

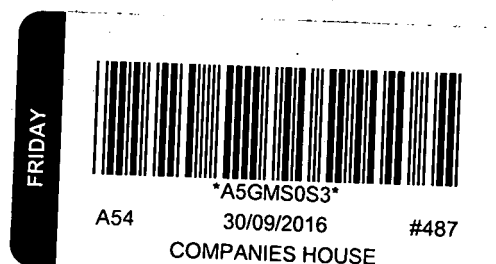
Yorkshire Air Ambulance Limited

Consolidated Financial Statements

Registered Number: 4053524

Charity Number: 1084305

Year Ended 31 March 2016



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Officers and Professional Advisers

The Board of Trustees

Peter Sunderland MBE, DL
Bruce Burns
Brian Chapman
Kevin Hynes
Vivian Lewis
Sarah Moore
Dr Judith Parker (Appointed 23rd February 2016)
Simon Pearson
Sandra Rhodes
John Samuel
Amarjit Singh
Dr Peter Smith

Company Secretary

Irene Heap

Registered Office

Cayley House
10 South Lane
Elland
HX5 0HQ

Auditor

KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds
LS1 4DA

Bankers

Lloyds TSB Bank plc
6 Park Row
Leeds
LS1 1NX

Yorkshire Bank plc
94 Albion Street
Leeds
LS1 6AG

Solicitors

DWF LLP
Bridgewater Place
Water Lane
Leeds
LS11 5DY

Investment Managers

Brewin Dolphin
10 Wellington Place
Leeds
LS1 4AN

Redmayne Bentley
9 Bond Court
Leeds
LS1 2JZ

Chairman's Statement

At the conclusion of my last report I stated:

The key to our lifesaving Charity operation is the continuation of funds being donated to enable the operation of our two helicopters. These have increased to be in excess of £12,000 per day (we are flying more missions and maintenance costs have risen significantly) to keep both air ambulance helicopters operational.

Transparency is important to the good corporate governance of the Charity and for our supporters to be able to fully understand that all donations are being used effectively for charitable purposes.

We are currently preparing our strategy/business plan to ensure that the Charity remains in a position to provide the whole of Yorkshire with a state-of-the-art, world class air ambulance service which will consolidate the continuation of our life-saving operations. We pride ourselves on delivering the highest quality rapid response emergency service, with the most modern medical facilities enabling us to continue to save lives across Yorkshire every single day.

This year has been one of the most exciting years in the Charity's history and in my time as Chairman. During the year we made the decision to purchase two new state-of-the-art Airbus H145 helicopters to replace our ageing MD902's. This is a landmark achievement and one which has only been made possible by the continued support of the people of Yorkshire. Over recent years, the Trustees have been prudently setting aside funds for the necessary replacement of the helicopters and we were pleased to be able to bring forward the timing of this replacement, following another successful year for the Charity. I am grateful to our newest Patron, Geoffrey Boycott, for his personal request to the Chancellor of the Exchequer to support our Charity, which resulted in the Chancellor visiting our Nostell Airbase on 25 August 2015 with a pledge of £1M from the bank LIBOR fines.

Our income for the year to 31 March 2016 increased by 6.5% year on year to £8.2M, exceeding our expectations for the year.

We flew 6% more missions (1390 – 2015: 1309) and treated more patients (855 – 2015: 808).

This coming year will see the introduction of our new Airbus helicopters which we are confident will secure the future of a state-of-the-art air ambulance service for the people of Yorkshire. These new helicopters will not only bring increased operational efficiencies to the Charity, but will also provide the latest medical equipment, ensuring that we meet the needs of patients. We are confident that the people of Yorkshire will continue their generous, much-needed support of the YAA in continuing to raise funds to keep our helicopters flying. It currently costs £12,000 per day to operate our two helicopters. Any surplus funds are used to provide the reserves required to replace them.

From an operational perspective, our helicopters are crewed by an experienced team of paramedics and doctors from Yorkshire Ambulance Service NHS Trust (YAS) and I would like to thank them and their Executive team of Della Cannings - Chair of the Board (retired 9th May 2016); Rod Barnes - Chief Executive and Ian Walton – Associate Director of Resilience and Special Services for their continued support.

I also extend our thanks to Dr Julian Mark, our Medical Director for all his support together with Dr Dave Macklin, Executive Director for Operations, Dr Jez Pinnell our Medical Advisor, Mike Shanahan, Head of Special Operations, and Pete Vallance our Clinical Operations Manager. Amongst other duties, this team have been invaluable in assisting in drawing up the specification for the medical fit within the new helicopters which will give the patients all the latest technology and the best care possible.

We operate from two airbases at the Nostell Estate near Wakefield in West Yorkshire and RAF Topcliffe near Thirsk in North Yorkshire, which is made possible by the continued support of The Lord St Oswald of Nostell Priory and Station Commander Group Captain Ian Laing and his team at RAF Linton-on-Ouse. We must also extend our thanks to Lieutenant Colonel John Catto and his team of the 4th Regiment Royal Artillery Allenbrooke Barracks at Topcliffe.

Chairman's Statement (cont)

From a fundraising perspective, we are fortunate to have a dedicated team of people from Patrons, Ambassadors, Trustees, staff and volunteers who work tirelessly to promote our work across Yorkshire – thank you for all your ongoing support.

In particular, I would again record all our thanks to HRH The Duke of York, KG for his Royal Patronage and on behalf of all the Trustees and staff, I would also record our special thanks to our Patrons Gaynor Barnes, Jon Mitchell, Martyn Moxon and Charlie Hodgson for their help and support in their ambassadorial role with the YAA. We also welcomed cricketing legend Geoffrey Boycott as our newest Patron during the year and thank him for his support in unveiling our new helicopter which was launched at an event hosted at our airbase at Nostell in June 2016.

We continue to be supported by many businesses and individuals across Yorkshire, many of whom are mentioned within the fundraising section of the Strategic Report. They provide financial and other support in the way of pro bono services. Many of them are also kind enough to support our Annual Recognition Awards Evening where we are able to publically acknowledge and thank our supporters. In particular, I would like to thank the Liz and Terry Bramall Foundation for offering further support to the Charity over the next three years and to the Yorkshire Building Society who, once again, donated a staggering £741k following the success of their Affinity account which is promoted in partnership with us. I also extend my thanks to B Braun Medical in Sheffield for their continued and outstanding support, both financially and with their time.

With prudent management and close budgetary control, we have managed to maintain our administration and fundraising expenditure beneath budget and at 14% of income - leaving 86p in every £1 donated to be used for charitable activities or building reserves. This remains a key indicator for the Charity and is monitored closely at our monthly Trustee Board meetings.

Conclusion

The Trustee Board has approved the strategy and budget for the year 2016/2017 and we have made an excellent start to the year with our fundraising team efforts. Our costs are being closely monitored, particularly, as we approach the transition from one helicopter type to the new Airbus H145.

We pride ourselves on delivering the highest quality rapid response emergency service, with the most modern medical facilities enabling us to continue to save lives across Yorkshire every single day.

I was personally very humbled to be invited to receive an MBE for Voluntary Services to the Yorkshire Air Ambulance and the Community in West Yorkshire and I would like to take this opportunity to share this honour with all of our supporters, Trustees, staff and volunteers who have continued to work tirelessly to enable us to offer our life-saving service across the Yorkshire region.

The continued growth of the Charity has been made possible by many individuals and businesses across Yorkshire, who support the service we provide and I would like to take this opportunity to thank all of them.

In conclusion, I am confident that with the generous support of our donors, 2016/17 will enable us to meet our budgeted expectations and to cover the purchase of our second Airbus H145.

My personal thanks to everyone who has supported the YAA during the year 2015/16.

Strategic Report and Trustee's Report for the Year Ending 31 March 2016

The Trustees are pleased to present their Strategic Report and Trustee's Report together with the Consolidated Financial Statements of the Charity and its subsidiaries for the year ending 31 March 2016, which are also prepared to meet the requirements for a Directors' Report and Accounts for Companies Act purposes.

The Financial Statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and 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) (effective 1 January 2015). The year to 31 March 2016 is the first year in which FRS102 has been adopted and Note 1 on accounting policies explains the impact of the transition on the financial statements.

Our Purpose and Activities

The purpose of the YAA is the relief of sickness and injury, the protection of human life and the meeting of other medical need by the provision, support and use of air ambulance and other ambulance provision and logistic support.

The vision to support our activities is to provide a state-of-the-art air ambulance service where we can reach an incident anywhere within Yorkshire within a maximum of 20 minutes of receiving a call. We aim to achieve this by having a helicopter stationed at each of our two Air Support Units – one at RAF Topcliffe, near Thirsk and one at our renovated facility at Nostell, near Wakefield. Our helicopters transport YAS medical teams to the scene of an incident and, where necessary, transport patients to the most appropriate major trauma centre or other hospital in the region.

To sustain these operations we need to raise in the region of £12,000 per day. Our fundraising strategy has always been to educate the people of Yorkshire about the service we provide and the fundraising practices we employ. We do not cold call, mail shot, door knock, chug or exchange donor details. Finally, we aim to inform our supporters how their money has been spent – for every £1 donated this year 86p will be spent to meet our charitable purpose which is saving lives in Yorkshire.

Achievements and Performance - Fundraising

We continue to be staggered by the generosity of the 5 million people of Yorkshire who support our service year after year. If every one of the adults in Yorkshire supported us by giving £1 a year this would be sufficient to achieve our aim of raising a minimum of £12,000 per day (£4.4M per year) to keep the operation running.

For the year ending 31 March 2016 we were very pleased that income increased by 6.5% to £8,173,685 enabling us to take the significant decision to invest in new helicopters. This included two donations from bank LIBOR fines money £241,000 received in July 2015 and £1M received following the Chancellors visit (as detailed in the Chairman's Statement) as a contribution towards the purchase of new aircraft. In addition, our online income continued to be our fastest growing source of income, raising just over £500k during the year.

These results have been made possible by the continued efforts of an excellent and dedicated fundraising team, ably supported by our team of tireless volunteers who continue to build and maintain our relationships with individuals, groups, grants, trusts and corporate supporters. The work that we have done with our principal supporters during the year is detailed below:

ARCO: the Hull based, fourth generation family owned business, is the UK's leading supplier of safety equipment, workwear, safety boots and shoes, gloves and maintenance supplies. We have worked in partnership with ARCO for over 4 years now. They have designed and manufactured bespoke flight suits for both our paramedics and Doctors, as well as supplying the Charity with Health & Safety equipment.

Strategic Report and Trustee's Report for the Year Ending 31 March 2016 (Cont)

The BIU Group: The BIU Group are one of our longest standing partnerships and manage our successful recycling scheme across the Yorkshire region. This last year has unfortunately seen a downturn in revenue due to a global downturn in the price of recycled clothes in the year ending March 2016 but still generated a very valuable £160k during the year. Along with this, we also work closely with both Asda and Morrisons. Asda host many of our recycling banks on their car parks as well as appointing us as Charity of the Year for two years now (raising in excess of £100k) and Morrisons kindly host our recycling banks.

Huddersfield Town Football Club: our partnership with Huddersfield Town Football Club continues to flourish and brings in valuable income from a variety of sources, including the annual "Pedal for Pounds" bike ride. Income generated is shared equally between their Football Academy and the YAA and has raised over £2M since inception.

John Moore Security: the Hull based security company have supported our security system needs for our premises over the years, but also raise vital money for us by adding a small donation onto every invoice they send out to their customers.

James Potters Eggs: this family run business have supported the YAA for many years now by donating 1p for every dozen eggs they sell in Yorkshire outlets. To date, this has generated over £41,695 in donations. They also promote the YAA by advertising on their egg cartons.

Shepley Spring: this Huddersfield based family business are one of our more recent principal supporters, after their Managing Director saw us land in a field next to their offices. They support the Charity with donations of bottles of water for the many events we support each year and will be supporting us in other ways.

Skopes: the Leeds based tailors supplies our Fundraising and Senior Management team with smart, bespoke suits and formal wear to wear out in Yorkshire when they are representing the Charity.

Yorkshire Building Society: The Yorkshire Building Society agreed to support us by launching an affinity savings account where people that invested in the account would receive interest and a further 1% of the balance would be donated to Yorkshire Air Ambulance. The take up of these accounts has surpassed expectations and the amount received by us from these accounts has amounted in total to over £2M. During the year we received £741k from these accounts.

Sovereign Heath Care: Bradford based Sovereign Health Care have supported the YAA through their Charitable Trust for many years now. The not-for-profit company often make sizable donations to us.

We were once again very grateful to **The Liz and Terry Bramall Foundation** who decided to support us for a further three years.

In addition, we would like to thank **Lions International, Rotary International** and **Yorkshire Freemasons** for their ongoing support.

Some of our principal supporters donate their services to us in the form of a benefit in kind. This is included in the accounts as both income and associated cost and the amounts included are detailed in Note 2 to the accounts. The services provided are:

BBraun Medical: providing event support for our recognition awards dinner and other events during the year.

DM Keith Skoda: provided preferential rental rates on vehicles for our fundraisers.

Huddersfield Town Football Club: advertising the Charity at their football ground.

Strategic Report and Trustee's Report for the Year Ending 31 March 2016 (Cont)

Exterior Media: provided free advertising spaces on their buses throughout Yorkshire.

Red Route North (formerly CDP): provided website, design, print and marketing services.

Renew Holdings plc: provided IT consultancy advice.

Achievements and Performance – Operations (Bruce Burns – Accountable Manager)

To run an effective operation, we need to work with a series of partners to ensure that:

- We have **operational fit for purpose helicopters**
- Stationed at **airbases** which allow access to any part of Yorkshire within 20 minutes flying time
- Crewed by **critical care paramedics and consultant doctors**
- With easy, fast access to **major trauma centres**

Helicopters

During the year we continued to operate our service using our two MD902 helicopters, G-SASH and G-CEMS out of our airbases at Nostell near Wakefield and RAF Topcliffe near Thirsk.

Our current helicopters are becoming increasingly expensive to maintain costing £1,710,293 (2015: £1,621,712) in maintenance during the year. As detailed in the Chairman's Statement, we are pleased to report our decision to purchase two Airbus H145 helicopters to replace our MD902's, which will allow us to improve our operational availability and efficiency.

We are pleased to report that we have flown more missions - 1390 (2015: 1309) and treated more patients – 855 (2015: 808) than in previous years.

We continued to provide finance for an air ambulance loan helicopter during the periods when our own helicopters were offline for their annual services, enabling us to maintain our levels of continuous 365 day operational service.

Airbases

Our airbases at Nostell and Topcliffe continue to operate efficiently by allowing us quick access to incidents across the region. We aim to have a helicopter available within a 20 minute flying time of anywhere within Yorkshire. We have a dedicated Airdesk staffed by Yorkshire Ambulance Service NHS Trust (YAS) Paramedics, who make clinical decisions based on specific dispatch criteria to decide if and when we need to attend an incident. We enhanced our operation further during the year by acquiring a weather station at our Nostell airbase, enabling pilots to accurately determine environmental conditions prior to embarking on HEMS missions. This cost us £56k including installation.

Critical Care Teams

My thanks to the Yorkshire Ambulance Service NHS Trust (YAS) who continue to be a key partner in our operations. The structure of the Critical Care Teams is continually reviewed to ensure that the best possible care is given to patients. We were delighted to support YAS's decision to trial an enhanced Critical Care Team on board our helicopters and from April 2016 we now carry a doctor on board one of our helicopters every day of the week. My thanks for their continued support goes to Dr Julian Mark, Dr Dave Macklin, Mr Ian Walton and Mr Mike Shanahan, along with their new Chair Mrs Kathryn Lavery and CEO Mr Rod Barnes.

Major Trauma Centres (MTC's)

Where possible, patients are conveyed to one of the region's MTC's which are: Leeds General Infirmary; James Cook University Hospital, Middlesbrough; Hull Royal Infirmary; Sheffield Northern General and Sheffield Children's Hospital.

Strategic Report and Trustee's Report for the Year Ending 31 March 2016 (Cont)

We were delighted to continue to work in partnership with these organisations and in 2015/2016 delivered more patients to MTC's than in previous years. In addition, during the year, facilities continued to be developed and we now have now two night-capable hospital landing sites available in Yorkshire, with a third expected to be operational later this year and the fourth following in 2017. The Charity has supported the use of all MTC's around Yorkshire and the North East region. Research presented by the University of Southampton has proved that the success of MTC's has been the use of them by Air Ambulance charities.

Organisations Who Support the Charity

We wouldn't be able to operate and provide our service without the close working relationships which we have with: the Search and Rescue Team's within Yorkshire; Embrace (Yorkshire's Neonatal and Children's transport service); the British Helicopter Association (BHA); Hospital Trusts and Boards of Trusts; National Police Aviation Service (NPAS); and other agencies, with whom we spend a lot of time and effort improving communications. It is by working together that we are able to enhance the service we offer to patients.

Financial Review

Income for the year to 31 March 2016 totalled £8,173,685 (2015 - £7,675,685). The principal sources of funding of the Charity are donations from the general public, legacies, grants received, becoming the Charity of the Year for companies, groups and Mayors, the Yorkshire Air Ambulance weekly lottery, and corporate donations and support in kind.

After fundraising and publicity costs, the net funds raised for charitable expenditure for the year to 31 March 2016 totalled £7,026,549 (2015 - £6,595,590).

Charitable expenditure for the year totalled £3,436,142 (2015 - £3,374,349). This expenditure allowed the YAA helicopter service to be available 365 days of the year apart from maintenance requirements.

The net consolidated assets of the YAA Charity have increased by 28% and now stand at £18.3m. With prudent management and close budgetary control, we have managed to maintain our administration and fundraising expenditure beneath budget and at 14% of income - leaving 86p in every £1 donated to be used for charitable activities or building reserves.

Copies of our Audited accounts and our AGM report are available from our HQ at Cayley House, Elland [01422 237900] – they are available both electronically and in hard copy formats [www.yaa.org.uk].

From 1 April 2015, HMRC announced changes to the VAT Act (sections 33C and 33D) which enabled search and rescue charities to be able to recover VAT incurred on the purchase of all goods and services, including VAT incurred on non-business activities. This has led to Yorkshire Air Ambulance Limited now being able to recover VAT on the activities for which Yorkshire Air Ambulance Services was initially established. The Directors have therefore taken the decision to make Yorkshire Air Ambulance Services dormant during the coming year (April 2016 to March 2017).

Reserves Policy

The Trustees aspire to maintain a free cash balance which would be sufficient to sustain operations without any further funding for a period of 12 months. The free cash balance is the bank and investments balance net of restricted funds and the designated helicopter replacement fund and net of current creditors/current debtors. At 31 March 2016, the free cash balance amounted to £3,353,516 (2015 – £5,522,813). The reduction is due to the payment of deposits in respect of the new helicopters. This represents around 9 months operating costs at the approximate running cost of £12,000 per day. The Trustees consider that this is an appropriate level of reserves during this period where the charity is investing in the replacement of its helicopters.

The purchase of the new helicopters will be funded from the designated helicopter replacement reserve, forecasted surpluses for the coming year and our “**Vision of the Future**” fundraising campaign.

Strategic Report and Trustee's Report for the Year Ending 31 March 2016 (Cont)

A proportion of the free cash balance is invested in a portfolio of investments managed by Brewin Dolphin and Redmayne Bentley. As at 31 March 2016, the value of investments stood at £2,165,792 (2015 - £2,195,446).

Investment Powers and Policy

The Trustees look to maintain an appropriate level of liquidity in cash balances for the operating requirements of the Charity. These balances are held within interest bearing accounts.

Funds in excess of those required for the Charity's short term operating requirements are invested between longer term fixed interest bonds and a portfolio of investments managed, on our behalf, by Brewin Dolphin. In addition, Redmayne Bentley manage a share gift scheme on behalf of the charity and manage the portfolio of investment arising from these donations.

Risk Review

Following the annual review of risks and uncertainties, the principal risks that the Charity and its subsidiaries face are:

Aircraft on Ground (AOG) – we constantly evaluate the risk of our helicopters being grounded due to incidents occurring with the same type of aircraft at other operators or lack of availability of spares. Our existing MD902 aircraft require more frequent maintenance and spare part availability has impacted on our operational availability. Our decision to move to a newer aircraft type, built and supported by Airbus, was taken in part to reduce this risk.

Airbase not Operational – should one of our airbases not be operational, both of our helicopters could still be dispatched using the duplicate airdesk facility (ie we have an airdesk at both bases) and in the short term we would temporarily operate both aircraft from the other base. Should the airbase not be operational in the longer term, we would look to operate one aircraft from another airbase in the region.

Damaged Reputation – YAA rely solely on the generosity of the people in Yorkshire to fund our operation and therefore how they perceive our service is critical to our continued success. Our fundraising strategy is to educate people about our Charity and how money would be spent. We do not cold call, mail shot, door knock, chug or exchange donor details. In addition, with the backdrop of social media which can provide information in seconds across the region, we have a PR and Media Policy and key staff members are media trained. We have an Emergency Response Plan which is regularly tested to ensure that an incident of any nature is dealt with in the most appropriate way.

Significant capital purchases in euros – this risk was evaluated and eliminated by entering into a forward exchange contract as detailed below.

Financial Instruments

During the year, the decision to purchase two Airbus H145 helicopters was made and the contract price was fixed in Euros. To cover the risk of fluctuations in the Euro rate, the Trustees entered into Fixed Forward Exchange Contracts to cover the full value of our commitments. The fair value adjustment of these contracts at 31 March 2016 was £510,946 which is detailed in Note 21.

Volunteers

In accordance with the Charities SORP (FRS102), the exemption has been taken not to recognise the value of donated assets or volunteer time as it is impractical to value.

Volunteers perform a variety of functions including acting as ambassadors for the charity, attending fundraising events, making presentations and assisting with administrative tasks.

Strategic Report and Trustee's Report for the Year Ending 31 March 2016 (Cont)

Plans for Future Periods - Fundraising

Following the announcement of our decision to bring forward the replacement of our helicopters, we launched a "Vision of the Future" campaign. The aim of this campaign is to share with the people of Yorkshire our vision for their air ambulance service into the future. We hope this vision will inspire people to continue their generous support of our service. We still need to continue to raise £12,000 per day to keep our helicopters flying and saving lives in Yorkshire.

We are delighted to be working with Air Television for a new series, Helicopter ER, which has been commissioned by UKTV. This will air on digital TV channels in the Autumn with a further series in early 2017. The team behind Air Television include many of the old faces from the decommissioned BBC TV series Helicopter Heroes and we are delighted to have them working with us again.

Digital fundraising continues to be a source of income growth and we will look to invest in this area in the coming months by employing dedicated resources and exploring new avenues of generating income through digital means.

Plans for Future Periods - Operations

Helicopters

The coming year will be an exciting time for the Charity as we transition from operating MD902 aircraft to H145 Type 2 Airbus helicopters. The new aircraft was selected by a team from within the Charity through a careful selection process. In last year's report we spoke about our factory visits and the H145 Type 2 was selected due to its popularity and its tried and tested performance. It will provide the latest in in-flight avionics and is fuel efficient.

The medical fit was selected by a team made up from the Critical Care Team, led by Dr Jez Pinnell and Mr Pete Vallance. It offers paramedics and doctors a larger cabin area and greater comfort to treat patients in flight and will carry the latest medical equipment. We aim to transition to this new type of aircraft with little impact on our service during 2016/17.

The focus of our strategy day in February 2016 was working up a project plan for the significant changes required to implement a new type of aircraft.

We were delighted to host a preview event of one of our new aircraft at our Nostell airbase on 6th June 2016 which enabled our staff, volunteers and principal supporters to see the shell of the new aircraft before its extensive medical fit-out.

Airbases

We are looking to continue to operate our service from our airbases at Nostell near Wakefield and RAF Topcliffe near Thirsk and our thanks go to the RAF and the Army at Allenbrooke Barracks for their continued support. Preparations are already underway to modify hangars and helilifts in readiness for the arrival of the new helicopters.

Looking into 2016/17, the aircraft will operate sunrise to midnight, seven days a week, 52 weeks of the year. Plans have been presented and we are awaiting approval from the local authority for permission to carry out full night HEMS.

Structure, Governance and Management

Reference and administrative details

Reference and administrative information set out on page 2 forms part of this report.

Charity number: 1084305

Company number: 4053524

Directors

The Directors who served the company during the year and since the year end were as follows:-

Peter Sunderland MBE, DL
Bruce Burns
Brian Chapman
Kevin Hynes
Vivian Lewis
Sarah Moore
Dr Judith Parker (appointed 23 February 2016)
Simon Pearson
Sandra Rhodes
John Samuel
Amarjit Singh
Dr Peter Smith

The directors guarantee to contribute an amount not exceeding £10 each to the assets of the charitable company in the event of winding up.

Governing Document

The Charity is a charitable company limited by guarantee and was incorporated on 16 August 2000. It is governed by a Memorandum and Articles of Association which were last amended and ratified by the Trustees on 24 February 2009.

Organisational Structure

The company's day to day activities are the responsibility of its Board of Directors which meets regularly throughout the year. A Senior Management Team (SMT) is appointed by the Directors to manage the day to day operations of the Charity. The Senior Management Team are:-

Paul Gowland – Director of Fundraising
Neale Jacobs – Director of Ground Operations and Administration
Andrew Lister – Director of Flight Operations
Tracey Looker – Director of Finance
Abby McClymont – Director of Marketing and Communications

To facilitate effective operations, the SMT has authority, within terms of delegation approved by the Trustees, for operational matters including fundraising, operations, finance and employment. Strategic decisions are recommended by the SMT for final approval by the Board. As a result the Board of Trustees is the key management personnel of the Charity.

Structure, Governance and Management (cont)

Related parties

The company has two wholly-owned subsidiaries, Yorkshire Air Ambulance (Trading) Limited and Yorkshire Air Ambulance Services Limited, which undertake non-charitable trading activities in order to raise funds for the Charity. As noted in the Financial Review section of this report, a decision has been taken to make Yorkshire Air Ambulance Services dormant during the coming year (April 2016 – March 2017).

Details of related party transactions are disclosed in Note 10.

Public Benefit

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities. The objects and principal activities of the Charity are the relief of sickness and injury and the protection of human life by the support or provision of an air ambulance service in the former administrative county of Yorkshire and surrounding areas.

A description of the achievements and performance of the Charity during the year is shown in the Strategic Report.

Appointment of Directors

Additional Directors may be appointed by the Board at any time, but such appointments are subject to ratification by the members in a general meeting. The membership of the company consists of the subscribers to its Memorandum of Association and other individuals or organisations admitted to membership at the discretion of the Board.

Trustees are recruited either by recommendation or by advertising in the appropriate press or journals to maintain a balance of skills and experience for the governance and strategic development of the Charity.

After a prospective Trustee has attended a number of Trustee meetings a resolution to appoint them as a Trustee will be proposed.

Director Induction and Training

New trustees undergo an induction programme which includes:-

- An orientation day where they meet with key members of staff and trustees.
- Reference to Charity Commission and Company Law guidance on their legal obligations and public benefit.
- An information pack containing Memorandum and Articles of Association, Board minutes, strategic plans, budgets and risk register.

Risk Management

The Trustees have a risk management strategy which comprises:

- An annual review of the principal risks and uncertainties that the charity and its subsidiaries face;
- The establishment of policies, systems and procedures to mitigate those risks identified in the annual review;
- The implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

The key risks and uncertainties are detailed in the Strategic Report.

Structure, Governance and Management (cont)

Disclosure of Information to Auditor

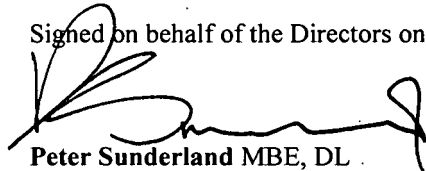
In so far as the Trustees are aware at the time of approving our Trustees' Annual Report:-

- There is no relevant information, being information needed by the auditor in connection with preparing their report, of which the group's auditor is unaware, and
- The Trustees, having made enquiries of fellow directors and the group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

Signed on behalf of the Directors on 27 September 2016 by:-



Peter Sunderland MBE, DL
Chairman

Statement of Trustees' and Directors' Responsibilities in respect of the Trustees' Annual Report and the Financial Statements

The Directors and Trustees are responsible for preparing the Trustees' Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company Law requires the Directors and Trustees to prepare financial statements for each financial year. Under that law they have are required to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors and trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the excess of income over expenditure for that period. In preparing these financial statements, the directors and trustees are required to:

- select suitable accounting policies and then apply them consistently;
- 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue its activities.

The Directors and Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 Sovereign Square
Sovereign Street
LS1 4DA

Independent Auditor's Report to the Members of Yorkshire Air Ambulance Limited

We have audited the financial statements of Yorkshire Air Ambulance for the year ended 31 March 2016 set out on pages 17 to 39. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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. Our audit work has been undertaken so that we might state to the charitable company's members 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors, Trustees and Auditor

As explained more fully in the Statement of Trustees' and Directors' Responsibilities set out on page 14, 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.

Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other Matters Prescribed by the Companies Act 2006


In our opinion the information given in the Trustees' Annual Report, which constitutes the Strategic Report and the Trustees' and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's Report to the Members of Yorkshire Air Ambulance Limited (cont)

Matters on which we are required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the charitable company has not kept adequate accounting records or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.


Malcolm Harding
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Street
Sovereign Square
Leeds
LS1 4DA

27 September 2016

Consolidated Statement of Financial Activities
(including consolidated income and expenditure account)
For year ending 31 March 2016

	<i>Note</i>	<i>Restricted funds</i>	<i>Unrestricted and designated funds</i>	<i>2016 £</i>	<i>2015 £</i>
Income From:					
Donations	2	1,241,000	4,222,267	5,463,267	4,306,321
Legacies		-	1,937,502	1,937,502	2,724,290
Grants	3	52,070	314,918	366,988	225,991
Non charitable trading	4	-	275,053	275,053	291,144
Investment income		-	130,875	130,875	95,500
Sale of parts		-	-	-	32,439
Total income		1,293,070	6,880,615	8,173,685	7,675,685
Expenditure on:					
Raising funds		-	(1,147,136)	(1,147,136)	(1,080,095)
Charitable activities		(21,675)	(3,414,467)	(3,436,142)	(3,374,349)
Total expenditure		(21,675)	(4,561,603)	(4,583,278)	(4,454,444)
Net (losses)/gains/on investments		-	(123,766)	(123,766)	95,412
Other gains	15,21	-	510,946	510,946	-
Net income		1,271,395	2,706,192	3,977,587	3,316,653
Taxation	9	-	4	4	(6,903)
Transfers between funds		(241,000)	241,000	-	-
Net movement in funds		1,030,395	2,947,196	3,977,591	3,309,750
Reconciliation of funds:					
Total funds b/f at 1 April		85,016	14,285,227	14,370,243	11,060,493
Total funds c/f at 31 March	18	1,115,411	17,232,423	18,347,834	14,370,243

The group has no recognised gains or losses other than the results for the year as set out above.


All of the activities of the charity are classed as continuing.

The notes on pages 21-39 form an integral part of the financial statements.

Consolidated Balance Sheet
At 31 March 2016

	<i>Note</i>	2016 £	2015 £
Fixed assets			
Tangible Assets	11	7,832,875	3,829,096
Investments	12	2,165,792	2,195,446
		<hr/>	<hr/>
		9,998,667	6,024,542
		<hr/>	<hr/>
Current assets			
Stocks	13	335,086	433,318
Debtors	14	1,592,672	1,730,947
Investments	15	510,946	-
Cash at bank and in hand		6,496,397	6,490,531
		<hr/>	<hr/>
		8,935,101	8,654,796
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	16	(585,934)	(309,095)
		<hr/>	<hr/>
Net current assets		8,349,167	8,345,701
		<hr/>	<hr/>
Net assets		18,347,834	14,370,243
		<hr/>	<hr/>
Funds			
Unrestricted funds	18	9,982,423	8,265,319
Designated funds	18	7,250,000	6,019,908
Restricted funds	18	1,115,411	85,016
		<hr/>	<hr/>
		18,347,834	14,370,243
		<hr/>	<hr/>

The financial statements were approved by the Directors and authorised for issue on 27 September 2016 and are signed on their behalf by:



Peter Sunderland MBE, DL
Chairman

Company No: 4053524

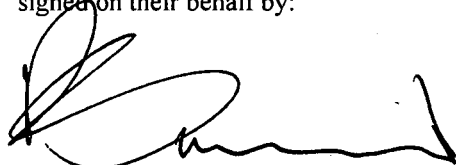
The notes on pages 21 to 39 form an integral part of these financial statements

Company Balance Sheet

At 31 March 2016

	<i>Note</i>	2016 £	2015 £
Fixed assets			
Tangible assets	11	7,832,875	3,829,096
Investments	12	2,190,795	2,250,449
		<hr/>	<hr/>
		10,023,670	6,079,545
		<hr/>	<hr/>
Current assets			
Stocks	13	335,086	433,318
Debtors	14	1,735,936	1,700,114
Investments	15	510,946	-
Cash at bank and in hand		6,321,015	6,455,427
		<hr/>	<hr/>
		8,902,983	8,588,859
		<hr/>	<hr/>
Creditors: Amounts falling due within one year	16	(553,852)	(243,214)
		<hr/>	<hr/>
Net current assets		8,349,131	8,345,645
		<hr/>	<hr/>
Net assets		18,372,801	14,425,190
		<hr/>	<hr/>
Funds			
Unrestricted funds	18	10,007,390	8,320,266
Designated funds	18	7,250,000	6,019,908
Restricted funds	18	1,115,411	85,016
		<hr/>	<hr/>
		18,372,801	14,425,190
		<hr/>	<hr/>

The financial statements were approved by the Directors and authorised for issue on 27 September 2016 and are signed on their behalf by:



Peter Sunderland MBE, DL
Chairman

Company No: 4053524

The notes on pages 21 to 39 form an integral part of these financial statements

Consolidated Cashflow Statement

At 31 March 2016

	<i>Note</i>	2016 £	2015 £
Cash flows from operating activities:			
Net cash provided by operating activities	22	4,386,762	2,082,989
Cash flows from investing activities:			
Dividends, interest and rents from investments		69,962	73,812
Purchase of property, plant and equipment		(4,400,858)	(380,784)
Purchase of investments		(50,000)	(2,000,000)
Net cash used in investing activities		(4,380,896)	(2,306,972)
Change in cash and cash equivalents in the reporting period		5,866	(223,983)
Cash and cash equivalents at 1 April		6,490,531	6,714,514
Cash and cash equivalents at 31 March		6,496,397	6,490,531

The notes on pages 21 to 39 form an integral part of these financial statements

Notes

(Forming part of the financial statements)

1. Accounting Policies

Going Concern

The Trustees have considered the current position, cashflows and budgets of the company and the group, and after making appropriate enquiries they have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future. The group has reported cash inflows over a number of years and this is being used to fund the replacement of the helicopters whilst maintaining reserves for the ongoing operation. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Accounting Convention

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and

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 (FRS102)(effective 1 January 2015) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Assets and liabilities are recognised under the historical cost convention, with the exception of investments which are stated at market value and derivative financial instruments which are measured at fair value.

In preparing the accounts, the trustees have considered whether, in applying the accounting policies required by FRS102 and the Charities SORP FRS102, the restatement of comparative items was required.

At the date of transition, the accounting treatment for legacies under the new guidance has been reviewed and this has led to the recognition of certain legacies in earlier accounting periods. As such the following restatement has been made:

	1 April 2014 £	31 March 2015 £
Fund balances as previously stated	10,806,958	13,864,923
Legacies restatement	253,535	505,320
Fund balances as restated	11,060,493	14,370,243

The impact on net income from the transition to FRS102 was £51,874 in the year (2015: £251,785).

Group Financial Statements

These financial statements consolidate the results of the company and its wholly-owned subsidiaries, Yorkshire Air Ambulance (Trading) Limited and Yorkshire Air Ambulance Services Limited. A separate Statement of Financial Activities ("SOFA") (incorporating an income and expenditure account) for the company itself is not presented because the company has taken advantage of the exemptions afforded by Section 408 of the Companies Act 2006 and paragraph 397 of SORP 2005. The surplus of the parent company for the year was £3,947,610 (2015 - £3,278,290).

Notes (continued)

1. Accounting Policies (continued)

Company Status

The charity is a company limited by guarantee. The members of the company, who are also the directors and trustees, have each guaranteed to contribute no more than £10 in the event of the company being wound up.

Income

All income is included in the SOFA when the group is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Income from donations and grants are recognised when receivable. Donations are stated net of associated fundraising costs where events are operated on the charity's behalf and the charity does not control the related expenditure.

Valuation of donations in kind is done at the charity's best estimate of the amount it would have to pay on the open market for equivalent goods or services.

For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received. Impending distributions are recognised in the Statement of Financial Activities when the following conditions are met:

- i) probate had been granted at the balance sheet date and;
- ii) the legacy value can be measured reliably.

Lottery ticket sales are recognised in line with the National Lottery draws carried out each Saturday.

Sponsorship income is recognised in line with the relevant sponsorship agreements.

Income from donated goods is recognised at fair value upon receipt. For items where it is considered impractical to fair value on receipt (for example clothing), the donation income is recognised when sold.

Donations in Kind

Donations in kind are recognised as follows:-

- a) Assets given for distribution by the charity are included in the SOFA only when distributed;
- b) Assets and services given for use by the charity are included in the SOFA as income when receivable; and
- c) Donations in kind for subsequent conversion into cash by the charity are included in the accounting period in which the gift is sold.

In accordance with the Charities SORP (FRS102), the exemption has been taken not to recognise the value of donated assets or volunteer time as it is impractical to value.

Volunteers perform a variety of functions including acting as ambassadors for the charity, attending fundraising events, making presentations and assisting with administrative tasks.

Notes (continued)

2. Accounting Policies (continued)

Expenditure

Expenditure is included in the SOFA on the accruals basis, inclusive of any irrecoverable value added tax. Liabilities are recognised when there is a legal or constructive obligation committing the company to the expenditure.

The majority of expenditure is directly attributable to one of the cost headings of expenditure on raising funds or expenditure on charitable activities. Any expenditure which is not directly attributable to a cost centre is apportioned between charitable activities and raising funds based on a suitable basis such as time spent by staff upon each function.

Expenditure on raising funds

Expenditure on raising funds are those costs which relate to the raising of voluntary donations as well as the operation of the society lottery by the Charity's trading subsidiary Yorkshire Air Ambulance (Trading) Limited.

Charitable expenditure

Charitable expenditure relates to costs involved in the operation, maintenance and servicing of the Charity's two air ambulance helicopters. It also includes the costs incurred by the charity in meeting its statutory obligations.

Taxation

The charitable company is exempt from corporation tax on its charitable activities.

Tax on the profit or loss for the year within the subsidiaries comprises current and deferred tax. Tax is recognised in the consolidated profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Restricted funds

Restricted funds are subjected to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

Designated funds

Designated funds comprise funds which have been set aside at the discretion of Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Notes (continued)

1. Accounting Policies (continued)

Unrestricted Funds

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Fixed Assets and Depreciation

Fixed Assets are initially recorded at cost. Assets with a cost below £250 are not capitalised.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:-

Freehold buildings	Written off over 10 to 50 years on a straight line basis
Freehold land	Nil depreciation
Leasehold property improvements	Written off over 10 to 30 years on a straight line basis
Helicopters and engines	Written off over 10 years on a straight line basis
Engine overhaul costs	Written off over 5 years on a straight line basis
Computer equipment	Written off over 3 to 10 years on a straight line basis
Fixtures and fittings	Written off over 3 to 10 years on a straight line basis

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the SOFA.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the SOFA on a straight line basis over the period of the lease.

Stocks

Stocks are valued at the lower of cost and net realisable value on a first in first out basis.

Pension Costs

The charity operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the charitable company. The annual contributions payable are charged to the SOFA.

Interest Receivable

Interest receivable is accounted for on the accruals basis.

Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Non-monetary assets denominated in foreign currencies are translated into sterling at the exchange rates ruling at the date of the transaction.

Notes (continued)

1. Accounting Policies (continued)

Basic Financial Instruments

Investments

Investments in subsidiary undertakings are included in the financial statements at cost. Listed investments are held for long term income producing purposes and are included at market value at the balance sheet date. The resulting unrealised surplus/deficit is included as a movement of funds in the SOFA.

Trade and other Debtors / Creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Other Financial Instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

2. Donations

	2016 £	2015 £
Donations	5,250,633	4,240,541
Donations in kind:		
B Braun Sheffield	40,000	35,000
DM Keith	4,920	3,500
Experion Media	139,284	-
Huddersfield Town FC	15,780	15,780
Red Route (formerly CDP Design)	6,750	6,500
Renew Holdings plc	900	-
Other	5,000	5,000
	<hr/>	<hr/>
Subtotal donations in kind	212,634	65,780
	<hr/>	<hr/>
	5,463,267	4,306,321
	<hr/>	<hr/>

3. Grants Receivable

	2016 £	2015 £
Receipts from grant making trusts	366,988	225,991
	<hr/>	<hr/>

Notes (continued)

4. Non charitable trading

	2016	2015
	£	£
Lottery ticket sales	166,623	179,556
Sales of merchandise	17,263	18,430
Charges for use of aircraft	-	6,906
Sponsorship and income from sale of logos	91,167	86,252
	<hr/>	<hr/>
	275,053	291,144
	<hr/>	<hr/>

Notes (continued)

5. Analysis of expenditure

	2016 Staff Costs £	2016 Depreciation £	2016 Other Costs £	2016 Total £	2015 Total £
Charitable activities					
Air support unit costs	-	-	153,170	153,170	129,790
Helicopter running costs	-	-	2,225,189	2,225,189	2,170,768
Depreciation	-	367,552	-	367,552	351,889
Staff costs	458,684	-	-	458,684	462,818
Loss on disposal of fixed assets	-	-	-	-	653
Auditor's remuneration	-	-	7,355	7,355	8,500
Other fees paid to auditors (inc taxation)	-	-	2,255	2,255	10,261
Legal and professional	-	-	2,986	2,986	2,658
Travel and subsistence	-	-	34,634	34,634	29,219
Other charitable expenditure	-	-	23,522	23,522	23,005
Allocated support costs (see note 6)	24,014	18,841	117,940	160,795	184,788
	<u>482,698</u>	<u>386,393</u>	<u>2,567,051</u>	<u>3,436,142</u>	<u>3,374,349</u>
Fundraising					
	2016 Staff Costs £	2016 Depreciation £	2016 Other Costs £	2016 Total £	2015 Total £
Staff costs	445,166	-	-	445,166	439,056
Depreciation	-	4,958	-	4,958	5,934
Event costs	-	-	66,574	66,574	40,620
Travel and subsistence	-	-	62,847	62,847	74,017
Telephone	-	-	11,337	11,337	11,264
Merchandise	-	-	30,709	30,709	93,406
Printing, postage and stationery	-	-	12,057	12,057	8,085
IT	-	-	26,241	26,241	29,952
Marketing and advertising	-	-	221,843	221,843	143,870
Lottery costs	-	-	28,787	28,787	40,863
Other fundraising costs	-	-	44,087	44,087	38,676
Allocated support costs (see note 6)	154,792	5,198	32,540	192,530	154,352
	<u>599,958</u>	<u>10,156</u>	<u>537,022</u>	<u>1,147,136</u>	<u>1,080,095</u>
Total expenditure	<u>1,082,656</u>	<u>396,549</u>	<u>3,104,073</u>	<u>4,583,278</u>	<u>4,454,444</u>

Notes (continued)

	2016 £	2015 £
<i>The net income for the year is stated after charging:</i>		
Operating lease costs land and buildings	37,500	37,500
other	44,580	40,683
Audit fees	7,355	8,500
Non-audit fees paid to auditors – taxation	2,255	1,750
Fees paid to auditors – other	-	8,581
Loss on disposal of fixed assets	530	653
	<u> </u>	<u> </u>

6. Support costs

	2016 Staff Costs £	2016 Depreciation £	2016 Other Costs £	2016 Total £	2015 Total £
Support staff costs	178,806	-	-	178,806	169,427
Depreciation	-	24,039	-	24,039	20,330
Printing, postage & stationery	-	-	11,558	11,558	20,754
IT	-	-	66,644	66,644	50,479
Professional/legal	-	-	29,750	29,750	22,940
Other support costs	-	-	42,528	42,528	55,210
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	178,806	24,039	150,480	353,325	339,140
Allocated as follows:					
Charitable activities	24,014	18,841	117,940	160,795	184,788
Fundraising and publicity	154,792	5,198	32,540	192,530	154,352
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. Staff costs

	2016 £	2015 £
Wages and salaries	870,182	864,406
Social security costs	88,207	84,947
Pension costs	47,039	47,443
Other staff related costs	77,228	74,505
	<u> </u>	<u> </u>
	1,082,656	1,071,301
	<u> </u>	<u> </u>

Particulars of employees

The average monthly number of staff employed by the group during the financial year amounted to:

Fundraising	12	12
Operational	6	6
Administrative	6	6
	<u> </u>	<u> </u>
	24	24
	<u> </u>	<u> </u>

Notes (continued)

Contributions for all employees to defined contribution schemes which have all been recognised as an expense in the unrestricted section of the Statement of Financial Activities totalled £47,039 (2015 - £47,443)

3 (2015 - 3) employees received emoluments in excess of £60,000 during the year in the band £60,001 to £70,000. Contributions to defined contribution schemes which have all been recognised as an expense in the unrestricted fund of the Statement of Financial Activities totalled £12,555 (2015 - £11,904) for these employees.

Key management personnel are also Trustees of the charity and their remuneration has been disclosed accordingly below:

The trustees received no remuneration during the year (2015 - £nil). 2 trustees (2015 - 2) received reimbursement for travel and subsistence of £16,995 (2015 - £13,638).

No donations were made by trustees.

8. Taxation

The charitable company is exempt from corporation tax on its charitable activities.

9. Taxation on profit on non-charitable trading subsidiaries' ordinary activities

	2016 £	2015 £
UK Corporation tax at 20%	33,523	35,033
Deferred tax charge/(credit) on advanced capital allowances	830	(830)
Tax credit for the year on gift aid	(34,357)	(27,300)
	<hr/>	<hr/>
Total current tax (credit)/charge	(4)	6,903
	<hr/>	<hr/>

(a) Factors affecting current tax charge

The tax assessed on the non-charitable trading subsidiaries' profit on ordinary activities before taxation for the year is lower than the standard rate of corporation tax in the UK of 20% (2015 - 20%). The difference is explained below:-

	2016 £	2015 £
Profit on ordinary activities before tax	171,768	174,861
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20%)	34,353	34,972
Effects of:		
Capital allowances in excess of depreciation	(830)	(182)
Expenses not deductible for tax purposes	-	243
Deferred tax	830	(830)
Tax credit for the year on gift aid payments	(34,357)	(27,300)
	<hr/>	<hr/>
Current tax (credit)/charge	(4)	6,903
	<hr/>	<hr/>

Notes (continued)

(b) Factors affecting future tax charge

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the company's future current tax charge accordingly. The group has no advanced capital allowances (2015 - £4,150) available to carry forward against future trading profits. No deferred tax assets have been recognised during the year (2015: £830 deferred tax assets recognised).

10. Related party transactions

Openhouse Products Limited is a related party as Bruce Burns (a director of Yorkshire Air Ambulance Limited) has an interest in this company. During the year ended 31 March 2016 the charitable company purchased goods from Openhouse Products Limited at a cost of £1,773 (2015 - £719). At 31 March 2016 Yorkshire Air Ambulance Limited owed nil to Openhouse Products Limited for such goods (2015 - £nil).

B Braun Limited is a related party as Brian Chapman (a director of Yorkshire Air Ambulance Limited) has an interest in this Company. During the year Yorkshire Air Ambulance Services Limited received sponsorship income of £18,000 (2015 - £17,918) from B Braun Limited and donations in kind totalling £40,000 (2015 - £35,000). £6,000 (2015 - nil) was outstanding at the year end.

Power EC Limited is a related party as Amarjit Singh (a director of Yorkshire Air Ambulance Limited) has an interest in this Company. During the year the charitable company purchased electrical equipment from Power EC Limited at a cost of £150 (2015 - £660). No amounts were outstanding at either the current or previous year end.

John Moore Security Limited was owned by John Moore (until 26/01/2016) who is the husband of Sarah Moore (a director of Yorkshire Air Ambulance Limited). During the year ended 31 March 2016 the charitable company purchased services from John Moore Security Limited at a cost of £4,679 (2015 - £9,349). No amounts were outstanding at either the current or previous year end. During the year Yorkshire Air Ambulance Services Limited received sponsorship income of £3,126 (2015 - £3,819).

Walton Lewis HR Solutions is a related party as Vivian Lewis (a director of Yorkshire Air Ambulance Limited) is the husband of Lynn Walton who is a Director of Walton Lewis HR Solutions. During the year ended 31 March 2016 the charitable company paid for consultancy services from Walton Lewis HR Solutions at a cost of £8,640 (2015 - £8,703). No amounts were outstanding at either the current or previous year end.

Renew Holdings plc is a related party as John Samuel (a director of Yorkshire Air Ambulance Limited) has an interest in this Company. During the year ended 31 March 2016 the charitable company received donations totalling £5,000 from Renew Holdings plc (2015 - £5,000) and donations in kind for services of £900 (2015 - nil). No amounts were outstanding at either the current or previous year end.

Yorkshire Air Ambulance Services Limited is a fully owned subsidiary of Yorkshire Air Ambulance Limited. During the year ended 31 March 2016 the charitable company received gift aid payments of £56,008 (2015- £39,850) from Yorkshire Air Ambulance Services Limited and recharged costs of £120 (2015 - £120) to Yorkshire Air Ambulance Services Limited. The subsidiary owed £52,248 at 31 March 2016 (2015 - £10,797).

Yorkshire Air Ambulance (Trading) Limited is a fully owned subsidiary of Yorkshire Air Ambulance Limited. During the year ended 31 March 2016 the charitable company received gift aid payments of £115,781 (2015- £96,650) from Yorkshire Air Ambulance Trading Limited and recharged costs of £16,742 (2015 - £10,586) to Yorkshire Air Ambulance Trading Limited. The subsidiary owed £98,177 at 31 March 2016 (2015 - parent company owed Yorkshire Air Ambulance (Trading) Limited £2,417).

Notes (continued)

11. Tangible fixed assets

Consolidated and company

	Freehold Land and Buildings £	Leasehold property improvements £	Helicopters & Engines £	Computer Equipment £	Fixtures and Fittings £	Total £
<i>Cost</i>						
At 1 April 2015	386,832	1,259,888	4,029,843	503,813	349,255	6,529,631
Additions	3,298	1,557	4,318,518	25,477	52,008	4,400,858
Disposals	-	-	-	(4,853)	-	(4,853)
At 31 March 2016	390,130	1,261,445	8,348,361	524,437	401,263	10,925,636
<i>Depreciation</i>						
At 1 April 2015	67,291	92,365	2,055,892	372,419	112,568	2,700,535
Charge for the year	13,567	47,283	228,568	63,664	43,467	396,549
Disposals	-	-	-	(4,323)	-	(4,323)
At 31 March 2016	80,858	139,648	2,284,460	431,760	156,035	3,092,761
<i>Net Book Value</i>						
At 31 March 2016	309,272	1,121,797	6,063,901	92,677	245,228	7,832,875
At 31 March 2015	319,541	1,167,523	1,973,951	131,394	236,687	3,829,096

The additions within helicopters and engines during the year relate to deposits and instalments paid for the purchase of the replacement helicopters. Further details are contained within the Strategic Report.

Notes (continued)

12. Fixed asset investments

	Total 2016 £	Total 2015 £
Consolidated		
At 1 April	2,195,446	84,165
Additions at cost	352,534	2,063,429
Disposals at carrying value	(265,496)	(70,866)
Income received during the year	43,220	15,564
Unrealised (loss)/gain on investments	(123,766)	95,412
Change in value of cash held in portfolio	(36,146)	7,742
	<hr/>	<hr/>
At 31 March	2,165,792	2,195,446
	<hr/>	<hr/>
	Total 2016 £	Total 2015 £
Company		
At 1 April	2,250,449	84,168
Shares issued in subsidiaries	-	55,000
Additions at cost	352,534	2,063,429
Disposals at carrying value	(265,496)	(70,866)
Income received during the year	43,220	15,564
Unrealised (loss)/ gain on investments	(123,766)	95,412
Write down of investment in subsidiary	(30,000)	-
Change in value of cash held in portfolio	(36,146)	7,742
	<hr/>	<hr/>
At 31 March	2,190,795	2,250,449
	<hr/>	<hr/>

Notes (continued)

12. Fixed asset investments (continued)

The analysis of investments held is:

	Total 2016 £	Total 2015 £
Analysis of investments measured at fair value— consolidated		
UK bonds	314,810	371,552
Overseas bonds	48,240	49,815
UK equities	876,255	915,650
Overseas equities	613,231	630,993
Absolute return	125,728	64,186
Property funds	154,161	139,567
Cash	33,367	23,683
	<hr/>	<hr/>
Total	2,165,792	2,195,446
	<hr/>	<hr/>
	Total 2016 £	Total 2015 £
Analysis of Investments measured at fair value – company		
UK bonds	314,810	371,552
Overseas bonds	48,240	49,815
UK equities	876,255	915,650
Overseas equities	613,231	630,993
Absolute return	125,728	64,186
Property funds	154,161	139,567
Cash	33,367	23,683
	<hr/>	<hr/>
Sub – total investments measured at fair value	2,165,792	2,195,446
UK subsidiaries measured at cost	25,003	55,003
	<hr/>	<hr/>
Total	2,190,795	2,250,449
	<hr/>	<hr/>

The investments noted above are managed on a portfolio basis by our appointed investment managers. Income and capital gains/(losses) are therefore reviewed and attributed on a portfolio basis.

Notes (continued)

12. Fixed asset investments (continued)

The details of the company's non-charitable trading subsidiary undertakings, both of which are registered in England and Wales are as follows:-

Subsidiary	Shares Held	Percentage Holding	Principal Activity
Yorkshire Air Ambulance (Trading) Limited	2 Ordinary £1 Shares	100%	Promotion of a weekly lottery to generate funds
Yorkshire Air Ambulance Services Limited	1 Ordinary £1 Share	100%	Marketing activities to generate funds for charitable parent

A summary of the results and balance sheet of both subsidiaries is given below:

	Yorkshire Air Ambulance (Trading) Limited £	Yorkshire Air Ambulance Services Limited £	Total 2016 £	Total 2015 £
Turnover	166,623	91,167	257,790	265,808
Cost of sales	(28,787)	(1,426)	(30,213)	(44,700)
Gross profit	137,836	89,741	227,577	221,108
Administrative expenses	(22,055)	(33,754)	(55,809)	(46,247)
Profit for the financial year	115,781	55,987	171,768	174,861
Tax (charge)/credit	(23,156)	(11,197)	(34,353)	(34,203)
Profit for the year	92,625	44,790	137,415	140,658
Assets	111,089	64,556	175,645	79,148
Liabilities	(111,053)	(64,555)	(175,608)	(79,094)
Shareholder's funds	36	1	37	54

As a result of changes to tax legislation, the directors of Yorkshire Air Ambulance Services Ltd have made the decision to make the company dormant after the balance sheet date and therefore all sponsorship agreements previously between our supporters and Yorkshire Air Ambulance Services Ltd have been novated to Yorkshire Air Ambulance Ltd.

Notes (continued)

13. Stock (consolidated and company)

	Total 2016 £	Total 2015 £
Helicopter parts	322,912	429,433
Fuel	12,174	3,885
	<hr/>	<hr/>
Total	335,086	433,318
	<hr/>	<hr/>

During the year £1,374,826 (2015 - £931,299) was expensed to the Statement of Financial Activities for helicopter parts and £106,764 (2015 - £142,738) was expensed for fuel.

14. Debtors

	Consolidated		Company	
	2016 £	2015 £	2016 £	2015 £
Trade debtors	65,845	67,639	65,845	51,770
Amounts owed by group undertakings	-	-	143,526	10,797
Other debtors	8,051	8,830	8,051	8,830
Prepayments and accrued income	1,497,670	1,654,478	1,497,408	1,628,717
Taxation and social security	21,106	-	21,106	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,592,672	1,730,947	1,735,936	1,700,114
	<hr/>	<hr/>	<hr/>	<hr/>

15. Current asset investments and other financial assets

Current asset investments

The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted market price at the balance sheet date.

	Consolidated		Company	
	2016 £	2015 £	2016 £	2015 £
Financial assets designated at fair value through profit or loss	510,946	-	510,946	-
	<hr/>	<hr/>	<hr/>	<hr/>
	510,946	-	510,946	-
	<hr/>	<hr/>	<hr/>	<hr/>

The financial assets represent forward foreign exchange contracts taken out to hedge against movements in the sterling/euro exchange rate as the Charity's contractual commitment for the purchase of new helicopters is denominated in euros.

Notes (continued)

16. Creditors: Amounts falling due within one year

	Consolidated		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade creditors	351,357	120,175	351,357	120,136
Amounts owed to group undertakings	-	-	-	2,417
Other creditors	7,628	23,994	7,628	23,994
Taxation and social security costs	16,681	35,550	-	28,085
Accruals and deferred income	210,268	129,376	194,867	68,582
	<u>585,934</u>	<u>309,095</u>	<u>553,852</u>	<u>243,214</u>

Included within accruals and deferred income above is deferred sponsorship and lottery income as follows:

	Group	Company
	£	£
At 1 April 2015	52,362	-
Released from previous years	(52,362)	-
Deferred in the year	68,626	55,750
	<u>68,626</u>	<u>55,750</u>
At 31 March 2016	68,626	55,750

17. Commitments under Operating Leases

At 31 March the group had commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2016	2015	2016	2015
	£	£	£	£
Operating leases payments due:				
Less than one year	37,500	37,500	43,259	42,177
Within 2 to 5 years	43,750	81,250	37,273	54,014
	<u>43,750</u>	<u>81,250</u>	<u>37,273</u>	<u>54,014</u>

Notes (continued)

18. Movement in Funds

Consolidated

	Balances at 1 st April 2015 £	Income £	Expenditure £	Gains and losses on investments/ taxation £	Transfers between funds £	Balance at 31 March 2016 £
Unrestricted funds	8,265,319	6,880,615	(4,441,695)	387,184	(1,109,000)	9,982,423
<i>Designated funds:</i>						
Helicopter replacement reserve	4,500,000	-	-	-	700,000	5,200,000
Helicopter and engine maintenance fund	1,299,204	-	(99,204)	-	500,000	1,700,000
Property development funds	220,704	-	(20,704)	-	150,000	350,000
Designated funds	6,019,908	-	(119,908)	-	1,350,000	7,250,000
Restricted funds	85,016	1,293,070	(21,675)	-	(241,000)	1,115,411
Total funds	14,370,243	8,173,685	(4,583,278)	387,184	-	18,347,834

Notes (continued)

18. Movement in funds (cont)

Company	Balances at 1 st April 2015	Income	Expenditure	Gains and losses on investments/ taxation	Transfers between funds	Balance at 31 March 2016
	£	£	£	£	£	£
Unrestricted funds	8,320,266	6,794,616	(4,355,673)	357,181	(1,109,000)	10,007,390
Designated funds	6,019,908	-	(119,908)	-	1,350,000	7,250,000
Restricted funds	85,016	1,293,070	(21,675)	-	(241,000)	1,115,411
Total funds	14,425,190	8,087,686	(4,497,256)	357,181	-	18,372,801

The income funds of the company include the following designated funds which have been set aside by the Trustees for specific purposes:

Helicopter Replacement Reserve – over recent years the Trustees have been setting aside funds annually for the eventual replacement of the charity's air ambulances. This is necessary due to increasing maintenance costs on the existing helicopters and because of the difficulty in obtaining spare parts for them. Orders to replace the helicopters were placed during the year and the Trustees have increased the reserve in order to fund the balance of payments due on these purchases.

Helicopter and Engine Maintenance Fund – the charity's helicopters must be maintained to the highest level to ensure that they are available to respond rapidly and safely in providing our first class response service. The Trustees set aside specific funds to ensure that this objective can be met. This fund is in respect of both the helicopters and their engines.

Property Maintenance Funds – funds set aside by the Trustees towards the ongoing maintenance and repair costs of the charity's headquarters and airbases.

Restricted funds have arisen because certain donors have placed restrictions on some income. These are separately maintained and used for the specific purpose.

During the year, £1,241,000 of bank LIBOR fines money was received to be used for the purchase of the first aircraft. £241,000 has been transferred to unrestricted funds on payment of the deposit for the first aircraft and the remaining £1m will be used to make the final payment against the first aircraft.

Notes (continued)

19. Analysis of net assets (between unrestricted funds, designated funds and restricted funds)

	Tangible fixed assets £	Investments £	Other net assets £	Total £
Unrestricted funds	6,719,074	136,480	3,126,869	9,982,423
Designated funds	-	2,029,312	5,220,688	7,250,000
Restricted funds	1,113,801	-	1,610	1,115,411
	<u>7,832,875</u>	<u>2,165,792</u>	<u>8,349,167</u>	<u>18,347,834</u>

20. Capital commitments

At the balance sheet date, the group had capital commitments of £7,412,722 (2015 - £nil) for the purchase of two new H145 helicopters. Forward foreign exchange contracts have been taken out to cover these euro commitments as detailed in note 21.

21. Financial instruments

Derivative Financial instruments

Included within capital commitments is a commitment to pay £7,412,722. The charity has purchased forward foreign exchange contracts to hedge currency exposure on these future commitments which will be exercised on 30 September 2016 and 31 March 2017. The fair value of financial assets at fair value through profit or loss is determined by reference to their quoted market price at the balance sheet date.

Investments

The fair value of investments classed as fair value through profit or loss is determined by reference to their quoted market price at the balance sheet date.

Financial asset at fair value through profit or loss:	Total 2016 £	Total 2015 £
Investments	2,165,792	2,195,446
Forward foreign currency contracts	510,946	-
	<u>2,676,738</u>	<u>2,195,446</u>

22. Reconciliation of net movement in funds to net cash flow from operating activities

	2016 £	2015 £
Group		
Net movement in funds for the reporting period	3,977,591	3,309,750
Adjustments for:		
Depreciation	396,549	378,153
Dividends, interest and rents from investments	(114,074)	(89,681)
(Gain)/loss on investments	123,766	(95,412)
Fair value adjustment	(510,946)	-
Loss/(profit) on sale of fixed assets	530	-
(Increase)/decrease in stocks	98,232	(153,729)
(Increase)/decrease in debtors	138,275	(1,111,709)
Increase/(decrease) in creditors	276,839	(154,383)
Net cash provided by operating activities	<u>4,386,762</u>	<u>2,082,989</u>