

ARMY AIR CORPS CHARITY

REGISTERED CHARITY NUMBER 1184333

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2022

ARMY AIR CORPS CHARITY
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST MARCH 2022

Page

1 - 38	Report of the Trustees
39 - 41	Report of the Auditors
42	Statement of Financial Activities
43	Balance Sheet
44	Statement of Cash Flows
45 - 56	Notes to the Accounts



ARMY AIR CORPS CHARITY
Registered Charity No 1184333

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31ST MARCH 2022**

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

Lieutenant 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 31st March 2022*

Colonel JM Facer ADC*

Colonel RI Melling*

Colonel D Amlot MBE *

Colonel E Butterworth*

Colonel R Seymour*

Colonel (Retired) A Tucker#

Lieutenant Colonel S Wilsey AAC*

Lieutenant Colonel (Retired) DK Joyce#

Major R Bramley AAC*

Captain E Wilson AAC*

WO1 P Dockrell AAC*

WO2 M Hale 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: Xeinadin Audit Limited, Nightingale House, 46-48 East Street,
Epsom, Surrey KT17 1HQ

*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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THE ARMY AIR CORPS CHARITY (1184333)

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

2. This is the third report on the Army Air Corps Charity No 1184333, which came into being on 9th July 2019, but did not start operating until 1st 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 modern¹ 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 30th 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

¹ 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,² who is the focus for domestic and non-Public financial affairs, to exercise that appointment's 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 25th, 50th and 60th

² The appointment was re-titled as Colonel Army Air Corps in 2014.

anniversaries, all of which resulted in significant expenditure and, for the 25th and 50th, the creation of memorials. The 60th 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. In this 65th year of the Army Air Corps funds have been allocated from within the Charity to support a centralised celebration at the Home of the Corps in Middle Wallop, and to provide additional funding for celebrations in the dispersed unit locations of the Corps.

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 Association continued to be managed within the Army Air Corps Fund with activity 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 Army Air Corps (General Purpose) Fund. 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 (General Purpose) Fund. 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 1941 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 or the Charity. 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.³

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 those contributions are significantly lower than the contributions from their Regular counterparts. That difference in contribution is not related to the potential benefits. The attribution of benevolent support is based upon need.

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 Fund against known and forecast income and expenditure with the aim for extrapolating the information to inform the investment needs and to revise the Fund's Reserve policy. That was achieved in part but was somewhat overridden by the peculiarities imposed on society by the Covid-19 pandemic. There was a similar effect in the second report.

³ 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.

15. This third report on the Army Air Corps Charity (1184333) encompasses the emergence from the period of strict social restrictions under the threat of the Covid-19 pandemic and a transition to the new normal. A concern that the effects would bring a significant increase on demand for benevolence were not realised during the period of the pandemic. On the social and sporting side of the Charity activity there was a reduction in outgoings in the period of restrictions. The emergence from that period has seen an enthusiastic return to sport and adventurous training opportunity and to the promotion of social activities.

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 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 14th June 2019 and sealed on 9th July 2019, to come into operation on 1st October 2019. This Army Air Corps Charity supersedes 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 1st October 2019. Operating as a CIO provide the charity, its Trustees and agents with better legal protection and to give it the ability to hold property and to employ staff, should it need to do so in the future.

22. A detailed examination of the governance practices conducted in 2010/2011 confirmed that sound processes and practices were in place in relation to prevention of fraud and effective delivery. 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.

23. The Trustees meet formally in Committee twice each year. The ability to communicate out of committee enables swift decision making when there is need. 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. However that annual publication in the Journal is under review as the new Army Air Corps website develops. The website will provide the Army Air Corps to post information that is easier to access, albeit for those who are registered as members with appropriate access.

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 are also referred to the Charity Commission guidance published on the Government website. Opportunities to access external training for Trustees are also advertised.

26. Trustees are encouraged to attend formal training for their role. 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 Museum of Army Flying 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 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 Army Air Corps Committee with responsibility for reviewing and upholding the traditions, customs, history and heritage of the Corps.

28. The ex officio Trustees include the Head of Arm for the Army Air Corps under the appointment title as *Colonel Army Air Corps*, the Commanders from the main Army Air Corps communities and representative unit commanders. The voluntary Trustees are drawn from the retired community and serving communities, two of whom are also members of the Army Air Corps Charity Investment Sub Committee. Additional members may be 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. Though some of the Trustee positions are tied to appointments within the Army Air Corps they are voluntary. An individual holding a specific appointment with the Army Air Corps may opt not to take up the related appointment on the Army Air Corps Trustee Board and as a member of the Committee.

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 to the serving and veteran communities 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 transformation of the Fund into the Army Air Corps Charity as a Charitable Incorporated Organisation has

allowed more flexibility in the selection of Trustees. That resulted in a broadening of the membership. (see also the section on "Structure" [of the Committee]).

31. The Trustees are the core members of the Army Air 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 the 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 Regimental 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 welcoming information from the Corps Secretary, which explains their duties and their obligations. That letter includes a copy of the Charity Commission Scheme for the Charity, the latest audit report and minutes from the previous Trustee meeting. They are also directed to the guidelines for Trustees, the Charities Act and relevant Charity Commission publications available on the Government website. Charity Commission bulletins are also circulated to Trustees for their information as they are published. Two Trustees and one member of staff have received related training in this financial year. One of the current 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 (Retired) A Tucker (Chairman of the Investment Sub Committee)
Colonel D Amlot MBE
Colonel E Butterworth
Colonel RJ Seymour
Lieutenant Colonel S Wilsey AAC
Lieutenant Colonel (Retired) DK Joyce (Member of the Investment Sub Committee)
Major R Bramley AAC
Captain E Wilson AAC
WO1 P Dockrell AAC
WO2 M Hale AAC

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, Army Air Corps Sergeant Major. 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 prevented a physical meeting of the Army Air Corps Committee at the start of the 2020/2021 Financial Year. Those restrictions are no longer in place, which has allowed the return to normal attendance. However, facilities exist for individuals to attend meetings remotely by electronic means.

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 Charities⁴. Information may also be gleaned from Unit Welfare Staff, the wider MOD and from Army Air Corps Veterans' Association Branches.

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.

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 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".

⁴ 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.

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 Charities⁴. 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 1/10th 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 £50000 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. As an example, the forecast for Financial Year 2022/23 has been forecast as £57000. 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 sources⁴ 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 charities⁴. 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 £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 started in the 1960s (and a Corps that centralised in the 1970s) and 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 charities⁴, 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 2021/2022 over the period covered in this report 46 cases received financial assistance amounting to in the region of £38947, which is below the forecasting estimate but does show a climb back toward pre-pandemic demand. Within that overall figure, 32 cases were for veterans, seven for dependants

and seven were for Serving personnel. Of that overall figure, 18 cases were in the age range between 35 to 55 and nine cases showed outstanding debts of which over half were in the region of £10000. Though the incidence in the 35 to 55 year bracket reflects the centralisation of the AAC in the 1970s and the emergence of need in those generations it also reflects a concern over rising debt, and the adverse effect of it, in that age bracket. In a similar vein, the incidence in the 18 to 35 year bracket showed 15 cases, which emphasised a growing concern for the well being of young Service leavers. Though the concern over a significant rise in cases resulting from the pandemic was not realised it is worth noting that five of them, all in the veteran community, did have links to the effect of the pandemic on employment opportunity.

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 with their own knowledge and experience 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.

50. **Allowances for senior officers of the Army Air Corps 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, 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. 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.

51. **Good and Benefit Grants.** The notion of promoting military efficiency through the maintenance of morale has been expanded and given form through the grant of funds to Commanders and Commanding Officers of Army Air Corps formations and units. The annual grants are made up of money taken from the General Purpose Fund and from the Headquarters Officers' Mess Fund. The amounts are assessed against unit establishment strengths. The aim is to provide Commanders and Commanding Officers funding to be used at their discretion for the good and benefit of those in their command and their eligible dependents. The portion allocated from the Headquarters

Officers' Mess Fund is not exclusively for the Officer community; rather it is based upon the premise that Officers have a duty to ensure the welfare of those under them. Where appropriate Commanders and Commanding Officers may use the grants to cover their own expenses related to their duties and responsibilities for the the AAC where there are no permitted allowances from Public Funds. A similar grant activity is carried out through the AAC Headquarters Warrant Officers and Sergeants' Mess Fund but is specifically aimed at that community.

SPORTS AND ADVENTUROUS TRAINING

52. 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. In FY 2021/2022 the allocation to AAC Sport and Adventure Training from Corps Funds was £160000 and was fully utilised. The level of funding is kept under review.

TROPHIES AND AWARDS

53. **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 Regimental Committee (the Trustees).

54. **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.

55. **Apprenticeship, 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 Fund to the overall activity. The cost of awards related to apprenticeships are covered from within the General Purpose Fund and reported in a specific line.

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 holds one annual dinner and an annual lunch by way of "reunion". Retired officers contribute a small annual fee for administration. Serving AAC Officers are members by virtue of their voluntary contributions to the Fund. Prior to Financial Year 2014/2015 the Dinner Club had been run as a separate account within the Fund but was incorporated in to the main AAC Headquarters Officers' Mess to be run as a function of that Mess. Funding is used to subsidise attendance at the annual lunches and dinners but does not cover whole costs for individuals. The 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 Lunch 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.

60. **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.

61. 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. The relaxation of restrictions with the aim of returning to normalacy will inevitably be accompanied by a desire to socialise in the spirit of comradeship in the coming years.

RESTRICTED AND DESIGNATED FUNDS

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

a. Restricted Funds:

The Army Air Corps Headquarters Officers' Mess Fund
The Army Air Corps Headquarter Warrant Officers and Sergeants' Mess Fund
Army Air Corps Sports

b. Designated Funds:

The Army Air Corps Veterans' Association
The Army Air Corps History Book Project (incorporating the Sear legacy)
The Army Air Corps Website (*Eagle*)
The Glider Pilot Regiment Fund
The Army Air Corps 65th Anniversary Event (*EagleFest*)

63. **Legacies.** The Army Air Corps had benefited from three legacies in the recent past. The Gordon Sear legacy in memory of Staff Sergeant Fenton Sear and legacies from the estates of Sam Law and Margaret Law. Several ideas and subjects aimed at acknowledging the generosity of those legacies have been tested but have not

achieved traction. In order to preserve the memory of the legacies they have been attributed to the Army Air Corps History Book Project. Their contribution will feature in the frontispiece of the book as a lasting memory.

64. **ARMY AIR CORPS 65th ANNIVERSARY CELEBRATIONS.** The Army Air Corps will mark the 65th year of its establishment in September 2022. In order to celebrate that event the AAC will hold a reunion event at the Home of the Army Air Corps at Middle Wallop on 3rd September 2022. The funding for the event will be made available from the AAC General Purpose Fund using the repayment of the loan to the Army Flying Museum (see Army Flying Museum). There will also be allocations to the dispersed Army Air Corps units to support local events. The allocation of money to the proposed and planned events will be managed through a designated fund. The activity itself has been titled *EagleFest 65*.

THE ARMY FLYING MUSEUM.

65. 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 19th 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.

66. The interest free loan provided by the Army Air Corps Fund (now the Charity) to assist was fully repaid in September 2021 to the Army Air Corps Charity (1184333).

67. 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. That assistance is currently represented by a contribution from the Army Air Corps Charity to the employment of two members of the Museum Archive Team. The rationale is that the Museum Archive is where Army Air Corps history is recorded and preserved.

THE ARMY AIR CORPS VETERANS' ASSOCIATION.

68. 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 suspended. The Army Air Corps Fund then assumed the responsibility for the 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 1970s⁵. 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 as a Designated Fund, 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 2014 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 Fund 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 Fund, 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

⁵ 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.

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 fully and formally active. 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 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 and individual volunteers. 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. The social restrictions imposed by the Covid-19 pandemic have prevented the development of those initiatives. The relaxation and subsequent removal of restrictions has allowed the veterans to re-engage with ideas and activities through which to promote and perpetuate that notion of continued comradeship.

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.

THE GLIDER PILOT REGIMENTAL ASSOCIATION FUND AND BENEVOLENT FUND.

78. The Glider Pilot Regiment was formed in the Second World War as a component of British Airborne Forces⁶. In 1947 the Regiment re-rolled to fly light aircraft on reconnaissance and liaison duties. In 1957 the Regiment was disbanded. The serving

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

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 in 1945⁷. 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 31st 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 Fund hosts the Glider Pilot Regiment Benevolent Fund (GPRBF) as a Designated Fund, 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 has dwindled to two recipients. Veterans of the Second World War Glider Pilot Regiment look to the Airborne Forces Security Fund (ABSF) for their benevolence needs but that generation is passing. The contingent plan was to transfer half of the remaining GPRBF to the ABSF and to retain half in the AAC Fund to service any GPR related activity managed by the Army Air Corps. In 2021/22 The Fund was used to support projects that perpetuated the memory of the Glider Pilot Regiment through memorials. A portion of the fund was also used to provide enduring maintenance cover for the Glider Pilot Regiment Memorial at the National Memorial Arboretum in Staffordshire. In light of those outgoings and the notion of keeping the memory of the Glider Pilot Regiment alive the AAC Charity will continue to use the remaining monies in the Fund with the intention of taking financial responsibility for any future need.

THE AIR OBSERVATION POST ASSOCIATION.

81. Though the Air Observation Post Association (AOPA) is not a lodger or designated fund within the AAC Fund 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.

⁷ 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.

82. The Air Observation Post (AOP)⁸ 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 link between the AOPA and the AAC Fund 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 Fund 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 Fund.

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 Fund 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 was 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

⁸ 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.

by the communities that it serves and proves that resources used in communication do contribute to morale and therefore efficiency.

c. **Archiving Journals and other publications.** 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 provided from the Army Air Corps Charity as a contribution to the cost of employing staff in the Archive.

d. **The Army Air Corps Website, *Eagle*.** The AAC website was created through a project that ran over financial years 2020/21 and 21/22 with some retrospective funding from the Afghan Fund overseen by the Office of Veterans' Affairs. Following going "live" it continues to develop and evolve and will require ongoing funding for that development and maintenance. Though not within this reporting period a grant of £10000 was made from the Afghan Fund through the Office of Veterans Affairs in April 2022. The purpose of the grant was to assist in communicating with veterans of the multi national operations in Afghanistan (known in the British Armed Forces as Operation HERRICK). That grant was and is being used to support the *Eagle* website development. A £500 portion of the grant was withheld for payment at a later date.

MEASUREMENT OF SUCCESS AND ACHIEVEMENT IN THE PROMOTION OF MILITARY EFFICIENCY

85. 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.

86. In the period following the relaxation and removal of restrictions imposed by the pandemic, the pragmatic use of funds to support sport and adventure training, enhancements to facilities and the opportunity to engage in social activity has been a boost to morale in general and an aid to retention across the ranks. The Trustees of the Army Air Corps Charity are conscious of the need to use the available funds to enhance the lives of the personnel and their dependents within the Corps and to develop both the individuals and the units within it. Throughout the period of the pandemic officers and soldiers of the AAC were deployed as teams and individuals to assist and reinforce the National Health Service and local authorities whilst also maintaining the outputs required for Defence. Those units and individuals acquitted

themselves well, which is a measure of success in terms of promoting military efficiency.

ACHIEVEMENTS AND PERFORMANCE

87. The Trustees present their report with the audited accounts of the Army Air Corps Charity (1194333) for the year ended on 31st March 2022. The attached accounts have been prepared on the basis that they comply with current statutory requirements and the Fund's Governing documents.

88. There have been a number of changes to the composition of the Army Air Corps 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.

89. The details of the Charity, principal office, appointment holders and other relevant addresses as at 31st March 2022 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".

90. 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 2021 was £11.71M. The value of the Charity as at 31st March 2022 was £12.09M.

91. 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.

92. 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. There is also a need to ensure a working cash flow across the year because the voluntary contributions are received in monthly instalments. The drawdown from investment income has, of necessity, settled into an annual routine.

93. In recognition of that change from investment for growth to investment for growth *and* income 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. In the period under review two such projects were enduring maintenance contracts for the memorials at the National Memorial Arboretum and preparing for the 65th Anniversary events to be held in the 2022/23 financial period.

94. In very broad terms the income from voluntary contributions have satisfied the general needs of the Corps over the last decade whereas the 25th and 50th 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 50th 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 60th 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. In providing funding for the 65th Anniversary events the Trustees have used the repayment of the loan to the Army Flying Museum as the basis for the proposed activities. That is reported elsewhere in the document.

95. 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 60th 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.

96. 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.

97. In FY 17/18 that drawdown from investment was increased to £350,000 which included 60th 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.

98. The trend to augment annual income by drawing down from investment has continued and has become the norm. In this reporting period £200,000 has been made available from investment income. The forecast is that a similar sum will be required year on year. That drawdown is related to the need to augment the income from the voluntary contributions but is also required to maintain an even cash flow across the financial year. The income from the voluntary contributions is received in monthly instalments. The draw on the Charity funds is driven by what is needed at the relevant time. The drawdown of funding from the Investment Portfolio ensures that there is sufficient money available across the year and when it is needed.

99. The reasons to support this drawdown from investment income are explained in more detail 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 Fund it is considered that there is a sufficient reserve to enable it to deliver the objects.

100. 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.

FINANCIAL REVIEW

PRINCIPAL FUNDING SOURCES

101. **General.** The principal source of funding for the AAC for Corps activity is from the drawdown of income from investment, which is in addition to the voluntary contributions of the serving AAC community. Some income from investment is used within the activity of the Investment Sub Committee to increase the worth of the Fund through growth and to achieve that growth through careful management of the Fund's portfolio. This drawdown from income investment to carry out the objects of the Fund 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.

102. **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 and 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 (see Designated Funds). 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 Fund 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 Fund through briefings on career courses.

102. 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.

103. 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.

104. **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 Fund 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.

105. **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 and its subsequent use is covered elsewhere in the section titled, "Designated Funds". There is also a combined legacy from the estates of Sam and Margaret Law. The use of their legacies is also explained under "Designated Funds" earlier in this report.

GRANTS

106. 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 Fund². 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. In recent years this idea has been expanded by providing "good and benefit" grants to

Commanders and Commanding Officers for their use to support those under their command and the eligible dependents. The nature of these good and benefit grants explained in more detail early in the report.

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

107. 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. The Charity had provided the Army Flying Museum with an interest free loan as a means of bridging the period following the refurbishment of the Museum and the resumption of income from visitors. The period of that loan was extended in order to provide a contingency during the period of restrictions imposed by the pandemic. That loan was repaid in full and on time within this reporting period. 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. In foregoing that interest the Trustees acknowledged the value of the Army Flying Museum in the maintenance and promotion of the Corps' history and heritage. It was in the interest of the Army Air Corps for the Museum to continue to develop and to thrive.

INVESTMENT POLICY

108. 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 Fund, 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 Fund (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.

109. 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.

110. 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.

111. 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 Fund 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.

112. 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

113. 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.

114. 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 groundcrewmen supporting aircraft operations were temporarily attached from other Regiments and Corps.

115. 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 Fund 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.

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

117. 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.

118. 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.

119. Any reduction of 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.

120. 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.

121. 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 Charity to respond one-off grant opportunities outside the normal annual budgetary cycle.

122. In addition, the Trustees currently manage investment funds in the region of £12M for the purpose of generating investment income to support the charitable aims of the Trust. This fund could be accessed in the event of an unplanned closure and allow the Trust 3-4 years to formulate an orderly closure and to fulfil its existing short – medium term obligations.

123. The balance held as free reserves as at 31st March 2022 was £400000 which amounts to circa 12 months expenditure against a tightened budget.

124. 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.

125. 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.

126. 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.

127. 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 Fund 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.

128. 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 Fund. Those factors are repeated and explained elsewhere in this report.

RISKS

129. The Trustees have considered risks to the Fund 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 31st MARCH 2022

130. At the beginning of the 2021/2022 financial year a forecast of welfare expenditure was approved by the Trustees based on the examination of income and expenditure from previous years.

131. 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 Charity may also act with other Service charities, particularly in cases where individuals may have had service in another Arm, Regiment or Corps.

132. 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:

- For the years shown 1975 to 2001 the accounts are for the year beginning 1st February. From 2002 the start of the accounting year changed to 1st April.
- 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.
- 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.

133. 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
2022							
£358,879							

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 closure 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

134. 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.

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

136. The Charity has set aside a sum of up to £100000 to support a celebration of the 65th Anniversary of the Corps in September 2022. There is also a reserve of £50000. This was achieved by the return of the interest free loan provided for the Army Flying Museum during the period of refurbishment and the fallow period of restrictions imposed by the pandemic.

137. The Trustees have also acknowledged the need for the publication of an authoritative history of the Army Air Corps and the commissioning of artwork. The history project is likely to run through to 2022/2023. A memorandum of agreement has been signed between the Army Air Corps and the chosen authors. Costs for research and development have been agreed and authorised in the forecast of expenditure. The authors are progressing with the project and are drawing expenses associated with it.

138. 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 Fund 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.

139. The Trustees will 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

140. **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 Second World War 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 through the Army Air Corps to nominated widows of the Regiment suffering hardship and need. The annual disbursement has dropped from £1000 to £400 as those widows have died. The Army Air Corps has also utilised the GPR Fund to provide an enduring maintenance contract for the Glider Pilot Regiment Memorial at the National Memorial Arboretum and to contribute to other remembrance projects. The GPR Benevolent Fund has in the region of £3K at the end of this reporting year. The Army Air Corps will continue to administer it for as long as is necessary and, where there is an enduring commitment, to honour that requirement. The Glider Pilot Regiment Association was disbanded on 31st 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). The AAC Charity Trustees had been 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. However, as that Second World War generation passes the rationale for that transfer no longer exists. This and the closure of the Glider Pilot Regimental Association Fund are also reported in the section titled, "Designated Funds". The fund has been used in the reporting period to support a relevant memorial and also to provide an enduring maintenance scheme for the Glider Pilot Regiment Memorial at the National Memorial Arboretum (qv). These outgoings have resulted in a run down of the Fund. The dispersion of the remaining money will be kept under review.

GRATIA

141. 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 activity.

RESPONSIBILITIES OF THE TRUSTEES

142. 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).

143. 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 2019 (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.

144. 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 AAC
Chairman and Trustee

18 November 2022



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

Headquarters Army Air Corps
Middle Wallop
Stockbridge
Hants
SO20 8DY

18 November 2022

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 31st March 2022 which comprises of the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st March 2022, 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 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 37 & 38, 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.

Xeinadin Audit

Xeinadin Audit Limited, Statutory Auditor

Nightingale House

46-48 East Street

Epsom

Surrey

KT17 1HQ

Date: 1/12/2022

Xeinadin Audit Limited 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 2022

		Unrestricted Funds	Restricted Funds	Total Funds 31st March 2022	Total Funds 31st March 2021
	Note	£	£	£	£
Income and endowments from:					
Donations and legacies	2	236,352	131,873	368,225	386,933
Charitable activities	3	3,793	16,045	19,838	14,393
Investments	4	218,712	30	218,742	196,536
Total income and endowments		458,857	147,948	606,805	597,862
Expenditure on:					
Raising funds	6	43,545	-	43,545	38,955
Charitable activities	7	499,138	148,077	647,215	495,793
Other	8	9,041	-	9,041	8,499
Total expenditure		551,724	148,077	699,801	543,247
Net gains/(losses) on investments	11	426,890	-	426,890	2,186,812
Net income/(expenditure)		334,023	(129)	333,894	2,241,427
Transfer between funds		-	-	-	-
Net Incoming Resources before other recognised gains and losses					
		334,023	(129)	333,894	2,241,427
Other Recognised Gains and Losses		-	-	-	-
Net Movement in Funds		334,023	(129)	333,894	2,241,427
Reconciliation of funds					
Total funds brought forward		11,405,075	303,118	11,708,193	9,466,766
Total funds carried forward		11,739,098	302,989	12,042,087	11,708,193

The notes on pages 45 - 56 form part of these accounts

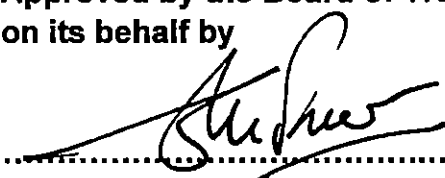
ARMY AIR CORPS CHARITY

BALANCE SHEET AS AT 31ST MARCH 2022

	Note	31st March 2022 £	31st March 2021 £
Fixed Assets			
Tangible fixed assets	10	-	-
Investments	11	11,806,236	11,358,720
		<u>11,806,236</u>	<u>11,358,720</u>
Current Assets			
Debtors	12	29,665	174,624
Cash at bank and in hand	13	281,890	217,039
		<u>311,555</u>	<u>391,663</u>
Liabilities			
Creditors: Amounts falling due within one year	14	(75,704)	(42,190)
Net Current Assets		235,851	349,473
Total assets less current liabilities		<u>12,042,087</u>	<u>11,708,193</u>
The Funds of the charity			
Restricted funds	15	302,989	303,118
Unrestricted funds			
Designated	16	300,912	145,225
Other Charitable Funds	18	11,438,186	11,259,850
Total charity funds		<u>12,042,087</u>	<u>11,708,193</u>

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

Approved by the Board of Trustees on 18 November 2022 and signed
on its behalf by

.....Trustee

The notes on pages 45 - 56 form part of these accounts

ARMY AIR CORPS CHARITY

STATEMENT OF CASHFLOWS AS AT 31ST MARCH 2022

	31st March 2022	31st March 2021
	£	£
Cash flows from operating activities		
Net income/(expenditure) per SOFA	333,894	2,241,427
Adjustments for:		
Depreciation	-	-
(Gains)/losses on investments	(426,890)	(2,186,812)
Dividends and interest from investments	(218,742)	(196,536)
(Increase)/decrease in debtors in year	144,959	(551)
Increase/(decrease) in creditors in year	33,514	2,708
Net cash provided (used in) by operating activities	<u>(133,265)</u>	<u>(139,764)</u>
Cash flows from investing activities		
Dividends and interest from investments	218,742	196,536
Proceeds from the sale of investments	995,787	1,267,918
Purchase of investments	(1,016,413)	(1,822,744)
Net cash provided by (used in) investing activities	<u>198,116</u>	<u>(358,290)</u>
Change in cash and cash equivalents in the year	64,851	(498,054)
Cash and cash equivalents brought forward	217,039	715,093
Cash and cash equivalents at the end of the year	<u>281,890</u>	<u>217,039</u>

The notes on pages 45 - 56 form part of these accounts

ARMY AIR CORPS CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022

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 2022

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.

e) 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 2022

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.

f) 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.

g) 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.

h) 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 2022

1 Accounting Policies - continued

i) Taxation

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

j) 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.

k) 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.

ARMY AIR CORPS CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022

	Unrestricted Funds	Restricted Funds	31st March 2022	31st March 2021
	£	£	£	£
2 Income from donations and legacies				
Regimental subscriptions	172,187	111,493	283,680	278,291
Association subscriptions	20	-	20	140
Other subscriptions	-	380	380	715
COIF Charity Fund	800	-	800	800
Callendar Charitable Trust	2,500	-	2,500	2,500
Donations - Legacies	-	-	-	39,902
Donated Services (Note 5)	59,080	-	59,080	58,490
Other	1,765	20,000	21,765	6,095
	<u>236,352</u>	<u>131,873</u>	<u>368,225</u>	<u>386,933</u>
<i>Total 2021</i>	<u>270,592</u>	<u>116,341</u>	<u>386,933</u>	
3 Income from charitable activities				
Unused Individual Benevolence Grants	1,750	-	1,750	2,418
Refunds	428	-	428	12,045
Contribution towards grants/payments	1,615	16,045	17,660	(70)
	<u>3,793</u>	<u>16,045</u>	<u>19,838</u>	<u>14,393</u>
<i>Total 2021</i>	<u>14,463</u>	<u>(70)</u>	<u>14,393</u>	
4 Income from investments				
Income from quoted investments	218,719	-	218,719	196,437
Interest on deposit accounts	(7)	30	23	99
	<u>218,712</u>	<u>30</u>	<u>218,742</u>	<u>196,536</u>
<i>Total 2021</i>	<u>196,508</u>	<u>28</u>	<u>196,536</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 2022

	Unrestricted Funds	Restricted Funds	Total 31st March 2022	Total 31st March 2021
	£	£	£	£
6 Expenditure on raising funds				
Advertising	300	-	300	85
Fund Manager Charges	43,245	-	43,245	38,870
	<u>43,545</u>	<u>-</u>	<u>43,545</u>	<u>38,955</u>
<i>Total 2021</i>	<u>38,955</u>	<u>-</u>	<u>38,955</u>	
7 Expenditure on charitable activities				
Grants to individuals (2022: 45; 2021: 45)	39,147	-	39,147	58,859
Other grants				
- General Purpose Fund grants (2022: 44; 2021: 43)	130,946	-	130,946	92,745
- HQ Officers Mess grants (2022: 59; 2021: 43)	-	49,054	49,054	37,381
- AAC Association grants (2022: 8; 2021: 0)	1,980	-	1,980	-
- HQ WOs & Sgts Mess grant (2022: 10; 2021: 7)	-	12,616	12,616	8,500
- AAC Sports grants (2022: 29 rest, 4 unrest; 2021: 1 rest; 20 unrest)	105,136	20,000	125,136	84,908
- Sear (2022: 0; 2021: 1)	-	-	-	5,000
Donations	20,000	-	20,000	20,000
Awards, Trophies & Presentations	2,747	10,485	13,232	8,623
Sponsorship	35,152	4,181	39,333	83,937
Repairs	49,274	2,000	51,274	27,000
Functions	8,520	49,741	58,261	(2,634)
Memorials	7,597	-	7,597	1,999
65th Anniversary	13,611	-	13,611	-
Heritage - history book	181	-	181	10,490
Website	24,120	-	24,120	-
Monthly website fees	720	-	720	-
Salaries (note 5)	59,080	-	59,080	58,490
Printing, Postage & Stationery	927	-	927	495
	<u>499,138</u>	<u>148,077</u>	<u>647,215</u>	<u>495,793</u>
<i>Total 2021</i>	<u>415,189</u>	<u>80,604</u>	<u>495,793</u>	
Full details of these grants are contained within the Trustee's Report.				
No remuneration was paid to Trustees during the year. Reimbursed costs amounting to £77 was paid to two Trustees during the year for meeting costs and Colonel Commandant expenses. The Army Air Corps does not have any employees. The services of the Corps Accountant, Corps Secretary, Assistant Corps Secretary and Welfare Assistant are donated to the charity by the Ministry of Defence (note 5).				
8 Other				
Audit	7,200	-	7,200	6,900
Meeting Costs	413	-	413	85
Bank Charges	528	-	528	463
Database	900	-	900	1,051
	<u>9,041</u>	<u>-</u>	<u>9,041</u>	<u>8,499</u>
<i>Total 2021</i>	<u>8,499</u>	<u>-</u>	<u>8,499</u>	

ARMY AIR CORPS CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022

9 Total resources expended

	Basis of allocation	Welfare	Serving personnel activities & amenities	Servicemen & ex-servicemen activities	Ceremonials	Governance	Total 31st March 2022 £	Total 31st March 2021 £
		£	£	£	£	£		
Costs directly allocated to activities								
Fund Manager Charges	Direct	-	-	-	-	43,245	43,245	38,870
Grants	Direct	39,147	297,344	19,980	2,408	-	358,879	287,393
Donations	Direct	20,000	-	-	-	-	20,000	20,000
Awards, Presentations & Trophies	Direct	1,465	11,767	-	-	-	13,232	8,623
Memorials	Direct	-	-	-	7,597	-	7,597	1,999
Sponsorship	Direct	-	39,333	-	-	-	39,333	83,937
Repairs to Serving Personnel Facilities	Direct	-	2,000	-	49,274	-	51,274	27,000
Functions	Direct	-	58,261	-	-	-	58,261	(2,634)
History Book	Direct	-	-	-	181	-	181	10,490
Printing, Postage & Stationery	Direct	927	-	-	-	-	927	495
Audit	Direct	-	-	-	-	7,200	7,200	6,900
Bank Charges	Direct	528	-	-	-	-	528	463
Website	Direct	24,120	-	-	-	-	24,120	-
65th Anniversary	Direct	-	-	13,611	-	-	13,611	-
Database	Direct	-	-	-	-	900	900	1,051
Sundries	Direct	1,133	-	-	-	-	1,133	85
Costs apportioned to activities								
Advertising	Activity	225	75	-	-	-	300	85
Salaries	Activity	44,310	14,770	-	-	-	59,080	58,490
Total Resources Expended		131,855	423,550	33,591	59,460	51,345	699,801	543,247
Total 2021		126,371	357,630	135	12,210	46,901	543,247	

10 Tangible fixed Assets

	2022 £	2021 £
AAC Balloon		
B/fwd	20,599	20,599
Additions in year		
Disposals in year	(20,599)	
Depreciation transferred from Army Air Corps Fund	(20,599)	(20,599)
Depreciation eliminated on disposal	20,599	
Net book value carried forward as at 31st March 2022 / 31st March 2021	-	-

ARMY AIR CORPS CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022

11 Fixed asset investments

	2022
	£
Quoted investments	
B/Fwd as at 1 April 2021	11,358,720
Less: Disposals at opening book value 2022 proceeds:	
£995,787; profit £44,254	
(2021 proceeds: £1,267,918; profit: £232,740)	(951,533)
Add: Acquisitions at cost	1,016,413
Net unrealised investment gains / (losses)	382,636
Market value at 31 March 2022	<u>11,806,236</u>
Historical cost at 31 March 2022	<u>10,623,296</u>

Total profit / (losses) on investments were 2022 £426,890, 2021 £2,186,812

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

	31st March 2022	
	UK	Overseas
	£	£
Listed Investments	3,007,275	4,113,470
Other Investments	4,122,017	563,474
	<u>7,129,292</u>	<u>4,676,944</u>

12 Debtors

	2022	2021
		£
Other debtors	29,665	174,624
	<u>29,665</u>	<u>174,624</u>

13 Cash at bank and in hand

	2022	2021
		£
Holt's, Royal Bank of Scotland	234,997	175,634
Investec	46,893	41,405
	<u>281,890</u>	<u>217,039</u>

14 Creditors

Amounts falling due within one year:	2022	2021
		£
Accruals	75,704	42,190
	<u>75,704</u>	<u>42,190</u>

ARMY AIR CORPS CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2022

15 Restricted Funds

	Balance B/fwd 1st April 2021 £	Transfers £	Movement of Resources Incoming Outgoing £ £		Balance 31st March 2022 £
Sports	4,181	-	20,000	(24,181)	-
HQ WOs' and Sgts' Mess	102,512	-	37,238	(34,286)	105,464
HQ Officers' Mess	196,425	-	90,709	(89,609)	197,525
	<u>303,118</u>	<u>-</u>	<u>147,947</u>	<u>(148,076)</u>	<u>302,989</u>

	Balance 1st April 2020 £	Transfers £	Movement of Resources Incoming Outgoing £ £		Balance 31st March 2021 £
Sports	4,581	-	5,000	(5,400)	4,181
HQ WOs' and Sgts' Mess	75,339	-	37,908	(10,735)	102,512
HQ Officers' Mess	187,503	-	73,391	(64,469)	196,425
	<u>267,423</u>	<u>-</u>	<u>116,299</u>	<u>(80,604)</u>	<u>303,118</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 2022

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 31).

	Balance B/fwd 1st April 2021 £	Transfers £	Movement of Resources Incoming Outgoing £ £		Balance 31st March 2022 £
General Purpose Fund	11,259,850	(346,500)	884,789	(359,953)	11,438,186
Designated Funds					
AAC Veterans' Ass'n	51,357	-	20	(1,980)	49,397
Glider Pilot Regt Ass'n	13,421	-	511	(10,311)	3,621
Gordon Sear Legacy	-	-	-	-	-
Sports	14,966	161,500	428	(141,569)	35,325
History Book	20,599	44,882	-	(181)	65,300
Law Legacies	44,882	(44,882)	-	-	-
65th Anniversary	-	150,000	-	(13,611)	136,389
AAC Website	-	35,000	-	(24,120)	10,880
	<u>11,405,075</u>	<u>-</u>	<u>885,748</u>	<u>(551,725)</u>	<u>11,739,098</u>

	Balance B/fwd 1st April 2020 £	Transfers £	Movement of Resources Incoming Outgoing £ £		Balance 31st March 2021 £
General Purpose Fund	9,104,602	(207,754)	2,656,190	(293,188)	11,259,850
Designated Funds					
AAC Veterans' Ass'n	51,217	-	140	-	51,357
Glider Pilot Regt Ass'n	13,821	-	-	(400)	13,421
Gordon Sear Legacy	23,322	(17,727)	-	(5,595)	-
Sports	6,381	160,000	12,045	(163,460)	14,966
History Book	-	20,599	-	-	20,599
Law Legacies	-	44,882	-	-	44,882
	<u>9,199,343</u>	<u>-</u>	<u>2,668,375</u>	<u>(462,643)</u>	<u>11,405,075</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 the Trustees' Report (page 18).

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 2022

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 previous 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 that year. The remaining balance was transferred to the AAC History Book designated fund with the legacy mentioned in the preface and introduction.

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. As a result, it was decided to transfer the balance on this designated fund to the History Book designated fund.

65th Anniversary

This designated fund was set up to allocate funding to mark the 65th year of the Army Air Corps establishment in September 2022. In order to celebrate that event the Army Air Corps will hold a reunion event at the home of the Army Air Corps in Middle Wallop on 3rd September 2022. Funding will be made available to dispersed Army Air Corps units to support local events. The activity has been titled Eaglefest 65.

Army Air Corps Website

A designated fund was set up during the financial year to create a website and to provide funding for ongoing development and maintenance.

17 Net assets by fund

	Unrestricted Funds	Restricted Funds	Total Funds 2022	Unrestricted Funds	Restricted Funds	Total Funds 2021
Tangible Assets	-	-	-	-	-	-
Investments	11,806,236	-	11,806,236	11,358,720	-	11,358,720
Current Assets / (Liabilities)	(67,138)	302,989	235,851	46,355	303,118	349,473
Net Assets	<u>11,739,098</u>	<u>302,989</u>	<u>12,042,087</u>	<u>11,405,075</u>	<u>303,118</u>	<u>11,708,193</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 31).

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 2022

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

	2022 £	2021 £
Financial assets measured at fair value through profit or loss	11,806,236	11,358,720
Financial assets that are debt instruments measured at amortised cost	311,555	391,663
	<u>12,117,791</u>	<u>11,750,383</u>

Liabilities

Financial liabilities measured at amortised cost	<u>(75,704)</u>	<u>(42,190)</u>
--	-----------------	-----------------

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) £
2022		
Financial assets measured at fair value through profit or loss	218,719	426,890
Financial assets measured at amortised cost	23	-
	<u>218,742</u>	<u>426,890</u>
2021		
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>

24 Post balance sheet events

There have not been any post balance sheet events.