposit accounts	71	28	99	463
	<u>196,508</u>	<u>28</u>	<u>196,536</u>	<u>94,207</u>

### **5 Donated Goods and Services**

This represents the services of the Corps Accountant, Corps Secretary, Assistant Corps Secretary and Welfare Assistant which have been donated to the Charity the Ministry of Defence (note 9). The real estate facilities used by the Charity are donated by the Commandant of the Army Aviation Centre. Due to the fact that facilities used are owned by the Ministry of Defence it is impossible to place a market value on them. The donated facilities have not therefore been included in these accounts.



# **ARMY AIR CORPS CHARITY**

## **NOTES TO THE ACCOUNTS FOR YEAR ENDED 31ST MARCH 2021**

	Unrestricted Funds	Restricted Funds	Total 31st March 2021	Total 9th July 2019 to 31st March 2020
	£	£	£	£
<b>6 Expenditure on raising funds</b>				
Advertising	85	0	85	600
Fund Manager Charges	38,870	0	38,870	18,110
	<u>38,955</u>	<u>0</u>	<u>38,955</u>	<u>18,710</u>
<b>7 Expenditure on charitable activities</b>				
Grants to individuals (2021: 45; 2020: 24)	58,859	0	58,859	20,375
Other grants				
- General Purpose Fund grants (2021: 43; 2020: 32)	92,745	0	92,745	23,399
- HQ Officers Mess grants (2021: 43; 2020: 33)	0	37,381	37,381	5,267
- AAC Association grants (2021:0; 2020: 1)	0	0	0	1,250
- HQ WOs & Sgts Mess grant (2021: 7; 2020: 3)	0	8,500	8,500	5,000
- AAC Sports grants (2021: 1 rest, 20 unrest; 2020: 0 rest; 8 unrest)	79,908	5,000	84,908	35,650
- Sear (2021: 1; 2020: 0)	5,000	0	5,000	0
Donations	20,000	0	20,000	0
Awards, Trophies & Presentations	3,147	5,476	8,623	10,875
Sponsorship	83,537	400	83,937	83,241
Repairs to Serving Personnel Facilities	0	27,000	27,000	201
Functions	519	(3,153)	(2,634)	44,671
Memorials	1,999	0	1,999	0
Heritage - history book	10,490	0	10,490	1,636
Salaries (note 5)	58,490	0	58,490	28,670
Printing, Postage & Stationery	495	0	495	968
	<u>415,189</u>	<u>80,604</u>	<u>495,793</u>	<u>261,203</u>

Full details of these grants are contained within the Trustee's Report.

No remuneration or reimbursed costs were paid to Trustees during the period. The Army Air Corps Charity does not have any employees. The services of the Corps Accountant, orps Secretary, Assistant Corps Secretary and Welfare Assistant are donated to the charity by the Ministry of Defence (note 5).

<b>8 Other</b>				
Audit	6,900	0	6,900	7,200
Meeting Costs	85	0	85	379
Bank Charges	463	0	463	290
Database	1,051	0	1,051	0
Legal Fees for CIO set up	0	0	0	2,706
	<u>8,499</u>	<u>0</u>	<u>8,499</u>	<u>10,575</u>



**ARMY AIR CORPS CHARITY**

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021**

**9 Total resources expended**

	Basis of allocation	Welfare	Serving personnel activities & amenities	Servicemen & ex-servicemen activities	Ceremonials	Governance	Total 31st March 2021	Total 9th July 2019 to 31st March 2020
<b>Costs directly allocated to activities</b>								
Fund Manager Charges	Direct	0	0	0	0	38,870	38,870	18,110
Grants	Direct	58,859	228,598	135	(279)	80	287,393	90,941
Donations	Direct	20,000	0	0	0	0	20,000	
Awards, Presentations & Trophies	Direct	2,537	6,086	0	0	0	8,623	10,875
Memorials	Direct	0	0	0	1,999	0	1,999	
Sponsorship	Direct	0	83,937	0	0	0	83,937	83,241
Repairs to Serving Personnel Facilities	Direct	0	27,000	0	0	0	27,000	201
Functions	Direct	0	(2,634)	0	0	0	(2,634)	44,671
History Book	Direct	0	0	0	10,490	0	10,490	1,636
Printing, Postage & Stationery	Direct	495	0	0	0	0	495	968
Audit	Direct	0	0	0	0	6,900	6,900	7,200
Bank Charges	Direct	463	0	0	0	0	463	290
Legal Fees	Direct	0	0	0	0	0	0	2,706
Database	Direct	0	0	0	0	1,051	1,051	
Sundries	Direct	85	0	0	0	0	85	379
<b>Costs apportioned to activities</b>								
Advertising	Activity	64	21	0	0	0	85	600
Salaries	Activity	43,868	14,622	0	0	0	58,490	28,670
<b>Total Resources Expended</b>		<b>126,371</b>	<b>357,630</b>	<b>135</b>	<b>12,210</b>	<b>46,901</b>	<b>543,247</b>	<b>290,488</b>

**10 Tangible fixed Assets**

**AAC Balloon**

B/fwd / Transferred from Army Air Corps Fund on 1st October 2019

Additions in year

Depreciation transferred from Army Air Corps Fund

Net book value carried forward as at 31st March 2021 / 31st March 2020

	2021 £	2020 £
B/fwd / Transferred from Army Air Corps Fund on 1st October 2019	20,599	20,599
Additions in year	(20,599)	(20,599)
Depreciation transferred from Army Air Corps Fund	-	-
Net book value carried forward as at 31st March 2021 / 31st March 2020	-	-



# ARMY AIR CORPS CHARITY

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021

### 11 Fixed asset investments

	2021 £
<b>Quoted investments</b>	
B/Fwd as at 1 April 2020	8,617,082
Less: Disposals at opening book value 2021 proceeds: £1,267,918; profit £232,740 (2020 proceeds: £790,723; loss: £4,748)	(1,035,178)
Add: Acquisitions at cost	1,822,744
Net unrealised investment gains / (losses)	1,954,072
Market value at 31 March 2021	<u>11,358,720</u>
Historical cost at 31 March 21	<u>10,550,697</u>

Total profit / (losses) on investments were 2021 £2,186,812, 2020 (£1,365,288)

**All investments are unrestricted funds and are held primarily for investment return**

### 31st March 2021

	UK £	Overseas £
Listed Investments	2,460,990	3,994,170
Other Investments	4,424,935	478,625
	<u>6,885,925</u>	<u>4,472,795</u>

### 12 Debtors

	2021 £	2020 £
Other debtors	174,624	174,073
	<u>174,624</u>	<u>174,073</u>

### 13 Cash at bank and in hand

	2021 £	2020 £
Holt's, Royal Bank of Scotland	175,634	178,353
Investec	41,405	536,740
	<u>217,039</u>	<u>715,093</u>

### 14 Creditors

	2021 £	2020 £
Amounts falling due within one year:		
Accruals	42,190	39,482
	<u>42,190</u>	<u>39,482</u>



# ARMY AIR CORPS CHARITY

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021

### 15 Restricted Funds

	Balance B/fwd 31st March 2021 £	Transfers £	Movement of Resources Incoming £	Outgoing £	Balance 31st March 2021 £
Sports	4,581	0	5,000	(5,400)	4,181
HQ WOs' and Sgts' Mess	75,339	0	37,908	(10,735)	102,512
HQ Officers' Mess	187,503	0	73,391	(64,469)	196,425
	<u>267,423</u>	<u>0</u>	<u>116,299</u>	<u>(80,604)</u>	<u>303,118</u>

	Transferred from Army Air Corps Fund on 1st October 2019 £	Transfers £	Movement of Resources Incoming £	Outgoing £	Balance 31st March 2020 £
Sports	1,725	0	6,500	(3,644)	4,581
HQ WOs' and Sgts' Mess	76,649	0	19,760	(21,070)	75,339
HQ Officers' Mess	172,422	0	51,309	(36,228)	187,503
	<u>250,796</u>	<u>0</u>	<u>77,569</u>	<u>(60,942)</u>	<u>267,423</u>

#### Sports

This fund is used to assist Corps members in the pursuit of specified sporting activities.

#### HQ Warrant Officers' and Sergeants' Mess

Members of the HQ Mess pay three quarters of one days pay per annum into this fund. The fund is used to enhance the furnishings and surroundings of the buildings and to support functions throughout the year for it's current and retired members. They also give support to the predecessors of the AAC, the Glider Pilot's Regiment Association.

#### HQ Officers' Mess

Members of the HQ Mess pay one days pay per annum into this fund. The fund is used to enhance the fabric, furnishings and surroundings of the buildings and to support functions throughout the year for it's current and retired members.



# ARMY AIR CORPS CHARITY

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021

### 16 Unrestricted funds

Unrestricted funds show a large amount in reserve which is expected to rise. This is due to a predicted significant increase in grants and donations payable, as explained in the Trustees Report (page 30).

	Balance B/fwd 31st March 2021 £	Transfers £	Movement of Resources		Balance 31st March 2021 £
			Incoming £	Outgoing £	
<b>General Purpose Fund</b>	9,104,602	(207,754)	2,656,190	(293,188)	11,259,850
<b>Designated Funds</b>					
AAC Veterans' Ass'n	51,217	0	140	0	51,357
Glider Pilot Regt Ass'n	13,821	0	0	(400)	13,421
Gordon Sear Legacy	23,322	(17,727)	0	(5,595)	0
Sports	6,381	160,000	12,045	(163,460)	14,966
History Book	0	20,599	0	0	20,599
Law Legacies	0	44,882	0	0	44,882
	<u>9,199,343</u>	<u>0</u>	<u>2,668,375</u>	<u>(462,643)</u>	<u>11,405,075</u>

	Transferred from Army Air Corps Fund on 1st October 2019 £	Transfers £	New Designations £	Utilised/ Realised £	Balance 31st March 2020 £
<b>General Purpose Fund</b>	10,364,825	0	211,345	(1,471,568)	9,104,602
<b>Designated Funds</b>					
AAC Veterans' Ass'n	52,105	0	362	(1,250)	51,217
Glider Pilot Regt Ass'n	14,207	0	14	(400)	13,821
Gordon Sear Legacy	24,498	0	24	(1,200)	23,322
Sports	122,244	0	4,553	(120,416)	6,381
History Book					
Law Legacies					
	<u>10,577,879</u>	<u>0</u>	<u>216,298</u>	<u>(1,594,834)</u>	<u>9,199,343</u>

The funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

#### AAC Veterans' Association

The Army Air Corps Veterans' Association provides a focal point for communication with veterans of the Army Air Corps, retired members of Army Aviation and widows as detailed in page 18 of the Trustees' Report.

#### Glider Pilots Regiment Association

This fund is for dispersion to a number of beneficiaries of the Glider Pilot Regiment Association as annuities and to those veterans and eligible dependants in need on a case by case basis as detailed in the Trustees' Report (page 20).



## ARMY AIR CORPS CHARITY

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021

#### 16 Unrestricted funds - continued

##### Gordon Sear Legacy

Gordon Sear was the father of Staff Sergeant Fenton Sear who died whilst serving with the Army Air Corps and was given in his memory. Initially, the Trustees directed that the legacy be used to support an annual prize to an individual in the inter unit football tournament, which recognises Staff Sergeant Sear's interest in football. In 2016 the Trustees directed that the prize money would be used to facilitate attendance at public sporting events by individuals showing merit in AAC units. This designated fund covered the cost of the annual trophy and expenses related to it.

The scheme was withdrawn during the financial year after proving difficult to manage and administer and lacked meaningful application of the intent to remember SSgt Sear through his father's legacy. £5,000 was contributed to HQ Wattisham Station community Parkwood project during the year. The remaining balance was transferred to the AAC History Book designated fund with the legacy mentioned in the preface and introduction. The option of establishing a memorial bench in memory of Staff Sergeant Fenton Sear was also kept open by the Trustees.

##### Sports

This fund is used to assist Corps members in the pursuit of specified sporting activities.

##### History Book

A designated fund has been set up for the remainder of the costs of the production of the history book which is likely to span several financial years. The balance on the Fenton Sear designated fund was transferred into this fund during the financial year.

##### Law Legacies

Legacies from the estates of Sam Law, a retired Army Air Corps Major and pilot and his wife, Margaret, amounting to £44,882 were allocated to a separate designated fund with the intention of ensuring the legacy would provide a lasting acknowledgement of their generosity. The option to use the legacies to support the publication and distribution of the AAC History Book with a mention in the preface and introduction in honour of such generosity was agreed by the Trustees. The option to install a memorial bench was to be kept open, with the intention to achieve that at a reasonable point in time.

#### 17 Net assets by fund

	Unrestricted Funds	Restricted Funds	Total Funds 2021	Unrestricted Funds	Restricted Funds	Total Funds 2020
Tangible Assets	0	0	0	0	0	0
Investments	11,358,720		11,358,720	8,617,082	0	8,617,082
Current Assets	46,355	303,118	349,473	582,261	267,423	849,684
Net Assets	<u>11,405,075</u>	<u>303,118</u>	<u>11,708,193</u>	<u>9,199,343</u>	<u>267,423</u>	<u>9,466,766</u>

#### 18 Unrestricted Funds

Unrestricted funds show a large amount in reserve which is expected to rise. This is due to a predicted significant increase in grants and donations payable, as explained in the Trustees Report (page 30).

#### 19 Assets Attributable to Funds

The balance on the restricted accounts are held within the Royal Bank of Scotland deposit account. The unrestricted and designated funds are held within the remainder of the funds.



# ARMY AIR CORPS CHARITY

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2021

### 20 Ultimate Controlling Party

The Army Air Corps Charity was controlled throughout the current and previous period by the Regimental Committee and Trustees.

### 21 Related Party Transactions

Three trustees are also trustees of the Army Flying Museum, a charity that the Army Air Corps Charity provides grants and donations to. In September 2018 a loan amounting to £150,000 was granted to the Army Flying Museum with repayment due by 1 September 2021. Repayments totalling £50,000 were received in May 2021 and the remainder of the loan was repaid in September 2021.

### 22 Contingent Liability

There are no contingent liabilities.

### 23 Financial instruments

#### Assets

	2021 £	2020 £
Financial assets measured at fair value through profit or loss	11,358,720	8,617,082
Financial assets that are debt instruments measured at amortised cost	391,663	889,166
	<u>11,750,383</u>	<u>9,506,248</u>

#### Liabilities

Financial liabilities measured at amortised cost	<u>(42,190)</u>	<u>(39,482)</u>
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Financial assets measured at fair value through profit and loss includes investments.

Financial assets that are debt instruments measured at amortised cost includes other debtors and cash at bank and in hand.

Financial liabilities measured at amortised cost includes accruals.

#### Items of income, expense, gains or losses

	Income £	Net gains/ (losses) £
<b>2021</b>		
Financial assets measured at fair value through profit or loss	196,437	2,186,812
Financial assets measured at amortised cost	99	-
	<u>196,536</u>	<u>2,186,812</u>
<b>2020</b>		
Financial assets measured at fair value through profit or loss	93,744	(1,365,288)
Financial assets measured at amortised cost	463	-
	<u>94,207</u>	<u>(1,365,288)</u>

### 24 Post balance sheet events

There have not been any post balance sheet events.