

**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 28<sup>th</sup> 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**

<b>Charity number</b>	297897
<b>Company number</b>	2109510
<b>Registered Office</b>	Middle Wallop Stockbridge Hampshire SO20 8DY
<b>Chief Executive</b>	Lucy Johnson
<b>Trustees</b>	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
<b>Company Secretary</b>	Andrew Simkins
<b>Senior Statutory Auditor</b>	Kerry Lawrance FCA
<b>Auditors and Accountants</b>	Compass Accountants Limited Venture House, The Tanneries East Street Titchfield Hampshire PO14 4AR
<b>Bankers</b>	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 28<sup>th</sup> 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 28<sup>th</sup> February 2021**

The Trustees present their report and the financial statements for the year ended 28<sup>th</sup> 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 28<sup>th</sup> 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 to 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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

<b>STRATEGIC RISK</b>	<b>RESPONSE</b>
<b>Income Generation</b> 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.
<b>Covid-19</b> 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.
<b>Loss of Reputation</b> Adverse comment and poor reputation affect business performance.	Legal compliance and a culture of customer service and value for money.
<b>Maintenance liability.</b> 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.
<b>HR Risk</b> 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.
<b>Health and Safety</b> Inadvertent noncompliance with Health and Safety legislation leading to a fine.	Health and Safety advice has been outsourced.
<b>Fraud</b>	Implementation of Proper procedures.
<b>Staff loading/Incapacity</b>	Careful monitoring and Keyman insurance

**Army Flying Museum Limited**  
**Company number: 2109510**

**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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.

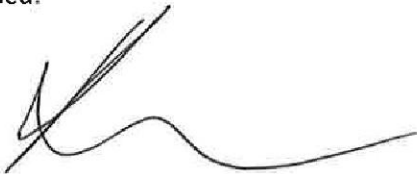
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent 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](http://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 28<sup>th</sup> February 2021**

	Notes	Unrestricted funds £	Restricted funds £	2021 Total £	Unrestricted funds £	Restricted funds £	2020 Total £
<b>Income from:</b>							
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
<b>Total income</b>		<b>499,167</b>	<b>248,685</b>	<b>747,852</b>	<b>734,364</b>	<b>614,056</b>	<b>1,348,420</b>
<b>Expenditure on:</b>							
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
<b>Total expenditure</b>		<b>524,487</b>	<b>476,098</b>	<b>1,000,585</b>	<b>668,667</b>	<b>623,271</b>	<b>1,291,938</b>
<b>Net income/(expenditure)</b>		<b>(25,320)</b>	<b>(227,413)</b>	<b>(252,733)</b>	<b>65,697</b>	<b>(9,215)</b>	<b>56,482</b>
<b>Transfers between funds</b>		<b>8,596</b>	<b>(8,596)</b>	<b>-</b>	<b>(4,977)</b>	<b>4,977</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(16,724)</b>	<b>(236,009)</b>	<b>(252,733)</b>	<b>60,720</b>	<b>(4,238)</b>	<b>56,482</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		1,362,556	1,673,004	3,035,560	1,301,836	1,677,242	2,979,078
<b>Total funds carried forward</b>		<b>1,345,832</b>	<b>1,436,995</b>	<b>2,782,827</b>	<b>1,362,556</b>	<b>1,673,004</b>	<b>3,035,560</b>

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 28<sup>th</sup> February 2021**

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
<b>Fixed assets</b>					
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>
<b>Current assets</b>					
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>
<b>Creditors: amounts falling due within one year</b>	19	<u>(217,290)</u>	<u>(339,658)</u>	<u>(182,389)</u>	<u>(283,222)</u>
<b>Net current assets</b>		<u>425,429</u>	<u>450,654</u>	<u>451,787</u>	<u>493,854</u>
Provisions for liabilities		-	(430)	-	-
<b>Net assets</b>		<u><u>2,782,827</u></u>	<u><u>3,035,560</u></u>	<u><u>2,764,909</u></u>	<u><u>3,018,976</u></u>
<b>Funds</b>					
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	-	-
<b>Total funds</b>		<u><u>2,782,827</u></u>	<u><u>3,035,560</u></u>	<u><u>2,764,909</u></u>	<u><u>3,018,976</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

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 28<sup>th</sup> February 2021

	Group 2021	Group 2020
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by (used in) operating activities</b>	46,884	327,330
<b>Cash flows from investing activities:</b>		
Interest income	432	1,452
Purchase of fixed assets	(31,169)	(357,957)
Sale of fixed assets	-	575
<b>Net cash provided by (used in) investing activities</b>	(30,737)	(355,930)
<b>Increase/(decrease) in cash and cash equivalents in the year</b>	16,147	(28,600)
<b>Cash and cash equivalents at 1 March 2020</b>	598,851	627,451
<b>Cash and cash equivalents at 28 February 2021</b>	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
<b>Net cash provided by (used in) operating activities</b>	46,884	327,330

**Notes to financial statements**  
**for the year ended 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 1<sup>st</sup> April 2000 have not been capitalised and included in the accounts but with effect from 1<sup>st</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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.

<b>Profit and Loss Account</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> February 2021**

**12. Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
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**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Employee costs</b>		
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:

	<b>2021</b>	<b>2020</b>
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 (29<sup>th</sup> 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 28<sup>th</sup> February 2021**

**14. Intangible fixed assets**

<b>Group and charity</b>	<b>Website £</b>	<b>Total £</b>
<b>Cost</b>		
At 1 March 2020	24,294	24,294
At 28 February 2021	24,294	24,294
<b>Amortisation</b>		
At 1 March 2020	24,294	24,294
Charge for the year	-	-
At 29 February 2021	24,294	24,294
<b>Net book values</b>		
At 29 February 2021	-	-
At 28 February 2020	-	-

**15. Tangible fixed assets**

<b>Group</b>	<b>Leasehold Property &amp; Improvement £</b>	<b>Shop &amp; Kitchen Equipment £</b>	<b>Museum Displays &amp; Equipment £</b>	<b>Heritage Assets £</b>	<b>Total £</b>
<b>Cost</b>					
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
<b>Depreciation</b>					
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
<b>Net book values</b>					
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 28<sup>th</sup> February 2021

Charity	Leasehold Property & Improvement £	Museum Displays & Equipment £	Heritage Assets £	Total £
<b>Cost</b>				
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
<b>Depreciation</b>				
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
<b>Net book values</b>				
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 31<sup>st</sup> March 1993 and subsequently reduced by depreciation on that value.

**16. Heritage assets**

	Total £
<b>Cost</b>	
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 28<sup>th</sup> 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 £
<b>Amounts due within 1 year:</b>				
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 28<sup>th</sup> 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 28<sup>th</sup> 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

	<b>Tangible Fixed Assets</b>	<b>Net Current Assets</b>	<b>Provisions for Liabilities</b>	<b>2021</b>	<b>2020</b>
	£	£	£	£	£
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:

<b>Revaluation reserve</b>	-	340,782	-	340,782	340,782
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	<b>Tangible Fixed Assets</b>	<b>Net Current Assets</b>	<b>Provisions for Liabilities</b>	<b>2020</b>	<b>2019</b>
	£	£	£	£	£
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:

<b>Revaluation reserve</b>	-	340,782	-	340,782	340,782
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**Notes to financial statements  
for the year ended 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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**

<b>Group</b>	<b>Opening balance £</b>	<b>Cash flows £</b>	<b>Closing balance £</b>
Cash at bank and in hand	598,851	16,147	614,998
<b>Net funds</b>	<u>598,851</u>	<u>16,147</u>	<u>614,998</u>
<b>Charity</b>	<b>Opening balance £</b>	<b>Cash flows £</b>	<b>Closing balance £</b>
Cash at bank and in hand	570,658	20,143	590,801
<b>Net funds</b>	<u>570,658</u>	<u>20,143</u>	<u>590,801</u>



**Notes to financial statements**  
**for the year ended 28<sup>th</sup> February 2021**

**27. Financial instruments**

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

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Financial assets</b>		
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>
<b>Financial liabilities</b>		
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.