

**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 2022**

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

**Contents**

	<b>Page</b>
Legal and administrative information	<b>1</b>
Chairman's Report	<b>2</b>
Trustees' annual report (incorporating the Strategic Report)	<b>3 - 12</b>
Structure, governance & management	
Strategic report	
Objectives & activities	
Achievements & performance	
Financial review	
Plans for future periods	
Principal risks & uncertainties	
Statement of Trustees' responsibilities	<b>13</b>
Auditor's report to the Trustees	<b>14 - 16</b>
Consolidated Statement of financial activities	<b>17</b>
Consolidated balance sheet	<b>18</b>
Cash flow statement	<b>19</b>
Notes to the financial statements	<b>20 - 32</b>

**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 28<sup>th</sup> 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 28<sup>th</sup> February 2022**

The Trustees present their report and the financial statements for the year ended 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 40<sup>th</sup> 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 28<sup>th</sup> 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.

<b>Date</b>	<b>Lecture</b>	<b>Partner</b>	<b>Catch up</b>	<b>Live</b>
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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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

<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 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 28<sup>th</sup> February 2022**

<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

**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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> 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](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:**

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 2022**

	Notes	Unrestricted funds £	Restricted funds £	2022 Total £	Unrestricted funds £	Restricted funds £	2021 Total £
<b>Income from:</b>							
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
<b>Total income</b>		<u>658,240</u>	<u>327,715</u>	<u>985,955</u>	<u>499,167</u>	<u>248,685</u>	<u>747,852</u>
<b>Expenditure on:</b>							
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
<b>Total expenditure</b>		<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>
<b>Net income/(expenditure)</b>		9,541	(228,437)	(218,896)	(25,320)	(227,413)	(252,733)
<b>Transfers between funds</b>		-	-	-	8,596	(8,596)	-
<b>Net movement in funds</b>		9,541	(228,437)	(218,896)	(16,724)	(236,009)	(252,733)
<b>Reconciliation of funds:</b>							
Total funds brought forward		1,345,832	1,436,995	2,782,827	1,362,556	1,673,004	3,035,560
<b>Total funds carried forward</b>		<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 £
<b>Fixed assets</b>					
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>
<b>Current assets</b>					
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>
<b>Creditors: amounts falling due within one year</b>	18	<u>(43,600)</u>	<u>(217,290)</u>	<u>(20,575)</u>	<u>(182,389)</u>
<b>Net current assets</b>		<u>402,353</u>	<u>425,429</u>	<u>385,308</u>	<u>451,787</u>
Provisions for liabilities		-	-	-	-
<b>Net assets</b>		<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>
<b>Funds</b>					
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	-	-
<b>Total funds</b>		<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 28<sup>th</sup> February 2022

	Group 2022	Group 2021
<b>Cash flows from operating activities:</b>		
<b>Net cash provided by (used in) operating activities</b>	(153,666)	46,884
<b>Cash flows from investing activities:</b>		
Interest income	402	432
Purchase of fixed assets	(63,753)	(31,169)
Sale of fixed assets	-	-
<b>Net cash provided by (used in) investing activities</b>	(63,351)	(30,737)
<b>Increase/(decrease) in cash and cash equivalents in the year</b>	(217,017)	16,147
<b>Cash and cash equivalents at 1 March 2021</b>	614,998	598,851
<b>Cash and cash equivalents at 28 February 2022</b>	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)
<b>Net cash provided by (used in) operating activities</b>	(153,666)	46,884

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

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

<b>Profit and Loss Account</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
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:

	<b>Unrestricted funds</b>	<b>Restricted funds</b>	<b>2022 Total</b>	<b>2021 Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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 28<sup>th</sup> 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 28<sup>th</sup> 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 28<sup>th</sup> February 2022**

**12. Auditors' remuneration**

	<b>2022</b>	<b>2021</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	5,345	5,445
- Taxation services	265	265
- Consultancy and advice regarding VAT and other charity matters, including MGETR	<u>1,831</u>	<u>2,080</u>
	<u><u>7,441</u></u>	<u><u>7,790</u></u>

**13. Employees**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Employee costs</b>		
Wages and salaries	357,357	329,643
Social security costs	25,525	16,219
Pension costs	<u>7,393</u>	<u>6,796</u>
	<u><u>390,275</u></u>	<u><u>352,658</u></u>

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

	<b>2022</b>	<b>2021</b>
Management staff	11	11
Museum staff	<u>23</u>	<u>24</u>
	<u><u>34</u></u>	<u><u>35</u></u>

No trustees received remuneration during the period, no trustees were reimbursed for expenses (28<sup>th</sup> 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 28<sup>th</sup> February 2022

14. Tangible fixed assets

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

**Notes to financial statements  
for the year ended 28<sup>th</sup> February 2022**

**15. Heritage assets**

<b>Cost</b>	<b>Total £</b>				
At 1 March 2021 and 28 February 2022	10,000				
<b>Five year summary</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<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></u>	<u><u>-</u></u>	<u><u>10,000</u></u>	<u><u>-</u></u>

**16. Fixed asset investments**

<b>Cost</b>	<b>Charity Unlisted £</b>	<b>Charity Total £</b>
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:

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

**17. Debtors**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Charity 2022 £</b>	<b>Charity 2021 £</b>
<b>Amounts due within 1 year:</b>				
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 28<sup>th</sup> February 2022**

**18. Creditors: amounts falling due within one year**

	<b>Group 2022 £</b>	<b>Group 2021 £</b>	<b>Charity 2022 £</b>	<b>Charity 2021 £</b>
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**

	<b>1 March 2021 £</b>	<b>Incoming £</b>	<b>Outgoing £</b>	<b>Transfers £</b>	<b>28 February 2021 £</b>
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>

	<b>1 March 2020 £</b>	<b>Incoming £</b>	<b>Outgoing £</b>	<b>Transfers £</b>	<b>28 February 2021 £</b>
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 28<sup>th</sup> 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**

	<b>Tangible Fixed Assets</b>	<b>Net Current Assets</b>	<b>Provisions for Liabilities</b>	<b>2022</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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:				
<b>Revaluation reserve</b>	-	340,782	-	340,782
	<u>-</u>	<u>340,782</u>	<u>-</u>	<u>340,782</u>

	<b>Tangible Fixed Assets</b>	<b>Net Current Assets</b>	<b>Provisions for Liabilities</b>	<b>2021</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
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:				
<b>Revaluation reserve</b>	-	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 28<sup>th</sup> February 2022 (2021: Nil).

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

<b>Group</b>	<b>Opening balance £</b>	<b>Cash flows £</b>	<b>Closing balance £</b>
Cash at bank and in hand	614,998	(217,017)	397,981
<b>Net funds</b>	<u>614,998</u>	<u>(217,017)</u>	<u>397,981</u>
<b>Charity</b>	<b>Opening balance £</b>	<b>Cash flows £</b>	<b>Closing balance £</b>
Cash at bank and in hand	590,801	(232,442)	358,359
<b>Net funds</b>	<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:

	<b>2022 £</b>	<b>2021 £</b>
<b>Financial assets</b>		
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>
<b>Financial liabilities</b>		
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>