

**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 2023**

**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 - 13</b>
Structure, governance & management	
Strategic report	
Objectives & activities	
Achievements & performance	
Financial review	
Plans for future periods	
Principal risks & uncertainties	
Statement of Trustees' responsibilities	<b>14</b>
Auditor's report to the Trustees	<b>15 - 17</b>
Consolidated Statement of financial activities	<b>18</b>
Consolidated balance sheet	<b>19</b>
Cash flow statement	<b>20</b>
Notes to the financial statements	<b>21 - 33</b>

**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 (resigned 19 April 2022) Rhonda Smith Paul Edwards Paul Beaver Colonel Julian Facer Colonel Robin Melling (resigned 15 February 2023) Warrant Officer 1 Paul Dockrell David Short James Johnson Neil Sexton (appointed 20 January 2023)
<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 2023**

**Chairman's Report**

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

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

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

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

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

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

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



**Sir Gary Coward**  
**Chairman**

## **Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

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

### **Structure, governance and management**

#### **Governing Document**

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

#### **Appointment of Trustees**

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

#### **Induction and Training**

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

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

#### **Arrangements For Setting Pay and Remuneration of Key Management Personnel**

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

**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

**Public Benefit**

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

**Strategic Report**

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

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

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

**Objectives and activities**

The object for which the Museum was established is:

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

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

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

**Mission, Vision and Values**

**Our Mission is:**

*‘We tell the story of British Army Flying’*

**Our Vision is:**

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

**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

**Our Values are:**

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

**Strategy Management and Strategic Plan**

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

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

**Significant Activities Undertaken**

**Project Eagle – the Development of the Museum.**

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

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

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

**Beyond Project Eagle**

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

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

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

**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

**Temporary Exhibitions**

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

**Physical exhibitions:**

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

**Loaned Items**

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

**Online exhibitions:**

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

**Archive**

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

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

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

**Education and Learning**

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

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

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



**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

**School Holiday Family Activities**

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

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

**Outreach**

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

The following Outreach events took place:

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

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

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

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

**Scout/Guide groups** etc and the number of participants

- Museum visits by Youth Groups: 153 participants

**Pop Up Museum** events:

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

**Fundraising**

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

**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

**Fundraising Events**

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

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

**The Museum Lecture Programme**

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

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

**Volunteers**

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

**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

**Achievements and performance**

**Financial Review**

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

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

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

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

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

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

**Subsidiary Undertaking**

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

**Principal funding streams**

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

**Income generation from trading and admission activity including gift aid**

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

**MOD support**

The MOD provides support in 2 ways:

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

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

**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

**Grants and donations**

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

**Ticket Pricing**

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

**Free Entry**

The Museum offers free entry to:

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

**Reserves Policy**

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

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

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

**Investment Policy**

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

**Plans for future periods**

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

**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

**Review**

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

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

**Assumptions**

The strategic plan is based on the following assumptions:

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

**Key Strategies**

The following strategies will be pursued by the Museum:

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

**Operational Objectives**

Our Key Operational Objectives are:

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

**Report of the trustees (incorporating the Directors' report) for the year ended 28<sup>th</sup> February 2023**

**Development Objectives**

Our key development objectives are to:

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

**Risks**

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

<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.
<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 2023**

**Auditors**

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

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

**Small company provisions**

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



**Sir Gary Coward**  
**On behalf of the Board**

**Date:** 21/7/23

**Statement of trustees' responsibilities for the year ended 28<sup>th</sup> February 2023**

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

Company law requires the Trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

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



**Sir Gary Coward**  
**On behalf of the Board**

**Date:** 21/7/23



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

### **Opinion**

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

In our opinion the financial statements:

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

### **Basis for opinion**

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

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

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

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

### **Other information**

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

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

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

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

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

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

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

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

**Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 5, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

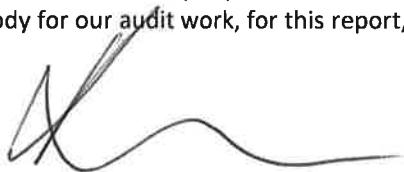
- We made enquiries of management and relevant staff, and designed our audit procedures, including reviewing financial statement disclosures and testing of supporting documentation, to assess compliance with applicable laws and regulations. We focussed on laws and regulations which could give rise to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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](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:** 3 AUGUST 2023

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

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

**For the year ended 28<sup>th</sup> February 2023**

	Notes	Unrestricted funds £	Restricted funds £	2023 Total £	Unrestricted funds £	Restricted funds £	2022 Total £
<b>Income from:</b>							
Donations and legacies							
Grant in aid	4	-	80,450	80,450	-	79,324	79,324
Services donated by the Ministry of Defence	4	-	71,571	71,571	-	71,571	71,571
Donations and grants	4	8,241	7,632	15,873	87,098	176,778	263,876
Charitable activities							
Admissions	5	391,908	-	391,908	349,401	-	349,401
Other trading activities							
Trading company	3	250,739	-	250,739	197,381	-	197,381
Investments	6	593	575	1,168	360	42	402
Other	7	756	-	756	24,000	-	24,000
<b>Total income</b>		<b>652,237</b>	<b>160,228</b>	<b>812,465</b>	<b>658,240</b>	<b>327,715</b>	<b>985,955</b>
<b>Expenditure on:</b>							
Fundraising and publicity	8	63,342	-	63,342	57,013	-	57,013
Trading company	8	249,614	-	249,614	186,906	-	186,906
Charitable activities	9	433,923	376,538	810,461	404,780	556,152	960,932
<b>Total expenditure</b>		<b>746,879</b>	<b>376,538</b>	<b>1,123,417</b>	<b>648,699</b>	<b>556,152</b>	<b>1,204,851</b>
<b>Net income/(expenditure)</b>		<b>(94,642)</b>	<b>(216,310)</b>	<b>(310,952)</b>	<b>9,541</b>	<b>(228,437)</b>	<b>(218,896)</b>
<b>Transfers between funds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(94,642)</b>	<b>(216,310)</b>	<b>(310,952)</b>	<b>9,541</b>	<b>(228,437)</b>	<b>(218,896)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		1,355,373	1,208,558	2,563,931	1,345,832	1,436,995	2,782,827
<b>Total funds carried forward</b>		<b>1,260,731</b>	<b>992,248</b>	<b>2,252,979</b>	<b>1,355,373</b>	<b>1,208,558</b>	<b>2,563,931</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 21 to 33 form an integral part of these financial statements.

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

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

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

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



Sir Gary Coward  
Chairman

Date: 21/7/23



C. Hopkins  
Treasurer

Date: 21/7/2023

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

**Cash flow statement**

**for the year ended 28<sup>th</sup> February 2023**

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

**Notes to financial statements**  
**for the year ended 28<sup>th</sup> February 2023**

**1. Accounting policies**

**1.1. Charity information**

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

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

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

**1.2. Basis of preparation of financial statements**

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

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

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

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

**1.3. Incoming resources**

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

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

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

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

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

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

**1.4. Governance costs**

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

**Notes to financial statements**  
**for the year ended 28<sup>th</sup> February 2023**

**1.5. Resources expended**

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

**1.6. Basis of allocation**

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

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

**1.7. Irrecoverable VAT**

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

**1.8. Fixed assets**

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

**1.9. Heritage assets**

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

Assets acquired prior to 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 2023**

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

**Memorial Wall**

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

**1.10. Depreciation**

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

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

**1.11. Investments**

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

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

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

**1.12. Financial Instruments**

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

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

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

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

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

**1.13. Stocks**

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

**1.14. Leased assets**

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

**Notes to financial statements**  
**for the year ended 28<sup>th</sup> February 2023**

**1.15. Fund accounting policy**

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

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

Further details of each fund are disclosed in note 19.

**1.16. Restricted funds**

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

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

**1.17. Going concern**

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

**1.18. Termination benefits**

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

**2. Pension costs**

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

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

**Notes to financial statements**  
**for the year ended 28<sup>th</sup> February 2023**

**3. Income and expenses from trading activities of subsidiaries**

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

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

**4. Grants and Donations**

During the year the following grants and donations were received:

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

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

**Notes to financial statements**  
**for the year ended 28<sup>th</sup> February 2023**

**5. Activities for generating funds**

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

All the income for 2022 were unrestricted funds

**6. Investment income**

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

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

**7. Other incoming resources**

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

All the income for 2022 were unrestricted funds

**Notes to financial statements**  
**for the year ended 28<sup>th</sup> February 2023**

**8. Cost of generating funds**

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

All the expenditure for 2022 were unrestricted funds

**9. Costs of charitable activities**

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

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

**10. Governance and support costs**

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

**Notes to financial statements**  
**for the year ended 28<sup>th</sup> February 2023**

**11. Auditors' remuneration**

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

**12. Employees**

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

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

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

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

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

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

**Key management personnel**

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

**Notes to financial statements  
for the year ended 28<sup>th</sup> February 2023**

**13. Tangible fixed assets**

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

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

**Revaluation of fixed assets**

The leasehold property was restated at open market value at 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 2023**

**14. Heritage assets**

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

**15. Fixed asset investments**

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

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

**15.1. Investments held**

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

<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%

**16. Debtors**

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



**Notes to financial statements  
for the year ended 28<sup>th</sup> February 2023**

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

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

**18. Restricted funds**

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

	<b>1 March 2021 £</b>	<b>Incoming £</b>	<b>Outgoing £</b>	<b>Transfers £</b>	<b>28 February 2022 £</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>

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 2023**

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

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

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

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

**19. Analysis of net assets between funds**

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

	<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

**20. Commitments and contingent liabilities**

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

**Notes to financial statements  
for the year ended 28<sup>th</sup> February 2023**

**21. Taxation**

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

**22. Related party transactions**

There were no related party transactions.

**23. Ultimate controlling party**

The ultimate controlling party is the Board of Trustee Directors.

**24. Analysis of changes in net funds**

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

**25. Financial instruments**

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

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