

ARMY FLYING MUSEUM LIMITED

England & Wales · Charity number 297897

Details

Other names	THE MUSEUM OF ARMY FLYING LIMITED
Status	Registered
Legal form	Charitable company
Company number	02109510
Registered	1987-11-20
Register	View on the Charity Commission register

Contact

Address	Army Flying Museum Ltd Middle Wallop Stockbridge Hants SO20 8FB
Phone	01264781086
Email	info@armyflying.com
Website	www.armyflying.com

Activities

Objects: TO ADVANCE THE EDUCATION OF THE PUBLIC PRIMARILY BUT NOT EXCLUSIVELY BY THE PROVISION OF A PUBLIC MUSEUM RECORDING AND EXHIBITING ALL ASPECTS OF FLYING IN THE BRITISH ARMY BOTH PRESENT AND PAST.

Activities: THE OBJECT FOR WHICH THE CHARITY IS ESTABLISHED IS TO ADVANCE THE EDUCATION OF THE PUBLIC PRIMARILY BUT NOT EXCLUSIVELY BY THE PROVISION OF A PUBLIC MUSEUM RECORDING AND EXHIBITING ALL ASPECTS OF FLYING IN THE BRITISH ARMY BOTH PRESENT AND PAST.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Advocacy/advice/information
- **What:** Education/training, Arts/culture/heritage/science, Environment/conservation/heritage, Armed Forces/emergency Service Efficiency
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- Hampshire

Finances

Period end	Income	Expenditure	Assets	Employees
2025-02-28	£1,265,561	£1,221,273	£2,098,526	29
2024-02-29	£979,649	£1,178,390	£2,054,238	31
2023-02-28	£812,465	£1,123,417	£2,252,979	30
2022-02-28	£985,955	£1,204,851	£2,563,931	34
2021-02-28	£747,852	£1,000,585	£2,782,827	35

Trustees

Name	Role	Appointed
Neil David Sexton CB	Chair	2023-01-20
Andrew Richard Bulpitt		2022-07-15
Caroline Mary Hopkins		2017-07-26
Colonel Edward Butterworth		2023-05-05
Colonel Retired Paul Edwards MBE		2019-05-17
David Stephen Short		2022-01-21
James Johnson		2022-01-21
Oliver James Bryan WOI		2026-05-22
PAUL ELI BEAVER		2019-07-26

ARMY FLYING MUSEUM LIMITED

England & Wales - Charity number 297897

Accounts

**Charity number: 297897
Company number: 2109510**

**Army Flying Museum Limited
(A Company limited by guarantee)**

**Trustees' annual report and Consolidated financial statements
For the year ended 28th February 2025**

**Compass Accountants Limited
Chartered Accountants and Statutory Auditors
Venture House
The Tanneries
East Street
Titchfield
Hampshire
PO14 4AR**

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Legal and Administrative Information

Charity number	297897
Company number	2109510
Registered Office	Middle Wallop Stockbridge Hampshire SO20 8FB
Chief Executive	Lucy Johnson
Trustees	Major General (Retd) Neil Sexton CB (Chairman) Colin Sibun (Vice Chairman) Caroline Hopkins (Treasurer) Paul Beaver Colonel Edward Butterworth Paul Edwards James Johnson Colonel Brendan Shaw David Short Rhonda Smith
Company Secretary	Andrew Simkins
Senior Statutory Auditor	Kerry Lawrance FCA
Auditors and Accountants	Compass Accountants Limited Venture House, The Tanneries East Street Titchfield Hampshire PO14 4AR
Bankers	Royal Bank of Scotland Holts Farnborough Branch Lawrie House, Victoria Road Farnborough Hampshire GU14 7NR

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

Chairman's Report

This year has been one of the most significant in the Museum's history. As well as celebrating 40 years of the Army Flying Museum (50 if you include the 10 years the museum collection was based in the cinema on Middle Wallop camp), in May 2024, we became the first UK museum to display an Apache AH Mk.1 (ZJ224) – something that has been one of our core objectives for over a decade. This momentous occasion was made even more special with a visit from His Majesty King Charles III at the launch. ZJ224 is a very special aircraft having been in service in the Army Air Corps for over 20 years and it played an important role in the rescue mission at Jugroom Fort, Afghanistan. It is a fantastic addition to the Museum collection, and we are honoured to preserve it for future generations.

Following the upward trend of 23-24, it has been exciting to see the continued development of the Army Flying Museum this year. Visitor figures are up again this year (22% on the previous year), with a new audience being attracted from the area to the East of the museum including Newbury, Reading and Basingstoke.

We have spent a number of sessions over the last 8 months working with trustees, staff and volunteers to develop our new strategy which is summarised in the four key strategic objectives below:

- 1) A good day out for all the family
- 2) Trusted and accredited custodians
- 3) Leaders in aviation STEM for education
- 4) A great corporate venue

STEM in education is a huge opportunity for us and we are looking at providing experiences for young people of all ages to engage with it as a subject. Our continued partnership with Leonardo Helicopters has allowed us to grow our annual STEM day (aimed at 12-13 year olds) and over 150 attended this year's event. Our relationships with our key corporate partners help to bring value and experience to these opportunities, whilst also inspiring a new generation of engineers.

Another example of this is the introduction of the Discovery Den, an area dedicated to engineering and technology for all ages, at our annual flagship fundraising event, Wallop Wheels and Wings. Now in its fourth year, this event is a firm favourite in the calendar and has sold out every year. This year saw the museum team work with personnel from the Army Aviation Centre and Army Air Corps to enable display flying to take place for the first time. This is an extremely exciting step forward for us and the event was a great success.

A focus for the last few years has been to consolidate the work that was delivered during Project Eagle whilst also trying to recover from the Covid-19 pandemic and I am pleased to report that we are now seeing an upward trend of improved visitor figures, increased spend, better financial reports and an increase in positive feedback from visitors and users alike.

We cannot get complacent though – this is a challenging economic climate and we are seeing museums and cultural institutions struggling and closing across the country. We are lucky to receive some support from the MoD but that is not guaranteed and we are eager to build up some reserves for our financial resilience. This year will see the trustees, staff and volunteers consider our next 5 year plan to ensure that the organisation can continue to grow.

Major General (Retd) Neil Sexton CB
Chairman

Army Flying Museum Limited
Company number: 2109510

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

The Trustees present their report and the financial statements for the year ended 28th February 2025. The Trustees, who are directors of company for the purposes of company law and, who served during the year and up to the date of this report are set out on page 1. The Trustees have had due regard to the guidance issued by the Charity Commission on Public Benefit.

Structure, governance and management

Governing Document

The Museum is governed by its Memorandum and Articles of Association. Trustees are selected by the existing Board from persons having an interest in the story of British Army flying, heritage, conservation and the local community and who have a particular skill or qualification which will add to the combined skills and experience of the Board of Directors. Trustees are recruited to fill gaps in specific skill areas within the Board. The Army Flying Museum Limited ('the Museum') was incorporated as a private company limited by guarantee, and without share capital, in March 1987 when the exhibits of the former AAC Museum were donated to it as a basis for public display. The company is also a registered charity (no. 297897).

Appointment of Trustees

The articles provide for the ex-officio appointment of 3 serving AAC officers as trustees. Remaining Trustees are recruited through advertising or recommendations. All trustees are interviewed for suitability before appointment. Selected trustees are also Directors of the Army Flying Museum Trading Company Limited, the Charity's 100% owned subsidiary. The Trading Company carries out trading activities to generate profits that are Gift Aided to the Museum. The Museum is the ultimate holding company of the Trading Company. While the Museum exercises responsibility as shareholder of the Army Flying Museum Trading Company Limited, the Trading Company board is solely responsible for all trading decisions. Each trustee's liability in the event of liquidation of the trust is limited to £1 in accordance with Memorandum of Association.

Induction and Training

Newly selected trustees are briefed by the Chairman and CEO before taking up their appointment and participate in annual Board Training. Governance arrangements, the subcommittee structure, and the role and conduct of trustees is the subject of a comprehensive paper that is based on Charity Commission, and other guidance and which is available to all trustees and issued to new trustees before taking up their appointment.

The objects for which the Museum is established are to advance the education of the public primarily, but not exclusively, by the provision of a public Museum recording and exhibiting all aspects of flying in the British Army both past and present.

Arrangements For Setting Pay and Remuneration of Key Management Personnel

Rates of pay for newly recruited staff are determined through analysis of the labour market for museum staff and affordability. Across the board annual pay increases are not awarded automatically, but according to affordability and included in the forecast budget which is subject to Board approval before the start of the financial year. Individual staff members can be awarded modest increases by the CEO in recognition of outstanding performance or other exceptional circumstances.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

Public Benefit

Directors consider that they have complied with the duties expressed in Section 2(1)(b) of the Charities Act 2011 to have due regard to public benefit guidance as published by the Charities Commission. The activities undertaken by the museum throughout the year reached a significant audience of all ages. The Museum has provided a service of great public benefit, offering an educational, enjoyable and satisfying experience through its displays, events and internet presence.

Strategic Report

Museum activity over the last 12 months has been focussed on improving the financial operation of the Museum and managing the changes in consumer spending. We have seen another increase in visitor numbers and the number of free admissions has continued to grow too.

Trading activity this year was slightly better than forecast but expenditure costs have increased more than anticipated meaning activities have been less profitable than expected. Significant increases have been seen in corporate hires and public event attendees.

This year has been about consolidating the work carried out over the last five years, really looking at how we operate and how we can improve. So much has changed over the last five years and it has been important to focus on the day to day operations for a period of time.

Objectives and activities

The object for which the Museum was established is:

‘to advance the education of the public primarily but not exclusively by the provision of a public museum recording and exhibiting all aspects of flying in the British Army both present and past’.

In addition to this charitable object, the Army sets objectives for its museums that include:

- Maintain and enhance the Army's connection with society
- Present the country's military heritage and provide an academic research resource
- Contribute to the education of children and adults including educational outreach and support for the National Curriculum
- Educate, train and inspire the current generation of service men and women.

Mission, Vision and Values

Our Mission is:

To preserve, protect and explain the story of British Army flying.

Our Vision is:

To be a sustainable organisation that inspires, educates and preserves its collections for future generations.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

Our Values are:

- **Passionate** – staff and volunteers care deeply and believe in
- **Inspiring** – we want to use the heroic stories of Army aviation to inspire young and old people alike
- **Informative** – we want to deliver information in a variety of ways to allow easy access
- **Business minded** – we want to operate in a professional and financially sound manner
- **Integrity** – we value the work that we do and conduct ourselves with the highest standards
- **Inclusive** – everyone is welcome at the Army Flying Museum

Strategy Management and Strategic Plan

The Museum's Strategic Plan is reviewed and approved by Directors annually in March for the following year and covers a period of 5 years. The strategic aim is to underpin future viability by developing a programme of continuous improvement to the museum's Visitor Offer. This aim is delivered through a number of balanced strategic aims, operational and development objectives contained within the Plan.

Now that operations are more stable, the Board of Directors are currently looking to develop the next 10 year plan for the Museum to ensure we keep looking forward.

Significant Activities Undertaken

Project Eagle – the Development of the Museum.

Phase 1 (the building of the Army Flying Memorial) was completed in September 2017.

Phase 2 (the modernisation of the Museum) was completed in April 2019 and the Activity Plan was completed in December 2021.

Phase 3 (the future expansion of the Museum) is being considered by the Board of Trustees in their strategic review for 2024-2030.

Beyond Project Eagle

Phase 2 of Project Eagle concluded in December 2021. Following this investment, the Museum has made significant progress in non-project related activities over the last 12 months. In particular:

Media – our social media presence continues to grow and is summarised below:

MEDIA	As at 28/02/2025	As at 29/02/2024	As at 28/02/2023	% Change over year
Twitter Followers	5,946	5,735	5,259	4%
Facebook Followers	20,397	13,673	11,111	49%
Instagram	6,370	5,281	3,576	21%
LinkedIn	746	495	321	51%
Mailing List	20,972	19,088	18,895	10%

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

Curatorial

Temporary Exhibitions:

- 'The Road to Ypres: The War Photography of Olive Edis'. On loan from Norfolk Museums Service (10/12/2023 – 30/06/2024).
- 'Apache AH Mk.1 ZJ224 at the Army Flying Museum'. (August 2024 – May 2025)

Permanent Exhibitions:

- Relocation of A109A
- Installation of Apache AH Mk.1

Interpretation:

- Update of Leonardo STEM trail to include the Apache AH MK.1
- Social media posts on objects in the collection and significant dates
- Object handling session in Museum

Enquiries: 67 received

Collections Management:

- Suspended aircraft checks completed
- Second line installed on Rotachute
- Firearms Licence renewed
- Application for surrender of Environment Agency permit completed

Collections documentation:

- Completion of gifting paperwork for Apache AH Mk.1
- 11 Donations (47 artefacts) accessioned
- Research and renewal of loans, including condition reports
- Maintenance of collections inventories: Aircraft, Flags, Flying Clothing, Medals, Models, Personal Equipment, Artwork, Uniforms, Vehicles, and Weapons.
- Creation of object digital record folders
- Improvements in location records

Volunteers:

- Creation and maintenance of Practical Jobs List with Job Request Forms
- Embley Cadets:
 - Gardening
 - Aircraft cleaning
 - Preparing craft materials for Education
- Engineers:
 - Exhibition maintenance
 - Building maintenance
 - Installation of fire extinguishers
 - Pedal plane repairs
 - Radiation checks

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

- Aircraft condition reports
- Creation of model play table
- Creation of Lego play table
- Creation of photograph stands
- Maintenance of simulators

Training: Emergency Planning Training (National Army Museum)

Archives

Enquiries and donations:

- Total enquiries: 269
- Research visits: 17
- Accepted donations: 31
- New archive services price structure in place.

Marketing:

- Blog posts: 1 – Operation MARKET GARDEN: 80 years on
- Hawkeye articles: 3 – Balloon Sections, D-Day 80 & Op VARSITY
- Regular social media posts written about items in the Archive & for anniversaries and national days.
- Collections pages on the website updated.

Other tasks:

- Continued cataloguing of donation backlog up to 2014.
- Retrospective cataloguing of the book/library collection.
- Several oral history recordings completed
- Retrospective cataloguing and rehousing of logbook collection.
- Research conducted into a potential new Collections Management System.
- Joint project with Hampshire Archives Trust and FAST underway to make important RFC collection available online.
- Work undertaken to get the climate control unit in the archive storeroom working again.
- Documentation Officer attended NAM Curator's Course; part funded by a grant from AIM.

Volunteers continued working in the archive:

- AOP personnel database completed and AAC database begun.
- Cataloguing the album collections ongoing.
- Cataloguing framed and print material completed.
- Cataloguing ex-display material completed.
- Cataloguing Air Publications ongoing.
- Cataloguing the large negative collection completed.
- Identifying negatives and maps in boxes.
- Surveying video collection ongoing.
- Scanning and cataloguing negatives ongoing.
- Transcribing oral history recordings.
- Writing up AAC Squadron histories ongoing.

Education and Learning

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In terms of Education we still have room for growth, and we have seen numbers stay static for the last couple of years. However, we have introduced Home School Days which have been well attended too.

- 24 schools came on trips to the Museum – 898 pupils

School Holiday Family Activities

Our school holiday activities have become a focal point for local families with many returning each holiday with their annual pass. We have developed these beyond the popular daily craft sessions to include visiting activity providers (for example, a petting farm at Easter and reptiles for our camouflage theme) as well as other activities provided by the staff team like the dressing up, object handling and model making. The programme is developed in conjunction with the curatorial and marketing teams.

- Easter Holidays 2024: 745 participants
- May Half Term 2024: 255 participants
- Summer Holidays 2024: 1,095 participants
- October Half Term 2024: 397 participants
- Christmas Holidays 2024/25: 290 participants
- February Half Term 2025: 505 participants

Outreach

Outreach has been firmly embedded in the museum operations now, with a range of staff and volunteers working to deliver the different activities.

The following Outreach events took place:

Young Eagles Youth Group sessions (in partnership with the Army Welfare Service):

- No of Young Eagles sessions: 10 sessions
- No of Young Eagles participants: 198 participants

Pre-School Pilots (sessions for under-5s and their parent/carer)

- No of Pre-School Pilot sessions: 10 sessions
- No of Pre-School Pilot participants: 300 participants

Scout/Guide groups etc and the number of participants

- Museum visits by Youth Groups: 179 participants

Pop Up Museum events:

- No of events attended: 4 events
- No of participants: 500 participants (estimated)

Fundraising

Fundraising is a key part of the Museum's operations. To keep the cost of fundraising down, the CEO provides the staff lead and has the support of a part time Development Manager. She reports to the Development Committee that provides guidance and support. The Committee comprises of Trustee, Staff and Volunteer representation. The Museum is registered with the Fundraising Regulator and the team abide by the Fundraising Code. The Museum's fundraising promise is linked to the website <https://www.armyflying.com/project-eagle/fundraising/>. Fundraising activities have concentrated on

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

applications to grant making trusts, developing business relationships and major fundraising events. The Museum did not receive any complaints in the period.

Fundraising Events

Fundraising continues in earnest with an aim of generating £40k surplus every year. We have refreshed the Development Committee and are focussed on building new business relationships, increasing the Corporate Partnerships scheme and putting on public events to help raise funds whilst also increasing awareness of the Museum.

The Museum's flagship fundraising event, Wallop Wheels & Wings, took place on Saturday 13 July 2024 with an increased capacity of 5,000 and the event sold out for the fourth year running. We have built strong relationships with Salisbury, Wilton and Andover Rotary, Hampshire Search & Rescue, and numerous Combined Cadet Force groups now and are extremely grateful for their support and the support we receive from the Army Air Corps and Army Aviation Centre in order to deliver this event.

This year, for the second year, we chose to bring the management of the event in-house with the Museum's Marketing & Commercial Operations Manager taking the role of Event Manager (rather than bringing in a freelance Event Manager). This worked exceptionally well in terms of the Museum's ownership of the event and also greatly improved the profitability of the event.

The Museum Lecture Programme

The Museum has always had a popular lecture programme but in response to the Covid-19 pandemic we developed the Lockdown Lectures which were broadcast online with a live Q&A. These launched in April 2020 and quickly grew in popularity, and a grant from the Heritage Fund Emergency Fund in late 2020 allowed us to purchase our own live-stream equipment.

Now, we live stream all our lectures as well as having a live audience in the Museum, and we offer them to view on catch up too. We have also donated passes to watch our online lecture 'box-sets' to local care homes for their residents.

Name of Lecture	Date	Name of Presenter
Best Fighter Debate	15 April 25	Paul Beaver
SOFO Pegasus Bridge	23 May 25	Richard Folkes
Operation Overlord	03 June 25	Chris Cox
Secrets of D-Day	10 June 25	Paul Beaver
Airbourne Operations	02 Aug 25	James Daly
Operation Market Garden	16 Sept 25	Derek Armitage
In Search of the Band of Brothers	19 Sept 25	Richard Osgood
Reflections on Battle of Britain	16 Oct 25	Black Robertson
Silent Wings: GPR Tour	09 Nov 24	Ham & Jam
Op Freshman	18 Nov 24	Dr Bruce Tocher
The Berlin Airlift	16 Jan 25	Derek Armitage
Pegasus Bridge	27 Jan 25	Neil Barber
Knitted Comforts and Services	13 Feb 25	Joyce Mercer
Westland Lecture	24 Feb 25	In partnership with Leonardo

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

Volunteers

Volunteering is a vital part of the Museum operations. The volunteer teams are Engineering, Archive, Education and Tour Guides and we have around 40 active volunteers now. The roles our volunteers perform are invaluable to the running of the Museum and they often get involved in the wider activities too (like Wallop Wheels & Wings).

Achievements and performance

Financial Review

The Museum, Café and Shop were open throughout the reporting period.

YTD	VISITOR NOS	TICKET INCOME	CAFÉ INCOME	SHOP INCOME
28 FEB 2025	46,829	£304,376	£195,287	£85,723
29 FEB 2024	44,033	£293,680	£182,170	£78,664
28 FEB 2023	38,596	£238,536	£161,430	£66,531
28 FEB 2022*	35,396	£195,357	£119,673	£57,584
28 FEB 2021**	14,388	£95,093	£46,538	£31,066
29 FEB 2020***	36,282	£257,320	£188,984	£67,692
28 FEB 2019****	23,568	£147,087	£142,183	£58,443
28 FEB 2018	30,354	£189,758	£146,681	£75,732

* NB. The Museum was closed due to Covid 19 from 01 Mar-16 May 2022

** NB. The Museum was closed due to Covid 19 apart from 13 Jul-04 Nov 20 and 04 Dec-23 Dec 20

*** NB. The Museum was closed in March 2019 for refurbishment

**** NB. The Museum was closed from Nov 18 – Feb 19 for refurbishment

Subsidiary Undertaking

The Army Flying Museum Trading Company Limited is the 100% subsidiary of the Army Flying Museum Limited. The subsidiary operated the trading activities of the museum and covenants its profits to the Museum on an annual basis.

Principal funding streams

The principal funding streams into the Museum are threefold, as detailed below. All funding has been used in the appropriate manner to support the management objectives for the period.

Income generation from trading and admission activity including gift aid

This income is directed towards the management of the Museum and the improvements required to develop the business. This year has seen an improvement in shop profits and following a change in management in the Café in December, provision and profits are starting to improve.

MOD support

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

The MOD provides support in 2 ways:

- Grant in aid. This totalled £67,931.26 for the year.
- Internal Business Agreement. This covers support such as the provision of utilities and some maintenance and which the MOD value at £71,571 for the year.

We also received an additional grant from the AAC Charity of £20,000 to support the employment of a Collections and Archive Assistant, and we benefit from support from the AAC with the delivery of Wallop Wheels & Wings.

Grants and donations

Unless specified by the donor, grants and donations to the Museum are allocated to unrestricted funds.

Ticket Pricing

A planned price increase was implemented on 01 March 2025 to both the online and on-the-door tickets (following the successful introduction of this system in November 2023). This helps to streamline the visitor experience and to also ease the collection of customer data. All full price tickets still provide an annual pass and we encourage visitors to agree to Gift Aid if they are able.

TICKET	NEW ONLINE PRICE	ONLINE PRICE	NEW ON THE DOOR PRICE	ON THE DOOR PRICE
Adult	£18.00	<i>£17.00</i>	£21.00	<i>£20.00</i>
Child	£10.50	<i>£10.00</i>	£13.00	<i>£13.00</i>
Concession	£15.00	<i>£14.00</i>	£18.00	<i>£17.00</i>
Universal Credit / Pension Credit holder	£15.00	<i>N/A</i>	£18.00	<i>N/A</i>
Family (1a+2c)	£34.00	<i>£34.00</i>	£40.00	<i>£40.00</i>
Family (2a+2c)	£50.00	<i>£48.00</i>	£60.00	<i>£60.00</i>
Under 4s	Free	<i>Free</i>	Free	<i>Free</i>

Free Entry

The Museum offers free entry to:

- AAC members (plus their accompanying Spouse/Children)
- Army Air Cadets (when booked through the Army Air Corps)
- Serving British or Commonwealth Military personnel on production of a MOD90 or equivalent ID Card
- Any UK Veteran with a valid Veterans' Membership Card
- Carers who are accompanying people with disabilities
- Children under 4

Reserves Policy

The results for the period, and the company's financial position at the end of the year, are shown in the attached accounts. The agreements with the MOD continued to work well and are of enormous benefit to the Museum. However, MOD budget constraints continue to adversely affect the maintenance support for Phase 1 of the museum building (which is an MOD maintenance responsibility). This has resulted in Museum staff taking on some maintenance tasks and additional expense falling to the Museum.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

The Museum maintains a level of free reserves as mitigation against the operational risks listed in the risk register. Restricted reserves are used in accordance with their specified restrictions. Free (i.e. non-committed) reserves are calculated on the basis of the excess of unrestricted funds over fixed assets. The minimum level of the unrestricted reserve is determined by the requirement to provide some financial mitigation of risks listed in the risk register. The most significant of these in financial terms is the risk of income falling to a level that prejudices the Museum's viability. Due to the increased cost of living and rising overheads, the Trustees reviewed the policy last year regarding free reserves and agreed to increase the requirement to £200,000.

At 28 February 2025 the level of the Museum's free reserves amounted to £317,022 (2024: £201,159).

Investment Policy

The Museum's investment policy is to hold its liquid assets in its bank accounts. However, it has been agreed to move £100,000 into a separate COIF account to hopefully move towards starting an Investment Portfolio. Project Eagle reserves have largely been expended no significant sums are held in interest bearing accounts.

Plans for future periods

Directors have worked with the staff team to review the strategic plan for the Museum over the coming year to determine the priorities for delivering the Museum's vision in the next 5 years.

Review

The strategic plan has identified 4 key objectives for the next 5 years:

- 1) A good day out for all the family
- 2) Trusted and accredited custodians
- 3) Leaders in aviation STEM for education
- 4) A great corporate venue

Assumptions

The strategic plan is based on the following assumptions:

- **MOD Support.** MoD support including the grant in aid received via AMOT will continue at current levels until at least 2027 but may well reduce thereafter. Maintenance support will continue at current patchy levels.
- **Airfield.** Army flying operations will continue for the foreseeable future.
- **Economy.** The UK economy will continue to grow very slowly, base interest rates will increase significantly, labour may be in short supply and all costs are likely to grow.

Key Strategies

The following strategies will be pursued by the Museum:

- Maintain and develop an effective board of trustees/directors.
- Nurture the close relationship with the Army Air Corps.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

- Seek to increase museum visitor footfall up to 55,000 annually by 2027.
- Invest in Corporate and Membership schemes, aiming for 5% growth annually.
- Build on our outreach programme, seeking to double our coverage by 2027.
- Develop our fundraising activities to generate £70K annually by 2027.
- Market the Museum primarily through digital activities and social media and developing a plan to improve our PR profile regionally.
- Invest more in training our staff.

Operational Objectives

Our Key Operational Objectives are:

- Develop Wallop Wheels & Wings to deliver a £40K annual surplus.
- Maintain a routine events programme to generate £20K annually.
- Sustain the Lecture Series to generate £20K annually.
- Operate the Shop to generate £10K surplus annually.
- Operate the Café to generate £20K surplus annually.

Development Objectives

Our key development objectives are to:

- Assess the financial implications of reductions in MOD support.
- Resource and deliver a restroom refurbishment project 25-27.
- Build on the visitor feedback collected to date and ensure that evaluation is embedded in all activities.
- Seek to extend and diversify our audience.
- Consider how to better reflect Army unmanned aerial platforms.
- Increase collaboration with other regional museums.

Risks

A number of high-level risks have been identified that affect the Museum

STRATEGIC RISK	RESPONSE
Income Generation The Museum has, in the past, relied on income from events supported by the Ministry of Defence to generate a surplus. These events are no longer available and so additional income needs to be generated through footfall, trading and fundraising. In addition, Ministry of Defence funding and material support is likely to decrease over time, putting further pressure on the Museum budget.	Work over the last 5 years has substantially increased footfall and trading. Fundraising is now embedded in the organisation and a component of core funding.
Covid-19 The impact of any future peaks and subsequent lockdowns will have a significant impact on the reserves.	All opportunities for fundraising and income generation must be actioned when possible.
Loss of Reputation Adverse comment and poor reputation affect business performance.	Legal compliance and a culture of customer service and value for money.
Maintenance liability.	Significant Improvements in the material

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2025

Pressure on Ministry of Defence funding has reduced maintenance support putting additional pressure on museum funding	state of the Museum through Project Eagle plus a system of planned maintenance.
HR Risk Errors in HR management can lead to discontent, stress, loss of productivity and in extreme cases, tribunals and fines.	HR advice has been outsourced to Peninsula business services.
Health and Safety Inadvertent noncompliance with Health and Safety legislation leading to a fine.	Health and Safety advice has been outsourced.
Fraud	Implementation of Proper procedures.
Staff loading/Incapacity	Careful monitoring.

Auditors

The accounts have been audited by Compass Accountants Limited. A resolution to reappoint the auditor will be put to the members at the Annual General Meeting.

So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Major General Neil Sexton CB
On behalf of the Board

Date:

Statement of trustees' responsibilities for the year ended 28th February 2025

The Trustees (who are also directors of the Army Flying Museum Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
 - prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Major General Neil Sexton CB
On behalf of the Board

Date:

Independent Auditor's Report to the Members and Trustees of the Army Flying Museum Limited

Opinion

We have audited the financial statements of the Army Flying Museum Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 28th February 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 28th February 2025, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates through discussions with management, sector research, and the application of relevant audit knowledge and experience
- We made enquiries of management around actual and potential litigation and claims
- We made enquiries of management and relevant staff, and designed our audit procedures, including reviewing financial statement disclosures and testing of supporting documentation, to assess compliance with applicable laws and regulations. We focussed on laws and regulations which could give rise to material misstatement in the financial statements including, but not limited to, the Companies Act 2006, the Charities Act 2011, the Charities SORP, and the Financial Reporting Standard 102.
- We identified the risk of material misstatement of the financial statements due to fraud and designed audit procedures to respond to the risk. We performed audit procedures designed to address the risk of fraud arising from management override of controls, including, but not limited to, testing of journal entries and other adjustments, reviewing accounting estimates for evidence of bias, and evaluating the business rationale of significant transactions outside the normal course of business

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company'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 charitable company's members and its 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Army Flying Museum Limited
Company number: 2109510

Kerry Lawrance FCA
Senior Statutory Auditor
For and on behalf of Compass Accountants, Statutory Auditor

Venture House, The Tanneries
East Street, Titchfield
Hampshire
PO14 4AR

Date:

Consolidated Statement of financial activities (incorporating the income and expenditure account)

For the year ended 28th February 2025

	Notes	Unrestricted funds £	Restricted funds £	2025 Total £	Unrestricted funds £	Restricted funds £	2024 Total £
Income from:							
Donations and legacies							
Grant in aid	4	-	67,931	67,931	-	65,056	65,056
Services donated by the Ministry of Defence (MoD)	4	-	71,571	71,571	-	71,571	71,571
Donations and grants	4	226,450	27,050	253,500	9,391	23,080	32,471
Charitable activities (incl admissions)	5	582,608	-	582,608	533,401	-	533,401
Other trading activities							
Trading company	3	283,600	-	283,600	265,551	-	265,551
Investments	6	3,755	2,043	5,798	2,471	2,359	4,830
Other	7	553	-	553	6,769	-	6,769
Total income		<u>1,096,966</u>	<u>168,595</u>	<u>1,265,561</u>	<u>817,583</u>	<u>162,066</u>	<u>979,649</u>
Expenditure on:							
Fundraising and publicity	8	78,072	-	78,072	58,025	-	58,025
Trading company	8	258,960	-	258,960	256,956	-	256,956
Charitable activities	9	497,851	386,390	884,241	473,310	390,099	863,409
Total expenditure		<u>834,883</u>	<u>386,390</u>	<u>1,221,273</u>	<u>788,291</u>	<u>390,099</u>	<u>1,178,390</u>
Net income/(expenditure)		262,083	(217,795)	44,288	29,292	(228,033)	(198,741)
Transfers between funds		<u>60,000</u>	<u>(60,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		322,083	(277,795)	44,288	29,292	(228,033)	(198,741)
Reconciliation of funds:							
Total funds brought forward		<u>1,290,023</u>	<u>764,215</u>	<u>2,054,238</u>	<u>1,260,731</u>	<u>992,248</u>	<u>2,252,979</u>
Total funds carried forward		<u><u>1,612,106</u></u>	<u><u>486,420</u></u>	<u><u>2,098,526</u></u>	<u><u>1,290,023</u></u>	<u><u>764,215</u></u>	<u><u>2,054,238</u></u>

All recognised gains and losses are included in the statement of financial activities. All transactions are derived from continuing activities.

The depreciation costs of the capital expenditure on Project Eagle will reduce the balance of restricted reserves over the life of the lease and will result in deficits after depreciation being recognised in future years.

The notes on pages 22 to 34 form an integral part of these financial statements.

**Consolidated Balance Sheet
as at 28th February 2025**

	Notes	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Fixed assets					
Tangible assets	13	1,486,109	1,647,627	1,484,458	1,646,855
Heritage assets	14	210,000	10,000	210,000	10,000
Investments	15	-	-	100	100
		<u>1,696,109</u>	<u>1,657,627</u>	<u>1,694,558</u>	<u>1,656,955</u>
Current assets					
Stocks		14,656	13,591	-	-
Debtors	16	40,144	27,765	58,084	42,896
Cash at bank and in hand		429,424	407,182	403,038	382,982
		<u>484,224</u>	<u>448,538</u>	<u>461,122</u>	<u>425,878</u>
Creditors: amounts falling due within one year	17	<u>(81,807)</u>	<u>(51,927)</u>	<u>(97,588)</u>	<u>(63,425)</u>
Net current assets		<u>402,417</u>	<u>396,611</u>	<u>363,534</u>	<u>362,453</u>
Net assets		<u>2,098,526</u>	<u>2,054,238</u>	<u>2,058,092</u>	<u>2,019,408</u>
Funds					
Unrestricted funds	18	1,286,015	914,411	1,286,015	914,411
Restricted funds	19	486,420	764,215	486,420	764,215
Revaluation reserve		285,657	340,782	285,657	340,782
Non Charitable Trading funds		40,434	34,830	-	-
Total funds		<u>2,098,526</u>	<u>2,054,238</u>	<u>2,058,092</u>	<u>2,019,408</u>

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

The financial statements were approved and authorised for issue by the Board and signed on its behalf by

Major General Neil Sexton CB
Chairman

Caroline Hopkins
Treasurer

Date:

Date:

The notes on pages 22 to 34 form an integral part of these financial statements.

Cash flow statement

for the year ended 28th February 2025

	Group 2025	Group 2024
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	103,568	42,018
Cash flows from investing activities:		
Interest income	5,798	4,830
Purchase of fixed assets	(87,124)	(1,684)
Net cash provided by (used in) investing activities	(81,326)	3,146
Increase/(decrease) in cash and cash equivalents in the year	22,242	45,164
Cash and cash equivalents at 1 March 2024	407,182	362,018
Cash and cash equivalents at 28 February 2025	429,424	407,182
Net income/expenditure for the reporting period	44,288	(198,741)
Depreciation and impairment	248,642	251,912
Donated heritage assets	(200,000)	-
Income from investments	(5,798)	(4,830)
Decrease/(Increase) in stocks	(1,065)	(537)
Decrease/(Increase) in debtors	(12,379)	(16,786)
Increase/(Decrease) in creditors	29,880	11,000
Net cash provided by (used in) operating activities	103,568	42,018

Notes to financial statements
for the year ended 28th February 2025

1. Accounting policies

1.1. Charity information

The Army Flying Museum Limited is a private company limited by guarantee and incorporated in England and Wales. The registered office is the Army Flying Museum, Army Aviation Centre, Middle Wallop, Stockbridge, Hampshire, SO20 8DY.

The Army Flying Museum Limited meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The consolidated financial statements incorporate the results of the Army Flying Museum Limited and of its subsidiary, Army Flying Museum Trading Company. The Consolidated Statement of Financial Activities includes the results of the trading subsidiary as single line items. The consolidated Balance Sheet includes the net assets of the trading subsidiary on a line by line basis.

A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

1.3. Incoming resources

All incoming resources are included in the SOFA when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following policies are applied to particular categories of income:

Income from trading activities represents monies received (exclusive of Value Added Tax) from shop and restaurant sales during the year.

All donations are accounted for on a receivable basis. Separate reserves are maintained for restricted funds in accordance with the Charities Act 2011.

Grants receivable are accounted for when received and are included under the heading of donations.

Services donated by the Ministry of Defence is the value of the services of staff and facilities paid directly by the Ministry of Defence. These have been included on a cost basis in the accounts.

Grant in aid is a donation from the Ministry of Defence towards employment costs. Investment income is recognised on a receivable basis.

1.4. Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the cost of Trustee meetings and the cost of any legal advice to Trustees on governance or constitutional matters.

Notes to financial statements
for the year ended 28th February 2025

1.5. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

1.6. Basis of allocation

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Army Flying Museum as a visitor attraction.

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

1.7. Irrecoverable VAT

Irrecoverable VAT has been included as a cost of charitable activities.

1.8. Fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost.

1.9. Heritage assets

The Army Flying Museum holds in trust artefacts comprising its collection. The collections have not been included in the financial statements due to their historic and inalienable nature and due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1st April 2000 have not been capitalised and included in the accounts but with effect from 1st April 2000, additions to the collection with a cost in excess of £5,000, have been capitalised. These assets are not revalued or depreciated.

Heritage assets donated to the Museum with a value in excess of £5,000 are included in the accounts on the basis of internal valuations.

The Collection

The main museum collection comprises aircraft, vehicles, equipment, uniforms, medals, weapons, artwork and ephemera. It also includes an archive of documents, books, photographs, photographic negatives, albums, slides and film. The collection, which numbers many hundreds of thousands of items, contains material which has a unique provenance relating to British Army Flying. Information regarding cost of value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant, and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

Policy for the acquisition, preservation, management and disposal of heritage assets

Acquisition and disposal of items in the collection is governed by its Collections Development Policy (2016) which is based on an approved template provided by Arts Council England. It takes into account the Museum Association Code of Ethics.

Documenting. The Museum's approach to documenting the collection is stated in its Collections Documentation Policy (2016) and is formalised in a forward plan of work. It operates a system which meets Spectrum basic standards including entry, exit and transfer of title forms; accession records and inventories.

Conservation. The Museum's approach to conserving the collection is stated in its Collections Care and Conservation Policy (2016) and is formalised in a plan of work forward. Work in this area is undertaken by staff, volunteers under the supervision of staff or specialist contractors.

Notes to financial statements
for the year ended 28th February 2025

Access. The Museum's approach to providing access to collections is stated in its Access Policy (2016). The collections, and the information held therein, is made available through permanent and temporary exhibitions, website features, loans to other organisations and an enquiries service. Members of the public can also access material by appointment. Access is only limited where legislation requires it.

Memorial Wall

The Museum commissioned and built a memorial wall, completed in 2017, to commemorate those that have lost their lives in the service of British Army Flying however this is not considered to be a heritage asset as defined by FRS 102.

1.10. Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over the expected useful economic life as follows:

Museum displays & equipment - 13% & 25% Straight line basis

Leasehold property - Over the life of the lease

Leasehold improvements - 10 or 25 years

Shop & kitchen equipment - 20% Straight line basis

1.11. Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

1.12. Financial Instruments

The Museum has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Museum's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade debtors, trade creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the Museum is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

Term deposits of less than one year are classified as investments within current assets.

1.13. Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

1.14. Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

Notes to financial statements
for the year ended 28th February 2025

1.15. Fund accounting policy

Unrestricted income funds are generally funds that are available for use at the Trustees discretion in furtherance of the objectives of the charity.

Restricted 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.

Further details of each fund are disclosed in note 19.

1.16. Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.17. Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.18. Termination benefits

The Museum recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

2. Pension costs

The company operates a defined contribution pension scheme. The pension cost for the period represents contributions payable by the charity to the scheme and amounted to £9,099 (2024: £8,102).

Contributions totalling £684 (2024: £660) were payable to the scheme at the end of the period and are included in creditors.

Notes to financial statements
for the year ended 28th February 2025

3. Income and expenses from trading activities of subsidiaries

The charity has a wholly owned trading subsidiary which is incorporated in the United Kingdom, Army Flying Museum Trading Company Limited.

Profit and Loss Account	2025	2024
	£	£
Turnover	283,152	265,125
Cost of sales	(113,056)	(107,853)
Gross Profit	170,096	157,272
Interest income	448	426
Overheads	(145,904)	(149,103)
Net profit/(loss) before tax	24,640	8,595
Amount gifted to The Army Flying Museum	(19,036)	(15,554)
Profit/(loss) for year before taxation	5,604	(6,959)
Taxation	-	-
Retained profit/(loss) for the period	5,604	(6,959)
Retained profit brought forward	34,830	41,789
Retained profit carried forward	40,434	34,830
Called up Ordinary Share Capital	100	100
Capital and reserves	40,534	34,930

4. Grants and Donations

During the year the following grants and donations were received:

	Unrestricted funds £	Restricted funds £	2025 Total £	2024 Total £
Grant in Aid	-	67,931	67,931	65,056
Services provided by Ministry of Defence	-	71,571	71,571	71,571
	<u>-</u>	<u>139,502</u>	<u>139,502</u>	<u>136,627</u>
Other grants and donations:				
General donations	6,450	27,050	33,500	32,471
Donated heritage asset – Apache	200,000	-	200,000	-
Donated heritage asset – 2 x Cockpit Trainers	20,000	-	20,000	-
Above assets donated by the Ministry of Defence	<u>226,450</u>	<u>27,050</u>	<u>253,500</u>	<u>32,471</u>

In 2024 £159,707 were restricted funds with £9,391 being unrestricted funds.

**Notes to financial statements
for the year ended 28th February 2025**

5. Charitable activities

	Unrestricted	Restricted		
	funds	funds	2025	2024
	£	£	£	£
Museum Admissions	318,276	-	318,276	307,007
Gift aid tax claimed	66,664	-	66,664	59,105
Hire of museum facilities	28,298	-	28,298	34,107
Special events	136,588	-	136,588	112,221
Sponsorship	32,782	-	32,782	20,961
	582,608	-	582,608	533,401

All the income for 2024 were unrestricted funds

6. Investment income

	Unrestricted	Restricted		
	funds	funds	2025	2024
	£	£	£	£
Dividends and interest	3,755	2,043	5,798	4,830

In 2024 £2,359 were restricted funds with £2,471 being unrestricted funds

7. Other incoming resources

	Unrestricted	Restricted		
	funds	funds	2025	2024
	£	£	£	£
Museum & Galleries Exhibition Tax Relief (MGETR)	553	-	553	-
Insurance claim	-	-	-	6,769

553	-	553	6,769

All the income for 2024 were unrestricted funds

8. Cost of generating funds

	Unrestricted	Restricted		
	funds	funds	2025	2024
	£	£	£	£
Shop and restaurant expenses	258,960	-	258,960	256,956
Event Expenditure	78,072	-	78,072	58,025
	337,032	-	337,032	314,981

All the expenditure for 2024 were unrestricted funds

**Notes to financial statements
for the year ended 28th February 2025**

9. Costs of charitable activities

	Unrestricted funds	Restricted funds	2025	2024
	£	£	£	£
Staff costs	307,136	87,931	395,067	380,094
Costs paid by Ministry of Defence	-	71,571	71,571	71,571
Staff training	898	-	898	2,180
Outreach costs	1,497	-	1,497	1,403
Repairs and maintenance	26,940	-	26,940	44,919
Computer expenses	18,609	-	18,609	15,328
Hire of plant and machinery	10,311	-	10,311	10,529
Travel and subsistence	1,803	-	1,803	1,732
Unattributable VAT	18,418	-	18,418	11,672
Professional fees	9,772	-	9,772	12,750
Depreciation	23,633	224,512	248,145	238,073
Loss on disposal of assets	-	-	-	1,118
Office costs	14,183	2,376	16,559	16,293
Advertising & promotion costs	16,848	-	16,848	14,633
Bad debt expense	-	-	-	25
Governance and support costs	47,803	-	47,803	41,089
	<u>497,851</u>	<u>386,390</u>	<u>884,241</u>	<u>863,409</u>

In 2024 £390,099 were restricted funds with £473,310 being unrestricted funds

10. Governance and support costs

	Governance costs	2025	2024
	£	£	£
Governance costs			
Staff costs	37,235	37,235	30,543
Auditors remuneration	3,975	3,975	3,600
Costs of Trustees meetings	943	943	776
Support costs			
Bank charges and interest	5,650	5,650	6,170
	<u>47,803</u>	<u>47,803</u>	<u>41,089</u>

11. Auditors' remuneration

	2025	2024
	£	£
Auditors' remuneration - audit of the financial statements	3,975	3,600
Auditors' remuneration - other fees:		
- Preparation of statutory accounts and payroll	5,345	4,870
- Taxation services	295	265
- Consultancy and advice regarding VAT and other charity matters, including MGETR	1,554	1,638
	<u>7,194</u>	<u>6,773</u>

**Notes to financial statements
for the year ended 28th February 2025**

12. Employees

	2025 £	2024 £
Employee costs		
Wages and salaries	510,269	486,372
Social security costs	32,670	27,987
Pension costs	9,099	8,102
	<u>552,038</u>	<u>522,461</u>

Including the Chief Executive Officer, the average number of employees, analysed by function, was:

	2025	2024
Management staff	11	11
Museum staff	18	20
	<u>29</u>	<u>31</u>

No employees received termination benefits in the year (2024: Nil).

No trustees received remuneration during the period, no trustees were reimbursed for expenses (2024: Nil).

No employees received remuneration of more than £60,000 during the year (2024: Nil).

Key management personnel

Employee benefits received by key management personnel total £50,701 (2024: £47,018) which included employers' national insurance contributions.

13. Tangible fixed assets

Group	Leasehold Property & Improvement £	Shop & Kitchen Equipment £	Museum Displays & Equipment £	Heritage Assets £	Total £
Cost					
At 1 March 2024	1,471,644	129,150	1,818,338	10,000	3,429,132
Additions	-	1,376	85,748	200,000	287,124
Disposals	-	-	-	-	-
At 28 February 2025	<u>1,471,644</u>	<u>130,526</u>	<u>1,904,086</u>	<u>210,000</u>	<u>3,716,256</u>
Depreciation					
At 1 March 2024	429,277	128,378	1,213,850	-	1,771,505
Charge for the year	16,734	497	231,411	-	248,642
Eliminated on disposal	-	-	-	-	-
At 28 February 2025	<u>446,011</u>	<u>128,875</u>	<u>1,445,261</u>	<u>-</u>	<u>2,020,147</u>
Net book values					
At 28 February 2025	<u>1,025,633</u>	<u>1,651</u>	<u>458,825</u>	<u>210,000</u>	<u>1,696,109</u>
At 29 February 2024	<u>1,042,367</u>	<u>772</u>	<u>604,488</u>	<u>10,000</u>	<u>1,657,627</u>

**Notes to financial statements
for the year ended 28th February 2025**

Charity	Leasehold Property & Improvement	Museum Displays & Equipment	Heritage Assets	Total
	£	£	£	£
Cost				
At 1 March 2024	1,471,644	1,818,338	10,000	3,299,982
Additions	-	85,748	200,000	285,748
Disposals	-	-	-	-
At 28 February 2025	1,471,644	1,904,086	210,000	3,587,730
Depreciation				
At 1 March 2024	429,277	1,213,850	-	1,643,127
Charge for the year	16,734	231,411	-	248,145
Eliminated on disposal	-	-	-	-
At 28 February 2025	446,011	1,445,261	-	1,891,272
Net book values				
At 28 February 2025	1,025,633	458,825	210,000	1,694,458
At 29 February 2024	1,042,367	604,488	10,000	1,656,855

Revaluation of fixed assets

The leasehold property was restated at open market value at 31st March 1993 and subsequently reduced by depreciation on that value.

14. Heritage assets

					Total £
Cost					
At 1 March 2024					10,000
Additions					200,000
At 28 February 2025					210,000
Five year summary	2025	2024	2023	2022	2021
	£	£	£	£	£
<u>Additions</u>					
Purchases	-	-	-	-	-
Donations	200,000	-	-	-	-
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15. Fixed asset investments

		Charity Unlisted £	Charity Total £
Cost			
At 1 March 2024 and 28 February 2025		100	100
		<u>100</u>	<u>100</u>

Unlisted investments represents 100% of the issued share capital of Army Flying Museum Trading Company Limited.

Notes to financial statements for the year ended 28th February 2025

15.1. Investments held

The company holds 20% or more of the share capital of the following companies:

Company	Nature of business	Shares held class	% of shares held
Army Flying Museum Trading Company Limited	Commercial activities of the parent company	Ordinary	100%

16. Debtors: amounts due within 1 year

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Trade debtors	6,855	9,976	6,855	9,976
Other debtors	26,501	6,019	26,501	5,596
Accrued income	1,879	6,769	19,819	22,323
Prepayments	4,909	5,001	4,909	5,001
	<u>40,144</u>	<u>27,765</u>	<u>58,084</u>	<u>42,896</u>

17. Creditors: amounts falling due within one year

Group 2025	Group 2024	Charity 2025	Charity 2024
---------------	---------------	-----------------	-----------------

	£	£	£	£
Trade creditors	16,696	6,683	15,996	5,999
Other taxes and social security	16,648	15,293	16,155	14,812
Other creditors	7,413	4,164	4,161	1,906
Accruals and deferred income	41,050	25,787	37,050	22,087
Amount owed to group undertakings	-	-	24,226	18,621
	<u>81,807</u>	<u>51,927</u>	<u>97,588</u>	<u>63,425</u>

18. Unrestricted funds

	1 March 2024	Incoming	Outgoing	Transfers	28 February 2025
	£	£	£	£	£
Unrestricted funds	1,290,023	1,096,966	(834,883)	-	1,552,106
Designated funds:					
The Museum development and improvement fund	-	-	-	60,000	60,000
Total designated funds	-	-	-	60,000	60,000
Total unrestricted funds	<u>1,290,023</u>	<u>1,096,966</u>	<u>(834,883)</u>	<u>60,000</u>	<u>1,612,106</u>

	1 March 2023	Incoming	Outgoing	Transfers	29 February 2024
	£	£	£	£	£
Unrestricted funds	1,260,731	817,583	(788,291)	-	1,290,023
	<u>1,260,731</u>	<u>817,583</u>	<u>(788,291)</u>	<u>-</u>	<u>1,290,023</u>

Notes to financial statements

for the year ended 28th February 2025

19. Restricted funds

	1 March 2024	Incoming	Outgoing	Transfers	28 February 2025
	£	£	£	£	£
Grant in aid	4,933	87,931	(87,931)	-	4,933
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Project Eagle development fund	750,113	2,652	(224,512)	(60,000)	468,253
Memorial Garden & Wall fund	3,432	-	-	-	3,432
Cannon display fund	4,472	1,302	-	-	5,774
Other restricted funds	1,265	5,139	(2,376)	-	4,028
	<u>764,215</u>	<u>168,595</u>	<u>(386,390)</u>	<u>(60,000)</u>	<u>486,420</u>

	1 March 2023	Incoming	Outgoing	Transfers	29 February 2024
	£	£	£	£	£
Grant in aid	4,933	85,056	(85,056)	-	4,933
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Project Eagle development fund	971,456	2,359	(223,702)	-	750,113
Memorial Garden & Wall fund	10,432	-	(7,000)	-	3,432
Cannon display fund	4,472	-	-	-	4,472
Other restricted funds	955	3,080	(2,770)	-	1,265
	<u>992,248</u>	<u>162,066</u>	<u>(390,099)</u>	<u>-</u>	<u>764,215</u>

The Grant in Aid fund is a grant from the Ministry of Defence heritage branch for employees' salaries.

The Ministry of Defence services provided fund represents expenses paid by the Ministry of Defence as part of the ongoing IBA agreement in place between the Museum and the Ministry of Defence.

The Project Eagle development fund represents funds raised towards phase II of Project Eagle.

The Memorial Wall fund represents funds donated for the building of a wall to commemorate those that have lost their lives in the service of British Army Flying at a cost of £310,000.

The Cannon Display fund represents a donation from Major R.W Hogarth R.A (Retired) for the purpose of making a suitable display cabinet for a scale model of a Waterloo Nine Pounder Cannon.

Sufficient resources are held to enable each fund to be applied in accordance with any restrictions.

**Notes to financial statements
for the year ended 28th February 2025**

20. Analysis of net assets between funds

	Tangible Fixed Assets	Net Current Assets	2025
	£	£	£
Unrestricted funds	1,256,656	255,016	1,511,672
Designated funds	-	60,000	60,000
Restricted funds	437,802	48,618	486,420
	<u>1,694,458</u>	<u>363,634</u>	<u>2,058,092</u>
Non charitable trading funds	1,651	38,783	40,434
	<u>1,696,109</u>	<u>402,417</u>	<u>2,098,526</u>
Included in the above figures is the revaluation reserve:			
Revaluation reserve	<u>285,657</u>	<u>-</u>	<u>285,657</u>

	Tangible Fixed Assets	Net Current Assets	2024
	£	£	£
Unrestricted funds	1,054,034	201,159	1,255,193
Restricted funds	602,821	161,394	764,215
	<u>1,656,855</u>	<u>362,553</u>	<u>2,019,408</u>
Non charitable trading funds	772	34,058	34,830
	<u>1,657,627</u>	<u>396,611</u>	<u>2,054,238</u>
Included in the above figures is the revaluation reserve:			
Revaluation reserve	<u>340,782</u>	<u>-</u>	<u>340,782</u>

21. Commitments and contingent liabilities

The charity had capital commitments contracted for but not provided for in the financial statements amounting to £Nil (2024: £Nil). There were no contingent liabilities at 28th February 2025 (2024: £Nil).

22. Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiary had a corporation tax liability of £Nil as at 28th February 2025.

23. Related party transactions

There were no related party transactions.

24. Ultimate controlling party

The ultimate controlling party is the Board of Trustee Directors.

**Notes to financial statements
for the year ended 28th February 2025**

25. Analysis of changes in net funds

Group	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	407,182	22,242	429,424
Net funds	<u>407,182</u>	<u>22,242</u>	<u>429,424</u>

26. Financial instruments

The carrying amounts of the group's financial instruments are as follows:

	2025 £	2024 £
Financial assets		
Debt instruments measured at amortised cost:		
- Trade debtors (note 16)	6,855	9,976
- Other debtors (note 16)	26,501	6,019
	<u>33,356</u>	<u>15,995</u>
Financial liabilities		
Measured at amortised cost:		
- Trade creditors (note 17)	16,696	6,683
- Other taxes and social security (note 17)	16,648	15,293
- Other creditors (note 17)	7,413	4,164
	<u>40,757</u>	<u>26,140</u>

ARMY FLYING MUSEUM LIMITED

England & Wales - Charity number 297897

Accounts

**Charity number: 297897
Company number: 2109510**

**Army Flying Museum Limited
(A Company limited by guarantee)**

**Trustees' annual report and Consolidated financial statements
For the year ended 29th February 2024**

**Compass Accountants Limited
Chartered Accountants and Statutory Auditors
Venture House
The Tanneries
East Street
Titchfield
Hampshire
PO14 4AR**

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Legal and Administrative Information

Charity number	297897
Company number	2109510
Registered Office	Middle Wallop Stockbridge Hampshire SO20 8FB
Chief Executive	Lucy Johnson
Trustees	Major General (Retd) Neil Sexton CB (Chairman) Sir Gary Coward (Chairman) (resigned 21 July 2023) Colin Sibun (Vice Chairman) Caroline Hopkins (Treasurer) Paul Beaver Colonel Edward Butterworth (appointed 5 May 2023) Paul Edwards Colonel Julian Facer (resigned 5 May 2023) James Johnson Colonel Brendan Shaw (appointed 5 May 2023) David Short Rhonda Smith
Company Secretary	Andrew Simkins
Senior Statutory Auditor	Kerry Lawrance FCA
Auditors and Accountants	Compass Accountants Limited Venture House, The Tanneries East Street Titchfield Hampshire PO14 4AR
Bankers	Royal Bank of Scotland Holts Farnborough Branch Lawrie House, Victoria Road Farnborough Hampshire GU14 7NR

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Chairman's Report

This is my first report as Chair of the Army Flying Museum having taken over from Sir Gary Coward in July 2023. After the challenges of 22-23, this has been a good year for the Museum for several reasons. Our visitor figures grew another 14%, we have seen education visits return to pre-pandemic levels and our trading company is starting to generate more profit.

Our annual pass scheme continues to gather momentum with many local families visiting over four times per year and building a relationship with the Museum. We have expanded our school holiday activities to include additional activities like model making with Model For Heroes and other third party providers like local farm visits, science shows and STEM companies.

Saturday 1 July 2023 saw the third year of Wallop Wheels & Wings take place. The event was the biggest yet with 4,775 attendees and 50 aircraft flying in. We built new partnerships with Cadet groups, car clubs and other charities. The event delivered a reasonable surplus supporting the fundraising objectives of the Museum and helping with our operational costs.

A big focus this year has been on community development. We have worked hard to create meaningful relationships with local businesses, not only to create more income through corporate bookings but also to raise awareness of the Museum and what we do. We have reintroduced an outreach programme with local care homes and have been delighted to reinvigorate our offer for Scout/Guide/Brownie/Cub groups to support their Air Activities Badges.

We are continuing to grow our Corporate Partners scheme and have been delighted to add GKN Aerospace to our list of partners this year. Our work with Leonardo has allowed us to develop a new STEM trail looking at the development of military aircraft and aimed at the 11-14 year old age group. We held another successful STEM Day for local secondary schools with over 150 participants.

We have introduced new events like The Brick Event and Pre-School Pilots toddler group to help diversify our audience and have seen a widening of our catchment area. Our lectures now run monthly with a broad range of topics covered including more modern operations. We have also started to put on day-time talks and themed tours to offer more variety for our visitors.

Sustainability has been an important part of our work this year. We undertook a review of operations in the café to improve our green credentials and added recycling provision across the Museum. Staff undertook Carbon Literacy training and we are ensuring our sustainability is embedded in future plans. We received funding to install a defibrillator for use by our local community and are working on plans to renovate our outside play area to make it more accessible.

We are also, finally, looking forward to installing an Apache AH Mk.1 in the Museum this year – the final part of Project Eagle. The first gifting application was submitted 12 years ago and we are delighted that we will be the first museum in Europe to display one of these iconic aircraft. We've had a strong year, and it is imperative that we keep the momentum over the coming months to deliver an even stronger year in 2024-25.



Major General (Retd) Neil Sexton CB
Chairman

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

The Trustees present their report and the financial statements for the year ended 29th February 2024. The Trustees, who are directors of company for the purposes of company law and, who served during the year and up to the date of this report are set out on page 1. The Trustees have had due regard to the guidance issued by the Charity Commission on Public Benefit.

Structure, governance and management

Governing Document

The Museum is governed by its Memorandum and Articles of Association. Trustees are selected by the existing Board from persons having an interest in the story of British Army flying, heritage, conservation and the local community and who have a particular skill or qualification which will add to the combined skills and experience of the Board of Directors. Trustees are recruited to fill gaps in specific skill areas within the Board. The Army Flying Museum Limited ('the Museum') was incorporated as a private company limited by guarantee, and without share capital, in March 1987 when the exhibits of the former AAC Museum were donated to it as a basis for public display. The company is also a registered charity (no. 297897).

Appointment of Trustees

The articles provide for the ex-officio appointment of 3 serving AAC officers as trustees. Remaining Trustees are recruited through advertising or recommendations. All trustees are interviewed for suitability before appointment. Selected trustees are also Directors of the Army Flying Museum Trading Company Limited, the Charity's 100% owned subsidiary. The Trading Company carries out trading activities to generate profits that are Gift Aided to the Museum. The Museum is the ultimate holding company of the Trading Company. While the Museum exercises responsibility as shareholder of the Army Flying Museum Trading Company Limited, the Trading Company board is solely responsible for all trading decisions. Each trustee's liability in the event of liquidation of the trust is limited to £1 in accordance with Memorandum of Association.

Induction and Training

Newly selected trustees are briefed by the Chairman and CEO before taking up their appointment and participate in annual Board Training. Governance arrangements, the subcommittee structure, and the role and conduct of trustees is the subject of a comprehensive paper that is based on Charity Commission, and other guidance and which is available to all trustees and issued to new trustees before taking up their appointment.

The objects for which the Museum is established are to advance the education of the public primarily, but not exclusively, by the provision of a public Museum recording and exhibiting all aspects of flying in the British Army both past and present.

Arrangements For Setting Pay and Remuneration of Key Management Personnel

Rates of pay for newly recruited staff are determined through analysis of the labour market for museum staff and affordability. Across the board annual pay increases are not awarded automatically, but according to affordability and included in the forecast budget which is subject to Board approval before the start of the financial year. Individual staff members can be awarded modest increases by the CEO in recognition of outstanding performance or other exceptional circumstances.

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Public Benefit

Directors consider that they have complied with the duties expressed in Section 2(1)(b) of the Charities Act 2011 to have due regard to public benefit guidance as published by the Charities Commission. The activities undertaken by the museum throughout the year reached a significant audience of all ages. The Museum has provided a service of great public benefit, offering an educational, enjoyable and satisfying experience through its displays, events and internet presence.

Strategic Report

Museum activity over the last 12 months has been focussed on improving the financial operation of the Museum and managing the changes in consumer spending. We have seen another increase in visitor numbers and the number of free admissions has levelled out (compared to increasing in previous years).

Trading activity this year was slightly better than forecast but expenditure costs have increased more than anticipated meaning activities have been less profitable than expected. Significant increases have been seen in corporate hires and public event attendees.

This year has been about consolidating the work carried out over the last five years, really looking at how we operate and how we can improve. So much has changed over the last five years and it has been important to focus on the day to day operations for a period of time.

Objectives and activities

The object for which the Museum was established is:

'to advance the education of the public primarily but not exclusively by the provision of a public museum recording and exhibiting all aspects of flying in the British Army both present and past'.

In addition to this charitable object, the Army sets objectives for its museums that include:

- Maintain and enhance the Army's connection with society
- Present the country's military heritage and provide an academic research resource
- Contribute to the education of children and adults including educational outreach and support for the National Curricula
- Educate, train and inspire the current generation of service men and women.

Mission, Vision and Values

Our Mission is:

'We tell the story of British Army Flying'

Our Vision is:

Our vision is: a sustainable visitor attraction and heritage custodian of national significance.

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Our Values are:

- Enterprising
- Innovative
- Focussed
- Inspiring
- Collaborative
- Inclusive

Strategy Management and Strategic Plan

The Museum's Strategic Plan is reviewed and approved by Directors annually in March for the following year and covers a period of 5 years. The strategic aim is to underpin future viability by developing a programme of continuous improvement to the museum's Visitor Offer. This aim is delivered through a number of balanced strategic aims, operational and development objectives contained within the Plan.

Now that operations are more stable, the Board of Directors are currently looking to develop the next 10 year plan for the Museum to ensure we keep looking forward.

Significant Activities Undertaken

Project Eagle – the Development of the Museum.

Phase 1 (the building of the Army Flying Memorial) was completed in September 2017.

Phase 2 (the modernisation of the Museum) was completed in April 2019 and the Activity Plan was completed in December 2021.

Phase 3 (the future expansion of the Museum) is being considered by the Board of Trustees in their strategic review for 2024-2030.

Beyond Project Eagle

Project Eagle concluded in December 2021. Following this investment, the Museum has made significant progress in non-project related activities over the last 12 months. In particular:

Media – our social media presence continues to grow and is summarised below:

MEDIA	As at 29/02/2024	As at 28/02/2023	% Change over year
Twitter Followers	5,735	5,259	9%
Facebook Followers	13,673	11,111	23%
Instagram	5,281	3,576	47%
LinkedIn	495	321	54%
Mailing List	19,088	18,895	1%

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Curatorial

Temporary exhibitions:

- 'Palaces for the People: Prefabs of the Temporary Housing Programme 1944 to 1948' (to 22/05/2023).
- 'Pageantry, Professionalism and Pride: Preparing for a Coronation' (22/07/2023 to 19/11/2023).
- Poppy art installation (November 2023).
- 'The Road to Ypres: The War Photography of Olive Edis' (10/12/2023 to 30/06/2024).

Cataloguing / audits:

- 5 Donations accessioned.
- 88 Items of Corps Property logged (February / March 2023).
- Creation of digital folders for artefact images / documentation.
- Complete firearms audit (August 2023).
- Small edged-weapons audit (November / December 2023).

Enquiries:

- 56

Interpretation:

- Creation of a STEM Trail in collaboration with Leonardo.
- Artefact social media posts created for the marketing team.

Loans:

- Loan of Scout handling wheels to Boscombe Down Aviation Collection.

Volunteers:

- Engineers (aircraft maintenance / repairing and building exhibits / collections storage).
- Embley Cadets (cleaning of aircraft and the exhibition spaces / gardening / poppy art installation / trail testing).

Archives

Enquiries and donations:

- Total enquiries: 198
- Research visits: 12
- Accepted donations: 58

Marketing:

- Blog posts: 2 – Hamilton E. Hervey MC Part 1 and Part 2.
- Hawkeye articles: 3 – Autogyro, Scout release to service, and Balloon Sections.
- Regular social media posts written for anniversaries and national days.

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Other tasks:

- Updating of the Post WW2 Campaign screen.
- Continued cataloguing of donation backlog up to 2014.
- Retrospective cataloguing of the book/library collection.
- Several oral history recordings completed, including recordings for temporary exhibitions.
- Retrospective cataloguing and rehousing of logbook collection.
- Negative collection surveyed by Lux and Livre and recommendations made – conservation and digitisation work explored but cost too high currently. Will seek grants to undertake.
- Volunteers continued working in the archive:
 - Ex-REME volunteers have been creating databases for AOP and AAC personnel, cataloguing the album collections, cataloguing framed and print material, identifying negatives and maps in boxes, cataloguing the large negative collection.
 - A new volunteer has started scanning and cataloguing negatives.
 - We have a volunteer transcribing oral history recordings.
 - We have a volunteer writing up AAC Squadron histories.

Education and Learning

In terms of Education, this has been the slowest recovery following Covid-19 but this year has seen a 17% increase and we are now back to pre-Covid levels:

- 29 schools came on trips to the Museum – 1,249 pupils

School Holiday Family Activities

Our school holiday activities have become a focal point for local families with many returning each holiday with their annual pass. We have developed these beyond the popular daily craft sessions to include visiting activity providers (for example, a petting farm at Easter and reptiles for our camouflage theme) as well as other activities provided by the staff team like the Apache VR Headsets and model making. The programme is developed in conjunction with the curatorial and marketing teams.

- Easter Holidays 2023: 874 participants
- May Half Term 2023: 302 participants
- Summer Holidays 2023: 1,874 participants
- October Half Term 2023: 490 participants
- Christmas Holidays 2023/24: 340 participants
- February Half Term 2024: 512 participants

Outreach

Outreach has been firmly embedded in the museum operations now, with a range of staff and volunteers working to deliver the different activities.

The following Outreach events took place:

Young Eagles Youth Group sessions (in partnership with the Army Welfare Service):

- No of Young Eagles sessions: 10 sessions
- No of Young Eagles participants: 198 participants

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Pre-School Pilots (sessions for under-5s and their parent/carer)

- No of Pre-School Pilot sessions: 10 sessions
- No of Pre-School Pilot participants: 300 participants

Scout/Guide groups etc and the number of participants

- Museum visits by Youth Groups: 164 participants

Pop Up Museum events:

- No of events attended: 4 events
- No of participants: 500 participants (estimated)

Fundraising

Fundraising is a key part of the Museum's operations. To keep the cost of fundraising down, the CEO provides the staff lead and has the support of a part time Development Manager. She reports to the Development Committee that provides guidance and support. The Committee comprises of Trustee, Staff and Volunteer representation. The Museum is registered with the Fundraising Regulator and the team abide by the Fundraising Code. The Museum's fundraising promise is linked to the website <https://www.armyflying.com/project-eagle/fundraising/>. Fundraising activities have concentrated on applications to grant making trusts, developing business relationships and major fundraising events. The Museum did not receive any complaints in the period.

Fundraising Events

Fundraising continues in earnest with an aim of generating £40k surplus every year. We have refreshed the Development Committee and are focussed on building new business relationships, increasing the Corporate Partnerships scheme and putting on public events to help raise funds whilst also increasing awareness of the Museum.

The Museum's flagship fundraising event, Wallop Wheels & Wings, took place on Saturday 13 July 2024 with an increased capacity of 5,000 and the event sold out for the fourth year running. We have built strong relationships with Salisbury, Wilton and Andover Rotary, Hampshire Search & Rescue, and numerous Combined Cadet Force groups now and are extremely grateful for their support and the support we receive from the Army Air Corps and Army Aviation Centre in order to deliver this event.

This year, for the second year, we chose to bring the management of the event in-house with the Museum's Marketing & Commercial Operations Manager taking the role of Event Manager (rather than bringing in a freelance Event Manager). This worked exceptionally well in terms of the Museum's ownership of the event and also greatly improved the profitability of the event.

The Museum Lecture Programme

The Museum has always had a popular lecture programme but in response to the Covid-19 pandemic we developed the Lockdown Lectures which were broadcast online with a live Q&A. These launched in April 2020 and quickly grew in popularity, and a grant from the Heritage Fund Emergency Fund in late 2020 allowed us to purchase our own live-stream equipment.

Now, we live stream all our lectures as well as having a live audience in the Museum, and we offer them to view on catch up too. We have also donated passes to watch our online lecture 'box-sets' to local care homes for their residents.

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Name of Lecture	Date	Name of Presenter	Attendees	Online
Bomb Group	27.03.23	Mike Peters	38	89
An Evening with Lady Carnarvon	03.04.23	Lady Carnarvon	85	89
Great Australian Air Race	24.04.23	Phil Wilkinson	20	53
A Spitfire Named Connie	16.05.23	Black Robertson	31	69
Burning Horizon	13.06.23	Julian Whippy	20	59
Winkle	20.07.23	Paul Beaver	118	142
Manna From Heaven	18.09.23	Tony Bray	32	55
Operation Time-Line-The Hunt for Dakota KN630	26.10.23	Paul Edwards	14	61
Naval Aviator	20.11.23	Chris Taylor	23	60
An Officer, Not A Gentleman	16.01.24	Mandy Hickson	82	n/a
Double Crossed	26.02.24	Brian Wood	41	55

Volunteers

Volunteering is a vital part of the Museum operations. The volunteer teams are Engineering, Archive, Education and Tour Guides and we have over 40 active volunteers now. The roles our volunteers perform are invaluable to the running of the Museum and they often get involved in the wider activities too (like Wallop Wheels & Wings).

Achievements and performance

Financial Review

The Museum, Café and Shop were open throughout the reporting period.

YTD	VISITOR NOS	TICKET INCOME	CAFÉ INCOME	SHOP INCOME
29 FEB 2024	44,033	£293,680	£182,170	£78,664
28 FEB 2023	38,596	£238,536	£161,430	£66,531
28 FEB 2022*	35,396	£195,357	£119,673	£57,584
28 FEB 2021**	14,388	£95,093	£46,538	£31,066
29 FEB 2020***	36,282	£257,320	£188,984	£67,692
28 FEB 2019****	23,568	£147,087	£142,183	£58,443
28 FEB 2018	30,354	£189,758	£146,681	£75,732

* NB. The Museum was closed due to Covid 19 from 01 Mar-16 May 2022

** NB. The Museum was closed due to Covid 19 apart from 13 Jul-04 Nov 20 and 04 Dec-23 Dec 20

*** NB. The Museum was closed in March 2019 for refurbishment

**** NB. The Museum was closed from Nov 18 – Feb 19 for refurbishment

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Subsidiary Undertaking

The Army Flying Museum Trading Company Limited is the 100% subsidiary of the Army Flying Museum Limited. The subsidiary operated the trading activities of the museum and covenants its profits to the Museum on an annual basis.

Principal funding streams

The principal funding streams into the Museum are threefold, as detailed below. All funding has been used in the appropriate manner to support the management objectives for the period.

Income generation from trading and admission activity including gift aid

This income is directed towards the management of the Museum and the improvements required to develop the business. This year has seen an improvement in shop profits. The café continues to be a challenge and is undergoing a full review in the coming year to inform its future viability.

MOD support

The MOD provides support in 2 ways:

- Grant in aid. This totalled £65,056 for the year.
- Internal Business Agreement. This covers support such as the provision of utilities and some maintenance and which the MOD value at £71,571 for the year.

We also received an additional grant from the AAC Charity of £20,000 to support the employment of an Archivist and Archive Assistant, and we benefit from support from the AAC with the delivery of Wallop Wheels & Wings.

Grants and donations

Unless specified by the donor, grants and donations to the Museum are allocated to unrestricted funds.

Ticket Pricing

A planned price increase was implemented in November 2023, and at that time we also introduced an online price that was discounted from the on-the-door price. This was to help streamline the visitor experience and to also ease the collection of customer data. All full price tickets still provide an annual pass and we encourage visitors to agree to Gift Aid if they are able.

TICKET	PREVIOUS PRICE	NEW ONLINE PRICE	NEW ON THE DOOR PRICE
Adult	£16.00	£17.00	£20.00
Child	£9.50	£10.00	£13.00
Concession	£12.00	£14.00	£17.00
Family (1a+2c)	N/A	£34.00	£40.00
Family (2a+2c)	£42.00	£48.00	£60.00
Under 5s	Free	Free	Free

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Free Entry

The Museum offers free entry to:

- AAC members (plus their accompanying Spouse/Children)
- Army Air Cadets (when booked through the Army Air Corps)
- Serving British or Commonwealth Military personnel on production of a MOD90 or equivalent ID Card
- AAC Veterans with an AAC Veterans' Association Membership Card
- Carers who are accompanying people with disabilities
- Children under 5

Reserves Policy

The results for the period, and the company's financial position at the end of the year, are shown in the attached accounts. The agreements with the MOD continued to work well and are of enormous benefit to the Museum. However, MOD budget constraints continue to adversely affect the maintenance support for Phase 1 of the museum building (which is an MOD maintenance responsibility). This has resulted in Museum staff taking on some maintenance tasks and additional expense falling to the Museum.

The Museum maintains a level of free reserves as mitigation against the operational risks listed in the risk register. Restricted reserves are used in accordance with their specified restrictions. Free (i.e. non-committed) reserves are calculated on the basis of the excess of unrestricted funds over fixed assets. The minimum level of the unrestricted reserve is determined by the requirement to provide some financial mitigation of risks listed in the risk register. The most significant of these in financial terms is the risk of income falling to a level that prejudices the Museum's viability. Due to the increased cost of living and rising overheads, the Trustees have reviewed the policy regarding free reserves and agreed to increase the requirement to £200,000.

At 29 February 2024 the level of the Museum's free reserves amounted to £201,159 (2023: £144,074).

Investment Policy

The Museum's investment policy is to hold its liquid assets in its bank accounts. Project Eagle reserves have largely been expended no significant sums are held in interest bearing accounts.

Plans for future periods

Directors are reviewing the strategic plan for the Museum over the coming year to determine the priorities for delivering the Museum's vision in the next 10 years.

Review

The strategic plan is reviewed annually. Key imperatives from this annual analysis are that we must:

- consolidate our operational and resource position following Project EAGLE.
- address our outstanding infrastructure issues.
- continue to build up our fundraising capability.
- continue to press and plan for the installation of an Apache.
- consider our options for further development during the next strategic period (27-33).

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Assumptions

The strategic plan is based on the following assumptions:

- **MOD Support.** MoD support including the grant in aid received via AMOT will continue at current levels until at least 2027 but may well reduce thereafter. Maintenance support will continue at current patchy levels.
- **Airfield.** Army flying operations will increase 23-26 and continue for the foreseeable future.
- **Economy.** The UK economy will continue to grow very slowly, base interest rates will increase significantly, labour will be in short supply and there is a high risk of stagflation, leading to a recession.

Key Strategies

The following strategies will be pursued by the Museum:

- Maintain and develop an effective board of trustees/directors.
- Nurture the close relationship with the Army Air Corps.
- Seek to increase museum visitor footfall up to 50,000 annually by 2027.
- Invest in Corporate and Membership schemes, aiming for 5% growth annually.
- Build on our outreach programme, seeking to double our coverage by 2027.
- Develop our fundraising activities to generate £70K annually by 2027.
- Market the Museum primarily through digital activities and social media and developing a plan to improve our PR profile regionally.
- Invest more in training our staff.

Operational Objectives

Our Key Operational Objectives are:

- Develop Wallop Wheels & Wings to deliver a £40K annual surplus.
- Maintain a routine events programme to generate £20K annually.
- Sustain the Lecture Series to generate £20K annually.
- Operate the Shop to generate £10K surplus annually.
- Operate the Café to generate £20K surplus annually.

Development Objectives

Our key development objectives are to:

- Assess the financial implications of reductions in MOD support.
- Resource and deliver a restroom refurbishment project 23-25.
- Build on the visitor feedback collected to date and ensure that evaluation is embedded in all activities.
- Seek to extend and diversify our audience.
- Consider how to better reflect Army unmanned aerial platforms.
- Increase collaboration with other regional museums.

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Risks

A number of high-level risks have been identified that affect the Museum

STRATEGIC RISK	RESPONSE
Income Generation The Museum has, in the past, relied on income from events supported by the Ministry of Defence to generate a surplus. These events are no longer available and so additional income needs to be generated through footfall, trading and fundraising. In addition, Ministry of Defence funding and material support is likely to decrease over time, putting further pressure on the Museum budget.	Project Eagle has substantially increased footfall and trading, but these have now been affected by the pandemic, cost of living crisis and the situation in Ukraine. However, fundraising is now embedded in the organisation and a component of core funding.
Covid-19 The impact of any future peaks and subsequent lockdowns will have a significant impact on the reserves.	All opportunities for fundraising and income generation must be actioned when possible.
Loss of Reputation Adverse comment and poor reputation affect business performance.	Legal compliance and a culture of customer service and value for money.
Maintenance liability. Pressure on Ministry of Defence funding has reduced maintenance support putting additional pressure on museum funding	Significant Improvements in the material state of the Museum through Project Eagle plus a system of planned maintenance.
HR Risk Errors in HR management can lead to discontent, stress, loss of productivity and in extreme cases, tribunals and fines.	HR advice has been outsourced to Peninsula business services.
Health and Safety Inadvertent noncompliance with Health and Safety legislation leading to a fine.	Health and Safety advice has been outsourced.
Fraud	Implementation of Proper procedures.
Staff loading/Incapacity	Careful monitoring.

Auditors

The accounts have been audited by Compass Accountants Limited. A resolution to reappoint the auditor will be put to the members at the Annual General Meeting.

So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Army Flying Museum Limited
Company number: 2109510

Report of the trustees (incorporating the Directors' report) for the year ended 29th February 2024

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

A handwritten signature in blue ink, appearing to read 'Neil Sexton', with a stylized flourish at the end.

Major General Neil Sexton CB
On behalf of the Board

Date: 26 July 2024

Statement of trustees' responsibilities for the year ended 29th February 2024

The Trustees (who are also directors of the Army Flying Museum Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Major General Neil Sexton CB
On behalf of the Board

Date: 26 July 2024

Independent Auditor's Report to the Members and Trustees of the Army Flying Museum Limited

Opinion

We have audited the financial statements of the Army Flying Museum Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 29th February 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 29th February 2024, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine

whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates through discussions with management, sector research, and the application of relevant audit knowledge and experience
- We made enquiries of management around actual and potential litigation and claims
- We made enquiries of management and relevant staff, and designed our audit procedures, including reviewing financial statement disclosures and testing of supporting documentation, to assess compliance with applicable laws and regulations. We focussed on laws and regulations which could give rise to material misstatement in the financial statements including, but not limited to, the Companies Act 2006, the Charities Act 2011, the Charities SORP, and the Financial Reporting Standard 102.
- We identified the risk of material misstatement of the financial statements due to fraud and designed audit procedures to respond to the risk. We performed audit procedures designed to address the risk of fraud arising from management override of controls, including, but not limited to, testing of journal entries and other adjustments, reviewing accounting estimates for evidence of bias, and evaluating the business rationale of significant transactions outside the normal course of business

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company'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 charitable company's members and its 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Kerry Lawrance FCA
Senior Statutory Auditor
For and on behalf of Compass Accountants, Statutory Auditor

Venture House, The Tanneries
East Street, Titchfield
Hampshire
PO14 4AR

Date: 21ST AUGUST 2024

Consolidated Statement of financial activities (incorporating the income and expenditure account)

For the year ended 29th February 2024

	Notes	Unrestricted funds £	Restricted funds £	2024 Total £	Unrestricted funds £	Restricted funds £	2023 Total £
Income from:							
Donations and legacies							
Grant in aid	4	-	65,056	65,056	-	80,450	80,450
Services donated by the Ministry of Defence	4	-	71,571	71,571	-	71,571	71,571
Donations and grants	4	9,391	23,080	32,471	8,241	7,632	15,873
Charitable activities							
Admissions	5	533,401	-	533,401	391,908	-	391,908
Other trading activities							
Trading company	3	265,551	-	265,551	250,739	-	250,739
Investments	6	2,471	2,359	4,830	593	575	1,168
Other	7	6,769	-	6,769	756	-	756
Total income		<u>817,583</u>	<u>162,066</u>	<u>979,649</u>	<u>652,237</u>	<u>160,228</u>	<u>812,465</u>
Expenditure on:							
Fundraising and publicity	8	58,025	-	58,025	63,342	-	63,342
Trading company	8	256,956	-	256,956	249,614	-	249,614
Charitable activities	9	473,310	390,099	863,409	433,923	376,538	810,461
Total expenditure		<u>788,291</u>	<u>390,099</u>	<u>1,178,390</u>	<u>746,879</u>	<u>376,538</u>	<u>1,123,417</u>
Net income/(expenditure)		29,292	(228,033)	(198,741)	(94,642)	(216,310)	(310,952)
Transfers between funds		-	-	-	-	-	-
Net movement in funds		29,292	(228,033)	(198,741)	(94,642)	(216,310)	(310,952)
Reconciliation of funds:							
Total funds brought forward		1,260,731	992,248	2,252,979	1,355,373	1,208,558	2,563,931
Total funds carried forward		<u>1,290,023</u>	<u>764,215</u>	<u>2,054,238</u>	<u>1,260,731</u>	<u>992,248</u>	<u>2,252,979</u>

All recognised gains and losses are included in the statement of financial activities. All transactions are derived from continuing activities.

The depreciation costs of the capital expenditure on Project Eagle will reduce the balance of restricted reserves over the life of the lease and will result in deficits after depreciation being recognised in future years.

**Consolidated Balance Sheet
as at 29th February 2024**

	Notes	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Fixed assets					
Tangible assets	13	1,647,627	1,897,855	1,646,855	1,884,362
Heritage assets	14	10,000	10,000	10,000	10,000
Investments	15	-	-	100	100
		<u>1,657,627</u>	<u>1,907,855</u>	<u>1,656,955</u>	<u>1,894,462</u>
Current assets					
Stocks		13,591	13,054	-	-
Debtors	16	27,765	10,979	42,896	19,346
Cash at bank and in hand		407,182	362,018	382,982	330,662
		<u>448,538</u>	<u>386,051</u>	<u>425,878</u>	<u>350,008</u>
Creditors: amounts falling due within one year	17	<u>(51,927)</u>	<u>(40,927)</u>	<u>(63,425)</u>	<u>(33,280)</u>
Net current assets		<u>396,611</u>	<u>345,124</u>	<u>362,453</u>	<u>316,728</u>
Net assets		<u>2,054,238</u>	<u>2,252,979</u>	<u>2,019,408</u>	<u>2,211,190</u>
Funds					
Unrestricted funds		914,411	878,160	914,411	878,160
Restricted funds	18	764,215	992,248	764,215	992,248
Revaluation reserve		340,782	340,782	340,782	340,782
Non Charitable Trading funds		34,830	41,789	-	-
Total funds		<u>2,054,238</u>	<u>2,252,979</u>	<u>2,019,408</u>	<u>2,211,190</u>

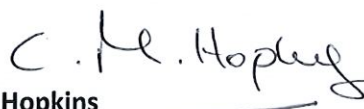
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the Board and signed on its behalf by



**Major General Neil Sexton CB
Chairman**

Date: 26 July 2024



**Caroline Hopkins
Treasurer**

Date: 26 July 2024

The notes on pages 22 to 34 form an integral part of these financial statements.

Cash flow statement

for the year ended 29th February 2024

	Group 2024	Group 2023
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	42,018	(36,032)
Cash flows from investing activities:		
Interest income	4,830	1,168
Purchase of fixed assets	(1,684)	(1,099)
Net cash provided by (used in) investing activities	3,146	69
Increase/(decrease) in cash and cash equivalents in the year	45,164	(35,963)
Cash and cash equivalents at 1 March 2023	362,018	397,981
Cash and cash equivalents at 29 February 2024	407,182	362,018
Net income/expenditure for the reporting period	(198,741)	(310,952)
Depreciation and impairment	251,912	254,822
Income from investments	(4,830)	(1,168)
Decrease/(Increase) in stocks	(537)	51
Decrease/(Increase) in debtors	(16,786)	23,888
Increase/(Decrease) in creditors	11,000	(2,673)
Net cash provided by (used in) operating activities	42,018	(36,032)

**Notes to financial statements
for the year ended 29th February 2024**

1. Accounting policies

1.1. Charity information

The Army Flying Museum Limited is a private company limited by guarantee and incorporated in England and Wales. The registered office is the Army Flying Museum, Army Aviation Centre, Middle Wallop, Stockbridge, Hampshire, SO20 8DY.

The Army Flying Museum Limited meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The consolidated financial statements incorporate the results of the Army Flying Museum Limited and of its subsidiary, Army Flying Museum Trading Company. The Consolidated Statement of Financial Activities includes the results of the trading subsidiary as single line items. The consolidated Balance Sheet includes the net assets of the trading subsidiary on a line by line basis.

A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

1.3. Incoming resources

All incoming resources are included in the SOFA when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following policies are applied to particular categories of income:

Income from trading activities represents monies received (exclusive of Value Added Tax) from shop and restaurant sales during the year.

All donations are accounted for on a receivable basis. Separate reserves are maintained for restricted funds in accordance with the Charities Act 2011.

Grants receivable are accounted for when received and are included under the heading of donations.

Services donated by the Ministry of Defence is the value of the services of staff and facilities paid directly by the Ministry of Defence. These have been included on a cost basis in the accounts.

Grant in aid is a donation from the Ministry of Defence towards employment costs. Investment income is recognised on a receivable basis.

1.4. Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the cost of Trustee meetings and the cost of any legal advice to Trustees on governance or constitutional matters.

**Notes to financial statements
for the year ended 29th February 2024**

1.5. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

1.6. Basis of allocation

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Army Flying Museum as a visitor attraction.

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

1.7. Irrecoverable VAT

Irrecoverable VAT has been included as a cost of charitable activities.

1.8. Fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost.

1.9. Heritage assets

The Army Flying Museum holds in trust artefacts comprising its collection. The collections have not been included in the financial statements due to their historic and inalienable nature and due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1st April 2000 have not been capitalised and included in the accounts but with effect from 1st April 2000, additions to the collection with a cost in excess of £5,000, have been capitalised. These assets are not revalued or depreciated.

Heritage assets donated to the Museum with a value in excess of £5,000 are included in the accounts on the basis of internal valuations.

The Collection

The main museum collection comprises aircraft, vehicles, equipment, uniforms, medals, weapons, artwork and ephemera. It also includes an archive of documents, books, photographs, photographic negatives, albums, slides and film. The collection, which numbers many hundreds of thousands of items, contains material which has a unique provenance relating to British Army Flying. Information regarding cost of value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant, and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

Policy for the acquisition, preservation, management and disposal of heritage assets

Acquisition and disposal of items in the collection is governed by its Collections Development Policy (2016) which is based on an approved template provided by Arts Council England. It takes into account the Museum Association Code of Ethics.

Documenting. The Museum's approach to documenting the collection is stated in its Collections Documentation Policy (2016) and is formalised in a forward plan of work. It operates a system which meets Spectrum basic standards including entry, exit and transfer of title forms; accession records and inventories.

Conservation. The Museum's approach to conserving the collection is stated in its Collections Care and Conservation Policy (2016) and is formalised in a plan of work forward. Work in this area is undertaken by staff, volunteers under the supervision of staff or specialist contractors.

**Notes to financial statements
for the year ended 29th February 2024**

Access. The Museum's approach to providing access to collections is stated in its Access Policy (2016). The collections, and the information held therein, is made available through permanent and temporary exhibitions, website features, loans to other organisations and an enquiries service. Members of the public can also access material by appointment. Access is only limited where legislation requires it.

Memorial Wall

The Museum commissioned and built a memorial wall, completed in 2017, to commemorate those that have lost their lives in the service of British Army Flying however this is not considered to be a heritage asset as defined by FRS 102.

1.10. Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over the expected useful economic life as follows:

Museum displays & equipment - 13% & 25% Straight line basis

Leasehold property - Over the life of the lease

Leasehold improvements - 10 or 25 years

Shop & kitchen equipment - 20% Straight line basis

1.11. Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

1.12. Financial Instruments

The Museum has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Museum's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade debtors, trade creditors and accrued expenses. The fair value of these items approximates their carrying value, due to their short term value. Unless otherwise noted, the Museum is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

Term deposits of less than one year are classified as investments within current assets.

1.13. Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

1.14. Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

**Notes to financial statements
for the year ended 29th February 2024**

1.15. Fund accounting policy

Unrestricted income funds are generally funds that are available for use at the Trustees discretion in furtherance of the objectives of the charity.

Restricted 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.

Further details of each fund are disclosed in note 19.

1.16. Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.17. Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.18. Termination benefits

The Museum recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

2. Pension costs

The company operates a defined contribution pension scheme. The pension cost for the period represents contributions payable by the charity to the scheme and amounted to £8,102 (2023: £6,880).

Contributions totalling £660 (2023: £576) were payable to the scheme at the end of the period and are included in creditors.

Notes to financial statements
for the year ended 29th February 2024

3. Income and expenses from trading activities of subsidiaries

The charity has a wholly owned trading subsidiary which is incorporated in the United Kingdom, Army Flying Museum Trading Company Limited.

Profit and Loss Account	2024	2023
	£	£
Turnover	265,125	235,781
Cost of sales	(107,853)	(225,296)
Gross Profit	157,272	10,485
Sundry income	426	14,958
Overheads	(149,103)	(24,317)
Net profit/(loss) before tax	8,595	1,126
Amount gifted to The Army Flying Museum	(15,554)	(4,721)
Profit/(loss) for year before taxation	(6,959)	(3,595)
Taxation	-	-
Retained profit/(loss) for the period	(6,959)	(3,595)
Retained profit brought forward	41,789	45,384
Retained profit carried forward	34,830	41,789
Called up Ordinary Share Capital	100	100
Capital and reserves	34,930	41,889

4. Grants and Donations

During the year the following grants and donations were received:

	Unrestricted	Restricted	2024	2023
	funds	funds	Total	Total
	£	£	£	£
Grant in Aid	-	65,056	65,056	80,450
Services provided by Ministry of Defence	-	71,571	71,571	71,571
	-	136,627	136,627	152,021
Other grants and donations:				
General donations	9,391	23,080	32,471	15,873
	9,391	23,080	32,471	15,873

In 2023 £159,653 were restricted funds with £8,241 being unrestricted funds.

**Notes to financial statements
for the year ended 29th February 2024**

5. Activities for generating funds

	Unrestricted funds £	Restricted funds £	2024 £	2023 £
Museum Admissions	307,007	-	307,007	238,664
Gift aid tax claimed	59,105	-	59,105	47,858
Hire of museum facilities	34,107	-	34,107	26,041
Special events	112,221	-	112,221	79,345
Sponsorship	20,961	-	20,961	-
	<u>533,401</u>	<u>-</u>	<u>533,401</u>	<u>391,908</u>

All the income for 2023 were unrestricted funds

6. Investment income

	Unrestricted funds £	Restricted funds £	2024 £	2023 £
Dividends and interest	2,471	2,359	4,830	1,168
	<u>2,471</u>	<u>2,359</u>	<u>4,830</u>	<u>1,168</u>

In 2023 £575 were restricted funds with £593 being unrestricted funds

7. Other incoming resources

	Unrestricted funds £	Restricted funds £	2024 £	2023 £
Museum & Galleries Exhibition Tax Relief (MGETR)	-	-	-	756
Insurance claim	6,769	-	6,769	-
	<u>6,769</u>	<u>-</u>	<u>6,769</u>	<u>756</u>

All the income for 2023 were unrestricted funds

8. Cost of generating funds

	Unrestricted funds £	Restricted funds £	2024 £	2023 £
Shop and restaurant expenses	256,956	-	256,956	249,614
Event Expenditure	58,025	-	58,025	63,342
	<u>314,981</u>	<u>-</u>	<u>314,981</u>	<u>312,956</u>

All the expenditure for 2023 were unrestricted funds

**Notes to financial statements
for the year ended 29th February 2024**

9. Costs of charitable activities

	Unrestricted funds £	Restricted funds £	2024 £	2023 £
Staff costs	295,038	85,056	380,094	362,602
Costs paid by Ministry of Defence	-	71,571	71,571	71,571
Staff training	1,292	888	2,180	1,396
Outreach costs	1,403	-	1,403	1,571
Repairs and maintenance	30,489	14,430	44,919	21,276
Computer expenses	15,328	-	15,328	14,435
Hire of plant and machinery	10,529	-	10,529	8,634
Travel and subsistence	1,490	242	1,732	1,887
Unattributable VAT	11,672	-	11,672	8,663
Professional fees	11,610	1,140	12,750	12,465
Depreciation	21,301	216,772	238,073	238,776
Loss on disposal of assets	1,118	-	1,118	-
Office costs	16,293	-	16,293	15,460
Advertising & promotion costs	14,633	-	14,633	16,379
Bad debt expense	25	-	25	96
Governance and support costs	41,089	-	41,089	35,250
	<u>473,310</u>	<u>390,099</u>	<u>863,409</u>	<u>810,461</u>

In 2023 £376,538 were restricted funds with £433,923 being unrestricted funds

10. Governance and support costs

	Governance costs £	2024 £	2023 £
Governance costs			
Staff costs	30,543	30,543	24,953
Auditors remuneration	3,600	3,600	3,550
Costs of Trustees meetings	776	776	159
Support costs			
Bank charges and interest	6,170	6,170	6,588
	<u>41,089</u>	<u>41,089</u>	<u>35,250</u>

**Notes to financial statements
for the year ended 29th February 2024**

11. Auditors' remuneration

	2024	2023
	£	£
Auditors' remuneration - audit of the financial statements	<u>3,600</u>	<u>3,550</u>
Auditors' remuneration - other fees:		
- Preparation of statutory accounts and payroll	4,870	5,093
- Taxation services	265	265
- Consultancy and advice regarding VAT and other charity matters, including MGETR	<u>1,638</u>	<u>1,545</u>
	<u>6,773</u>	<u>6,903</u>

12. Employees

	2024	2023
	£	£
Employee costs		
Wages and salaries	486,372	449,308
Social security costs	27,987	24,807
Pension costs	8,102	6,880
Redundancy costs	-	5,033
	<u>522,461</u>	<u>486,028</u>

Including the Chief Executive Officer, the average number of employees, analysed by function, was:

	2024	2023
Management staff	11	11
Museum staff	20	19
	<u>31</u>	<u>30</u>

No employees received termination benefits in the year (2023: Two employees received termination benefits totalling £5,033).

No trustees received remuneration during the period, no trustees were reimbursed for expenses (2023: Nil).

No employees received remuneration of more than £60,000 during the year (2023: Nil).

Key management personnel

Employee benefits received by key management personnel total £47,018 (2023: £44,088) which included employers' national insurance contributions.

Notes to financial statements
for the year ended 29th February 2024

13. Tangible fixed assets

Group	Leasehold Property & Improvement £	Shop & Kitchen Equipment £	Museum Displays & Equipment £	Heritage Assets £	Total £
Cost					
At 1 March 2023	1,482,824	129,150	1,834,251	10,000	3,456,225
Additions	-	-	1,684	-	1,684
Disposals	11,180	-	17,597	-	28,777
At 29 February 2024	1,471,644	129,150	1,818,338	10,000	3,429,132
Depreciation					
At 1 March 2023	420,904	115,657	1,011,809	-	1,548,370
Charge for the year	18,435	12,721	219,638	-	250,794
Eliminated on disposal	10,062	-	17,597	-	27,659
At 29 February 2024	429,277	128,378	1,213,850	-	1,771,505
Net book values					
At 29 February 2024	1,042,367	772	604,488	10,000	1,657,627
At 28 February 2023	1,061,920	13,493	822,442	10,000	1,907,855

Charity	Leasehold Property & Improvement £	Museum Displays & Equipment £	Heritage Assets £	Total £
Cost				
At 1 March 2023	1,482,824	1,834,251	10,000	3,327,075
Additions	-	1,684	-	1,684
Disposals	11,180	17,597	-	28,777
At 29 February 2024	1,471,644	1,818,338	10,000	3,328,759
Depreciation				
At 1 March 2023	420,904	1,011,809	-	1,432,713
Charge for the year	18,435	219,638	-	238,073
Eliminated on disposal	10,062	17,597	-	27,659
At 29 February 2024	429,277	1,213,850	-	1,643,127
Net book values				
At 29 February 2024	1,042,367	604,488	10,000	1,656,855
At 28 February 2023	1,061,920	822,442	10,000	1,894,362

Revaluation of fixed assets

The leasehold property was restated at open market value at 31st March 1993 and subsequently reduced by depreciation on that value.

**Notes to financial statements
for the year ended 29th February 2024**

14. Heritage assets

Cost	Total				
	£				
At 1 March 2023 and 28 February 2024	<u>10,000</u>				
Five year summary	2024	2023	2022	2021	2020
	£	£	£	£	£
<u>Additions</u>					
Purchases	-	-	-	-	-
Donations	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

15. Fixed asset investments

Cost	Charity Unlisted	Charity Total
	£	£
At 1 March 2023 and 28 February 2024	<u>100</u>	<u>100</u>

Unlisted investments represents 100% of the issued share capital of Army Flying Museum Trading Company Limited.

15.1. Investments held

The company holds 20% or more of the share capital of the following companies:

Company	Nature of business	Shares held class	% of shares held
Army Flying Museum Trading Company Limited	Commercial activities of the parent company	Ordinary	100%

16. Debtors

	Group 2024	Group 2023	Charity 2024	Charity 2023
	£	£	£	£
Amounts due within 1 year:				
Trade debtors	9,976	2,413	9,976	2,413
Other taxes and social security	-	-	-	-
Other debtors	6,019	5,245	5,596	5,002
Accrued income	6,769	-	22,323	4,721
Prepayments	5,001	3,321	5,001	3,321
Amount owed by group undertakings	-	-	-	3,889
	<u>27,765</u>	<u>10,979</u>	<u>42,896</u>	<u>19,346</u>

**Notes to financial statements
for the year ended 29th February 2024**

17. Creditors: amounts falling due within one year

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Trade creditors	6,683	1,903	5,999	1,071
Other taxes and social security	15,293	13,321	14,812	13,321
Other creditors	4,164	4,766	1,906	1,651
Accruals and deferred income	25,787	20,937	22,087	17,237
Amount owed to group undertakings	-	-	18,621	-
	<u>51,927</u>	<u>40,927</u>	<u>63,425</u>	<u>33,280</u>

18. Restricted funds

	1 March 2023 £	Incoming £	Outgoing £	Transfers £	28 February 2024 £
Grant in aid	4,933	85,056	(85,056)	-	4,933
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Project Eagle development fund	971,456	2,359	(223,702)	-	750,113
Memorial Garden & Wall fund	10,432	-	(7,000)	-	3,432
Cannon display fund	4,472	-	-	-	4,472
Other restricted funds	955	3,080	(2,770)	-	1,265
	<u>992,248</u>	<u>162,066</u>	<u>(390,099)</u>	<u>-</u>	<u>764,215</u>

	1 March 2022 £	Incoming £	Outgoing £	Transfers £	28 February 2023 £
Grant in aid	9,000	80,450	(84,517)	-	4,933
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Heritage & Archive appeal fund	1,283	-	(1,283)	-	-
Project Eagle development fund	1,188,876	575	(217,995)	-	971,456
Memorial Garden & Wall fund	4,432	6,000	-	-	10,432
Cannon display fund	4,472	-	-	-	4,472
Other restricted funds	495	1,632	(1,172)	-	955
	<u>1,208,558</u>	<u>160,228</u>	<u>(376,538)</u>	<u>-</u>	<u>992,248</u>

The Grant in Aid fund is a grant from the Ministry of Defence heritage branch for employees' salaries.

The Ministry of Defence services provided fund represents expenses paid by the Ministry of Defence as part of the ongoing IBA agreement in place between the Museum and the Ministry of Defence.

The Heritage and Archive appeal fund has been set up to fund archive and display projects. The donor of the fund has agreed that the donation can also be used for the development project if required.

The Project Eagle development fund represents funds raised towards phase II of Project Eagle.

**Notes to financial statements
for the year ended 29th February 2024**

The Memorial Wall fund represents funds donated for the building of a wall to commemorate those that have lost their lives in the service of British Army Flying at a cost of £310,000.

The Cannon Display fund represents a donation from Major R.W Hogarth R.A (Retired) for the purpose of making a suitable display cabinet for a scale model of a Waterloo Nine Pounder Cannon.

Sufficient resources are held to enable each fund to be applied in accordance with any restrictions.

19. Analysis of net assets between funds

	Tangible Fixed Assets	Net Current Assets	2024
	£	£	£
Unrestricted funds	1,054,034	201,159	1,255,193
Restricted funds	602,821	161,394	764,215
	<u>1,656,855</u>	<u>362,553</u>	<u>2,019,408</u>
Non charitable trading funds	772	34,058	34,830
	<u>1,657,627</u>	<u>389,842</u>	<u>2,047,469</u>

Included in the above figures is the revaluation reserve:

Revaluation reserve	<u>340,782</u>	<u>-</u>	<u>340,782</u>
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	Tangible Fixed Assets	Net Current Assets	2023
	£	£	£
Unrestricted funds	1,074,868	144,074	1,218,942
Restricted funds	819,594	172,654	992,248
	<u>1,894,462</u>	<u>316,728</u>	<u>2,211,190</u>
Non charitable trading funds	13,393	28,396	41,789
	<u>1,907,855</u>	<u>345,124</u>	<u>2,252,979</u>

Included in the above figures is the revaluation reserve:

Revaluation reserve	<u>340,782</u>	<u>-</u>	<u>340,782</u>
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20. Commitments and contingent liabilities

The charity had capital commitments contracted for but not provided for in the financial statements amounting to £Nil (2023: £Nil). There were no contingent liabilities at 29th February 2024 (2023: £Nil).

**Notes to financial statements
for the year ended 29th February 2024**

21. Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiary had a corporation tax liability of £Nil as at 29th February 2024.

22. Related party transactions

There were no related party transactions.

23. Ultimate controlling party

The ultimate controlling party is the Board of Trustee Directors.

24. Analysis of changes in net funds

Group	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	362,018	45,164	407,182
Net funds	<u>362,018</u>	<u>45,164</u>	<u>407,182</u>

25. Financial instruments

The carrying amounts of the group's financial instruments are as follows:

	2024 £	2023 £
Financial assets		
Debt instruments measured at amortised cost:		
- Trade debtors (note 16)	9,976	2,413
- Other debtors (note 16)	6,019	5,245
	<u>15,995</u>	<u>7,658</u>
Financial liabilities		
Measured at amortised cost:		
- Trade creditors (note 17)	6,683	1,903
- Other taxes and social security (note 17)	15,293	13,321
- Other creditors (note 17)	4,164	4,766
	<u>26,140</u>	<u>19,990</u>

ARMY FLYING MUSEUM LIMITED

England & Wales - Charity number 297897

Accounts

**Charity number: 297897
Company number: 2109510**

**Army Flying Museum Limited
(A Company limited by guarantee)**

**Trustees' annual report and Consolidated financial statements
For the year ended 28th February 2023**

**Compass Accountants Limited
Chartered Accountants and Statutory Auditors
Venture House
The Tanneries
East Street
Titchfield
Hampshire
PO14 4AR**

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Legal and Administrative Information

Charity number	297897
Company number	2109510
Registered Office	Middle Wallop Stockbridge Hampshire SO20 8DY
Chief Executive	Lucy Johnson
Trustees	Sir Gary Coward (Chairman) Colin Sibun (Vice Chairman) Caroline Hopkins (Treasurer) Phillip Webb (resigned 19 April 2022) Rhonda Smith Paul Edwards Paul Beaver Colonel Julian Facer Colonel Robin Melling (resigned 15 February 2023) Warrant Officer 1 Paul Dockrell David Short James Johnson Neil Sexton (appointed 20 January 2023)
Company Secretary	Andrew Simkins
Senior Statutory Auditor	Kerry Lawrance FCA
Auditors and Accountants	Compass Accountants Limited Venture House, The Tanneries East Street Titchfield Hampshire PO14 4AR
Bankers	Royal Bank of Scotland Holts Farnborough Branch Lawrie House, Victoria Road Farnborough Hampshire GU14 7NR

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Chairman's Report

2022 has been a challenging year with many external factors impacting on the performance of the Museum. The economic crisis, the war in Ukraine and general rising costs have all had an effect and meant we had to adjust our budget and forecasts mid-year. However, 2022 also saw us record our highest number of visitors in over 10 years and deliver another sold-out Wallop Wheels & Wings. There are many positives from this year that bode well for the future.

After the Covid-19 pandemic, we made the decision to offer every visitor an annual pass with their admission (rather than it being Gift Aid dependent). This has resulted in a far higher number of return visitors over the last 12 months than we have seen previously, with families taking advantage of the ability to return in multiple school holidays. This has allowed us to build better relationships with our visitors and has had a positive impact on our reputation, particularly with pinch currently being felt on people's leisure budgets. We are becoming increasingly known for our welcoming staff and our additional activities and word of mouth is helping us attract new visitors. However, this has affected our income targets as we now need to focus on engaging new visitors from a wider catchment area which is one of our priorities for the coming year.

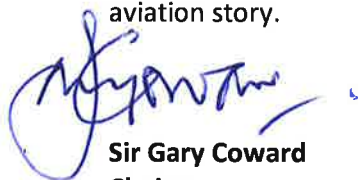
On 02 July 2022 we delivered the second Wallop Wheels & Wings, our flagship event, at full capacity. This year saw 3,775 people attend as visitors (with an additional 500 attending as car or aircraft exhibitors) and excellent feedback received to help inform our growth for 2023.

This year has also seen the return of our volunteering programmes and it has been fantastic to welcome back our volunteers across Engineering, Archive, Education and Tour Guides. We have over 40 active volunteers, all of whom bring a wealth of knowledge and experience to the Museum and really contribute to the Museum's aims.

Fundraising continues to be a key part of our operation and our Corporate Partnership scheme is proving to be popular. We were delighted to welcome Leonardo on board as a Corporate Partner and worked with them to deliver two STEM days at the Museum for 11-14 year olds, plus an evening session for local Scout/Guide groups. We are looking forward to developing this partnership further over the coming year.

Another area of museum operations that has significantly improved is corporate hire and public events. We have seen a 20% increase on corporate bookings in terms of budget and this trend is continuing into this year with new clients approaching us regularly. Our online lecture programme has now turned to a hybrid lecture programme with our popular monthly lectures being broadcast online as well as to a live audience in Museum. Education visits have seen an increase too, and our school holiday activities continue to gather momentum with the programme being advertised at least two months in advance.

However, the climate is challenging, and museums are difficult to make profitable. We continue to work towards becoming the first UK museum to display an Apache, and hope to be able to install one by 2024. This is key to our next stage of development in terms of visitor attraction and the continuation of the Army aviation story.



Sir Gary Coward
Chairman

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

The Trustees present their report and the financial statements for the year ended 28th February 2023. The Trustees, who are directors of company for the purposes of company law and, who served during the year and up to the date of this report are set out on page 1. The Trustees have had due regard to the guidance issued by the Charity Commission on Public Benefit.

Structure, governance and management

Governing Document

The Museum is governed by its Memorandum and Articles of Association. Trustees are selected by the existing Board from persons having an interest in the story of British Army flying, heritage, conservation and the local community and who have a particular skill or qualification which will add to the combined skills and experience of the Board of Directors. Trustees are recruited to fill gaps in specific skill areas within the Board. The Army Flying Museum Limited ('the Museum') was incorporated as a private company limited by guarantee, and without share capital, in March 1987 when the exhibits of the former AAC Museum were donated to it as a basis for public display. The company is also a registered charity (no. 297897).

Appointment of Trustees

The articles provide for the ex-officio appointment of 3 serving AAC officers as trustees. Remaining Trustees are recruited through advertising or recommendations. All trustees are interviewed for suitability before appointment. Selected trustees are also Directors of the Army Flying Museum Trading Company Limited, the Charity's 100% owned subsidiary. The Trading Company carries out trading activities to generate profits that are Gift Aided to the Museum. The Museum is the ultimate holding company of the Trading Company. While the Museum exercises responsibility as shareholder of the Army Flying Museum Trading Company Limited, the Trading Company board is solely responsible for all trading decisions. Each trustee's liability in the event of liquidation of the trust is limited to £1 in accordance with Memorandum of Association.

Induction and Training

Newly selected trustees are briefed by the Chairman and CEO before taking up their appointment and participate in annual Board Training. Governance arrangements, the subcommittee structure, and the role and conduct of trustees is the subject of a comprehensive paper that is based on Charity Commission, and other guidance and which is available to all trustees and issued to new trustees before taking up their appointment.

The objects for which the Museum is established are to advance the education of the public primarily, but not exclusively, by the provision of a public Museum recording and exhibiting all aspects of flying in the British Army both past and present.

Arrangements For Setting Pay and Remuneration of Key Management Personnel

Rates of pay for newly recruited staff are determined through analysis of the labour market for museum staff and affordability. Across the board annual pay increases are not awarded automatically, but according to affordability and included in the forecast budget which is subject to Board approval before the start of the financial year. Individual staff members can be awarded modest increases by the CEO in recognition of outstanding performance or other exceptional circumstances.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Public Benefit

Directors consider that they have complied with the duties expressed in Section 2(1)(b) of the Charities Act 2011 to have due regard to public benefit guidance as published by the Charities Commission. The activities undertaken by the museum throughout the year reached a significant audience of all ages. The Museum has provided a service of great public benefit, offering an educational, enjoyable and satisfying experience through its displays, events and internet presence.

Strategic Report

Museum activity over the last 12 months has been focussed on the recovery from the Covid-19 pandemic and managing the changes in consumer spending. Visitor numbers are up on last year but consist of more free admissions than previous years.

Trading activity this year was slightly better than forecast but expenditure costs have increased more than anticipated meaning activities have been less profitable than expected. Significant increases have been seen in corporate hires and public event attendees.

The focus this year has been on consolidating the work carried out during Project Eagle and embedding the new practices. There has been a huge amount of change over the last five years and it has been important to focus on the day to day operations for a period of time.

Objectives and activities

The object for which the Museum was established is:

‘to advance the education of the public primarily but not exclusively by the provision of a public museum recording and exhibiting all aspects of flying in the British Army both present and past’.

In addition to this charitable object, the Army sets objectives for its museums that include:

- Maintain and enhance the Army's connection with society
- Present the country's military heritage and provide an academic research resource
- Contribute to the education of children and adults including educational outreach and support for the National Curricula
- Educate, train and inspire the current generation of service men and women.

Mission, Vision and Values

Our Mission is:

‘We tell the story of British Army Flying’

Our Vision is:

Our vision is: a sustainable visitor attraction and heritage custodian of national significance.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Our Values are:

- Enterprising
- Innovative
- Focussed
- Inspiring
- Collaborative
- Inclusive

Strategy Management and Strategic Plan

The Museum's Strategic Plan is reviewed and approved by Directors annually in March for the following year and covers a period of 5 years. The strategic aim is to underpin future viability by developing a programme of continuous improvement to the museum's Visitor Offer. This aim is delivered through a number of balanced strategic aims, operational and development objectives contained within the Plan.

In early 2022 as a result of the challenging economic climate, it was agreed that it would be necessary to restructure operations in order to reduce staffing costs. An area of operations was identified as being able to be restructured and the exercise resulted in two redundancies and a 5% reduction in salaries expenditure.

Significant Activities Undertaken

Project Eagle – the Development of the Museum.

Phase 1 (the building of the Army Flying Memorial) was completed in September 2017.

Phase 2 (the modernisation of the Museum) was completed in April 2019 and the Activity Plan was completed in December 2021.

Phase 3 (the future expansion of the Museum) is being considered by the Board of Trustees in their strategic review for 2023-2028.

Beyond Project Eagle

Project Eagle concluded in December 2021. Following this investment, the Museum has made significant progress in non-project related activities over the last 12 months. In particular:

Media – our social media presence continues to grow and is summarised below:

MEDIA	As at 28/02/2023	As at 30/04/2022	% Change over year
Twitter Followers	5,259	4,814	9.2%
Facebook Followers	11,111	9,277	19.8%
Instagram	3,576	3,053	17.1%
LinkedIn	321	176	82.3%
Mailing List	18,895	15,828	19.3%

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Temporary Exhibitions

We have held 3 temporary exhibitions this year plus three online exhibitions. We also loaned out two artefacts to the Fashion and Textile Museum in London.

Physical exhibitions:

- 13 to 31 August & 01 Oct to 30 Nov : 'Weather and Aviation'
- 01 to 30 September: 'Caught on Camera: 65 Years of the Army Air Corps'
- 01 December to date: 'Palaces for the People: Prefabs of the Temporary Housing Programme 1944 to 1948'

Loaned Items

01 April to 04 September: Two artefacts displayed at the Fashion and Textile Museum, London, as part of 'Crown to Catwalk: 150 Years of the Royal School of Needlework'.

Online exhibitions:

- From 02 April: 'The Falklands War'
- From 03 October: Blog post on website: 'Agriculture to Airfield: A History of Middle Wallop Airfield up to 1939 Part 1'
- From 24 October: Blog post on website: 'Agriculture to Airfield: A History of Middle Wallop Airfield up to 1939 Part 2'

Archive

Since the development of the new Archive through Project Eagle, we have noticed an increase in enquiries and have done a lot of work to process some of the inherited backlog in cataloguing. The AAC have also provided funding to support the employment of an Archive Assistant and the team work closely with HQ AAC to ensure the recording of course histories.

- 113 enquiries and 6 physical visits
- 2 blog posts and 3 articles
- Updating of the Post WW2 Campaign Screens
- Catalogued large portion of donation backlog which stretched to the 1990s to Box Level
- 109 Donations catalogued since Apr 2021
- A significant number of oral history recordings

We were also successful in getting grant funding from AIM for an audit of the Archive's negative/photographic collections.

Education and Learning

In terms of Education, there has been a slow recovery of in-person visits over the last 12` months:

- 29 schools came on trips to the Museum – 1,043 pupils

We hosted two regular work experience placements in conjunction with Grateley School and Sparsholt College (both college age).

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

School Holiday Family Activities

Our school holiday activities remain popular, and the programme is developed in conjunction with the curatorial and marketing teams. We know that more families are visiting on a regular basis to join in with these, so we make sure the programme changes each holiday.

- Easter Holidays 2022: 523 participants
- May Half Term 2022: 256 participants
- Summer Holidays 2022: 1,672 participants
- October Half Term 2022: 558 participants
- Christmas Holidays 2022: 467 participants
- February Half Term 2023: 561 participants

Outreach

Outreach has been firmly embedded in the museum operations now, although we were unable to recruit a replacement Outreach Officer earlier this year. In the interim, members of the Museum team covered the various activities.

The following Outreach events took place:

Young Eagles Youth Group sessions (in partnership with the Army Welfare Service):

- No of Young Eagles sessions: 8 sessions
- No of Young Eagles participants: 160 participants

Pre-School Pilots (sessions for under-5s and their parent/carer)

- No of Pre-School Pilot sessions: 6 sessions
- No of Pre-School Pilot participants: 90 participants

Scout/Guide groups etc and the number of participants

- Museum visits by Youth Groups: 153 participants

Pop Up Museum events:

- No of events attended: 6 events
- No of participants: 600 participants (estimated)

Fundraising

The Museum's fundraising capability is now firmly established. To keep the cost of fundraising down, the CEO provides the staff lead and has the support of a part time Development Manager. She reports to the Fundraising Committee that provides guidance and support. The Museum is registered with the Fundraising Regulator and the team abide by the Fundraising Code. The Museum's fundraising promise is linked to the website <https://www.armyflying.com/project-eagle/fundraising/>. Fundraising activities have concentrated on applications to grant making trusts, developing business relationships and major fundraising events. The Museum did not receive any complaints in the period.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Fundraising Events

Fundraising continues in earnest with an aim of generating £40k surplus every year. We have refreshed the Fundraising Committee and are focussed on building new business relationships, increasing the Corporate Partnerships scheme and putting on public events to help raise funds whilst also increasing awareness of the Museum. New events this year have included the Remembrance Concert with the Andover and Middle Wallop Military Wives Choir, Santa's Flying Visit (a meet Santa event) and a Christmas Craft Market.

The Museum's flagship fundraising event, Wallop Wheels & Wings, took place on Saturday 02 July 2022 with an increased capacity of 3,775 and the event sold out for the second year running. We have built strong relationships with Salisbury, Wilton and Andover Rotary, Hampshire Search & Rescue, and numerous Combined Cadet Force groups now and are extremely grateful for their support and the support we receive from the Army Air Corps and Army Aviation Centre in order to deliver this event. A lot of lessons were learnt from the second event to hopefully inform and ensure the success of the coming years.

The Museum Lecture Programme

The Museum has always had a popular lecture programme but in response to the Covid-19 pandemic we developed the Lockdown Lectures which were broadcast online with a live Q&A. These launched in April 2020 and quickly grew in popularity, and a grant from the Heritage Fund Emergency Fund in late 2020 allowed us to purchase our own live-stream equipment. Now, we live stream all our lectures as well as having a live audience in the Museum, and we offer them to view on catch up too. We have also donated passes to watch our online lecture 'box-sets' to local care homes for their residents.

Date	Lecture	Online	In Person
16/03/2022	Codename Intrepid	49	N/A
07/04/2022	Falklands 40	63	N/A
12/05/2022	Navy Wings Collaboration	151	N/A
17/05/2022	The Rifles Museum partnership	54	N/A
06/06/2022	Nothing is Impossible	71	139
15/06/2022	Dad's War with Chris Tarrant	96	N/A
12/07/2022	Sicily	31	97
10/10/2022	Test Pilot	49	43
22/11/2022	Op Freshman	50	110
30/01/2023	Chinook Crew Chick	75	55
20/02/2023	D-Day, Arnhem and the Rhine	63	N/A

Volunteers

Volunteering is fully underway with all four volunteer teams working hard on their respective projects. The teams are Engineering, Archive, Education and Tour Guides and we have over 40 active volunteers now. The roles our volunteers perform are invaluable to the running of the Museum and they often get involved in the wider activities too (like Wallop Wheels & Wings).

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Achievements and performance

Financial Review

The Museum, Café and Shop were open throughout the reporting period.

YTD	VISITOR NOS	TICKET INCOME	CAFÉ INCOME	SHOP INCOME
28 FEB 23	38,596	£238,536	£161,430	£66,531
28 FEB 22*	35,396	£195,357	£119,673	£57,584
28 FEB 21**	14,388	£95,093	£46,538	£31,066
29 FEB 20***	36,282	£257,320	£188,984	£67,692
28 FEB 19****	23,568	£147,087	£142,183	£58,443
28 FEB 18	30,354	£189,758	£146,681	£75,732

* NB. The Museum was closed due to Covid 19 from 01 Mar-16 May 2022

** NB. The Museum was closed due to Covid 19 apart from 13 Jul-04 Nov 20 and 04 Dec-23 Dec 20

*** NB. The Museum was closed in March 2019 for refurbishment

**** NB. The Museum was closed from Nov 18 – Feb 19 for refurbishment

Subsidiary Undertaking

The Army Flying Museum Trading Company Limited is the 100% subsidiary of the Army Flying Museum Limited. The subsidiary operated the trading activities of the museum and covenants its profits to the Museum on an annual basis.

Principal funding streams

The principal funding streams into the Museum are threefold, as detailed below. All funding has been used in the appropriate manner to support the management objectives for the period.

Income generation from trading and admission activity including gift aid

This income is directed towards the management of the Museum and the improvements required to develop the business. This year has seen an improvement in shop profits. The café continues to be a challenge and is undergoing a full review in the coming year to inform its future viability.

MOD support

The MOD provides support in 2 ways:

- Grant in aid. This totalled £62,450 for the year.
- Internal Business Agreement. This covers support such as the provision of utilities and some maintenance and which the MOD value at £71,571 for the year.

We also received two grants from the AAC Charity – one annual grant of £18,000 to support the employment of an Archivist and Archive Assistant, and a one-off grant of £6,000 to support the renovation of the Army Flying Memorial flooring.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Grants and donations

Unless specified by the donor, grants and donations to the Museum are allocated to unrestricted funds.

Ticket Pricing

The standard ticket was increased on 01 October 2022 due to rising costs and a lower level of visitor spending. An adult ticket increased from £14.00 to £16.00, children are now priced at £9.50 (from £8.00) and concessions have increased from £10.00 to £12.00. A family ticket for two adults and two children is priced at £42.00 and under 4s are free.

Free Entry

The Museum offers free entry to:

- AAC members (plus their accompanying Spouse/Children)
- Army Air Cadets (when booked through the Army Air Corps)
- Serving British or Commonwealth Military personnel on production of a MOD90 or equivalent ID Card
- AAC Veterans with an AAC Veterans' Association Membership Card
- Wheelchair pushers and carers of disabled people
- Middle Wallop Membership cardholders
- Children under 4

Reserves Policy

The results for the period, and the company's financial position at the end of the year, are shown in the attached accounts. The agreements with the MOD continued to work well and are of enormous benefit to the Museum. However, MOD budget constraints continue to adversely affect the maintenance support for Phase 1 of the museum building (which is an MOD maintenance responsibility). This has resulted in Museum staff taking on some maintenance tasks and additional expense falling to the Museum.

The Museum maintains a level of free reserves as mitigation against the operational risks listed in the risk register. Restricted reserves are used in accordance with their specified restrictions. Free (i.e. non-committed) reserves are calculated on the basis of the excess of unrestricted funds over fixed assets. The minimum level of the unrestricted reserve is determined by the requirement to provide some financial mitigation of risks listed in the risk register. The most significant of these in financial terms is the risk of income falling to a level that prejudices the Museum's viability. Due to the increased cost of living and rising overheads, the Trustees have reviewed the policy regarding free reserves and agreed to increase the requirement to £200,000.

At 28 February 2023 the level of the Museum's free reserves amounted to £144,074 (2022: £213,222).

Investment Policy

The Museum's investment policy is to hold its liquid assets in its bank accounts. Project Eagle reserves have largely been expended no significant sums are held in interest bearing accounts.

Plans for future periods

Directors have approved the annual update to the 5-year strategic plan for the museum that aims to deliver the Museum's vision.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Review

This plan is reviewed annually. Key imperatives from this annual analysis are that we must:

- consolidate our operational and resource position following Project EAGLE.
- address our outstanding infrastructure issues.
- continue to build up our fundraising capability.
- continue to press and plan for the installation of an Apache.
- consider our options for further development during the next strategic period (27-33).

Assumptions

The strategic plan is based on the following assumptions:

- **MOD Support.** MoD support including the grant in aid received via AMOT will continue at current levels until at least 2027 but may well reduce thereafter. Maintenance support will continue at current patchy levels.
- **Airfield.** Army flying operations will increase 23-26 and continue for the foreseeable future.
- **Economy.** The UK economy will grow very slowly, base interest rates will increase significantly, labour will be in short supply and there is a high risk of stagflation, leading to a recession.

Key Strategies

The following strategies will be pursued by the Museum:

- Maintain and develop an effective board of trustees/directors.
- Nurture the close relationship with the Army Air Corps.
- Seek to increase museum visitor footfall up to 40,000 annually by 2027.
- Invest in Corporate and Membership schemes, aiming for 5% growth annually.
- Build on our outreach programme, seeking to double our coverage by 2027.
- Develop our fundraising activities to generate £70K annually by 2027.
- Market the Museum primarily through digital activities and social media and developing a plan to improve our PR profile regionally.
- Invest more in training our staff.

Operational Objectives

Our Key Operational Objectives are:

- Develop Wallop Wheels & Wings to deliver a £40K annual surplus.
- Maintain a routine events programme to generate £20K annually.
- Sustain the Lockdown Lecture Series to generate £20K annually.
- Operate the Shop to generate £10K surplus annually.
- Operate the Café to generate £20K surplus annually.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Development Objectives

Our key development objectives are to:

- Assess the financial implications of reductions in MOD support.
- Resource and deliver a restroom refurbishment project 23-25.
- Build on the visitor feedback collected to date and ensure that evaluation is embedded in all activities.
- Seek to extend and diversify our audience.
- Consider how to better reflect Army unmanned aerial platforms.
- Increase collaboration with other regional museums.

Risks

A number of high-level risks have been identified that affect the Museum

STRATEGIC RISK	RESPONSE
Income Generation The Museum has, in the past, relied on income from events supported by the Ministry of Defence to generate a surplus. These events are no longer available and so additional income needs to be generated through footfall, trading and fundraising. In addition, Ministry of Defence funding and material support is likely to decrease over time, putting further pressure on the Museum budget.	Project Eagle has substantially increased footfall and trading, but these have now been affected by the pandemic, cost of living crisis and the situation in Ukraine. However, fundraising is now embedded in the organisation and a component of core funding.
Covid-19 The impact of any future peaks and subsequent lockdowns will have a significant impact on the reserves.	All opportunities for fundraising and income generation must be actioned when possible.
Loss of Reputation Adverse comment and poor reputation affect business performance.	Legal compliance and a culture of customer service and value for money.
Maintenance liability. Pressure on Ministry of Defence funding has reduced maintenance support putting additional pressure on museum funding	Significant Improvements in the material state of the Museum through Project Eagle plus a system of planned maintenance.
HR Risk Errors in HR management can lead to discontent, stress, loss of productivity and in extreme cases, tribunals and fines.	HR advice has been outsourced to Peninsula business services.
Health and Safety Inadvertent noncompliance with Health and Safety legislation leading to a fine.	Health and Safety advice has been outsourced.
Fraud	Implementation of Proper procedures.
Staff loading/Incapacity	Careful monitoring and Keyman insurance

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2023

Auditors

The accounts have been audited by Compass Accountants Limited. A resolution to reappoint the auditor will be put to the members at the Annual General Meeting.

So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.



Sir Gary Coward
On behalf of the Board

Date: 21/7/23

Statement of trustees' responsibilities for the year ended 28th February 2023

The Trustees (who are also directors of the Army Flying Museum Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Sir Gary Coward
On behalf of the Board

Date: 21/7/23

Independent Auditor's Report to the Members and Trustees of the Army Flying Museum Limited

Opinion

We have audited the financial statements of the Army Flying Museum Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 28th February 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 28th February 2023, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates through discussions with management, sector research, and the application of relevant audit knowledge and experience
- We made enquiries of management around actual and potential litigation and claims

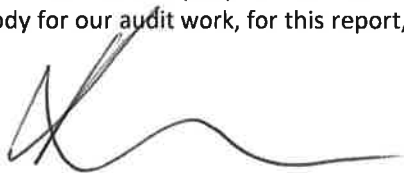
- We made enquiries of management and relevant staff, and designed our audit procedures, including reviewing financial statement disclosures and testing of supporting documentation, to assess compliance with applicable laws and regulations. We focussed on laws and regulations which could give rise to material misstatement in the financial statements including, but not limited to, the Charities Act 2011, the Charities SORP, and the Financial Reporting Standard 102.
- We identified the risk of material misstatement of the financial statements due to fraud and designed audit procedures to respond to the risk. We performed audit procedures designed to address the risk of fraud arising from management override of controls, including, but not limited to, testing of journal entries and other adjustments, reviewing accounting estimates for evidence of bias, and evaluating the business rationale of significant transactions outside the normal course of business

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company'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 charitable company's members and its 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Kerry Lawrance FCA
Senior Statutory Auditor
For and on behalf of Compass Accountants, Statutory Auditor

Venture House, The Tanneries
East Street, Titchfield
Hampshire
PO14 4AR

Date: 3 AUGUST 2023

Compass Accountants is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Statement of financial activities (incorporating the income and expenditure account)

For the year ended 28th February 2023

	Notes	Unrestricted funds £	Restricted funds £	2023 Total £	Unrestricted funds £	Restricted funds £	2022 Total £
Income from:							
Donations and legacies							
Grant in aid	4	-	80,450	80,450	-	79,324	79,324
Services donated by the Ministry of Defence	4	-	71,571	71,571	-	71,571	71,571
Donations and grants	4	8,241	7,632	15,873	87,098	176,778	263,876
Charitable activities							
Admissions	5	391,908	-	391,908	349,401	-	349,401
Other trading activities							
Trading company	3	250,739	-	250,739	197,381	-	197,381
Investments	6	593	575	1,168	360	42	402
Other	7	756	-	756	24,000	-	24,000
Total income		652,237	160,228	812,465	658,240	327,715	985,955
Expenditure on:							
Fundraising and publicity	8	63,342	-	63,342	57,013	-	57,013
Trading company	8	249,614	-	249,614	186,906	-	186,906
Charitable activities	9	433,923	376,538	810,461	404,780	556,152	960,932
Total expenditure		746,879	376,538	1,123,417	648,699	556,152	1,204,851
Net income/(expenditure)		(94,642)	(216,310)	(310,952)	9,541	(228,437)	(218,896)
Transfers between funds		-	-	-	-	-	-
Net movement in funds		(94,642)	(216,310)	(310,952)	9,541	(228,437)	(218,896)
Reconciliation of funds:							
Total funds brought forward		1,355,373	1,208,558	2,563,931	1,345,832	1,436,995	2,782,827
Total funds carried forward		1,260,731	992,248	2,252,979	1,355,373	1,208,558	2,563,931

All recognised gains and losses are included in the statement of financial activities. All transactions are derived from continuing activities.

The depreciation costs of the capital expenditure on Project Eagle will reduce the balance of restricted reserves over the life of the lease and will result in deficits after depreciation being recognised in future years.

The notes on pages 21 to 33 form an integral part of these financial statements.

**Consolidated Balance Sheet
as at 28th February 2023**

	Notes	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Fixed assets					
Tangible assets	13	1,897,855	2,151,578	1,884,362	2,123,138
Heritage assets	14	10,000	10,000	10,000	10,000
Investments	15	-	-	100	100
		<u>1,907,855</u>	<u>2,161,578</u>	<u>1,894,462</u>	<u>2,133,238</u>
Current assets					
Stocks		13,054	13,105	-	-
Debtors	16	10,979	34,867	19,346	47,524
Cash at bank and in hand		362,018	397,981	330,662	358,359
		<u>386,051</u>	<u>445,953</u>	<u>350,008</u>	<u>405,883</u>
Creditors: amounts falling due within one year	17	<u>(40,927)</u>	<u>(43,600)</u>	<u>(33,280)</u>	<u>(20,575)</u>
Net current assets		345,124	402,353	316,728	385,308
Provisions for liabilities		-	-	-	-
Net assets		<u>2,252,979</u>	<u>2,563,931</u>	<u>2,211,190</u>	<u>2,518,546</u>
Funds					
Unrestricted funds		878,160	969,206	878,160	969,206
Restricted funds	18	992,248	1,208,558	992,248	1,208,558
Revaluation reserve		340,782	340,782	340,782	340,782
Non Charitable Trading funds		41,789	45,385	-	-
Total funds		<u>2,252,979</u>	<u>2,563,931</u>	<u>2,211,190</u>	<u>2,518,546</u>

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

The financial statements were approved and authorised for issue by the Board and signed on its behalf by



Sir Gary Coward
Chairman

Date: 21/7/23



C. Hopkins
Treasurer

Date: 21/7/2023

The notes on pages 21 to 33 form an integral part of these financial statements.

Cash flow statement

for the year ended 28th February 2023

	Group 2023	Group 2022
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(36,032)	(153,666)
Cash flows from investing activities:		
Interest income	1,168	402
Purchase of fixed assets	(1,099)	(63,753)
Net cash provided by (used in) investing activities	69	(63,351)
Increase/(decrease) in cash and cash equivalents in the year	(35,963)	(217,017)
Cash and cash equivalents at 1 March 2022	397,981	614,998
Cash and cash equivalents at 28 February 2023	362,018	397,981
Net income/expenditure for the reporting period	(310,952)	(218,896)
Depreciation and impairment	254,822	259,573
Income from investments	(1,168)	(402)
Decrease/(Increase) in stocks	51	(1,027)
Decrease/(Increase) in debtors	23,888	(19,224)
Increase/(Decrease) in creditors	(2,673)	(173,690)
Net cash provided by (used in) operating activities	(36,032)	(153,666)

Notes to financial statements
for the year ended 28th February 2023

1. Accounting policies

1.1. Charity information

The Army Flying Museum Limited is a private company limited by guarantee and incorporated in England and Wales. The registered office is the Army Flying Museum, Army Aviation Centre, Middle Wallop, Stockbridge, Hampshire, SO20 8DY.

The Army Flying Museum Limited meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The consolidated financial statements incorporate the results of the Army Flying Museum Limited and of its subsidiary undertaking as at 28th February 2023 using the acquisition method of accounting.

A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

1.3. Incoming resources

All incoming resources are included in the SOFA when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following policies are applied to particular categories of income:

Income from trading activities represents monies received (exclusive of Value Added Tax) from shop and restaurant sales during the year.

All donations are accounted for on a receivable basis. Separate reserves are maintained for restricted funds in accordance with the Charities Act 2011.

Grants receivable are accounted for when received and are included under the heading of donations.

Services donated by the Ministry of Defence is the value of the services of staff and facilities paid directly by the Ministry of Defence. These have been included on a cost basis in the accounts.

Grant in aid is a donation from the Ministry of Defence towards employment costs. Investment income is recognised on a receivable basis.

1.4. Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the cost of Trustee meetings and the cost of any legal advice to Trustees on governance or constitutional matters.

Notes to financial statements
for the year ended 28th February 2023

1.5. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

1.6. Basis of allocation

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Army Flying Museum as a visitor attraction.

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

1.7. Irrecoverable VAT

Irrecoverable VAT has been included as a cost of charitable activities.

1.8. Fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost.

1.9. Heritage assets

The Army Flying Museum holds in trust artefacts comprising its collection. The collections have not been included in the financial statements due to their historic and inalienable nature and due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1st April 2000 have not been capitalised and included in the accounts but with effect from 1st April 2000, additions to the collection with a cost in excess of £5,000, have been capitalised. These assets are not revalued or depreciated.

Heritage assets donated to the Museum with a value in excess of £5,000 are included in the accounts on the basis of internal valuations.

The Collection

The main museum collection comprises aircraft, vehicles, equipment, uniforms, medals, weapons, artwork and ephemera. It also includes an archive of documents, books, photographs, photographic negatives, albums, slides and film. The collection, which numbers many hundreds of thousands of items, contains material which has a unique provenance relating to British Army Flying. Information regarding cost of value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant, and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

Policy for the acquisition, preservation, management and disposal of heritage assets

Acquisition and disposal of items in the collection is governed by its Collections Development Policy (2016) which is based on an approved template provided by Arts Council England. It takes into account the Museum Association Code of Ethics.

Documenting. The Museum's approach to documenting the collection is stated in its Collections Documentation Policy (2016) and is formalised in a forward plan of work. It operates a system which meets Spectrum basic standards including entry, exit and transfer of title forms; accession records and inventories.

Conservation. The Museum's approach to conserving the collection is stated in its Collections Care and Conservation Policy (2016) and is formalised in a plan of work forward. Work in this area is undertaken by staff, volunteers under the supervision of staff or specialist contractors.

Notes to financial statements
for the year ended 28th February 2023

Access. The Museum's approach to providing access to collections is stated in its Access Policy (2016). The collections, and the information held therein, is made available through permanent and temporary exhibitions, website features, loans to other organisations and an enquiries service. Members of the public can also access material by appointment. Access is only limited where legislation requires it.

Memorial Wall

The Museum commissioned and built a memorial wall, completed in 2017, to commemorate those that have lost their lives in the service of British Army Flying however this is not considered to be a heritage asset as defined by FRS 102.

1.10. Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over the expected useful economic life as follows:

Museum displays & equipment - 13% & 25% Straight line basis
Leasehold property - Over the life of the lease
Leasehold improvements - 10 or 25 years
Shop & kitchen equipment - 20% Straight line basis

1.11. Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

1.12. Financial Instruments

The Museum has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Museum's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade debtors, trade creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the Museum is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

Term deposits of less than one year are classified as investments within current assets.

1.13. Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

1.14. Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

Notes to financial statements
for the year ended 28th February 2023

1.15. Fund accounting policy

Unrestricted income funds are generally funds that are available for use at the Trustees discretion in furtherance of the objectives of the charity.

Restricted 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.

Further details of each fund are disclosed in note 19.

1.16. Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.17. Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.18. Termination benefits

The Museum recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

2. Pension costs

The company operates a defined contribution pension scheme. The pension cost for the period represents contributions payable by the charity to the scheme and amounted to £6,880 (2022: £7,393).

Contributions totalling £576 (2022: £667) were payable to the scheme at the end of the period and are included in creditors.

Notes to financial statements
for the year ended 28th February 2023

3. Income and expenses from trading activities of subsidiaries

The charity has a wholly owned trading subsidiary which is incorporated in the United Kingdom, Army Flying Museum Trading Company Limited.

Profit and Loss Account	2023	2022
	£	£
Turnover	235,781	182,530
Cost of sales	(225,296)	(158,675)
Gross Profit	10,485	23,855
Sundry income	14,958	14,853
Grant from parent charity	-	16,991
Overheads	(24,317)	(28,233)
Net profit/(loss) before tax	1,126	27,466
Amount gifted to The Army Flying Museum	(4,721)	-
Profit/(loss) for year before taxation	(3,595)	27,466
Taxation	-	-
Retained profit/(loss) for the period	(3,595)	27,466
Retained profit brought forward	45,384	17,918
Retained profit carried forward	41,789	45,384
Called up Ordinary Share Capital	100	100
Capital and reserves	41,889	45,484

4. Grants and Donations

During the year the following grants and donations were received:

	Unrestricted funds	Restricted funds	2023 Total	2022 Total
	£	£	£	£
Grant in Aid	-	80,450	80,450	79,324
Services provided by Ministry of Defence	-	71,571	71,571	71,571
	-	152,021	152,021	150,895
Other grants and donations:				
General donations	8,241	7,632	15,873	29,393
Coronavirus Job Retention Scheme	-	-	-	29,071
National Lottery Heritage Fund	-	-	-	176,698
Test Valley Borough Council	-	-	-	28,714
	8,241	7,632	15,873	263,876

In 2022 £87,098 were restricted funds with £327,673 being unrestricted funds.

Notes to financial statements
for the year ended 28th February 2023

5. Activities for generating funds

	Unrestricted funds £	Restricted funds £	2023 £	2022 £
Museum Admissions	238,664	-	238,664	200,088
Gift aid tax claimed	47,858	-	47,858	44,500
Hire of museum facilities	26,041	-	26,041	8,913
Special events	79,345	-	79,345	95,900
	<u>391,908</u>	<u>-</u>	<u>391,908</u>	<u>349,401</u>

All the income for 2022 were unrestricted funds

6. Investment income

	Unrestricted funds £	Restricted funds £	2023 £	2022 £
Dividends and interest	593	575	1,168	57
Interest on Corporation Tax Repayment	-	-	-	345
	<u>593</u>	<u>575</u>	<u>1,168</u>	<u>402</u>

In 2022 £42 were restricted funds with £360 being unrestricted funds

7. Other incoming resources

	Unrestricted funds £	Restricted funds £	2023 £	2022 £
Museum & Galleries Exhibition Tax Relief (MGETR)	756	-	756	24,000
	<u>756</u>	<u>-</u>	<u>756</u>	<u>24,000</u>

All the income for 2022 were unrestricted funds

Notes to financial statements
for the year ended 28th February 2023

8. Cost of generating funds

	Unrestricted funds	Restricted funds	2023	2022
	£	£	£	£
Shop and restaurant expenses	249,614	-	249,614	186,906
Event Expenditure	63,342	-	63,342	57,013
	<u>312,956</u>	<u>-</u>	<u>312,956</u>	<u>243,919</u>

All the expenditure for 2022 were unrestricted funds

9. Costs of charitable activities

	Unrestricted funds	Restricted funds	2023	2022
	£	£	£	£
Staff costs	278,085	84,517	362,602	346,924
Costs paid by Ministry of Defence	-	71,571	71,571	71,571
Staff training	846	550	1,396	13
Outreach costs	1,571	-	1,571	-
Development project costs	-	-	-	191,909
Repairs and maintenance	18,594	2,682	21,276	18,275
Computer expenses	14,435	-	14,435	9,689
Hire of plant and machinery	8,634	-	8,634	8,535
Travel and subsistence	1,447	440	1,887	947
Unattributable VAT	8,663	-	8,663	7,606
Professional fees	12,465	-	12,465	10,893
Depreciation	21,998	216,778	238,776	243,637
Office costs	15,460	-	15,460	13,333
Advertising & promotion costs	16,379	-	16,379	10,637
Bad debt expense	96	-	96	306
Governance and support costs	35,250	-	35,250	26,657
	<u>433,923</u>	<u>376,538</u>	<u>810,461</u>	<u>960,932</u>

In 2022 £556,152 were restricted funds with £404,780 being unrestricted funds

10. Governance and support costs

	Governance costs	2023	2022
	£	£	£
Staff costs	24,953	24,953	20,901
Auditors remuneration	3,550	3,550	3,500
Costs of Trustees meetings	159	159	75
Bank charges and interest	6,588	6,588	2,181
	<u>35,250</u>	<u>35,250</u>	<u>26,657</u>

Notes to financial statements
for the year ended 28th February 2023

11. Auditors' remuneration

	2023	2022
	£	£
Auditors' remuneration - audit of the financial statements	<u>3,550</u>	<u>3,500</u>
Auditors' remuneration - other fees:		
- Preparation of statutory accounts and payroll	5,093	5,345
- Taxation services	265	265
- Consultancy and advice regarding VAT and other charity matters, including MGETR	<u>1,545</u>	<u>1,831</u>
	<u>6,903</u>	<u>7,441</u>

12. Employees

	2023	2022
	£	£
Employee costs		
Wages and salaries	449,308	357,357
Social security costs	24,807	25,525
Pension costs	6,880	7,393
Redundancy costs	<u>5,033</u>	<u>-</u>
	<u>486,028</u>	<u>390,275</u>

Including the Chief Executive Officer, the average number of employees, analysed by function, was:

	2023	2022
Management staff	11	11
Museum staff	<u>19</u>	<u>23</u>
	<u>30</u>	<u>34</u>

During the year two employees received termination benefits of £5,033 (2022: £Nil).

No trustees received remuneration during the period, no trustees were reimbursed for expenses (28th February 2022: Nil).

No employees received remuneration of more than £60,000 during the year (2022: Nil).

Key management personnel

Employee benefits received by key management personnel total £44,088 (2022: £41,262) which included employers' national insurance contributions.

**Notes to financial statements
for the year ended 28th February 2023**

13. Tangible fixed assets

Group	Leasehold Property & Improvement £	Shop & Kitchen Equipment £	Museum Displays & Equipment £	Heritage Assets £	Total £
Cost					
At 1 March 2022	1,482,824	135,368	1,835,114	10,000	3,463,306
Additions	-	1,099	-	-	1,099
Disposals	-	7,317	863	-	8,180
At 28 February 2023	1,482,824	129,150	1,834,251	10,000	3,456,225
Depreciation					
At 1 March 2022	401,350	106,928	793,450	-	1,301,728
Charge for the year	19,554	16,046	219,222	-	254,822
Eliminated on disposal	-	7,317	863	-	8,180
At 28 February 2023	420,904	115,657	1,011,809	-	1,548,370
Net book values					
At 28 February 2023	1,061,920	13,493	822,442	10,000	1,907,855
At 28 February 2022	1,081,474	28,440	1,041,664	10,000	2,161,578

Charity	Leasehold Property & Improvement £	Museum Displays & Equipment £	Heritage Assets £	Total £
Cost				
At 1 March 2022	1,482,824	1,835,114	10,000	3,267,938
Additions	-	-	-	-
Disposals	-	863	-	863
At 28 February 2023	1,482,824	1,834,251	10,000	3,327,075
Depreciation				
At 1 March 2022	401,350	793,450	-	1,194,800
Charge for the year	19,554	219,222	-	238,776
Eliminated on disposal	-	863	-	863
At 28 February 2023	420,904	1,011,809	-	1,432,713
Net book values				
At 28 February 2023	1,061,920	822,442	10,000	1,894,362
At 28 February 2022	1,081,474	1,041,664	10,000	2,133,138

Revaluation of fixed assets

The leasehold property was restated at open market value at 31st March 1993 and subsequently reduced by depreciation on that value.

**Notes to financial statements
for the year ended 28th February 2023**

14. Heritage assets

Cost						Total £
At 1 March 2022 and 28 February 2023						<u>10,000</u>
Five year summary	2023	2022	2021	2020	2019	
	£	£	£	£	£	
<u>Additions</u>						
Purchases	-	-	-	-	-	5,000
Donations	-	-	-	-	-	5,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>

15. Fixed asset investments

Cost	Charity Unlisted £	Charity Total £
At 1 March 2022 and 28 February 2023	<u>100</u>	<u>100</u>

Unlisted investments represents 100% of the issued share capital of Army Flying Museum Trading Company Limited.

15.1. Investments held

The company holds 20% or more of the share capital of the following companies:

Company	Nature of business	Shares held class	% of shares held
Army Flying Museum Trading Company Limited	Commercial activities of the parent company	Ordinary	100%

16. Debtors

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Amounts due within 1 year:				
Trade debtors	2,413	2,236	2,413	2,236
Other taxes and social security	-	481	-	481
Other debtors	5,245	4,579	5,002	4,579
Accrued income	-	24,000	4,721	24,000
Prepayments	3,321	3,571	3,321	3,571
Amount owed by group undertakings	-	-	3,889	12,657
	<u>10,979</u>	<u>34,867</u>	<u>19,346</u>	<u>47,524</u>

**Notes to financial statements
for the year ended 28th February 2023**

17. Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade creditors	1,903	4,939	1,071	2,770
Other taxes and social security	13,321	8,335	13,321	8,335
Other creditors	4,766	5,458	1,651	3,050
Accruals and deferred income	20,937	24,868	17,237	6,420
	<u>40,927</u>	<u>43,600</u>	<u>33,280</u>	<u>20,575</u>

18. Restricted funds

	1 March 2022 £	Incoming £	Outgoing £	Transfers £	28 February 2023 £
Grant in aid	9,000	80,450	(84,517)	-	4,933
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Heritage & Archive appeal fund	1,283	-	(1,283)	-	-
Project Eagle development fund	1,188,876	575	(217,995)	-	971,456
Memorial Garden & Wall fund	4,432	6,000	-	-	10,432
Cannon display fund	4,472	-	-	-	4,472
Other restricted funds	495	1,632	(1,172)	-	955
	<u>1,208,558</u>	<u>160,228</u>	<u>(376,538)</u>	<u>-</u>	<u>992,248</u>

	1 March 2021 £	Incoming £	Outgoing £	Transfers £	28 February 2022 £
Grant in aid	5,570	79,324	(75,894)	-	9,000
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Heritage & Archive appeal fund	1,283	-	-	-	1,283
Project Eagle development fund	1,420,743	176,820	(408,687)	-	1,188,876
Memorial Garden & Wall fund	4,432	-	-	-	4,432
Cannon display fund	4,472	-	-	-	4,472
Other restricted funds	495	-	-	-	495
	<u>1,436,995</u>	<u>327,715</u>	<u>(556,152)</u>	<u>-</u>	<u>1,208,558</u>

The Grant in Aid fund is a grant from the Ministry of Defence heritage branch for employees' salaries.

The Ministry of Defence services provided fund represents expenses paid by the Ministry of Defence as part of the ongoing IBA agreement in place between the Museum and the Ministry of Defence.

The Heritage and Archive appeal fund has been set up to fund archive and display projects. The donor of the fund has agreed that the donation can also be used for the development project if required.

The Project Eagle development fund represents funds raised towards phase II of Project Eagle.

Notes to financial statements
for the year ended 28th February 2023

The Memorial Wall fund represents funds donated for the building of a wall to commemorate those that have lost their lives in the service of British Army Flying at a cost of £310,000.

The Cannon Display fund represents a donation from Major R.W Hogarth R.A (Retired) for the purpose of making a suitable display cabinet for a scale model of a Waterloo Nine Pounder Cannon.

The National Lottery Heritage Emergency fund was received towards the cost of the website and other equipment. A total of £8,596 was transferred to unrestricted funds to reflect expenditure incurred on fixed assets in accordance with SORP FRS 102 Section 2.26.

Sufficient resources are held to enable each fund to be applied in accordance with any restrictions.

19. Analysis of net assets between funds

	Tangible Fixed Assets	Net Current Assets	Provisions for Liabilities	2023
	£	£	£	£
Unrestricted funds	1,074,868	144,074	-	1,218,942
Restricted funds	819,594	172,654	-	992,248
	<u>1,894,462</u>	<u>316,728</u>	<u>-</u>	<u>2,211,190</u>
Non charitable trading funds	13,393	28,396	-	41,789
	<u>1,907,855</u>	<u>345,124</u>	<u>-</u>	<u>2,252,979</u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	-	340,782	-	340,782

	Tangible Fixed Assets	Net Current Assets	Provisions for Liabilities	2022
	£	£	£	£
Unrestricted funds	1,096,766	213,222	-	1,309,988
Restricted funds	1,036,372	172,186	-	1,208,558
	<u>2,133,138</u>	<u>385,408</u>	<u>-</u>	<u>2,518,546</u>
Non charitable trading funds	28,440	16,945	-	45,385
	<u>2,161,578</u>	<u>402,353</u>	<u>-</u>	<u>2,563,931</u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	-	340,782	-	340,782

20. Commitments and contingent liabilities

The charity had capital commitments contracted for but not provided for in the financial statements amounting to £Nil (2022: £Nil). There were no contingent liabilities at 28th February 2023 (2022: £Nil).

**Notes to financial statements
for the year ended 28th February 2023**

21. Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiary had a corporation tax liability of £Nil as at 28th February 2023.

22. Related party transactions

There were no related party transactions.

23. Ultimate controlling party

The ultimate controlling party is the Board of Trustee Directors.

24. Analysis of changes in net funds

Group	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	397,981	(35,963)	362,018
Net funds	397,981	(35,963)	362,018
Charity	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	358,359	(27,697)	330,662
Net funds	358,359	(27,697)	330,662

25. Financial instruments

The carrying amounts of the group's financial instruments are as follows:

	2023 £	2022 £
Financial assets		
Debt instruments measured at amortised cost:		
- Trade debtors (note 16)	2,413	2,236
- Other taxes and social security (note 16)	-	481
- Other debtors (note 16)	5,245	4,579
	<u>7,658</u>	<u>7,296</u>
Financial liabilities		
Measured at amortised cost:		
- Trade creditors (note 17)	1,903	4,939
- Other taxes and social security (note 17)	13,321	8,335
- Other creditors (note 17)	4,766	5,458
	<u>19,990</u>	<u>18,732</u>

ARMY FLYING MUSEUM LIMITED

England & Wales - Charity number 297897

Accounts

**Charity number: 297897
Company number: 2109510**

**Army Flying Museum Limited
(A Company limited by guarantee)**

**Trustees' annual report and Consolidated financial statements
For the year ended 28th February 2022**

**Compass Accountants Limited
Chartered Accountants and Statutory Auditors
Venture House
The Tanneries
East Street
Titchfield
Hampshire
PO14 4AR**

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Legal and Administrative Information

Charity number	297897
Company number	2109510
Registered Office	Middle Wallop Stockbridge Hampshire SO20 8DY
Chief Executive	Lucy Johnson
Trustees	Sir Gary Coward (Chairman) Colin Sibun (Vice Chairman) Caroline Hopkins (Treasurer) Phillip Webb (resigned 19 April 2022) Richard Maloney (deceased 30 March 2021) Colonel Alex Willman (resigned 12 March 2021) Rhonda Smith Paul Edwards Alison Shutt (resigned 16 July 2021) Paul Beaver Colonel Julian Facer Colonel Robin Melling (joined 15 March 2021) Warrant Officer 1 Gavin Good (resigned 16 July 2021) Warrant Officer 1 Paul Dockrell (joined 16 July 2021) David Short (joined 21 January 2022) James Johnson (joined 21 January 2022)
Company Secretary	Andrew Simkins
Senior Statutory Auditor	Kerry Lawrance FCA
Auditors and Accountants	Compass Accountants Limited Venture House, The Tanneries East Street Titchfield Hampshire PO14 4AR
Bankers	Royal Bank of Scotland Holts Farnborough Branch Lawrie House, Victoria Road Farnborough Hampshire GU14 7NR

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Chairman's Report

Despite the Covid-19 pandemic, the Army Flying Museum has enjoyed a reasonable year. It has been gratifying to see visitor numbers reach pre-pandemic levels and there has been an interesting surge in first time visitors to the Museum, presumably due to the lack of international travel.

When we returned from lockdown on 17 May 2021, we made the decision to offer every visitor an annual pass to the Museum (rather than it being Gift Aid dependent). This has proved to be a successful and popular move with many people visiting multiple times over the last 10 months. We are building better relationships with our visitors and are also analysing our data more closely to truly understand their motivations and interests.

Our main achievement this year has been to successfully close Project Eagle. The activity plan reached its conclusion and we also managed to design and deliver an interactive Apache exhibit (in lieu of securing an airframe before the end of 2021). This exhibit was developed in partnership with the Army Air Corps (AAC) and provides a fascinating insight into their most current aircraft. It also signified a shift in the relationship between the Museum and the Corps, with current personnel agreeing to be filmed and share their experiences. The Museum still aspires to be the first UK museum to display an Apache and we hope this will be achieved by 2024.

The project evaluation report was submitted to the Heritage Fund (HF) in December 2021. All key objectives were met, and the project was closed officially by the HF in January. Project Eagle's aims were clear; to rejuvenate the Museum both physically and operationally and to pave the way for a sustainable future. The Museum has been transformed and outreach is now firmly embedded in the day-to-day operations, as is fundraising.

Another major achievement this year was the conception and delivery of a major fundraising event; *Wallop Wheels & Wings*. This event, which took place on 3 July 2021, is the largest the Museum has undertaken since *Music in the Air* back in the 1990s and was a huge undertaking for a small team. An experienced freelance Event Manager was brought in to deliver the event and even with Covid restrictions still in place, 2,500 people safely attended the sold-out event and feedback was excellent. Our patron, HRH Prince Michael of Kent also attended. The event delivered a reasonable surplus and will hopefully become an annual event.

Fundraising has been key this year and we have developed a new 'Corporate Partnership' scheme which offers businesses the opportunity to support the Museum (either financially or through volunteering) but more importantly to build relationships between these businesses and the Museum to everyone's benefit. Our online lecture programme has kept momentum and we have been able to start delivering hybrid events – live lectures in the Museum that are also streamed live to a digital audience. We have supported 5 other museums to set up their own programmes and we have diversified our speakers to ensure we offer a wide variety of topics.

This year is already proving challenging though. With the cost-of-living crisis and the situation in Ukraine, the landscape is very different to this time last year. We are seeing a trend of more repeat visitors but fewer new visitors. However, our dedicated staff team have identified this and are already working on diversifying our offer once again to ensure we have a successful year ahead.

Sir Gary Coward
Chairman

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

The Trustees present their report and the financial statements for the year ended 28th February 2022. The Trustees, who are directors of company for the purposes of company law and, who served during the year and up to the date of this report are set out on page 1. The Trustees have had due regard to the guidance issued by the Charity Commission on Public Benefit.

Structure, governance and management

Governing Document

The Museum is governed by its Memorandum and Articles of Association. Trustees are selected by the existing Board from persons having an interest in the story of British Army flying, heritage, conservation and the local community and who have a particular skill or qualification which will add to the combined skills and experience of the Board of Directors. Trustees are recruited to fill gaps in specific skill areas within the Board. The Army Flying Museum Limited ('the Museum') was incorporated as a private company limited by guarantee, and without share capital, in March 1987 when the exhibits of the former AAC Museum were donated to it as a basis for public display. The company is also a registered charity (no. 297897).

Appointment of Trustees

The articles provide for the ex-officio appointment of 3 serving AAC officers as trustees. Remaining Trustees are recruited through advertising or recommendations. All trustees are interviewed for suitability before appointment. All trustees are also Directors of the Army Flying Museum Trading Company Limited, the Charity's 100% owned subsidiary. The Trading Company carries out trading activities to generate profits that are Gift Aided to the Museum. The Museum is the ultimate holding company of the Trading Company. While the Museum exercises responsibility as shareholder of the Army Flying Museum Trading Company Limited, the Trading Company board is solely responsible for all trading decisions. Each trustee's liability in the event of liquidation of the trust is limited to £1 in accordance with Memorandum of Association.

Induction and Training

Newly selected trustees are briefed by the Chairman and CEO before taking up their appointment and participate in annual Board Training. Governance arrangements, the subcommittee structure, and the role and conduct of trustees is the subject of a comprehensive paper that is based on Charity Commission, and other guidance and which is available to all trustees and issued to new trustees before taking up their appointment.

The objects for which the Museum is established are to advance the education of the public primarily, but not exclusively, by the provision of a public Museum recording and exhibiting all aspects of flying in the British Army both past and present.

Arrangements For Setting Pay and Remuneration of Key Management Personnel

Rates of pay for newly recruited staff are determined through analysis of the labour market for museum staff and affordability. Across the board annual pay increases are not awarded automatically, but according to affordability and included in the forecast budget which is subject to Board approval before the start of the financial year. Individual staff members can be awarded modest increases by the CEO in recognition of outstanding performance or other exceptional circumstances.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Public Benefit

Directors consider that they have complied with the duties expressed in Section 2(1)(b) of the Charities Act 2011 to have due regard to public benefit guidance as published by the Charities Commission. The activities undertaken by the museum throughout the year reached a significant audience of all ages. The Museum has provided a service of great public benefit, offering an educational, enjoyable and satisfying experience through its displays, events and internet presence.

Strategic Report

Museum activity over the last 12 months has been focussed on the recovery from the Covid-19 pandemic. The Museum re-opened to the public on 17 May 2021 and was open for the rest of the year, with visitor numbers exceeding pre-pandemic levels.

Trading activity this year was slightly better than forecast meaning that we have been able to produce a small surplus. The development of new activities such as 'Wallop Wheels and Wings' and a corporate partnership programme, alongside the continued development of the Lockdown Lectures and the outreach programme have also helped drive fundraising.

Separately, Project Eagle has now concluded and the evaluation report was submitted to the Heritage Fund in December 2021. The Activity Plan allowed us to deliver a huge amount of outreach workshops, revamp our education offer and complete a lot of training with staff. Volunteering was paused during the pandemic but has restarted in Spring 2022.

Objectives and activities

The object for which the Museum was established is:

'to advance the education of the public primarily but not exclusively by the provision of a public museum recording and exhibiting all aspects of flying in the British Army both present and past'.

In addition to this charitable object, the Army sets objectives for its museums that include:

- Maintain and enhance the Army's connection with society
- Present the country's military heritage and provide an academic research resource
- Contribute to the education of children and adults including educational outreach and support for the National Curricula
- Educate, train and inspire the current generation of service men and women.

Mission, Vision and Values

Our Mission is:

'We tell the story of British Army Flying'

Our Vision is:

To be a sustainable visitor attraction and heritage custodian of national significance.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Values

Our values guide our work and conduct as employees and volunteers at the museum:

- **Enterprising** – we are dynamic but disciplined around the management of risk.
- **Innovative** – we are inventive and resilient in pursuit of our mission and vision.
- **Focussed** – we are sharply focussed on delivering a high-quality visitor attraction alongside a state-of-the-art archive and representative collection.
- **Inspiring** – we seek to inspire our community and especially younger visitors.
- **Collaborative** – we will seek to work closely with our serving, retired and local communities as well as other heritage organisations.
- **Inclusive** – we are willing to engage with all and value differences by working toward an increasingly diverse team.

Strategy Management and Strategic Plan

The Museum's Strategic Plan is reviewed and approved by Directors annually in January for the following year and covers a period of 5 years. The strategic aim is to underpin future viability by making improvements to the museum's Visitor Offer through Project Eagle and then developing a programme of continuous improvement. This aim is delivered through a number of balanced strategic aims, operational and development objectives contained within the Plan.

Significant Activities Undertaken

Project Eagle – the Development of the Museum.

Phase 1 (the building of the Army Flying Memorial) was completed in September 2017.

Phase 2 (the modernisation of the Museum) was completed in April 2019 and the Activity Plan was completed in December 2021.

Phase 3 (the future expansion of the Museum) is being considered by the Board of Trustees in their strategic review for 2022-2027.

Beyond Project Eagle

Project Eagle concluded in December 2021. The Museum has also made significant progress in non-project related activities over the last 12 months. In particular:

Media – our social media presence continues to grow and is summarised below:

MEDIA	As at 30/04/2021	As at 30/04/2022	% Change over year
Twitter Followers	4,195	4,814	14.8%
Facebook Followers	8,901	9,277	4.2%
Instagram	2,363	3,053	29.2%
LinkedIn	N/A	176	N/A
Mailing List	9,475	15,828	67.1%

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Temporary Exhibitions

We have held 3 temporary exhibitions this year, 2 based on our website, and 1 physical exhibition within the Museum. The physical exhibition was produced in partnership with the newly formed AAC Servicewomen's Network.

Physical exhibitions:

- Women in Army Aviation – December 2021 to date.

Online exhibitions:

- Army Flying in the Korean War – August 2021 to date.
- Falklands War 40th Anniversary Online Exhibition – April 2022 to date.

Education and Learning

In terms of Education, there has been a slow recovery of in-person visits over the last 10 months:

- 16 schools came on trips to the Museum – 587 pupils

School Holiday Family Activities

Our school holiday activities remain popular, and the programme is developed in conjunction with the curatorial and marketing teams. We have noticed that more families are visiting on a regular basis to join in these, so we make sure the programme changes each holiday.

- Easter Holidays 2021: (Museum Closed)
 - 500 easter craft packs given out (pop up rabbits)
- May Half Term 2021: (Museum Open) 155 children
 - Animal bookmarks
- Summer Holidays 2021: 889 children attended
 - Flying Saucers/Peg Bi-planes/ Flying Dragons (Face Painting/Genie Lab/Historic Knit)
- October Half Term 2021: 262 children attended
 - Bird masks and models. Eagle Trail out in museum and visit by K&H Falconry
- Christmas Holidays 2021: 250 children attended
 - Calendar Craft – Pilot trail out in museum
- February Half Term 2022: 151 people attended
 - Camouflage theme- marbling, ghillie suits, colouring, dressing up

The number of Scout/Guide groups etc and the number of participants

- Onsite Museum visits by Youth Group: 6 visits (78 participants)
- Online session with Beavers: 1 session (18 participants)

Outreach

Outreach has been firmly inbedded in the museum operations now, and following the conclusion of Project Eagle the decision was made to make the Outreach Officer position permanent.

The following Outreach events took place:

- Outreach talks and workshops (adults): 133 (combination of in-person sessions and online)
- Number of participants: 2,475 (both those physically attending in-person sessions and online sessions)

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Young Eagles Youth Group sessions (in partnership with the Army Welfare Service):

- No of Young Eagles sessions (online and in person): 13
- No of Young Eagles participants: 174

Pop Up Museum events:

- No of events attended: 11
- No of participants: 653

Community spotlight cafe displays (8 displays):

- Sky High Fashion: 12 garments created by 15 people (2000 hours worth of work)
- Camo Couture: 24 garments created by 18 people
- Amazing Aircraft embroidery panels: 7 panels made by 7 participants
- Blast Wall Art: 1 panel made by 20 participants
- Music Makers: 6 community choirs, 250 participants
- Mini Knitted Eagles: 150 mini eagles, 30 QR code notifications of people spotting them in shops in Andover in August-September 2021. 40 businesses took part
- Remembrance Their Stories Poems: 58 poems created by 50 participants
- Christmas past and present: archive photos and replica objects (no participants)
- Flying Art: 8 groups (200 people took part) 25 people in group
- Military Millinery: 8 group members making the hats, with 41 participating in the museum makers fb group

Lockdown Lectures

In response to the Covid-19 pandemic and subsequent lockdown, the Museum team – led by trustee Paul Beaver – developed a series of pre-recorded lectures that included a live-streamed Q&A session directly after. These launched in April 2020 and have grown in popularity quickly and meant we could reach a far higher/wider spread of people (numbers attending in brackets). This year, we have also introduced hybrid events that have a live audience in the museum but are also broadcast live online.

Date	Lecture	Partner	Catch up	Live
22/02/2021	V for Valour		639	373
05/03/2021	Spitfire 85		1126	357
12/04/2021	Service under the disc		754	246
13/04/2021	The Secret Life of Ian Fleming	SOFO	1432	415
07/05/2021	Op Granby		485	184
28/05/2021	Double Agents and Double Crosses		699	253
08/06/2021	Op Hell Fire	GURKHA	1169	282
20/09/2021	100 Years of Fixed Wing Flying		763	141
18/10/2021	Women in Army Aviation		653	151
23/11/2021	The Road to Colditz	SOFO	1421	427
31/01/2022	REME Aviation Part 1	REME	1086	284
21/02/2022	REME Aviation Part 2	REME	533	180

We received additional funding from the Heritage Emergency Fund to invest in live streaming equipment, so we set up a partnership scheme to allow us to help other museums set up their own online lecture programmes. In 2021/2022, our partner museums were Soldiers of Oxfordshire Museum, the Gurkha Museum in Winchester and the REME Museum.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Fundraising

The Museum's fundraising capability is now firmly established. To keep the cost of fundraising down, the CEO provides the staff lead and has the support of a part time Development Manager. She reports to the Fundraising Committee that provides guidance and support. The Museum is registered with the Fundraising Regulator and the team abide by the Fundraising Code. The Museum's fundraising promise is linked to the website <https://www.armyflying.com/project-eagle/fundraising/>. Fundraising activities have concentrated on applications to grant making trusts, high net worth individuals and major fundraising events. The Museum did not receive any complaints in the period.

Fundraising Events

The Museum launched a new fundraising event in 2021 – Wallop Wheels and Wings – which was a large-scale public event showcasing vintage and super cars and motorbikes, alongside 40 unique aircraft which flew into the event. The event was held at the Museum but also on the Airfield and with support from the AAC. The event took place on 3 July 2021, saw 2,500 visitors attend and generated a modest surplus to support the Museum. The objective is to make this an annual event and to steadily increase the income generated from it.

Volunteers

Volunteering has been phased back this year following a suspension during the pandemic. All 4 volunteer teams are now reinstated (archive, education, engineers and tour guides/explainers). We have seen a reduction in volunteer numbers due to the pandemic and now have 35 active volunteers.

Achievements and performance

Financial Review

The Museum, Café and Shop were closed from 1 Mar – 16 May 2021 due to Covid-19 restrictions (however the shop remained open for internet sales throughout).

YTD	VISITOR NOS	TICKET INCOME	CAFÉ INCOME	SHOP INCOME
28 FEB 22*	35,396	£195,357	£119,673	£57,584
28 FEB 21**	14,388	£95,093	£46,538	£31,066
29 FEB 20***	36,282	£257,320	£188,984	£67,692
28 FEB 19****	23,568	£147,087	£142,183	£58,443
28 FEB 18	30,354	£189,758	£146,681	£75,732

* NB. The Museum was closed due to Covid 19 from 01 Mar-16 May 2022

** NB. The Museum was closed due to Covid 19 apart from 13 Jul-04 Nov 20 and 04 Dec-23 Dec 20

*** NB. The Museum was closed in March 2019 for refurbishment

**** NB. The Museum was closed from Nov 18 – Feb 19 for refurbishment

Subsidiary Undertaking

The Army Flying Museum Trading Company Limited is the 100% subsidiary of the Army Flying Museum Limited. The subsidiary operated the trading activities of the museum and covenants its profits to the Museum on an annual basis.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Principal funding streams

The principal funding streams into the Museum are threefold, as detailed below. All funding has been used in the appropriate manner to support the management objectives for the period.

Income generation from trading and admission activity including gift aid

This income is directed towards the management of the Museum and the improvements required to develop the business. The increase in the number of visitors this year has meant increased income from visitor admissions and Gift Aid, and an increase in café profits. The shop profitability has decreased due to problems sourcing military stock items. This is being reviewed in conjunction with the AAC and should be rectified in the coming year.

MOD support

The MOD provides support in 2 ways:

- Grant in aid. This totalled £61,324 for the year.
- Internal Business Agreement. This covers support such as the provision of utilities and some maintenance and which the MOD value at £71,571 for the year.

We also received two grants from the AAC Charity – one annual grant of £9,000 to support the employment of an Archive Assistant, and a one-off grant of £9,000 to support making the Outreach Officer role a permanent one.

Grants and donations

Unless specified by the donor, grants and donations to the museum are allocated to unrestricted funds.

Ticket Pricing

The standard ticket has remained the same for 2021/22. An adult ticket is £14, children are now priced at £8 and concessions are £10. A family ticket for two adults and three children is priced at £38 and under 5s are free.

Free Entry

The Museum offers free entry to:

- AAC members (plus their accompanying Spouse/Children)
- Army Air Cadets (when booked through the Army Air Corps)
- Serving British or Commonwealth Military personnel on production of a MOD F90 or equivalent ID Card
- AAC Veterans with an AAC Veterans' Association Membership Card
- Wheelchair pushers and carers of disabled people
- Middle Wallop Membership cardholders
- Children under 5

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Reserves Policy

The results for the period, and the company's financial position at the end of the year, are shown in the attached accounts. The agreements with the MOD continued to work well and are of enormous benefit to the Museum. However, MOD budget constraints continue to adversely affect the maintenance support for Phase 1 of the museum building (which is an MOD maintenance responsibility). This has resulted in Museum staff taking on some maintenance tasks and additional expense falling to the Museum.

The Museum maintains a level of free reserves as mitigation against the operational risks listed in the risk register. Restricted reserves are used in accordance with their specified restrictions. Free (i.e. non-committed) reserves are calculated on the basis of the excess of unrestricted funds over fixed assets. The minimum level of the unrestricted reserve is determined by the requirement to provide some financial mitigation of risks listed in the risk register. The most significant of these in financial terms is the risk of income falling to a level that prejudices the Museum's viability. The Trustees consider a suitable level of free reserves to be £100,000.

At 28 February 2022 the level of the Museum's free reserves amounted to £213,222 (2021: £204,189).

Investment Policy

The Museum's investment policy is to hold its liquid assets in its bank accounts. Project Eagle reserves have largely been expended no significant sums are held in interest bearing accounts.

Plans for future periods

Directors have approved the annual update to the 5 year strategic plan for the museum that aims to deliver the Museum's vision.

Review

This plan is reviewed annually. Key imperatives from this annual analysis are that we must:

- consolidate our operational and resource position following Project EAGLE.
- address our outstanding infrastructure issues.
- continue to build up our fundraising capability.
- continue to press and plan for the installation of an Apache.
- consider our options for further development during the next strategic period (27-33).

Assumptions

The strategic plan is based on the following assumptions:

- **MOD Support.** The grant in aid will continue at current levels until at least 2027 but may well reduce thereafter. Maintenance support will continue at current patchy levels.
- **Airfield.** Army flying operations will increase 22-24 and continue for the foreseeable future.
- **Economy.** The UK economy will grow very slowly, base interest rates will increase significantly, labour will be in short supply and there is a high risk of stagflation, leading to a recession.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Key Strategies

The following strategies will be pursued by the Museum:

- Maintain and develop an effective board of trustees/directors.
- Nurture the close relationship with the Army Air Corps.
- Seek to increase museum visitor footfall up to 40,000 annually by 2027.
- Invest in Corporate and Membership schemes, aiming for 5% growth annually.
- Build on our outreach programme, seeking to double our coverage by 2027.
- Develop our fundraising activities to generate £70K annually by 2027.
- Market the Museum primarily through digital activities and social media and developing a plan to improve our PR profile regionally.
- Invest more in training our staff.

Operational Objectives

Our Key Operational Objectives are:

- Develop Wallop Wheels & Wings to deliver a £40K annual surplus.
- Maintain a routine events programme to generate £20K annually.
- Sustain the Lockdown Lecture Series to generate £20K annually.
- Operate the Shop to generate £10K surplus annually.
- Operate the Café to generate £20K surplus annually.

Development Objectives

Our key development objectives are to:

- Assess the financial implications of reductions in MOD support.
- Resource and deliver a restroom refurbishment project 23-25.
- Build on the visitor feedback collected to date and ensure that evaluation is embedded in all activities.
- Seek to extend and diversify our audience.
- Consider how to better reflect Army unmanned aerial platforms.
- Increase collaboration with other regional museums.
- Conduct a feasibility study into greater collaboration with the HAAF in 22-23.

Risks

A number of high-level risks have been identified that affect the Museum

STRATEGIC RISK	RESPONSE
Income Generation The Museum has, in the past, relied on income from events supported by the Ministry of Defence to generate a surplus. These events are no longer available and so additional income needs to be generated through footfall, trading and fundraising. In addition, Ministry of Defence funding and material support is likely to decrease over time, putting further pressure on the Museum budget.	Project Eagle has substantially increased footfall and trading, but these have now been affected by the pandemic, cost of living crisis and the situation in Ukraine. However, fundraising is now embedded in the organisation and a component of core funding.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2022

Covid-19 The impact of any future peaks and subsequent lockdowns will have a significant impact on the reserves.	All opportunities for fundraising and income generation must be actioned when possible.
Loss of Reputation Adverse comment and poor reputation affect business performance.	Legal compliance and a culture of customer service and value for money.
Maintenance liability Pressure on Ministry of Defence funding has reduced maintenance support putting additional pressure on museum funding	Significant Improvements in the material state of the Museum through Project Eagle plus a system of planned maintenance.
HR Risk Errors in HR management can lead to discontent, stress, loss of productivity and in extreme cases, tribunals and fines.	HR advice has been outsourced to Peninsula business services.
Health and Safety Inadvertent noncompliance with Health and Safety legislation leading to a fine.	Health and Safety advice has been outsourced.
Fraud	Implementation of Proper procedures.
Staff loading/Incapacity	Careful monitoring and Keyman insurance

Auditors

The accounts have been audited by Compass Accountants Limited. A resolution to reappoint the auditor will be put to the members at the Annual General Meeting.

So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Sir Gary Coward
On behalf of the Board

Date:

Statement of trustees' responsibilities for the year ended 28th February 2022

The Trustees (who are also directors of the Army Flying Museum Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Sir Gary Coward
On behalf of the Board

Date:

Independent Auditor's Report to the Members and Trustees of the Army Flying Museum Limited

Opinion

We have audited the financial statements of the Army Flying Museum Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 28th February 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 28th February 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the charity and the sector in which it operates through discussions with management, sector research, and the application of relevant audit knowledge and experience
- We made enquiries of management around actual and potential litigation and claims

- We made enquiries of management and relevant staff, and designed our audit procedures, including reviewing financial statement disclosures and testing of supporting documentation, to assess compliance with applicable laws and regulations. We focussed on laws and regulations which could give rise to material misstatement in the financial statements including, but not limited to, the Charities Act 2011, the Charities SORP, and the Financial Reporting Standard 102.
- We identified the risk of material misstatement of the financial statements due to fraud and designed audit procedures to respond to the risk. We performed audit procedures designed to address the risk of fraud arising from management override of controls, including, but not limited to, testing of journal entries and other adjustments, reviewing accounting estimates for evidence of bias, and evaluating the business rationale of significant transactions outside the normal course of business

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company'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 charitable company's members and its 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.

Kerry Lawrance FCA
Senior Statutory Auditor
For and on behalf of Compass Accountants, Statutory Auditor

Venture House, The Tanneries
East Street, Titchfield
Hampshire
PO14 4AR

Date:

Compass Accountants is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Statement of financial activities (incorporating the income and expenditure account)

For the year ended 28th February 2022

	Notes	Unrestricted funds £	Restricted funds £	2022 Total £	Unrestricted funds £	Restricted funds £	2021 Total £
Income from:							
Donations and legacies							
Grant in aid	4	-	79,324	79,324	-	61,696	61,696
Services donated by the Ministry of Defence	4	-	71,571	71,571	-	71,571	71,571
Donations and grants	4	87,098	176,778	263,876	184,730	115,032	299,762
Legacies	5	-	-	-	98,549	-	98,549
Charitable activities							
Admissions	6	349,401	-	349,401	120,379	-	120,379
Other trading activities							
Trading company	3	197,381	-	197,381	92,728	-	92,728
Investments	7	360	42	402	46	386	432
Other	8	24,000	-	24,000	2,735	-	2,735
Total income		<u>658,240</u>	<u>327,715</u>	<u>985,955</u>	<u>499,167</u>	<u>248,685</u>	<u>747,852</u>
Expenditure on:							
Fundraising and publicity	9	57,013	-	57,013	5,387	-	5,387
Trading company	3	186,906	-	186,906	143,337	-	143,337
Charitable activities	10	404,780	556,152	960,932	375,763	476,098	851,861
Total expenditure		<u>648,699</u>	<u>556,152</u>	<u>1,204,851</u>	<u>524,487</u>	<u>476,098</u>	<u>1,000,585</u>
Net income/(expenditure)		9,541	(228,437)	(218,896)	(25,320)	(227,413)	(252,733)
Transfers between funds		-	-	-	8,596	(8,596)	-
Net movement in funds		9,541	(228,437)	(218,896)	(16,724)	(236,009)	(252,733)
Reconciliation of funds:							
Total funds brought forward		1,345,832	1,436,995	2,782,827	1,362,556	1,673,004	3,035,560
Total funds carried forward		<u>1,355,373</u>	<u>1,208,558</u>	<u>2,563,931</u>	<u>1,345,832</u>	<u>1,436,995</u>	<u>2,782,827</u>

All recognised gains and losses are included in the statement of financial activities. All transactions are derived from continuing activities.

The depreciation costs of the capital expenditure on Project Eagle will reduce the balance of restricted reserves over the life of the lease and will result in deficits after depreciation being recognised in future years.

**Consolidated Balance Sheet
as at 28th February 2022**

	Notes	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Fixed assets					
Tangible assets	14	2,151,578	2,347,398	2,123,138	2,303,022
Heritage assets	15	10,000	10,000	10,000	10,000
Investments	16	-	-	100	100
		<u>2,161,578</u>	<u>2,357,398</u>	<u>2,133,238</u>	<u>2,313,122</u>
Current assets					
Stocks		13,105	12,078	-	-
Debtors	17	34,867	15,643	47,524	43,375
Cash at bank and in hand		397,981	614,998	358,359	590,801
		<u>445,953</u>	<u>642,719</u>	<u>405,883</u>	<u>634,176</u>
Creditors: amounts falling due within one year	18	<u>(43,600)</u>	<u>(217,290)</u>	<u>(20,575)</u>	<u>(182,389)</u>
Net current assets		<u>402,353</u>	<u>425,429</u>	<u>385,308</u>	<u>451,787</u>
Provisions for liabilities		-	-	-	-
Net assets		<u><u>2,563,931</u></u>	<u><u>2,782,827</u></u>	<u><u>2,518,546</u></u>	<u><u>2,764,909</u></u>
Funds					
Unrestricted funds		969,206	987,132	969,206	987,132
Restricted funds	19	1,208,558	1,436,995	1,208,558	1,436,995
Revaluation reserve		340,782	340,782	340,782	340,782
Non Charitable Trading funds		45,385	17,918	-	-
Total funds		<u><u>2,563,931</u></u>	<u><u>2,782,827</u></u>	<u><u>2,518,546</u></u>	<u><u>2,764,909</u></u>

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

The financial statements were approved and authorised for issue by the Board and signed on its behalf by

Sir Gary Coward
Chairman

C. Hopkins
Treasurer

Date:

Date:

The notes on pages 20 to 32 form an integral part of these financial statements.

Cash flow statement

for the year ended 28th February 2022

	Group 2022	Group 2021
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(153,666)	46,884
Cash flows from investing activities:		
Interest income	402	432
Purchase of fixed assets	(63,753)	(31,169)
Sale of fixed assets	-	-
Net cash provided by (used in) investing activities	(63,351)	(30,737)
Increase/(decrease) in cash and cash equivalents in the year	(217,017)	16,147
Cash and cash equivalents at 1 March 2021	614,998	598,851
Cash and cash equivalents at 28 February 2022	397,981	614,998
Net income/expenditure for the reporting period	(218,896)	(252,733)
Depreciation and impairment	259,573	252,756
Income from investments	(402)	(432)
Loss on disposal of fixed assets	-	6,351
(Increase)/Decrease in stocks	(1,027)	4,060
Decrease/(Increase) in debtors	(19,224)	159,680
(Decrease)/Increase in creditors	(173,690)	(122,368)
Increase/(Decrease) in provisions for liabilities	-	(430)
Net cash provided by (used in) operating activities	(153,666)	46,884

Notes to financial statements
for the year ended 28th February 2022

1. Accounting policies

1.1. Charity information

The Army Flying Museum Limited is a private company limited by guarantee and incorporated in England and Wales. The registered office is the Army Flying Museum, Army Aviation Centre, Middle Wallop, Stockbridge, Hampshire, SO20 8DY.

The Army Flying Museum Limited meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The consolidated financial statements incorporate the results of the Army Flying Museum Limited and of its subsidiary undertaking as at 28th February 2022 using the acquisition method of accounting.

A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

1.3. Incoming resources

All incoming resources are included in the SOFA when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following policies are applied to particular categories of income:

Income from trading activities represents monies received (exclusive of Value Added Tax) from shop and restaurant sales during the year.

All donations are accounted for on a receivable basis. Separate reserves are maintained for restricted funds in accordance with the Charities Act 2011.

Grants receivable are accounted for when received and are included under the heading of donations.

Services donated by the Ministry of Defence is the value of the services of staff and facilities paid directly by the Ministry of Defence. These have been included on a cost basis in the accounts.

Grant in aid is a donation from the Ministry of Defence towards employment costs. Investment income is recognised on a receivable basis.

1.4. Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the cost of Trustee meetings and the cost of any legal advice to Trustees on governance or constitutional matters.

Notes to financial statements
for the year ended 28th February 2022

1.5. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

1.6. Basis of allocation

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Army Flying Museum as a visitor attraction.

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

1.7. Irrecoverable VAT

Irrecoverable VAT has been included as a cost of charitable activities.

1.8. Fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost.

1.9. Heritage assets

The Army Flying Museum holds in trust artefacts comprising its collection. The collections have not been included in the financial statements due to their historic and inalienable nature and due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1st April 2000 have not been capitalised and included in the accounts but with effect from 1st April 2000, additions to the collection with a cost in excess of £5,000, have been capitalised. These assets are not revalued or depreciated.

Heritage assets donated to the Museum with a value in excess of £5,000 are included in the accounts on the basis of internal valuations.

The Collection

The main museum collection comprises aircraft, vehicles, equipment, uniforms, medals, weapons, artwork and ephemera. It also includes an archive of documents, books, photographs, photographic negatives, albums, slides and film. The collection, which numbers many hundreds of thousands of items, contains material which has a unique provenance relating to British Army Flying. Information regarding cost of value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant, and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

Policy for the acquisition, preservation, management and disposal of heritage assets

Acquisition and disposal of items in the collection is governed by its Collections Development Policy (2016) which is based on an approved template provided by Arts Council England. It takes into account the Museum Association Code of Ethics.

Documenting. The Museum's approach to documenting the collection is stated in its Collections Documentation Policy (2016) and is formalised in a forward plan of work. It operates a system which meets Spectrum basic standards including entry, exit and transfer of title forms; accession records and inventories.

Conservation. The Museum's approach to conserving the collection is stated in its Collections Care and Conservation Policy (2016) and is formalised in a plan of work forward. Work in this area is undertaken by staff, volunteers under the supervision of staff or specialist contractors.

Notes to financial statements
for the year ended 28th February 2022

Access. The Museum's approach to providing access to collections is stated in its Access Policy (2016). The collections, and the information held therein, is made available through permanent and temporary exhibitions, website features, loans to other organisations and an enquiries service. Members of the public can also access material by appointment. Access is only limited where legislation requires it.

Memorial Wall

The Museum commissioned and built a memorial wall, completed in 2017, to commemorate those that have lost their lives in the service of British Army Flying however this is not considered to be a heritage asset as defined by FRS 102.

1.10. Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over the expected useful economic life as follows:

Museum displays & equipment - 13% & 25% Straight line basis
Leasehold property - Over the life of the lease
Leasehold improvements - 10 or 25 years
Shop & kitchen equipment - 20% Straight line basis

1.11. Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

1.12. Financial Instruments

The Museum has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Museum's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade debtors, trade creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the Museum is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

Term deposits of less than one year are classified as investments within current assets.

1.13. Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

1.14. Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

Notes to financial statements
for the year ended 28th February 2022

1.15. Fund accounting policy

Unrestricted income funds are generally funds that are available for use at the Trustees discretion in furtherance of the objectives of the charity.

Restricted 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.

Further details of each fund are disclosed in note 19.

1.16. Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.17. Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

1.18. Termination benefits

The Museum recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

2. Pension costs

The company operates a defined contribution pension scheme. The pension cost for the period represents contributions payable by the charity to the scheme and amounted to £7,393 (2021: £6,796).

Contributions totalling £667 (2021: £652) were payable to the scheme at the end of the period and are included in creditors.

Notes to financial statements
for the year ended 28th February 2022

3. Income and expenses from trading activities of subsidiaries

The charity has a wholly owned trading subsidiary which is incorporated in the United Kingdom, Army Flying Museum Trading Company Limited.

Profit and Loss Account	2022	2021
	£	£
Turnover	182,530	77,868
Cost of sales	(158,675)	(118,273)
Gross Profit	23,855	(40,405)
Sundry income	14,853	14,860
Grant from parent charity	16,991	51,958
Overheads	(28,233)	(25,494)
Net profit/(loss) before tax	27,466	919
Amount gifted to The Museum of Army Flying Limited	-	(15)
Profit/(loss) for year before taxation	27,466	904
Taxation	-	430
Retained profit/(loss) for the period	27,466	1,334
Retained profit brought forward	17,918	16,584
Retained profit carried forward	45,384	17,918
Called up Ordinary Share Capital	100	100
Capital and reserves	45,484	18,018

4. Grants and Donations

During the year the following grants and donations were received:

	Unrestricted funds	Restricted funds	2022 Total	2021 Total
	£	£	£	£
Grant in Aid	-	79,324	79,324	61,696
Services provided by Ministry of Defence	-	71,571	71,571	71,571
	-	150,895	150,895	133,267
Other grants and donations:				
General donations	29,313	80	29,393	36,501
Coronavirus Job Retention Scheme	29,071	-	29,071	130,778
National Lottery Heritage Fund	-	176,698	176,698	114,912
Test Valley Borough Council	28,714	-	28,714	17,571
	87,098	176,778	263,876	299,762

In 2021 £248,299 were restricted funds with £184,730 being unrestricted funds

Notes to financial statements
for the year ended 28th February 2022

5. Legacies

	Unrestricted funds £	Restricted funds £	2022 £	2021 £
Legacies	-	-	-	98,549
	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,549</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,549</u>

All the income for 2021 were unrestricted funds

6. Activities for generating funds

	Unrestricted funds £	Restricted funds £	2022 £	2021 £
Museum Admissions	200,088	-	200,088	90,370
Gift aid tax claimed	44,500	-	44,500	12,621
Hire of museum facilities	8,913	-	8,913	7,445
Special events	95,900	-	95,900	9,943
	<u>349,401</u>	<u>-</u>	<u>349,401</u>	<u>120,379</u>
	<u>349,401</u>	<u>-</u>	<u>349,401</u>	<u>120,379</u>

All the income for 2021 were unrestricted funds

7. Investment income

	Unrestricted funds £	Restricted funds £	2022 £	2021 £
Dividends and interest	15	42	57	432
Interest on Corporation Tax Repayment	345	-	345	-
	<u>360</u>	<u>42</u>	<u>402</u>	<u>432</u>
	<u>360</u>	<u>42</u>	<u>402</u>	<u>432</u>

In 2021 £386 were restricted funds with £46 being unrestricted funds

8. Other incoming resources

	Unrestricted funds £	Restricted funds £	2022 £	2021 £
Museum & Galleries Exhibition Tax Relief (MGETR)	24,000	-	24,000	2,735
	<u>24,000</u>	<u>-</u>	<u>24,000</u>	<u>2,735</u>
	<u>24,000</u>	<u>-</u>	<u>24,000</u>	<u>2,735</u>

All the income for 2021 were unrestricted funds

**Notes to financial statements
for the year ended 28th February 2022**

9. Cost of generating funds

	Unrestricted funds £	Restricted funds £	2022 £	2021 £
Shop and restaurant expenses	186,906	-	186,906	143,337
Event Expenditure	57,013	-	57,013	5,387
	<u>243,919</u>	<u>-</u>	<u>243,919</u>	<u>148,724</u>

All the expenditure for 2021 were unrestricted funds

10. Costs of charitable activities

	Unrestricted funds £	Restricted funds £	2022 £	2021 £
Staff costs	271,030	75,894	346,924	301,393
Costs paid by Ministry of Defence	-	71,571	71,571	71,571
Staff training	13	-	13	250
Development project costs	-	191,909	191,909	114,581
Memorial wall costs	-	-	-	300
Repairs and maintenance	18,275	-	18,275	14,414
Computer expenses	9,689	-	9,689	17,646
Hire of plant and machinery	8,535	-	8,535	6,108
Travel and subsistence	947	-	947	245
Unattributable VAT	7,606	-	7,606	8,257
Professional fees	10,893	-	10,893	10,554
Depreciation	26,859	216,778	243,637	236,818
Loss on disposal of fixed assets	-	-	-	6,351
Office costs	13,333	-	13,333	12,210
Advertising & promotion costs	10,637	-	10,637	25,189
Bad debt expense	306	-	306	-
Governance and support costs	26,657	-	26,657	25,974
	<u>404,780</u>	<u>556,152</u>	<u>960,932</u>	<u>851,861</u>

In 2021 £476,098 were restricted funds with £375,763 being unrestricted funds

11. Governance and support costs

	Governance Governance costs £	2022 £	2021 £
Staff costs	20,901	20,901	19,860
Auditors remuneration	3,500	3,500	3,500
Costs of Trustees meetings	75	75	782
Bank charges and interest	2,181	2,181	1,832
	<u>26,657</u>	<u>26,657</u>	<u>25,974</u>

**Notes to financial statements
for the year ended 28th February 2022**

12. Auditors' remuneration

	2022	2021
	£	£
Auditors' remuneration - audit of the financial statements	3,500	3,500
Auditors' remuneration - other fees:		
- Preparation of statutory accounts and payroll	5,345	5,445
- Taxation services	265	265
- Consultancy and advice regarding VAT and other charity matters, including MGETR	1,831	2,080
	<u>7,441</u>	<u>7,790</u>

13. Employees

	2022	2021
	£	£
Employee costs		
Wages and salaries	357,357	329,643
Social security costs	25,525	16,219
Pension costs	7,393	6,796
	<u>390,275</u>	<u>352,658</u>

Including the Chief Executive Officer, the average number of employees, analysed by function, was:

	2022	2021
Management staff	11	11
Museum staff	23	24
	<u>34</u>	<u>35</u>

No trustees received remuneration during the period, no trustees were reimbursed for expenses (28th February 2021: Nil).

No employees received remuneration of more than £60,000 during the year (2021: Nil).

Key management personnel

Employee benefits received by key management personnel total £41,262 (2021: £39,105) which included employers' national insurance contributions.

Notes to financial statements
for the year ended 28th February 2022

14. Tangible fixed assets

Group	Leasehold Property & Improvement £	Shop & Kitchen Equipment £	Museum Displays & Equipment £	Heritage Assets £	Total £
Cost					
At 1 March 2021	1,482,824	135,368	1,771,361	10,000	3,399,553
Additions	-	-	63,753	-	63,753
Transfers between categories	-	-	-	-	-
Disposals	-	-	-	-	-
At 28 February 2022	1,482,824	135,368	1,835,114	10,000	3,463,306
Depreciation					
At 1 March 2021	381,796	90,992	569,367	-	1,042,155
Charge for the year	19,554	15,936	224,083	-	259,573
Eliminated on disposal	-	-	-	-	-
At 28 February 2022	401,350	106,928	793,450	-	1,301,728
Net book values					
At 28 February 2022	1,081,474	28,440	1,041,664	10,000	2,161,578
At 28 February 2021	1,101,028	44,376	1,201,994	10,000	2,357,398

Charity	Leasehold Property & Improvement £	Museum Displays & Equipment £	Heritage Assets £	Total £
Cost				
At 1 March 2021	1,482,824	1,771,361	10,000	3,264,185
Additions	-	63,753	-	63,753
Transfers between categories	-	-	-	-
Disposals	-	-	-	-
At 28 February 2022	1,482,824	1,835,114	10,000	3,327,938
Depreciation				
At 1 March 2021	381,796	569,367	-	951,163
Charge for the year	19,554	224,083	-	243,637
Eliminated on disposal	-	-	-	-
At 28 February 2022	401,350	793,450	-	1,194,800
Net book values				
At 28 February 2022	1,081,474	1,041,664	10,000	2,133,138
At 28 February 2021	1,101,028	1,201,994	10,000	2,313,022

Revaluation of fixed assets

The leasehold property was restated at open market value at 31st March 1993 and subsequently reduced by depreciation on that value.

**Notes to financial statements
for the year ended 28th February 2022**

15. Heritage assets

Cost	Total				
	£				
At 1 March 2021 and 28 February 2022	10,000				
Five year summary	2022	2021	2020	2019	2018
	£	£	£	£	£
<u>Additions</u>					
Purchases	-	-	-	5,000	-
Donations	-	-	-	5,000	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>

16. Fixed asset investments

Cost	Charity Unlisted	Charity Total
	£	£
At 1 March 2021 and 28 February 2022	100	100
	<u>100</u>	<u>100</u>

Unlisted investments represents 100% of the issued share capital of Army Flying Museum Trading Company Limited.

16.1. Investments held

The company holds 20% or more of the share capital of the following companies:

Company	Nature of business	Shares held class	% of shares held
Army Flying Museum Trading Company Limited	Commercial activities of the parent company	Ordinary	100%

17. Debtors

	Group 2022	Group 2021	Charity 2022	Charity 2021
	£	£	£	£
Amounts due within 1 year:				
Trade debtors	2,236	2,037	2,236	2,037
Other taxes and social security	481	7,538	481	7,538
Other debtors	4,579	-	4,579	-
Accrued income	24,000	2,735	24,000	2,735
Prepayments	3,571	3,333	3,571	3,333
Amount owed by group undertakings	-	-	12,657	27,732
	<u>34,867</u>	<u>15,643</u>	<u>47,524</u>	<u>43,375</u>

**Notes to financial statements
for the year ended 28th February 2022**

18. Creditors: amounts falling due within one year

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Trade creditors	4,939	15,370	2,770	15,248
Other taxes and social security	8,335	-	8,335	-
Other creditors	5,458	153,465	3,050	151,981
Accruals	24,868	48,455	6,420	15,160
	<u>43,600</u>	<u>217,290</u>	<u>20,575</u>	<u>182,389</u>

19. Restricted funds

	1 March 2021 £	Incoming £	Outgoing £	Transfers £	28 February 2021 £
Grant in aid	5,570	79,324	(75,894)	-	9,000
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Heritage & Archive appeal fund	1,283	-	-	-	1,283
Project Eagle development fund	1,420,743	176,820	(408,687)	-	1,188,876
Memorial Garden & Wall fund	4,432	-	-	-	4,432
Cannon display fund	4,472	-	-	-	4,472
Other restricted funds	495	-	-	-	495
	<u>1,436,995</u>	<u>327,715</u>	<u>(556,152)</u>	<u>-</u>	<u>1,208,558</u>

	1 March 2020 £	Incoming £	Outgoing £	Transfers £	28 February 2021 £
Grant in aid	8,620	61,696	(64,746)	-	5,570
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Heritage & Archive appeal fund	1,283	-	-	-	1,283
Project Eagle development fund	1,653,402	90,418	(323,077)	-	1,420,743
Memorial Garden & Wall fund	4,732	-	(300)	-	4,432
Cannon display fund	4,472	-	-	-	4,472
National Lottery Heritage Emergency Fund	-	25,000	(16,404)	(8,596)	-
Other restricted funds	495	-	-	-	495
	<u>1,673,004</u>	<u>248,685</u>	<u>(476,098)</u>	<u>(8,596)</u>	<u>1,436,995</u>

The Grant in Aid fund is a grant from the Ministry of Defence heritage branch for employees' salaries.

The Ministry of Defence services provided fund represents expenses paid by the Ministry of Defence as part of the ongoing IBA agreement in place between the Museum and the Ministry of Defence.

The Heritage and Archive appeal fund has been set up to fund archive and display projects. The donor of the fund has agreed that the donation can also be used for the development project if required.

The Project Eagle development fund represents funds raised towards phase II of Project Eagle.

Notes to financial statements
for the year ended 28th February 2022

The Memorial Wall fund represents funds donated for the building of a wall to commemorate those that have lost their lives in the service of British Army Flying at a cost of £310,000.

The Cannon Display fund represents a donation from Major R.W Hogarth R.A (Retired) for the purpose of making a suitable display cabinet for a scale model of a Waterloo Nine Pounder Cannon.

The National Lottery Heritage Emergency fund was received towards the cost of the website and other equipment. A total of £8,596 was transferred to unrestricted funds to reflect expenditure incurred on fixed assets in accordance with SORP FRS 102 Section 2.26.

Sufficient resources are held to enable each fund to be applied in accordance with any restrictions.

20. Analysis of net assets between funds

	Tangible Fixed Assets	Net Current Assets	Provisions for Liabilities	2022
	£	£	£	£
Unrestricted funds	1,096,766	213,222	-	1,309,988
Restricted funds	1,036,372	172,186	-	1,208,558
	<u>2,133,138</u>	<u>385,408</u>	<u>-</u>	<u>2,518,546</u>
Non charitable trading funds	28,440	16,945	-	45,385
	<u>2,161,578</u>	<u>402,353</u>	<u>-</u>	<u>2,563,931</u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	-	340,782	-	340,782
	<u>-</u>	<u>340,782</u>	<u>-</u>	<u>340,782</u>

	Tangible Fixed Assets	Net Current Assets	Provisions for Liabilities	2021
	£	£	£	£
Unrestricted funds	1,123,725	204,189	-	1,327,914
Restricted funds	1,189,397	247,598	-	1,436,995
	<u>2,313,122</u>	<u>451,787</u>	<u>-</u>	<u>2,764,909</u>
Non charitable trading funds	44,276	(26,358)	-	17,918
	<u>2,357,398</u>	<u>425,429</u>	<u>-</u>	<u>2,782,827</u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	-	340,782	-	340,782
	<u>-</u>	<u>340,782</u>	<u>-</u>	<u>340,782</u>

21. Commitments and contingent liabilities

The charity had capital commitments contracted for but not provided for in the financial statements amounting to £Nil (2021: £26,378). There were no contingent liabilities at 28th February 2022 (2021: Nil).

**Notes to financial statements
for the year ended 28th February 2022**

22. Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiary had a corporation tax liability of £Nil as at 28th February 2022.

23. Related party transactions

There were no related party transactions.

24. Ultimate controlling party

The ultimate controlling party is the Board of Trustee Directors.

25. Analysis of changes in net funds

Group	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	614,998	(217,017)	397,981
Net funds	<u>614,998</u>	<u>(217,017)</u>	<u>397,981</u>
Charity	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	590,801	(232,442)	358,359
Net funds	<u>590,801</u>	<u>(232,442)</u>	<u>358,359</u>

26. Financial instruments

The carrying amounts of the group's financial instruments are as follows:

	2022 £	2021 £
Financial assets		
Debt instruments measured at amortised cost:		
- Trade debtors (note 17)	2,236	2,037
- Other taxes and social security (note 17)	481	7,538
- Other debtors (note 17)	4,579	2,735
	<u>7,296</u>	<u>12,310</u>
Financial liabilities		
Measured at amortised cost:		
- Trade creditors (note 18)	4,939	15,370
- Other taxes and social security (note 18)	8,335	-
- Other creditors (note 18)	5,458	153,465
	<u>18,732</u>	<u>168,835</u>

ARMY FLYING MUSEUM LIMITED

England & Wales - Charity number 297897

Accounts

**Charity number: 297897
Company number: 2109510**

**Army Flying Museum Limited
(A Company limited by guarantee)**

**Trustees' annual report and Consolidated financial statements
For the year ended 28th February 2021**

**Compass Accountants Limited
Chartered Accountants and Statutory Auditors
Venture House
The Tanneries
East Street
Titchfield
Hampshire
PO14 4AR**

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Legal and Administrative Information

Charity number	297897
Company number	2109510
Registered Office	Middle Wallop Stockbridge Hampshire SO20 8DY
Chief Executive	Lucy Johnson
Trustees	Sir Gary Coward (Chairman) Colin Sibun (Vice Chairman) Caroline Hopkins (Treasurer) Phillip Webb Richard Maloney (deceased 30 March 2021) Colonel Alex Willman (resigned 28 March 2021) Colonel Jon Bryant OBE ADC (resigned 27 March 2020) Rhonda Smith Paul Edwards Alison Shutt Paul Beaver Colonel Julian Facer (from 1 July 2020) Colonel Robin Melling (from 28 March 2021) Warrant Officer 1 Gavin Good
Company Secretary	Andrew Simkins
Senior Statutory Auditor	Kerry Lawrance FCA
Auditors and Accountants	Compass Accountants Limited Venture House, The Tanneries East Street Titchfield Hampshire PO14 4AR
Bankers	Royal Bank of Scotland Holts Farnborough Branch Lawrie House, Victoria Road Farnborough Hampshire GU14 7NR

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

Chairman's Report

The past 12 months have been a huge challenge for the Army Flying Museum, and indeed the whole cultural sector. The Museum has been closed to all trading for 8.5 months (although we have traded through the online shop since 13 July 2021) and this has had a significant effect on the Museum finances. Earned income was down 65% on the previous year, although we have been fortunate to be able to access several Government grants to help mitigate that loss. We close this year in a stable position (largely thanks to a generous legacy we received) but we need to be clear in our path to recovery.

However, during this last year the Museum has not stood still and some strands of activity has adapted and continued throughout these closure periods. We have introduced live-streamed lectures, we have delivered outreach sessions to over 10,000 people via Zoom and we have maintained our enquiry service in the Archive.

We have continued to deliver the Activity Plan as part of Project Eagle (funded by the Heritage Fund and due to conclude December 2021) and have found new ways to fundraise. We have introduced an 'Adopt an Aircraft' scheme, have increased our membership numbers, and are trialling a Corporate Membership option.

We have also avoided making any redundancies and are now looking forward to our potential reopening on 17 May 2021 and welcoming visitors back into the Museum.

There have been other challenges too. Our plans to be the first museum to display an Apache attack helicopter have been delayed due to changes in the MOD, but we are looking to install a digital exhibit in its place by the end of 2021. Maintenance remains an on-going challenge.

We are potentially looking at ending this coming year with a deficit again (due to being closed for the first 2.5 months of the year) but the potential recovery of visitor confidence into the summer could lessen that risk and hopefully see higher numbers than we are currently forecasting, but if we have learnt one thing over the last year it is that we cannot assume to know what it around the corner.

Our biggest strength is our people – the Trustees, Staff and Volunteers all work tirelessly to ensure the Museum's success and are all looking forward to reopening. The Museum has undergone a significant period of change over the last 5 years and we need to ensure we return to the positive trajectory we initiated in 2019.



Sir Gary Coward
Chairman

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

The Trustees present their report and the financial statements for the year ended 28th February 2021. The Trustees, who are directors of company for the purposes of company law and, who served during the year and up to the date of this report are set out on page 1. The Trustees have had due regard to the guidance issued by the Charity Commission on Public Benefit.

Structure, governance and management

Governing Document

The museum is governed by its Memorandum and Articles Association. Trustees are selected by the existing Board from persons having an interest in the story of British Army flying, heritage, conservation and the local community and who have a particular skill or qualification which will add to the combined skills and experience of the Board of Directors. Trustees are recruited to fill gaps in specific skill areas within the Board. The Army Flying Museum Limited ('the Museum') was incorporated as a private company limited by guarantee, and without share capital, in March 1987 when the exhibits of the former Army Air Corps Museum were donated to it as a basis for public display. The company is also a registered charity (no. 297897).

Appointment of Trustees

The articles provide for the ex-officio appointment of three serving officers in the Army Air Corps as trustees. Remaining Trustees are recruited through advertising or recommendations. All Trustees are interviewed for suitability before appointment. All Trustees are also Directors of the Army Flying Museum Trading Company Limited, the Charity's 100% owned subsidiary. The Trading Company carries out trading activities to generate profits that are Gift Aided to the Museum. The Museum is the ultimate holding company of the Trading Company. While the Museum exercises responsibility as shareholder of the Army Flying Museum Trading Company Limited, the Trading Company board is solely responsible for all trading decisions. Each Trustee's liability in the event of liquidation of the trust is limited to £1 in accordance with Memorandum of Association.

Induction and Training

Newly selected trustees are briefed by the CEO before taking up their appointment and participate in annual Board Training. Governance arrangements, the subcommittee structure, and the role and conduct of trustees is the subject of a comprehensive paper that is based on Charity Commission, and other guidance and which is available to all trustees and issued to new trustees before taking up their appointment.

The objects for which the Museum is established are to advance the education of the public primarily, but not exclusively, by the provision of a public Museum recording and exhibiting all aspects of flying in the British Army both past and present.

Arrangements For Setting Pay and Remuneration of Key Management Personnel

Rates of pay for newly recruited staff are determined through analysis of the labour market for museum staff and affordability. Across the board annual pay increases are not awarded automatically, but according to affordability and included in the forecast budget which is subject to Board approval before the start of the financial year. Individual staff members can be awarded modest increases by the CEO in recognition of outstanding performance or other exceptional circumstances.

Public Benefit

Directors consider that they have complied with the duties expressed in Section 2(1)(b) of the Charities Act 2011 to have due regard to public benefit guidance as published by the Charities Commission. The activities undertaken by the museum throughout the year reached a significant audience of all ages. The Museum has provided a service of great public benefit, offering an educational, enjoyable and satisfying experience through its displays, events and internet presence.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

Strategic Report

Museum activity over the last twelve months has been dominated by the Covid-19 pandemic, with the Museum only being open to the public from 13 July 2020 to 04 November 2020, and 06 December 2020 to 23 December 2020.

Trading activity during the open period (as detailed above) was slightly better than forecast and thanks the successful trading the year before, various government grants and the receipt of a generous legacy, the Museum reserves have not been exhausted. The development of new activities such as the Lockdown Lectures, the diversification of the outreach programme and a successful Heritage Emergency Fund grant have also helped drive fundraising and keep momentum of activity.

Separately, Project Eagle has entered its final year and the Activity Plan has been adapted to include virtual school sessions, the creation of downloadable resources and a number of successful community exhibitions (notably the knitted helicopters which saw over 500 people participate). Volunteering has been paused but will hopefully restart in the summer.

Objectives and activities

The object for which the Museum was established is:

'to advance the education of the public primarily but not exclusively by the provision of a public museum recording and exhibiting all aspects of flying in the British Army both present and past'.

In addition to this charitable object, the Army sets objectives for its Museums that include:

- Maintain and enhance the Army's connection with society
- Present the country's military heritage and provide an academic research resource
- Contribute to the education of children and adults including educational outreach and support for the National Curricula
- Educate, train and inspire the current generation of service men and women.

Mission, Vision and Values

Our Mission is:

'We tell the story of British Army Flying'

Our Vision is:

To be an entertaining, engaging, inspiring and viable museum, telling the story of British Army Flying, that is admired for first class conservation, interpretation, access, learning and research, all supported by a highly motivated team.

Strategy Management and Strategic Plan

The Museum's Strategic Plan is reviewed and approved by Directors annually in January for the following year and covers a period of 5 years. The strategic aim is to underpin future viability by making improvements to the museum's Visitor Offer through Project Eagle (see below) and other aspects of continuous improvement. This aim is delivered through a number of balanced objectives that are listed at the annex to the Strategic Plan under four headings of Operations, Resources, Processes and Building for the Future.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

Significant Activities Undertaken

Project Eagle – the Development of the Museum.

Phase 1 (the building of the Army Flying Memorial) was completed in September 2017.

Phase 2 (the modernisation of the Museum) was completed in April 2019 whilst the Activity Plan is due to finish by December 2021.

Phase 3 (the future expansion of the Museum) will be considered once Phase 2 has been completed successfully.

Beyond Project Eagle

The Museum has also made significant progress in non-project related activities. In particular:

Media – our media presence continues to grow and is summarised below:

MEDIA	As at 30/04/2021	As at 28/04/2020	% Change over year
Twitter Followers	4,195	3,315	26.5%
Facebook Followers	8,901	6,506	36.8%
Instagram	2,363	1,374	71.9%
Mailing List	9,475	4,304	120.1%

Temporary Exhibitions

Due to the short open period this year, no temporary exhibitions took place within the Museum. However, a number of digital activities have taken place:

- Hopgood Goggles Online Exhibition (October 2020)
- Two unique social media posts from the Archive every week

Education and Learning

In terms of Education, there was a significant drop in numbers of education visits/engagement as all schools have seen a mix of home learning over the last 12 months:

- 8 classes attended online – 221 pupils
- 4 classes came on trips to the Museum – 69 pupils

Outreach

The following Outreach events took place:

- Outreach events: 406 (combination of in-person sessions and online)
- Number of participants: 10,504 (both those physically attending in-person sessions and online sessions)

Young Eagles Youth Group sessions (in partnership with the Army Welfare Service):

- No of Young Eagles sessions (online and in person): 24
- No of Young Eagles participants: 282

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

Community spotlight cafe displays (8 displays):

- Squadron flags (signs and symbols) 500 participants, 34 groups
- Pilots on parade - 150 mini people were knitted
- Magnificent mini medals - 1200 mini medals made
- Remembrance poetry and prose - 40 submissions (in print, on display and online)
- Brilliant balloons - 150 made
- Heroic helicopters - 648 made
- Victoria Cross winner portraits - 6 people
- Taking flight – knitted/crochet/painted planes - 350 participants, 25 different groups

Lockdown Lectures

In response to the Covid-19 pandemic and subsequent lockdown, the Museum team – led by trustee Paul Beaver – developed a series of pre-recorded lectures that included a live-streamed Q&A session directly after. These grew in popularity quickly and meant we could reach a far higher/wider spread of people (numbers attending in brackets):

<u>TITLE</u>	<u>DATE (Live/Catch-Up Audience)</u>
Air Support to SOE Operations	13 Apr 2020 (129/c.1000)
The Last Days of the Luftwaffe	20 Apr 2020 (130/c.1000)
Secrets of the Battle of Britain	27 Apr 2020 (214/c.1000)
The Founding of RAF Middle Wallop	04 May 2020 (140/c.1000)
Island Under Siege: The Air Defence of Malta	11 May 2020 (221/c.1000)
Secrets of the Spitfire	18 May 2020 (258/c.1000)
The Extraordinary story of Extraordinary Army Pilots	08 June 2020 (302/1368)
The Falklands Conflict with 656 Squadron AAC	22 June 2020 (281/1181)
Operation DEADSTICK	06 July 2020 (360/1236)
From Red Rissoles to Blue Eagles	20 July 2020 (166/871)
Spitfire Gifts of War	10 Aug 2020 (178/877)
The AAC in the Aden Emergency 1966-67	24 Aug 2020 (188/1062)
The RFC: The Army in the Air in the First World War	21 Sept 2020 (154/576)
Intelligence Failures of the Battle of Britain	19 Oct 2020 (200/910)
Operation AGILA – 656 Squadron AAC	09 Nov 2020 (180/601)
Lawrence's Desert Air Force: RFC Support to the Arab Revolt	07 Dec 2020 (199/818)
The Pegasus Bridge Story (with Soldiers of Oxfordshire Museum)	18 Jan 2021 (837/9261)
V for Valour	22 Feb 2021 (373/1018)

Fundraising Events

Unfortunately, due to the pandemic, the Museum were unable to hold any fundraising events this year. Fundraising activity was focussed on grant applications and the virtual activities detailed above.

Volunteers

Volunteering has been suspended for this year due to the pandemic. We still have over 60 volunteers on the books and hope to bring them back in the summer 2021.

Fundraising

The Museum's fundraising capability is now firmly established. To keep the cost of fundraising down, the CEO provides the staff lead and has the support of a part time fundraising officer. She reports to Fundraising

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

Committee that provides guidance and support. The Museum is registered with the Fundraising Regulator and the team abide by the Fundraising Code. The Museum's fundraising promise is linked to the website <https://www.armyflying.com/project-eagle/fundraising/>. Fundraising activities have concentrated on applications to grant making trusts, high net worth individuals and major fundraising events. The Museum did not receive any complaints in the period.

Achievements and performance

Financial impact of Covid-19

Over the last financial year, the Museum has seen a 60% decrease in visitor numbers (based on 19-20 figures) and a 65% decrease in earned income.

Financial Review

The Museum, Café and Shop were only open from 13 July to 04 November and from 04 December to 23 December due to Covid-19 restrictions (however the shop remained open for internet sales from 13 July onwards).

YTD	VISITOR NOS	TICKET INCOME	CAFÉ INCOME	SHOP INCOME
28 FEB 21*	14,388	£95,093	£46,538	£31,066
29 FEB 20**	36,282	£257,320	£188,984	£67,692
28 FEB 19***	23,568	£147,087	£142,183	£58,443
28 FEB 18	30,354	£189,758	£146,681	£75,732

* NB. The Museum was closed due to Covid 19 apart from 13 Jul-04 Nov and 04 Dec-23 Dec

** NB. The Museum was closed in March 2019 for refurbishment

*** NB. The Museum was closed from Nov 18 – Feb 19 for refurbishment

Subsidiary Undertaking

The Army Flying Museum Trading Company Limited is the 100% subsidiary of the Army Flying Museum Limited. The subsidiary operated the trading activities of the museum and covenants its profits to the Museum on an annual basis.

Principal funding streams

The principal funding streams into the Museum are threefold, as detailed below. All funding has been used in the appropriate manner to support the management objectives for the period.

Income generation from trading and admission activity including gift aid

This income is directed towards the management of the Museum and the improvements required to develop the business. The increase in the number of visitors this year has meant increased income from visitor admissions and Gift Aid, and an increase in café income. The shop profitability has decreased due to problems sourcing military stock items. This is being reviewed in conjunction with the AAC and should be rectified in the coming year.

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

Ministry of Defence support

The Ministry of Defence provides support in 2 ways:

- Grant in aid. This totalled £58,500 for the year, with a one-off additional grant of £9,000 to support the employment of an Archive Assistant.
- Internal Business Agreement. This covers support such as the provision of utilities and some maintenance and which the Ministry of Defence value at £71,571 for the year.

Grants and donations

Unless specified by the donor, grants and donations to the museum are allocated to unrestricted funds.

Ticket Pricing

The standard ticket has remained the same for 2020/21. An adult ticket is £14, children are now priced at £8 and concessions are £10. A family ticket for two adults and three children is priced at £38 and under 5s are free.

Free Entry

The Museum offers free entry to:

- Army Air Corps (plus their accompanying Spouse/Children)
- Army Air Cadets (when booked through the Army Air Corps)
- Serving British or Commonwealth Military personnel on production of a Ministry of Defence 90 or equivalent ID Card
- Army Air Corps Veterans with an Army Air Corps Veterans' Association Membership Card
- Wheelchair pushers and carers of disabled people
- Middle Wallop Membership cardholders
- Children under 5

Reserves Policy

The results for the period, and the company's financial position at the end of the year, are shown in the attached accounts. The agreements with the Ministry of Defence continued to work well and are of enormous benefit to the Museum. However, Ministry of Defence budget constraints continue to adversely affect the maintenance support for Phase 1 of the museum building (which is a Ministry of Defence maintenance responsibility). This has resulted in museum staff taking on some maintenance tasks and additional expense falling to the museum.

The Museum maintains a level of free reserves as mitigation against the operational risks listed in the risk register. Restricted reserves are used in accordance with their specified restrictions. Free (i.e. non-committed) reserves are calculated on the basis of the excess of unrestricted funds over fixed assets. The minimum level of the unrestricted reserve is determined by the requirement to provide some financial mitigation of risks listed in the risk register. The most significant of these in financial terms is the risk of income falling to a level that prejudices the Museum's viability. The Trustees consider a suitable level of free reserves to be £100,000.

At 28 February 2021 the level of the Museum's free reserves amounted to £204,189 (2020: £198,646).

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

Investment Policy

The museum's investment policy is to hold its liquid assets in its bank accounts. Project Eagle reserves have largely been expended no significant sums are held in interest bearing accounts.

Plans for future periods

Directors have approved the annual update to the 5 year strategic plan for the museum that aims to deliver the museums vision which is:

'To be an entertaining, engaging, inspiring and viable museum, telling the story of British Army Flying, that is admired for first class conservation, interpretation, access, learning and research, all supported by a highly motivated team.'

The Strategic Plan lists objectives under 4 headings namely:

Operations

- The airfield is of considerable interest to our visitors and vital to our future. We need to make the most of the attraction that it offers. We will hold events including:
 - Wartime Wallop in May (postponed until 2022 due to Covid restrictions)
 - Wallop Wheels and Wings on 03 July 2021
 - Participate in Aerobility (September TBC)
- The Museum needs to have the widest possible appeal; it will be unsafe to rely on serving personnel, veterans and military aviation enthusiasts to provide enough income to sustain the Museum.
 - Through the Activity Plan widen our outreach and other activities to Andover, Salisbury, Basingstoke and Winchester and extend the marketing and activities to a 1hr 30min drive time.
- Interest in Army flying operations is a magnet for many of our visitors, we need to be as actively engaged with this aspect of our business as possible.
 - Promote through participation in AAC engagement activities
 - Generate an attractive lecture and events programme
- Further promotion of the Museum Membership Scheme.
 - Developed to include tiered membership levels
 - Better advertising
 - We have also introduced a Corporate membership scheme.
- Trading needs to increase substantially to support museum finances. Our objectives include:
 - Visitors
 - Increase ticketed visitors to 39,000
 - Increase visitor income by 5%
 - Café
 - Increase income by 15%
 - Simplify and improve our menu
 - Train our catering staff to
 - provide better customer service
 - better understand costings

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

- Shop
 - Increase sales by 15%
- We are continuing to enhance and add to our education service (through for example, the inclusion of STEAM training) and widen its appeal. This will be done through the Activity Plan over the next 6 months. We will aim to complete 2000 visits by school children.
- We need effective Community and Corporate Engagement programmes. This will be achieved through the Activity Plan over the next 6 months and also by the development of a corporate engagement package centred around the new fundraising events.

Processes

- Data collection to support Customer Relations Management must develop further to become second nature and effective across all departments – CRM now lists 9,475.
- Data protection and General Data Protection Regulations (GDPR) has to be a priority.
 - Conduct a GDPR review annually in June
- Our Governance arrangements have advanced considerably but continue to require development and diversity will need to be a key aspect of that revision.
 - Board recruitment provides opportunity for greater diversity

Resources

- We need to configure ourselves to manage with reducing financial support from the Ministry of Defence and ultimately, none at all.
 - Budget for next year, once approved, needs to be delivered.
- We need to continue the development of an effective routine fundraising capability to the extent that we can routinely generate £40,000 per annum to support the Museum budget.
 - A programme of fundraising events has already been devised which includes a new public fundraising events (estimated £15k surplus), twelve lecture events offering both live and streamed options, three music evenings and continued applications to trusts and grants.

Building for the Future

- The Museum needs to maintain its Accredited status and comply with standards of best curatorial practice to attract grant funders.
- Capital works and staffing changes delivered through the Project mean existing curatorial plans need to be reviewed. We will:
 - Develop and deliver an interactive Apache exhibit by Dec 2021
 - Acquire an Apache – anticipated by 2024
 - Update the Museum's Collections Disaster Preparedness Plan
 - Update the Museum Collections Care Plan and deliver on targets set for this period
 - Update the Museum Collections Documentation Plan and deliver on targets set for this period
 - Prioritise a process of rationalising the collection

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

- We need to invest in training of staff.
 - Staff training and Board development will be delivered through Project Eagle
- We need to establish stronger and more effective relationships with the local community, schools etc.
 - Will be delivered through Activity Plan supported by trustee participation
- We need to do everything possible to win the trust and support of the Army Flying community – serving and veteran.
 - Promote exhibitions through Hawkeye and other media
 - Brief/Engage with AAC Board including hosting them annually
- Accessibility must be a theme that runs through all our output and facilities.
 - Improvements to accessibility have been delivered through Project Eagle and will continue to be reviewed in the future.

Risks

A number of high-level risks have been identified that affect the Museum

STRATEGIC RISK	RESPONSE
Income Generation The Museum has, in the past, relied on income from events supported by the Ministry of Defence to generate a surplus. These events are no longer available and so additional income needs to be generated through footfall, trading and fundraising. In addition, Ministry of Defence funding and material support is likely to decrease over time, putting further pressure on the Museum budget.	Project Eagle will substantially increase footfall and trading. In addition, fundraising will become a component of core funding.
Covid-19 The impact of any future peaks and subsequent lockdowns will have a significant impact on the reserves.	All opportunities for fundraising and income generation must be actioned when possible.
Loss of Reputation Adverse comment and poor reputation affect business performance.	Legal compliance and a culture of customer service and value for money.
Maintenance liability. Pressure on Ministry of Defence funding has reduced maintenance support putting additional pressure on museum funding	Significant Improvements in the material state of the Museum through Project Eagle plus a system of planned maintenance.
HR Risk Errors in HR management can lead to discontent, stress, loss of productivity and in extreme cases, tribunals and fines.	HR advice has been outsourced to Peninsula business services.
Health and Safety Inadvertent noncompliance with Health and Safety legislation leading to a fine.	Health and Safety advice has been outsourced.
Fraud	Implementation of Proper procedures.
Staff loading/Incapacity	Careful monitoring and Keyman insurance

Army Flying Museum Limited
Company number: 2109510

Report of the trustees (incorporating the Directors' report) for the year ended 28th February 2021

Auditors

The accounts have been audited by Compass Accountants Limited. A resolution to reappoint the auditor will be put to the members at the Annual General Meeting.

So far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware. Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.



Sir Gary Coward
On behalf of the Board

Date: 16 Jan 21

Statement of trustees' responsibilities for the year ended 28th February 2021

The Trustees (who are also directors of the Army Flying Museum Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Sir Gary Coward
On behalf of the Board

Date: 16 Jul 21

Independent Auditor's Report to the Members and Trustees of the Army Flying Museum Limited

Opinion

We have audited the financial statements of the Army Flying Museum Limited (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 28th February 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 28th February 2021, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 group's and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

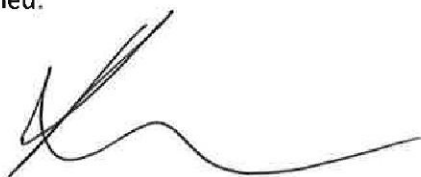
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent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

- Enquiry of management around actual and potential litigation and claims;
- Enquiry of entity staff in finance functions to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company'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 charitable company's members and its 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 charitable company and the charitable company's members as a body and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Kerry Lawrance FCA
Senior Statutory Auditor
For and on behalf of Compass Accountants, Statutory Auditor

Venture House, The Tanneries
East Street, Titchfield
Hampshire
PO14 4AR

Date: 23 Jul 2021

Compass Accountants is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

Consolidated Statement of financial activities (incorporating the income and expenditure account)

For the year ended 28th February 2021

	Notes	Unrestricted funds £	Restricted funds £	2021 Total £	Unrestricted funds £	Restricted funds £	2020 Total £
Income from:							
Donations and legacies							
Grant in aid	4	-	61,696	61,696	-	76,550	76,550
Services donated by the Ministry of Defence	4	-	71,571	71,571	-	71,571	71,571
Donations and grants	4	184,730	115,032	299,762	19,180	464,563	483,743
Legacies	5	98,549	-	98,549	3,003	-	3,003
Charitable activities							
Admissions	6	120,379	-	120,379	351,383	240	351,623
Other trading activities							
Trading company	3	92,728	-	92,728	291,009	-	291,009
Investments	7	46	386	432	320	1,132	1,452
Other	8	2,735	-	2,735	69,469	-	69,469
Total income		499,167	248,685	747,852	734,364	614,056	1,348,420
Expenditure on:							
Fundraising and publicity	9	5,387	-	5,387	9,255	1,172	10,427
Trading company	3	143,337	-	143,337	271,213	-	271,213
Charitable activities	10	375,763	476,098	851,861	388,199	622,099	1,010,298
Total expenditure		524,487	476,098	1,000,585	668,667	623,271	1,291,938
Net income/(expenditure)		(25,320)	(227,413)	(252,733)	65,697	(9,215)	56,482
Transfers between funds		8,596	(8,596)	-	(4,977)	4,977	-
Net movement in funds		(16,724)	(236,009)	(252,733)	60,720	(4,238)	56,482
Reconciliation of funds:							
Total funds brought forward		1,362,556	1,673,004	3,035,560	1,301,836	1,677,242	2,979,078
Total funds carried forward		1,345,832	1,436,995	2,782,827	1,362,556	1,673,004	3,035,560

All recognised gains and losses are included in the statement of financial activities. All transactions are derived from continuing activities.

The depreciation costs of the capital expenditure on Project Eagle will reduce the balance of restricted reserves over the life of the lease and will result in deficits after depreciation being recognised in future years.

The notes on pages 20 to 35 form an integral part of these financial statements.

**Consolidated Balance Sheet
as at 28th February 2021**

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Intangible assets	14	-	-	-	-
Tangible assets	15	2,347,398	2,575,336	2,303,022	2,515,022
Heritage assets	16	10,000	10,000	10,000	10,000
Investments	17	-	-	100	100
		<u>2,357,398</u>	<u>2,585,336</u>	<u>2,313,122</u>	<u>2,525,122</u>
Current assets					
Stocks		12,078	16,138	-	-
Debtors	18	15,643	175,323	43,375	206,418
Cash at bank and in hand		614,998	598,851	590,801	570,658
		<u>642,719</u>	<u>790,312</u>	<u>634,176</u>	<u>777,076</u>
Creditors: amounts falling due within one year	19	<u>(217,290)</u>	<u>(339,658)</u>	<u>(182,389)</u>	<u>(283,222)</u>
Net current assets		<u>425,429</u>	<u>450,654</u>	<u>451,787</u>	<u>493,854</u>
Provisions for liabilities		-	(430)	-	-
Net assets		<u>2,782,827</u>	<u>3,035,560</u>	<u>2,764,909</u>	<u>3,018,976</u>
Funds					
Unrestricted funds		987,132	1,005,190	987,132	1,005,190
Restricted funds	20	1,436,995	1,673,004	1,436,995	1,673,004
Revaluation reserve		340,782	340,782	340,782	340,782
Non Charitable Trading funds		17,918	16,584	-	-
Total funds		<u>2,782,827</u>	<u>3,035,560</u>	<u>2,764,909</u>	<u>3,018,976</u>

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

The financial statements were approved and authorised for issue by the Board and signed on its behalf by



Sir Gary Coward
Chairman

Date:

16 Jan 21



C. Hopkins
Treasurer

Date:

16 July 2021

The notes on pages 20 to 35 form an integral part of these financial statements.

Cash flow statement

for the year ended 28th February 2021

	Group 2021	Group 2020
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	46,884	327,330
Cash flows from investing activities:		
Interest income	432	1,452
Purchase of fixed assets	(31,169)	(357,957)
Sale of fixed assets	-	575
Net cash provided by (used in) investing activities	(30,737)	(355,930)
Increase/(decrease) in cash and cash equivalents in the year	16,147	(28,600)
Cash and cash equivalents at 1 March 2020	598,851	627,451
Cash and cash equivalents at 28 February 2021	614,998	598,851
Net income/expenditure for the reporting period	(252,733)	56,482
Depreciation and impairment	252,756	254,457
Income from investments	(432)	(1,452)
Loss on disposal of fixed assets	6,351	(575)
(Increase)/Decrease in stocks	4,060	(3,868)
Decrease/(Increase) in debtors	159,680	307,087
(Decrease)/Increase in creditors	(122,368)	(285,231)
Increase/(Decrease) in provisions for liabilities	(430)	430
Net cash provided by (used in) operating activities	46,884	327,330

Notes to financial statements
for the year ended 28th February 2021

1. Accounting policies

1.1. Charity information

The Army Flying Museum Limited is a private company limited by guarantee and incorporated in England and Wales. The registered office is the Army Flying Museum, Army Aviation Centre, Middle Wallop, Stockbridge, Hampshire, SO20 8DY.

The Army Flying Museum Limited meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (issued in October 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The consolidated financial statements incorporate the results of the Army Flying Museum Limited and of its subsidiary undertaking as at 28th February 2021 using the acquisition method of accounting.

A separate statement of financial activities and income and expenditure account are not presented for the charity itself following the exemptions afforded by Section 408 of the Companies Act 2006.

1.3. Incoming resources

All incoming resources are included in the SOFA when the company is legally entitled to the income and the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following policies are applied to particular categories of income:

Income from trading activities represents monies received (exclusive of Value Added Tax) from shop and restaurant sales during the year.

All donations are accounted for on a receivable basis. Separate reserves are maintained for restricted funds in accordance with the Charities Act 2011.

Grants receivable are accounted for when received and are included under the heading of donations.

Services donated by the Ministry of Defence is the value of the services of staff and facilities paid directly by the Ministry of Defence. These have been included on a cost basis in the accounts.

Grant in aid is a donation from the Ministry of Defence towards employment costs. Investment income is recognised on a receivable basis.

Notes to financial statements
for the year ended 28th February 2021

1.4. Governance costs

Governance costs include costs of the preparation and examination of the statutory accounts, the cost of Trustee meetings and the cost of any legal advice to Trustees on governance or constitutional matters.

1.5. Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

1.6. Basis of allocation

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Army Flying Museum as a visitor attraction.

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

1.7. Irrecoverable VAT

Irrecoverable VAT has been included as a cost of charitable activities.

1.8. Fixed assets

Individual fixed assets costing £1,000 or more are initially recorded at cost.

1.9. Heritage assets

The Army Flying Museum holds in trust artefacts comprising its collection. The collections have not been included in the financial statements due to their historic and inalienable nature and due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1st April 2000 have not been capitalised and included in the accounts but with effect from 1st April 2000, additions to the collection with a cost in excess of £5,000, have been capitalised. These assets are not revalued or depreciated.

Heritage assets donated to the Museum with a value in excess of £5,000 are included in the accounts on the basis of internal valuations.

The Collection

The main museum collection comprises aircraft, vehicles, equipment, uniforms, medals, weapons, artwork and ephemera. It also includes an archive of documents, books, photographs, photographic negatives, albums, slides and film. The collection, which numbers many hundreds of thousands of items, contains material which has a unique provenance relating to British Army Flying. Information regarding cost of value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant, and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

Notes to financial statements
for the year ended 28th February 2021

Policy for the acquisition, preservation, management and disposal of heritage assets

Acquisition and disposal of items in the collection is governed by its Collections Development Policy (2016) which is based on an approved template provided by Arts Council England. It takes into account the Museum Association Code of Ethics.

Documenting. The Museum's approach to documenting the collection is stated in its Collections Documentation Policy (2016) and is formalised in a forward plan of work. It operates a system which meets Spectrum basic standards including entry, exit and transfer of title forms; accession records and inventories.

Conservation. The Museum's approach to conserving the collection is stated in its Collections Care and Conservation Policy (2016) and is formalised in a plan of work forward. Work in this area is undertaken by staff, volunteers under the supervision of staff or specialist contractors.

Access. The Museum's approach to providing access to collections is stated in its Access Policy (2016). The collections, and the information held therein, is made available through permanent and temporary exhibitions, website features, loans to other organisations and an enquiries service. Members of the public can also access material by appointment. Access is only limited where legislation requires it.

Memorial Wall

The Museum commissioned and built a memorial wall, completed in 2017, to commemorate those that have lost their lives in the service of British Army Flying however this is not considered to be a heritage asset as defined by FRS 102.

1.10. Amortisation & Depreciation

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Website - 33% Straight line basis

Depreciation

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over the expected useful economic life as follows:

Museum displays & equipment - 13% & 25% Straight line basis

Leasehold property - Over the life of the lease

Leasehold improvements - 10 or 25 years

Shop & kitchen equipment - 20% Straight line basis

1.11. Investments

Fixed asset investments are included at market value at the balance sheet date.

Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of financial activities in the period of disposal.

Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

Notes to financial statements
for the year ended 28th February 2021

1.12. Financial Instruments

The Museum has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Museum's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade debtors, trade creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the Museum is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

Term deposits of less than one year are classified as investments within current assets.

1.13. Stocks

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs.

1.14. Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

1.15. Fund accounting policy

Unrestricted income funds are generally funds that are available for use at the Trustees discretion in furtherance of the objectives of the charity.

Restricted 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.

Further details of each fund are disclosed in note 19.

1.16. Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.17. Going concern

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern. Further details are disclosed in note 28.

Notes to financial statements
for the year ended 28th February 2021

2. Pension costs

The company operates a defined contribution pension scheme. The pension cost for the period represents contributions payable by the charity to the scheme and amounted to £6,796 (2020: £7,303).

Contributions totalling £652 (2020: £604) were payable to the scheme at the end of the period and are included in creditors.

3. Income and expenses from trading activities of subsidiaries

The charity has a wholly owned trading subsidiary which is incorporated in the United Kingdom, Army Flying Museum Trading Company Limited.

Profit and Loss Account	2021	2020
	£	£
Turnover	77,868	276,161
Cost of sales	(118,273)	(242,448)
Gross Profit	(40,405)	33,713
Sundry income	14,860	14,907
Grant from parent charity	51,958	-
Overheads	(25,494)	(28,335)
Net profit/(loss) before tax	919	20,285
Amount gifted to The Museum of Army Flying Limited	(15)	(60)
Profit/(loss) for year before taxation	904	20,225
Taxation	430	(430)
Retained profit/(loss) for the period	1,334	19,795
Retained profit brought forward	16,584	(3,211)
Retained profit carried forward	17,918	16,584
Called up Ordinary Share Capital	100	100
Capital and reserves	18,018	16,684

**Notes to financial statements
for the year ended 28th February 2021**

4. Grants and Donations

During the year the following grants and donations were received:

	Unrestricted funds £	Restricted funds £	2021 Total £	2020 Total £
Grant in Aid	-	61,696	61,696	76,550
Services provided by Ministry of Defence	-	71,571	71,571	71,571
	<u>-</u>	<u>133,267</u>	<u>133,267</u>	<u>148,121</u>
Other grants and donations:				
General donations	36,381	120	36,501	19,180
Coronavirus Job Retention Scheme	130,778	-	130,778	-
National Lottery Heritage Fund	-	114,912	114,912	428,225
Test Valley Borough Council	17,571	-	17,571	25,000
Project Eagle general donations	-	-	-	11,338
	<u>184,730</u>	<u>115,032</u>	<u>299,762</u>	<u>483,743</u>

In 2020 £464,563 were restricted funds with £19,180 being unrestricted funds

5. Legacies

	Unrestricted funds £	Restricted funds £	2021 £	2020 £
Legacies	98,549	-	98,549	3,003
	<u>98,549</u>	<u>-</u>	<u>98,549</u>	<u>3,003</u>

All the income for 2020 were unrestricted funds

6. Activities for generating funds

	Unrestricted funds £	Restricted funds £	2021 £	2020 £
Museum Admissions	90,370	-	90,370	257,321
Gift aid tax claimed	12,621	-	12,621	35,556
Hire of museum facilities	7,445	-	7,445	31,238
Special events	9,943	-	9,943	17,739
	<u>120,379</u>	<u>-</u>	<u>120,379</u>	<u>351,623</u>

In 2020 £240 were restricted funds with £351,383 being unrestricted funds

**Notes to financial statements
for the year ended 28th February 2021**

7. Investment income

	Unrestricted funds £	Restricted funds £	2021 £	2020 £
Dividends and interest	46	386	432	1,452
	<u>46</u>	<u>386</u>	<u>432</u>	<u>1,452</u>

In 2020 £1,132 were restricted funds with £320 being unrestricted funds

8. Other incoming resources

	Unrestricted funds £	Restricted funds £	2021 £	2020 £
Museum & Galleries Exhibition Tax Relief (MGETR)	2,735	-	2,735	69,469
	<u>2,735</u>	<u>-</u>	<u>2,735</u>	<u>69,469</u>

All the income for 2020 were unrestricted funds

9. Cost of generating funds

	Unrestricted funds £	Restricted funds £	2021 £	2020 £
Shop and restaurant expenses	143,337	-	143,337	271,213
Event Expenditure	5,387	-	5,387	154
	<u>148,724</u>	<u>-</u>	<u>148,724</u>	<u>281,640</u>

In 2020 £1,172 were restricted funds with £280,468 being unrestricted funds

**Notes to financial statements
for the year ended 28th February 2021**

10. Costs of charitable activities

	Unrestricted funds £	Restricted funds £	2021 £	2020 £
Staff costs	236,646	64,747	301,393	294,363
Costs paid by Ministry of Defence	-	71,571	71,571	71,571
Staff training	250	-	250	418
Development project costs	-	114,581	114,581	276,067
Memorial wall costs	-	300	300	510
Repairs and maintenance	13,010	1,404	14,414	25,668
Computer expenses	17,646	-	17,646	11,263
Hire of plant and machinery	6,108	-	6,108	2,914
Travel and subsistence	245	-	245	1,124
Unattributable VAT	8,257	-	8,257	7,222
Professional fees	10,554	-	10,554	12,601
Depreciation	28,323	208,495	236,818	238,435
Loss on disposal of fixed assets	6,351	-	6,351	(575)
Other costs	-	-	-	731
Office costs	12,210	-	12,210	16,534
Advertising & promotion costs	10,189	15,000	25,189	27,309
Governance and support costs	25,974	-	25,974	25,749
	<u>375,763</u>	<u>476,098</u>	<u>851,861</u>	<u>1,010,298</u>

In 2020 £622,099 were restricted funds with £388,199 being unrestricted funds

11. Governance and support costs

	Governance costs £	2021 £	2020 £
Staff costs	19,860	19,860	20,606
Auditors remuneration	3,500	3,500	3,500
Costs of Trustees meetings	782	782	86
Bank charges and interest	1,832	1,832	1,557
	<u>25,974</u>	<u>25,974</u>	<u>25,749</u>

**Notes to financial statements
for the year ended 28th February 2021**

12. Auditors' remuneration

	2021	2020
	£	£
Auditors' remuneration - audit of the financial statements	<u>3,500</u>	<u>3,500</u>
Auditors' remuneration - other fees:		
- Preparation of statutory accounts and payroll	5,445	5,143
- Taxation services	265	520
- Consultancy and advice regarding VAT and other charity matters, including MGETR	<u>2,080</u>	<u>3,160</u>
	<u>7,790</u>	<u>7,158</u>

13. Employees

	2021	2020
	£	£
Employee costs		
Wages and salaries	329,643	351,815
Social security costs	16,219	27,422
Pension costs	<u>6,796</u>	<u>7,303</u>
	<u>352,658</u>	<u>386,540</u>

Including the Chief Executive Officer, the average number of employees, analysed by function, was:

	2021	2020
Management staff	11	11
Museum staff	<u>24</u>	<u>27</u>
	<u>35</u>	<u>38</u>

No trustees received remuneration during the period, no trustees were reimbursed for expenses (29th February 2020: Nil).

No employees received remuneration of more than £60,000 during the year (2020: Nil).

Key management personnel

Employee benefits received by key management personnel total £39,105 (2020: £41,367) which included employers' national insurance contributions.

**Notes to financial statements
for the year ended 28th February 2021**

14. Intangible fixed assets

Group and charity	Website £	Total £
Cost		
At 1 March 2020	24,294	24,294
At 28 February 2021	24,294	24,294
Amortisation		
At 1 March 2020	24,294	24,294
Charge for the year	-	-
At 29 February 2021	24,294	24,294
Net book values		
At 29 February 2021	-	-
At 28 February 2020	-	-

15. Tangible fixed assets

Group	Leasehold Property & Improvement £	Shop & Kitchen Equipment £	Museum Displays & Equipment £	Heritage Assets £	Total £
Cost					
At 1 March 2020	1,518,710	135,368	1,756,224	10,000	3,420,302
Additions	2,252	-	28,917	-	31,169
Transfers between categories	-	-	-	-	-
Disposals	(38,138)	-	(13,780)	-	(51,918)
At 28 February 2021	1,482,824	135,368	1,771,361	10,000	3,399,553
Depreciation					
At 1 March 2020	394,029	75,054	365,883	-	834,966
Charge for the year	19,554	15,938	217,264	-	252,756
Eliminated on disposal	(31,787)	-	(13,780)	-	(45,567)
At 28 February 2021	381,796	90,992	569,367	-	1,042,155
Net book values					
At 28 February 2021	1,101,028	44,376	1,201,994	10,000	2,357,398
At 28 February 2020	1,124,681	60,314	1,390,341	10,000	2,585,336

Notes to financial statements
for the year ended 28th February 2021

Charity	Leasehold Property & Improvement £	Museum Displays & Equipment £	Heritage Assets £	Total £
Cost				
At 1 March 2020	1,518,710	1,756,224	10,000	3,284,934
Additions	2,252	28,917	-	31,169
Transfers between categories	-	-	-	-
Disposals	(38,138)	(13,780)	-	(51,918)
At 28 February 2021	1,482,824	1,771,361	10,000	3,264,185
Depreciation				
At 1 March 2020	394,029	365,883	-	759,912
Charge for the year	19,554	217,264	-	234,200
Eliminated on disposal	(31,787)	(13,780)	-	(45,567)
At 28 February 2021	381,796	569,367	-	948,545
Net book values				
At 28 February 2021	1,101,028	1,201,994	10,000	2,313,022
At 28 February 2020	1,124,681	1,390,341	10,000	2,525,022

Revaluation of fixed assets

The leasehold property was restated at open market value at 31st March 1993 and subsequently reduced by depreciation on that value.

16. Heritage assets

	Total £
Cost	
At 1 March 2020 and 28 February 2021	10,000

Five year summary	2021 £	2020 £	2019 £	2018 £	2017 £
<u>Additions</u>					
Purchases	-	-	5,000	-	-
Donations	-	-	5,000	-	-
	-	-	10,000	-	-
<u>Disposals</u>	-	-	-	-	-

**Notes to financial statements
for the year ended 28th February 2021**

17. Fixed asset investments

	Charity Unlisted £	Charity Total £
Market value or cost at 28 February 2021	100	100
Historic cost at 28 February 2020	100	100
Market value or cost at 28 February 2021	100	100
Historic cost at 28 February 2020	100	100

Unlisted investments represents 100% of the issued share capital of Army Flying Museum Trading Company Limited.

17.1. Investments held

The company holds 20% or more of the share capital of the following companies:

Company	Nature of business	Shares held class	Proportion of shares held
Army Flying Museum Trading Company Limited	Commercial activities of the parent company	Ordinary	100%

18. Debtors

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Amounts due within 1 year:				
Trade debtors	2,037	3,242	2,037	3,242
Other taxes and social security	7,538	-	7,538	-
Other debtors	-	4,691	-	4,691
Accrued income	2,735	166,581	2,735	166,581
Prepayments	3,333	809	3,333	809
Amount owed by group undertakings	-	-	27,732	31,095
	<u>15,643</u>	<u>175,323</u>	<u>43,375</u>	<u>206,418</u>

**Notes to financial statements
for the year ended 28th February 2021**

**19. Creditors: amounts falling due
within one year**

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade creditors	15,370	21,685	15,248	16,046
Other taxes and social security	-	11,826	-	11,826
Other creditors	153,465	153,530	151,981	151,725
Accruals	48,455	152,617	15,160	103,625
	<u>217,290</u>	<u>339,658</u>	<u>182,389</u>	<u>283,222</u>

20. Restricted funds

	1 March 2020 £	Incoming £	Outgoing £	Transfers £	28 February 2021 £
Grant in aid	8,620	61,695	(64,745)	-	5,570
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Heritage & Archive appeal fund	1,283	-	-	-	1,283
Project Eagle development fund	1,653,402	90,420	(323,079)	-	1,420,743
Memorial Garden & Wall fund	4,732	-	(300)	-	4,432
Cannon display fund	4,472	-	-	-	4,472
National Lottery Heritage Fund Emergency	-	25,000	(16,404)	(8,596)	-
Other restricted funds	495	-	-	-	495
	<u>1,673,004</u>	<u>248,686</u>	<u>(476,099)</u>	<u>(8,596)</u>	<u>1,436,995</u>

	1 March 2019 £	Incoming £	Outgoing £	Transfers £	29 February 2020 £
Grant in aid	-	76,550	(67,930)	-	8,620
Ministry of Defence services provided	-	71,571	(71,571)	-	-
Heritage & Archive appeal fund	1,283	-	-	-	1,283
Project Eagle development fund	1,664,476	465,935	(481,986)	4,977	1,653,402
Memorial Garden & Wall fund	5,242	-	(510)	-	4,732
Cannon display fund	4,472	-	-	-	4,472
Other restricted funds	1,769	-	(1,274)	-	495
	<u>1,677,242</u>	<u>614,056</u>	<u>(623,271)</u>	<u>4,977</u>	<u>1,673,004</u>

The Grant in Aid fund is a grant from the Ministry of Defence heritage branch for employees' salaries.

The Ministry of Defence services provided fund represents expenses paid by the Ministry of Defence as part of the ongoing IBA agreement in place between the Museum and the Ministry of Defence.

Notes to financial statements for the year ended 28th February 2021

The Heritage and Archive appeal fund has been set up to fund archive and display projects. The donor of the fund has agreed that the donation can also be used for the development project if required.

The Project Eagle development fund represents funds raised towards phase II of Project Eagle.

The Memorial Wall fund represents funds donated for the building of a wall to commemorate those that have lost their lives in the service of British Army Flying at a cost of £310,000.

The Cannon Display fund represents a donation from Major R.W Hogarth R.A (Retired) for the purpose of making a suitable display cabinet for a scale model of a Waterloo Nine Pounder Cannon.

The National Lottery Heritage Emergency fund was received towards the cost of the website and other equipment. A total of £8,596 has been transferred to unrestricted funds to reflect expenditure incurred on fixed assets in accordance with SORP FRS 102 Section 2.26.

Sufficient resources are held to enable each fund to be applied in accordance with any restrictions.

21. Analysis of net assets between funds

	Tangible Fixed Assets £	Net Current Assets £	Provisions for Liabilities £	2021 £	2020 £
Unrestricted funds	1,123,725	204,189	-	1,327,914	1,345,972
Restricted funds	1,189,397	247,598	-	1,436,995	1,673,004
	<u>2,313,122</u>	<u>451,787</u>	<u>-</u>	<u>2,764,909</u>	<u>3,018,976</u>
Non charitable trading funds	44,276	(26,358)	-	17,918	16,584
	<u>2,357,398</u>	<u>425,429</u>	<u>-</u>	<u>2,782,827</u>	<u>3,035,560</u>

Included in the above figures is the revaluation reserve:

Revaluation reserve	-	340,782	-	340,782	340,782
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	Tangible Fixed Assets £	Net Current Assets £	Provisions for Liabilities £	2020 £	2019 £
Unrestricted funds	1,147,326	198,646	-	1,345,972	1,305,047
Restricted funds	1,377,796	295,208	-	1,673,004	1,677,242
	<u>2,525,122</u>	<u>493,854</u>	<u>-</u>	<u>3,018,976</u>	<u>2,982,289</u>
Non charitable trading funds	60,214	(43,200)	(430)	16,584	(3,211)
	<u>2,585,336</u>	<u>450,654</u>	<u>(430)</u>	<u>3,035,560</u>	<u>2,979,078</u>

Included in the above figures is the revaluation reserve:

Revaluation reserve	-	340,782	-	340,782	340,782
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**Notes to financial statements
for the year ended 28th February 2021**

22. Commitments and contingent liabilities

The charity had capital commitments contracted for but not provided for in the financial statements amounting to £26,378 (2020: £120,861). There were no contingent liabilities at 28th February 2021 (2020: Nil).

23. Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiary had a corporation tax liability of £Nil as at 28th February 2021.

24. Related party transactions

There were no related party transactions.

25. Ultimate controlling party

The ultimate controlling party is the Board of Trustee Directors.

26. Analysis of changes in net funds

Group	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	598,851	16,147	614,998
Net funds	<u>598,851</u>	<u>16,147</u>	<u>614,998</u>
Charity	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	570,658	20,143	590,801
Net funds	<u>570,658</u>	<u>20,143</u>	<u>590,801</u>

Notes to financial statements
for the year ended 28th February 2021

27. Financial instruments

The carrying amounts of the charity's financial instruments are as follows:

	2021	2020
	£	£
Financial assets		
Debt instruments measured at amortised cost:		
- Trade debtors (note 18)	2,037	3,242
- Other taxes and social security (note 18)	7,538	-
- Other debtors (note 18)	2,735	4,691
	<u>12,310</u>	<u>7,933</u>
Financial liabilities		
Measured at amortised cost:		
- Trade creditors (note 19)	15,370	21,685
- Other taxes and social security (note 19)	-	11,826
- Other creditors (note 19)	153,465	153,530
	<u>168,835</u>	<u>187,041</u>

28. Post Balance Sheet Event

The effects from the global COVID-19 pandemic emerged during the financial year and the Government introduced measures to control the spread of the virus. These accounts reflect the consequences for The Army Flying Museum Limited.

The emergency measures imposed by the Government in its attempt to mitigate the effects of the pandemic, included three national lockdowns and a tier system, severely restricted the ability of The Army Flying Museum Limited to operate as a museum. It is expected that the effects of COVID-19 will continue to be felt throughout 2021 and as a result, there is likely to be a significant reduction in income which will affect the accounts to 28 February 2022.

The Directors are working to minimise the impact of the exceptional challenges caused by the global COVID-19 pandemic supported by measures taken by the Government to include grants to support employment costs and deferral of VAT liabilities. The Directors remain confident that they can overcome the short-term operational differences that currently affect operations and as consequence these accounts have been prepared on the going concern basis.