

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

Cornwall 
Air Ambulance
Saving Time. Saving Lives.



**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

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**CORNWALL AIR AMBULANCE TRUST
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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Trustees Mr I Brackenbury, Vice Chairman
Dr N A W Clark
Mr R Cowie, Chairman of Finance Committee
Mr H Orchard (appointed 29 March 2017)
Mr C C Pomfret, Chairman of Risk & Audit Committee
Mrs S L Pryce, Chairman
Mrs B Sharples (appointed 29 March 2017)
Mrs E Winser
Mr I J Pawley (resigned 13 December 2017)

**Company Registered
Number** 07085879

**Charity Registered
Number** 1133295

Registered Office Cornwall Air Ambulance Trust
Trevithick Downs
Newquay
Cornwall
TR8 4DY

Chief Executive Officer Ms P Martin

Company Secretary Mr A P Darch

Independent Auditors Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
Chy Nyverow
Newham Road
Truro
Cornwall
TR1 2DP

Bankers HSBC plc
3 Fore Street
Bodmin
Cornwall
PL31 2HU

Nationwide International
PO Box 217
5-11 St Georges Street
Douglas
Isle of Man
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Virgin Money, Saving
Jubilee House
Gosforth
Newcastle-Upon-Tyne
NE3 4PL

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Advisers (continued)

Legal Advisers	Stephens Scown 1 High Cross Street St Austell Cornwall PL25 4AB
Investment Managers	Quilter Cheviot One Kingsway London WC2B 6AN
Investment Managers	HSBC Global Asset Management 8 Canada Street London E14 5HQ

**CORNWALL AIR AMBULANCE TRUST
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**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The chairman presents her statement for the year.

2017 was a challenging year for the charity sector; a report commissioned by the Charity Commission showed that trust in charities reached an all time low in 2016 and this is a theme that has continued, or arguably worsened over the last year. Add in the political and economic uncertainty as a result of Brexit and the stark reality is that we are operating in a tough climate.

We have chosen to see this as an opportunity and despite this backdrop, our charity continues to thrive. Integrity underpins the way we work and we are determined that what we do will always stand up to scrutiny. Our charity objects, regulatory compliance (fundraising and otherwise) and our vision and values keep us focused and ensure we deliver in a sustainable way, that we can feel proud of. Our Board continues to be engaged in understanding fundraising and how it is conducted.

There have been so many highlights over the past year, the most notable of which was a visit to the charity by our Patron, Her Royal Highness the Duchess of Cornwall, accompanied by His Royal Highness the Duke of Cornwall. We are privileged to have a Royal Patron who is so engaged in our organisation and is such an advocate of the work we do in Cornwall and beyond.

Colonel Edward Bolitho, Lord Lieutenant of Cornwall, kindly agreed to take on the newly created role of President. He is an inspiring ambassador and we are very lucky to have him. In the same year we were awarded Investors in Volunteering Accreditation. This is testament to the energy, commitment and professionalism of our volunteers; quite simply we could not deliver without them.

This energy and commitment runs through all parts of our organisation. The professionalism and camaraderie between the South West Ambulance Service critical care paramedics, the doctors from Royal Cornwall Hospital Trust, and our pilots mean we continue to improve clinical capability of the unit, which, in turn, means better support and potentially better outcomes for our patients.

We are lucky enough to have exceptional support from the public and it is clear that Cornwall Air Ambulance Trust, and the work we do, holds a special place in the hearts of people in Cornwall and beyond. Our heartfelt thanks go to all those supporters who give to us; that support allowed us to save money in our designated replacement helicopter appeal fund. During 2017 the Board had a critical decision to make about a replacement helicopter. It was not a decision to be taken lightly and as a Board we are proud of the robust and detailed process that led us to an agreement to purchase an AW169, a new generation of helicopter that will allow us to fly faster and further, and give us the space to fit the state of the art kit needed to save more lives.

In summary, 2017 was a pivotal year. There are huge challenges ahead as we launch our £2.5m appeal to bring this new generation of helicopter to Cornwall. The people of Cornwall deserve the best and thanks to the skill of our remarkable team of staff and volunteers, and the commitment and generosity of our tremendous partners and supporters, I know we will make this appeal a success. It continues to be a privilege to chair this special organisation.

Name Mrs S L Pryce
Chairman

Date 4 July 2018

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Trustees (who are also directors of the Charity for the purposes of the Companies Act) present their annual report together with the consolidated financial statements of the Charity and its subsidiary for the year ended 31 December 2017.

The Trustees confirm that the Annual Report and financial statements of the Group comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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) as amended by Update Bulletin 1 (effective 1 January 2015).

Since the Charity and the group qualify as small under section 383, the strategic report required of medium and large companies under The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013 is not required.

OBJECTIVES AND ACTIVITIES

The Charity's Objects are: relieving pain and sickness for the benefit of the public by assisting in the provision of emergency medical services and equipment, in particular the provision of an air ambulance service or other emergency transportation, primarily in Cornwall and the Isles of Scilly. These are the purposes of the Charity as set out in its Governing documents.

The Trustees are proud of the role that Cornwall's Air Ambulance plays in the community as the Charity completed its 30th year of fundraising and operational activities in Cornwall. The Charity team are grateful to be supported by many of those beneficiaries who have used the air ambulance service in Cornwall. Their testimonials which are often reported in the media, are the best reflection on the importance of an emergency air ambulance service in a rural community like Cornwall.

• POLICIES AND OBJECTIVES

The public benefit provided by the Charity is provided to anyone and everyone in Cornwall and the Isles of Scilly, including residents and visitors, and although primarily in the County of Cornwall, also extends to Devon and beyond when required. The Cornwall Air Ambulance is free at the point of need, on the grounds of fixed sets of criteria which take into account clinical need, urgency, accessibility and distance to hospital. These criteria are regularly reviewed and rigorously applied. No private benefit use of the Cornwall Air Ambulance helicopter is given to anyone at any time.

• STRATEGIES FOR ACHIEVING OBJECTIVES

The primary strategic objectives which fall within the current rolling programme are focussed on optimising the Cornwall Air Ambulance Service operations to meet the changing needs of the communities in Cornwall and the Isles of Scilly.

These objectives are influenced by:

- The emergence of new generation air ambulance platforms, offering substantial safety and operational enhancements to the aircrew, and in turn enabling the patient to benefit from extended service availability and an aircraft capable of delivering more features normally experienced in the Emergency Department of an hospital.
- The use of Critical Care Cars, and whether the use of these complements the use of the air ambulance helicopter and brings sufficient patient benefit.
- Providing the service for the required number of hours per day, and meeting seasonal needs in Cornwall, where tourism places increased demands on all infrastructure in the summer season.
- The healthcare demands placed on the service from a growing population which is living longer.
- Affordability, and the Charity's ability to fundraise in a difficult time for the sector market at a time when the cost of providing the baseline service and any enhancements is increasing, whilst ensuring at all times the Charity has sufficient reserves to sustain services.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

- Innovation, and ensuring the Charity is agile to change, from clinical skills to new drugs, from the use of technology, to fundraising in a cashless society.
- Ensuring the Charity meets its obligations to the very extensive range of regulatory compliance, from operations to governance and fundraising, and that the high reputation of the Charity is upheld.
- Survivability, and long term sustainability among the competition from other worthy causes, and what investment is required into generating voluntary income, or trading activities, in the future.
- Managing operational and clinical risk.

The board had oversight of the following significant activities and projects in the year to contribute to achieving the charity objectives.

- The conclusion of the competitive tender process, and the affordability analysis, for a new generation air ambulance helicopter which will bring improved patient care to the beneficiary.
- The feasibility study and preparation for a capital appeal (with an eye on long term supporter growth).
- The associated human resource planning, including a people resource and development review, culminating in a recruitment and development plan.
- The commencement of a working trial of extended hours using the Critical Care cars.
- Continued growth of its society lottery as a contributor to income generation,

The Helicopter Tender

The tender for a new generation air ambulance helicopter was outlined in the previous year's accounts and relates to the Trust's longer term objectives, in particular, to provide an operating platform which is future proofed and fit for purpose for the next 20 years.

The process was started in 2016, and completed in September 2017, with the preferred bidder and contract options selected by the Board of Trustees, following the wealth of advice received and key recommendations which emerged, including how the charity can manage any financial and operational risk which may arise in the future.

Trustees concluded that charity ownership of the aircraft together with an operating contract with Specialist Aviation Services, was the optimum solution for the provision of the air ambulance service in Cornwall for the next 20 years.

The tender process was detailed and complex, and included the pricing and specification evaluation of the two new generation aircraft types emerging in the Helicopter Emergency Medical Services (HEMS) market. The Trustees explored and evaluated options for the contract structure as follows:

- A turn key lease contract with leading aircraft supplier and operating companies.
- Charity ownership of the aircraft, with arrangements for its operation with leading operating companies.
- A 50% investment model, whereby the Charity contributes 50% of the initial capital outlay to reduce longer term leasing costs.

The tender was issued to include BAFO (best and final offer) stage.

The financial affordability testing was robust and overseen by both the Finance Committee and the Risk and Audit Committee. Overall the team responsible for this piece of work comprise senior executives, trustees, aviation and project consultants, specialist finance advisers, legal advisers, fundraising consultancy (especially around the feasibility of the appeal) and the team of paramedics and doctors who are the "end users" of the aircraft.

In addition to the staff costs, the tender and evaluation process represented an important and significant investment into the next 20 years of the service. It was extremely important that the Trustees were furnished with high quality expert advice in order to make their decisions. The Charity was fortunate to secure very generous pro bono legal services from Berwin Leighton Paisner in London, which substantially helped to reduce the normal cost of this type of activity, and the Trustees wish to extend their thanks to the firm for its generous gift in kind and the professional advice received. The other costs to complete this works were £96,664.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Helicopter Tender (continued)

The tender culminated in a comprehensive suite of contract documentation to include; Purchase Agreements, Maintenance Agreements, Assignments of Warranties, Calamity Clauses, Insurance Provisions, Insurance in Transit, Aircraft acceptance processes, Eskrow Agreements, Parent Company Agreements and took into account requirements to ensure these were compatible with Italian Law, Canadian Law and addressed risks associated with aircraft delivery, post Brexit.

The preferred bidder, Specialist Aviation Services, and the selected aircraft, the AW169, were announced within the helicopter aviation industry in autumn 2017 and more widely in April 2018. More information about this can be found in the section about plans for future periods.

Organisation Development Plan

The second key expenditure in 2017 was work done to ensure that the Charity was well prepared and able to fully resource the demands of a high profile capital appeal. The feasibility and outline planning stage was completed in summer 2017 to enable Trustees to take this into account in their overall decision making.

Trustees were particularly keen to ensure that the Charity would be properly resourced in terms of its people, with the right capabilities and experience to deliver both a capital appeal, and a strategy to increase longer term revenue and the supporter base for the Trust. In September 2017 the Board approved an organisation development review, which included the following elements:

- Increasing the capacity of the fundraising team, including specialist fundraising areas such as legacy, trust and grants and major gift fundraising, by recruiting experienced staff to complement the existing team.
- To continue to nurture and develop talented staff who have helped to grow the charity over the past ten year, and enable the step changes in service delivery to beneficiaries.
- To re-organise the structure of the Charity to introduce a management team, thus enabling the senior leadership to work more strategically and less operationally in the future.

This project was led by the chief executive, with the support of the finance director, trustees with specific experience of organisation development, external advice including legal advice, and external recruitment specialists for the charity sector.

Trustees consider that this piece of work was a significant investment for the future of the Charity and an essential step in maturing the staffing structure to meet the fundraising objectives of the Trust.

The cost of carrying out this project in 2017 was £34,870.

Volunteering

The Board of Trustees believe that our volunteers are crucial to many areas of the Trust's activities, and appropriate time and resources should be committed to the Trust doing all it can to provide volunteers with high standards in recruitment, training and development and pastoral support. The Board considered this objective to be of utmost importance as part of the wider Human Resources Strategy. Trustees were delighted to announce the Charity achieved Investing in Volunteers (iV) accreditation in autumn 2017. Cornwall Air Ambulance Trust is only the second charity in Cornwall to achieve iV.

This project required substantial time and resource, but represented an investment for the future for our volunteers today and in the future. The cost of this project was £5,500.

In 2017 the role of volunteers within the Cornwall Air Ambulance Trust was identified as key to achieving success. The Charity has over 250 volunteers within the Trust, who help us achieve our fundraising objectives and work alongside paid employees in every department of the Trust. Some areas of activity are now entirely, or almost entirely, volunteers, with supervision and oversight of the department manager. This includes our on-line shop, the majority of activities in our charity shops, the systems to process the charity collection jars, and the charity reception area at its operating head office.

**CORNWALL AIR AMBULANCE TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

● **ACTIVITIES FOR ACHIEVING OBJECTIVES**

The crew of Cornwall Air Ambulance embarked upon 869 missions during 2017, providing lifesaving medical care throughout Cornwall and the Isles of Scilly.

The Charity's annual mission total is the highest in more than five years, thanks in part to an extension in operating hours which now sees the crew responding to emergencies until 2am, four days a week, using the Cornwall Air Ambulance Trust Critical Care cars. There is more information about the extended hours of service at <https://cornwallairambulancetrust.org/extended-hours-service/>

A total of 670 missions were flown in the air ambulance MD902 helicopters, with the helicopter arriving on scene for 14% of these incidents, and 199 were carried out in the Charity's Critical Care cars. A total of 742 sick or injured patients were treated. A total of 346 of these patients were airlifted to hospital in one of the Charity's helicopters.

Where once the air ambulance was primarily a tool to fly patients to hospital as quickly as possible, the crew's advanced critical care skills and equipment mean they can now provide much of the lifesaving care of a hospital emergency department on scene, for example at the roadside or clifftop. On 272 occasions, patients were reached by air ambulance helicopter or the critical care cars, then treated by the Cornwall Air Ambulance crew before being taken to hospital by South West Ambulance Service NHS Foundation Trust land ambulance.

In 2017, the air ambulance crew responded to 461 emergencies involving medical conditions and 397 people suffering serious trauma injuries. Just over one in three missions were to people suffering heart problems. The crew also flew 11 inter-hospital transfers to ensure seriously ill patients could get the treatment they needed at specialist hospitals for trauma, burns and paediatrics.

A total of 499 residents of Cornwall were treated by the air ambulance crew, with 125 visitors to the county also receiving care. All missions carried out in 2017 were funded through donations from the people of Cornwall and beyond.

Cornwall Air Ambulance missions throughout 2017 included:	Areas with the most number of missions in 2017 included:
346 patients airlifted to hospital 316 heart-related emergencies 130 road traffic accidents (including 31 motorcycle accidents) 121 serious falls 112 babies, children and teenagers treated 60 missions to sick and injured people on the coast 48 sporting injuries 16 horse riding injuries 12 cycling injuries 11 emergencies in the water (including surfers and swimmers)	Isles of Scilly: 41 Bodmin: 38 Newquay: 35 St Austell: 19 Penzance: 17 Redruth: 17 Truro: 14 Falmouth: 12 Bude: 12 Helston 7

Table 1 - Schedule of incident types and primary response areas

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**



Figure 1 - The Charity has two response cars to assist with delivering Critical Care to scene

During 2017, the Trustees examined plans to extend the operating hours when the Cornwall Air Ambulance Trust service is available to the communities we serve. Trustees considered carefully the primary objective of providing additional service availability using the air ambulance helicopters and/or the response cars, beyond the 12 hours per day all year round service provided since 2014.

Using the available data, the Charity was able to demonstrate that the demand during night time hours for the type of critical care service which this charity provides (not routine ambulance service work), appeared to be quite low apart from during the tourism season, when demand increases.

To evaluate unmet need properly, the Trust concluded a trial extended service would provide the evidence and data upon which to base a longer-term strategy. This extended service would be conducted using the Charity Critical Care cars until for the following reasons:

- The blue light cars can reach the patient within effective response times during the evenings and night hours when the road networks in Cornwall are far less congested, especially in the tourism season.
- The blue light cars carry the same specialist life saving equipment, specialist drugs and are staffed by the same aircrew who would normally fly on the air ambulance helicopter, therefore the same level of critical care skill and treatment is arriving to the patient on scene.
- The Critical Care Paramedics (CCP's) can "land assist" the patient to hospital in a normal road ambulance. This is essential when the CCP has delivered certain drugs or clinical intervention to the patient at the scene.
- The cost to deliver the programme in this way in order to measure and evaluate need, is substantially less than delivering the trial using the air ambulance helicopter.
- It is possible as part of the trial to achieve some service overlap, with the helicopter service availability from 7.30am to 7.30pm, and the response cars from 6pm to 2am.

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

The Charity will conduct this trial for a period of two years unless during that time it becomes very clear that the trial should be changed.

The cost of the additional service is approximately £100,000 pa, and the Charity will report on the first full year of extended hours in its annual report for 2018.

ACHIEVEMENTS AND PERFORMANCE

Education Programme, Specialist Paramedic in Critical Care

Since 2016 Cornwall Air Ambulance has been supporting the development of Specialist Paramedics in Critical Care. This education pathway is providing advanced clinical skills to the paramedics, and in turn some patients are now benefitting from these new capabilities. The table below illustrates the occasions on which advanced skills were deployed to help relieve sickness and pain, and save lives.

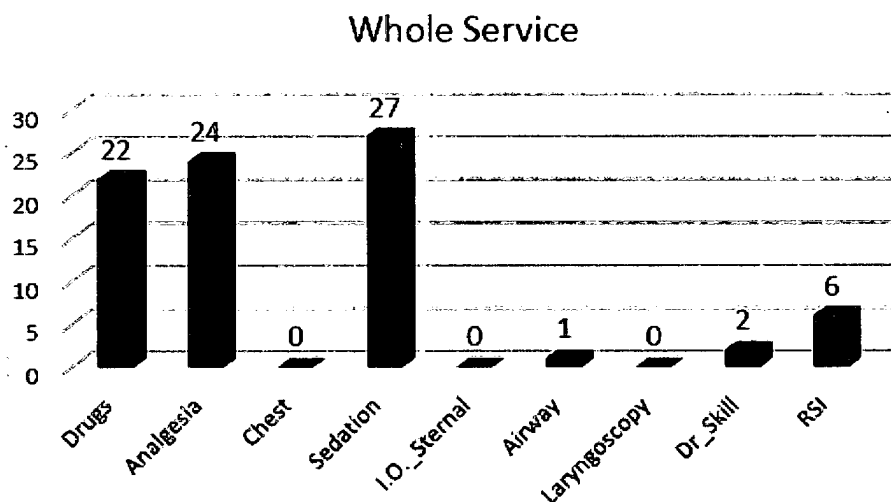


Figure 2 - Advanced Clinical Skills Use

The Cornwall Air Ambulance collates substantial data sets relating to the clinical interventions and treatment on scene, and during flight. This includes evidencing the use of specific life saving medical equipment which is carried on board and almost always funded by donations, trusts and grants. For example, the use of the Lucas Auto chest compression device was used on 70 occasions during 2017, where the patient was in medical cardiac arrest, and the device assisted the clinical team to achieve ROSC (Return of spontaneous circulation) for 37 patients.

AIRLIFTED PATIENT MIRACLE BOY



A head-on car crash near Liskeard left two-year-old Talan Carter-Schnepp with head injuries so severe, he spent two days fighting for his life in a coma. Mum Kelly, from Saltash, tells how the crew of Cornwall Air Ambulance helped keep her son alive.

“Talan was being driven home from his childminder when the car he was in hit an oncoming van head-on. I got to the accident about 35 minutes later and I could see him from a distance laying in the road. I wasn't allowed to go up to him. A police woman stopped me saying it would upset him. It was horrendous.

His little head was hit so hard in the accident that his skull fractured across his forehead. He was treated in the road by the air ambulance crew and was then flown in the helicopter to Derriford Hospital.

We weren't able to go with him in the helicopter so myself and his dad were taken to hospital in a police car. We knew it was serious when they closed the Tamar Bridge for us so we could get through quickly. The whole thing was very scary but I just went into survival mode, organising care for our two daughters and trying not to think about what was going to happen.

After Talan had some tests at Derriford we were told he would have to be transferred to hospital in Bristol by Cornwall Air Ambulance for specialist treatment. The doctor at Derriford was very gloomy, saying he was a very poorly little boy and we should say

goodbye before he was put into the helicopter.

He was sedated and put into an induced coma for two days. He also had a very large scar on his head which he had to have plastic surgery on to close it and ensure there were no further complications. He had 26 stitches in his head.

The doctors were very cagey about his recovery but once he regained consciousness it was actually very quick. He was in hospital for five days before we were allowed to take him home.

We had a very quiet summer after Talan's accident, making sure he was resting properly and not out in the sun too much as it could have made his head injury worse. We're so relieved to see him back to normal. He's progressed so quickly, we're all so proud of him.

It was terrifying, seeing my little boy like that, you never expect something like that to happen to you. I'm so grateful to the Cornwall Air Ambulance crew for helping him that day and being so incredibly supportive. I can't thank them enough.”



AIRLIFTED PATIENT

Baby John Cattran was just three days old when he suffered a heart attack and collapsed at his home in Mullion. For his mum Jemma, the importance of the New Heli Appeal is all too real.

“ John hadn't been feeding well so I thought something wasn't right, and then he collapsed. When the paramedics arrived, they started treating John and it was clear he needed to get to hospital quickly. They didn't think he would make it by road so they called for the air ambulance.

The doctor and paramedic on board the air ambulance cared for John so well. There was no way to tell what was going on inside his little body, but they were so caring, which helped me feel reassured that somehow he would be OK. They were brilliant, just brilliant.

The flight to hospital took less than 15 minutes. After John was stabilised he was transferred to hospital in Bristol for specialist treatment. He had keyhole surgery to open his aortic valve which hadn't formed properly, meaning his blood wasn't moving as it should. After two weeks in intensive care, we were allowed home, but within days John was back in hospital as the valve was narrowing.

At four weeks old, John underwent open heart surgery, and at six weeks he had more surgery to fit a biological valve. He was the second youngest child ever to have the procedure at the hospital, and surgeons said his heart was the size of a small walnut. After some time in intensive care he was allowed home.

When it all happened we faced a very real chance he wouldn't make his first birthday. To look at him now you'd just think he's a

totally normal little boy. You wouldn't know what he's been through.

We always see the air ambulance in this neck of the woods but you never think you'll need it yourself. If it hadn't been for the air ambulance I don't know if John would be here today. Everyone involved was fantastic, but it was Cornwall Air Ambulance that got him there in time.

My family is living proof of how vital a service Cornwall Air Ambulance is. Without it, our family wouldn't be together today and John wouldn't be looking forward to his first day of school in September. By making the New Heli Appeal a success, we can all help give families like mine the best chance of staying together. ”



John Cattran
as a baby
and now

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

● **KEY FINANCIAL PERFORMANCE INDICATORS**

Key Financial Performance Indicators (KPI's) are a measurable value that demonstrate how effectively we are doing in achieving our key business.

As part of our monthly Management Accounts, we actively measure and monitor the pounds raised per employee and the percentage relating to our Charitable Objects. They enable Trustees to understand in real-time the performance or contribution of each activity.

In addition, the Charity Retail Association collect and publish retail KPIs which enable the Charity Shops to be benchmarked against other similar retail KPI's and other performance of Charity Shops. This information is then used to help assess how our Charity Retail Shops meet the targets and expectations of the Board in terms of Return On Investment. It also assists in measuring how well they perform as a contribution towards our cause.

Annually, we monitor the overall performance for the year, especially the percentage of funds committed direct to the cause, including funds set aside for reserves and the designated helicopter replacement fund.

FINANCIAL REVIEW

The Charity generated a healthy surplus in 2017 of £701,207. Although this was less than the comparable surplus of the previous year and while some revenue streams decreased slightly, this was compensated for by significant gains in the value of the Charity's investment portfolio.

The Charity has continued to maintain its diverse range of income streams, exploring new opportunities whenever possible. Total income of £4,350,796 was received during the year which represents a marginal decrease of 3.4% from the total achieved in 2016. This marginal decrease was mainly due to the drop in legacy income, whilst some of the other income streams saw increases compared to the previous year.

During 2017, legacy income remained a significant source of income for the Charity with £946,780 being received, which is a decrease of approximately £507,500 when compared to the previous year. Due to the nature of legacy income, however, it is very difficult to predict which accounting period a specific legacy will be recognised in and so significant fluctuations from year to year may be expected.

Donations and fundraising income from the community increased by £126,048 which reflects a strong performance by the fundraising team to achieve an increase in voluntary and corporate donations.

Society lotteries are very popular with the general public and the Mission Maker lottery income has continued to improve year on year, with an increase of £194,459 from 2016 to 2017. With a sustained effort to increase the players associated with the lottery, the player base has increased by a proportionate amount in line with the financial gains. This continues to remain a key objective within the Charity's fundraising strategy.

The charity shops continued to trade profitably. Like for like income was comparable to the previous year, resulting in the shops generating a gross surplus of approximately £364,000. The Trustees recognise the importance of the charity shops and of their role in both income generation and in raising the profile of the Charity within the community.

Control of expenditure – Trustees consider it important that where possible funds received by the Charity are spent on the Charitable Purpose: the operation of the air ambulance. Trustees set high targets to maintain the administration and governance costs to a low percentage of income received. In 2017 increases in expenditure were incurred towards the Organisation Development Plan. This is very much an incremental investment for the future, with a view to growing the Charity and will help the Charity achieve sustainability for the future as described earlier in this report.

Total operating costs for 2017 was £3,865,262 which reflects an increase of £266,635 from the 2016 figure of £3,598,627. Although costs have been managed in a prudent way, certain costs have seen an increase influenced by external factors such as inflation and market forces. In some specific cases, expenditure costs have seen a reduction, such as with fundraising and contra costs associated with income, as detailed in Note 6 of the accounts.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

The most significant increase was in the cost of helicopter operations which increased by approximately £132,000 and relates to Charitable activities. This is attributable to both a scheduled increase in the cost of providing an extended service and costs associated with the aircraft tender relating to the planned purchase of a new aircraft. Training costs as part of the helicopter operations have increased to provide critical care paramedic training. Further, development and management costs associated with the raising of additional lottery income have also seen an increase. As previously mentioned planned expenditure associated with strategic fundraising growth and long term income generation along with legacy management costs have also seen a marginal increase, but were more than offset by legacy income.

The net surplus for the year of £701,207 compares to a surplus of £1,247,597 in the previous year and results in Net Assets at 31st December 2017 increasing to £9,470,436. The Trust generated a positive consolidated cashflow of £875,997 during the year.

Capital expenditure has been far less in the 2017 financial year compared to 2016 when the Charity had a new extension built for staff, volunteers and clinical training. Total costs in 2017 were £39,642 compared with £349,854 in 2016. Part of the 2017 cost relates to the retention monies in connection with the extensive build in 2016. However, a major investment was made in relation to the planned replacement of the two pool cars which was completed in May 2017. Further costs were incurred relating to the continuation of the Charity's website development and in addition IT purchases made to strengthen the Charity's IT strategy for enhancement of the infrastructure, resilience to cyber attacks and resilience capacity.

During the latter part of 2016 the Charity re-tendered for 'Investment Services'. As a result of a successful tender process and due consideration through the Trust Board, Quilter Cheviot were appointed as investment managers to the Charity. The Investment Portfolio was therefore transferred from HSBC Investment Managers to Quilter Cheviot on 10th March 2017. The value of investments as at 31st Dec 2017 in UK and overseas investments has a market value of £2,721,991 which also includes cash balances and short term deposits.

During 2016, a wholly owned trading subsidiary was formed to manage commercial relationships on behalf of the Charity, named CAAT Trading Ltd. 2017 was therefore the first complete year of trading. Activity transacted through the trading company of non-primary purpose trading activity in the year included sponsorship of the helicopter and sponsorship of paramedic/aircrew uniforms. It also included further sponsorship through commercial participator agreements. A deed of Covenant was put in place to Gift Aid distributable profits back to CAAT and is therefore reflected within the accounts.

● **GOING CONCERN**

After making appropriate enquiries, the trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

● **RESERVES POLICY**

The Trustees have established a Reserves policy in order to bridge the gap between the spending and receiving of income, to cover unplanned emergency repairs and to fund the purchase of high cost assets such as the new aircraft. The reserves policy is formally reviewed by the Trustees each year and account is taken of the Charity Commission guidance (CC19) on reserves.

When measuring the affordability of the new helicopter, consideration was given to those risks which could have a significant financial impact on the Charity. In particular, a diminution in income, an unforeseen increase in costs, the impact of unexpected events, risks to the value of the investment portfolio, Euro exchange rates, loan rates and calls on cash resources were each considered. The potential outcomes were then assessed by reference to the ongoing cost of providing the air ambulance service, the associated operational costs and the longer term projections over 10 years relating to the cessation of the existing helicopter contract and the transition to the new helicopter contract.

Having taken account of the risk analysis, primarily financial and operational, the extent of the contractual commitments for the outsourced helicopter services and the need to meet new challenges, the Trustees concluded that a minimum of £2.5 million free reserves should be maintained and would be met based on the projections presented.

The next formal reserves policy review will be undertaken in 2018.

Free reserves at 31st December 2017 were £2.50 million and comprised:

General Fund	£4.57 million
Less:	
Unrestricted Intangible and Tangible Fixed Assets	£2.07 million
Free Reserves	£2.50 million

At 31st December 2017, there were two Designated Funds held totalling £3,670,624. The first of these in the sum of £184,624 relates to a break clause in the helicopter service contract which requires payment in the event of the Charity terminating the contract early. The sum payable under the terms of the contract reduces annually over the contract term.

A second Designated Fund was established in 2016 by the Trustees to hold funds for the replacement of the helicopter when the current contract comes to an end in 2019. As mentioned under the helicopter tender and plans for the future sections, the Trustees have taken the decision to purchase the next helicopter and in preparation for this, funds of £1,012,000 have been transferred to the Helicopter Replacement Fund in 2017. Bringing the total Designated Helicopter Replacement Fund as at 31st December 2017 to £3,486,000.

The above free reserves are calculated after deduction of restricted and designated reserves as well as excluding the value of attributed intangible and tangible fixed assets.

● **MATERIAL INVESTMENTS POLICY**

The Charity's investment powers are governed by the Charity's Articles of Association and permit the Charity's funds to be invested in a wide range of assets. The Board of Trustees is responsible for setting the investment policy and has delegated the ongoing monitoring to a sub-committee, while Quilter Cheviot provide discretionary investment and cash management services to the Charity. The Charity's policy remains to instruct their advisers to operate within medium risk parameters to secure reasonable investment income and sustain moderate capital growth.

The Charity held stocks and shares at 31 December 2017 with a market value of £2,721,991 (2016: £2,589,062). The investments are held as the major element of the Charity's free reserves. The Trustees are aware that investment values can go down as well as up but they assess that values will increase in the longer term. Income

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

from the portfolio is paid into the Charity's bank account on a quarterly basis. In 2017 the total income generated was £52,488 (2016: £77,798).

The Charity also has short term investments of £1,290,000 at the year end, which are held as bank deposits with approved UK regulated banks or deposit takers.

STRUCTURE, GOVERNANCE AND MANAGEMENT

● **CONSTITUTION**

The Charity and the group is registered as a charitable company limited by guarantee and was set up by a Memorandum & Articles of Association on 24 November 2009.

The Charity and the group is constituted under a Memorandum & Articles of Association dated 24 November 2009 and is a registered charity number 1133295.

● **METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

It is the Trustees' aim to ensure that an appropriate mix of skills and experience is maintained on the Board of Trustees. Potential Trustees are invited to apply through open recruitment processes, and are interviewed by external non-executive recruitment specialists and a Committee of the Board who assess their suitability. If they are judged to have the skills and experience required, the Committee recommends their appointment to the full Board. All appointments must be approved by the full Board in a formal meeting. The Board normally consists of around 10 Trustees, although the Trustees are empowered to change this number to meet the Governance requirements for the Charity. Trustees are non-executive and receive no remuneration.

● **POLICIES ADOPTED FOR THE INDUCTION AND TRAINING OF TRUSTEES**

The Charity has documented policy on the induction and training of new Trustees and where training is provided, Trustees are strongly encouraged to participate. All new Trustees are supplied with a copy of the Memorandum and Articles of Association and a copy of the latest set of audited financial accounts. The welcome pack and trustee handbook also includes a copy of "Good Governance, a practical guide for trustees, chairs and CEOs", the charity governance code, as well as a range of other board and senior executive level policy information, and from time to time each Trustee has the opportunity to attend training days covering aspects of Governance and trustee responsibilities.

It is felt that as a relatively small charity, discussions with existing Trustees and staff, introduction with key stakeholders, and induction to include history and strategic plans for the future, is a suitable way for a new Trustee to learn everything they need to know to begin their trusteeship effectively. The Trustees have access to a number of publications of the National Council for Voluntary Organisations (NCVO) and the Board takes a keen interest in the activities of the Charity which fall under fundraising regulation, most especially fundraising methods, and conduct of employed and contracted fundraisers when engaging with charity supporters.

● **PAY POLICY FOR SENIOR STAFF**

The success of the Charity is largely dependent on its ability to attract and retain talented staff, with appropriate skills, who share its core values and passion for the cause of saving lives. The Charity is therefore committed to investing in its people, both from a remuneration perspective and in terms of their professional and personal development.

The Charity's remuneration policy aims to ensure that salaries reflect the knowledge, skills, responsibilities and personal competencies required for the satisfactory performance of each role. Salaries are reviewed annually and benchmarked against the charity sector locally and regionally. Attracting talented experts in some areas of fundraising has proved difficult at times, because Cornwall has traditionally has lower salaries than in other parts of the UK. Sometimes market forces have influenced the pay the Trust has to offer to key staff, and this is not

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

exclusive to senior executives. For example, pay for drivers of commercial vehicles is competitive, given the volume of goods traffic which transits to the county from other part of the UK.

The remuneration packages of the Chief Executive and Executive Directors are benchmarked against those of similar organisations and are reviewed by the Nominations and Remuneration Committee before being ratified by the Trustees.

• ORGANISATIONAL STRUCTURE AND DECISION MAKING

The Trustees take the delegation of authority to the executive very seriously. The Board writes to the senior leadership team annually, to provide a formal reminder to them that they must carry out their work within the boundaries of authority set out in their role descriptions, and also in the Scheme of Delegated Authority. This Scheme extends beyond the senior leadership team, and provides managers and others with clear guidance on financial and other decision making.

The Board of Trustees is cognisant of its strategic role within the organisation, and the majority of its focus remains at high level most of the time. From time to time the Board will seek to examine in greater detail a particular project or activity, to ensure they are satisfied the Charity is not placed at risk. The Board of Trustees has particular oversight of the following Board Level Committees which meet quarterly in a cycle ahead of full Board of Trustees meetings.

- Finance
- Risk and Audit
- Nominations and Remuneration

Trustees are also invited to attend executive committees including Operations and Human Resources.

In this way they are able to report and share information to the full Board, in the form of written and verbal reports, to ensure all Trustees receive the right level of information to assist their decision making.

• RISK MANAGEMENT

The Trustees have assessed the major risks to which the Charity and the group is exposed, in particular those related to the operations and finances of the Charity and the group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Cornwall Air Ambulance Trust operates a Board level Risk & Audit Committee, which meets four times a year and reports into the Board of Trustees. Risk management is a fundamental element of the Charity's business strategy on all levels and encompasses different types of risk. It is therefore an integral part of the business planning and controlling processes.

The Committee has responsibility for ensuring the adequacy of risk management, internal control and governance arrangements and the implementation of strategic plans and policies of the Charity. It is also responsible for reviewing the integrity of the annual report and financial statements.

The Trustees have assessed the major risks to which the Charity and the group is exposed, in particular those related to the operations and finances of the Charity and the group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks.

Following the annual review of risks and uncertainties, the major risks currently facing the charity have been identified as:

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Major Risk	Measures of mitigation taken	Timeline
Failure to raise sufficient funds to meet the helicopter capital costs	Trustees resolved to make sufficient investment into the Appeal and the HR function, such that the risk of funding failure is mitigated. Shortfall of Capital funds will be made up by other investments/obtaining a unsecured loan. Complete failure of Appeal is mitigated by: 1. Cancellation of the planned purchase with associated penalties. 2. Enter into a lease contract for new aircraft type, provided the costs of this could be met. 3. Extend the lease of the existing older aircraft.	Review the performance of the Appeal at the end of 2018.
Failure to raise income levels and insufficient funds to maintain charitable air ambulance service.	Strategic planning in fundraising aims to avoid dependence on any one income stream (other than legacy fundraising). The finance committee has established robust monitoring procedures and financial reporting to ensure that action can be taken to address concerns swiftly whilst at the same time maintaining a full service.	Annual review
Loss of public trust and confidence as a result of reputational damage or charity sector errors.	Delivery of clear messages to donors and supporters regarding the values and behaviours they can expect. An ethical and diverse fundraising policy whilst following best practice as set out by the Fundraising Regulator. Fundraising practices monitored by the Board.	Ongoing
Risks associated with clinical malpractice	Clinical governance is contracted to South Western Ambulance Service NHS Foundation with indemnities to protect both the charity and the helicopter operator through a Service Level Agreement.	Effective for Service Level Agreement term
Managing the Exchange Rate volatility and exposure to the final cost of the helicopter at the due date.	On going sensitivity analysis and forward purchase of Euro's held in account.	Ongoing
Impact of new data protection/GDPR regulations on fundraising.	Development of appropriate measures and policies overseen by a dedicated GDPR working group, chaired by a Trustee.	Annual review

**CORNWALL AIR AMBULANCE TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

Major Risk	Measures of mitigation taken	Timeline
Helicopter Purchase – Legal Risks associated with Purchase and Maintenance Agreements, Assignments of warranties, Calamity Clauses, Insurance Provisions, Insurance in Transit, Aircraft acceptance processes, Eskrow Agreements, Parent Company Agreements, Mitigation.	Contract Clauses. Trustees advice from specialist professional consultants / legal advisers. Favourable contract terms negotiated to protect the Trust.	Ongoing

PLANS FOR FUTURE PERIODS

● FUTURE DEVELOPMENTS

Governance and Regulatory Compliance

During 2017 the executive team developed a working group to focus on General Data Protection Regulations, and the wider topic of information management and data security. The executive invited the Chairman of the Risk and Audit Committee to chair the working group. The Terms of Reference for the group were associated with developing and updating the Charity policies and procedures for managing information where necessary. The working group outputs were scheduled for delivery in 2018 prior to GDPR and the new data protection law in the UK.

Earlier in this Trustees' Report we explained the Board level decision to invest in the leadership and fundraising team, with the objective of assisting the charity to achieve long term sustainability in its revenue generation. This strategic measure is part of the ongoing Human Resource planning which the Board believes is crucially important to the future, and the Charity achieving its objectives and being able to offer the best possible life saving service to the community over the next 20 years in particular. Some of the costs associated with this programme of recruitment might be viewed as a pre-payment to achieve a step change in fundraising levels in coming years.

It is vitally important that the public appreciate that charities sometimes have to go through periods of carefully planned development and investment, to achieve future income growth, and in turn maintain financial security against increasing organisational and operating costs, but also to enable the Charity to plan and develop further improvements to the service offered to its beneficiaries.

At the moment much of our focus is on medium term outcomes, and the arrival of a new AW169 air ambulance helicopter in April 2020. Everyone who works or volunteers for the Charity is committed to achieving this goal, and the aircrew are equally committed to ensuring the design of the new medical interior is futureproofed, and that they maximise the opportunities to deliver the best pre-hospital emergency skills, equipment and care as possible. Beyond this the Charity is exploring alternative structures for the aviation operations which may become more commonplace in the sector in the future.

The Charity has a rolling programme of trials, which in the past have resulted in permanent adoption of the use of new medical equipment, and extended operating hours including night flying in the winter months. We continue to monitor and evaluate service needs and demands from a growing population, and from Cornwall's Tourism sector which places increased demands on the service across the holiday season.

The Charity has a rolling programme of supplier tenders for procurement of essential services which any professionally run business must have, in addition to reviewing the use of external fundraising agencies.

The Charity is committed to a suite of projects to utilise technology in fundraising, and in operational systems and processes. Keeping up with the pace of change in this area is especially challenging for small local charities which do not benefit from the substantial development budget much larger charities enjoy.

WHY DOES CORNWALL NEED A NEXT GENERATION HELICOPTER?

FASTER
FROM 120 KNOTS TO
145 KNOTS

REACHING
PATIENTS
MORE
QUICKLY AND
REDUCING
TIME TO
THE ISLES
OF SCILLY

**MORE
POWERFUL**
ABILITY TO CARRY MORE
LIFESAVING EQUIPMENT

**MEDICALLY
ADVANCED**

MAKING THE SKILL AND EQUIPMENT OF THE
EMERGENCY DEPARTMENT TO THE PATIENT

4G

4G ENABLING
IN-FLIGHT PATIENT
DATA TRANSFER
TO HOSPITAL

MORE THAN DOUBLE THE FUEL

RANGE

FLY TO MORE PATIENTS BACK TO BACK
WITHOUT STOPPING. SAVING MORE LIVES

**RETRACTABLE
UNDERCARRIAGE**

MEANS LESS DRAG TO FLY MORE FUEL EFFICIENTLY

FUTUREPROOFED

SAVING LIVES FOR THE NEXT
20 YEARS

**MORE
SPACE**

360° PATIENT ACCESS, ENABLING
PARAMEDICS TO TREAT A PATIENT
MORE EFFECTIVELY

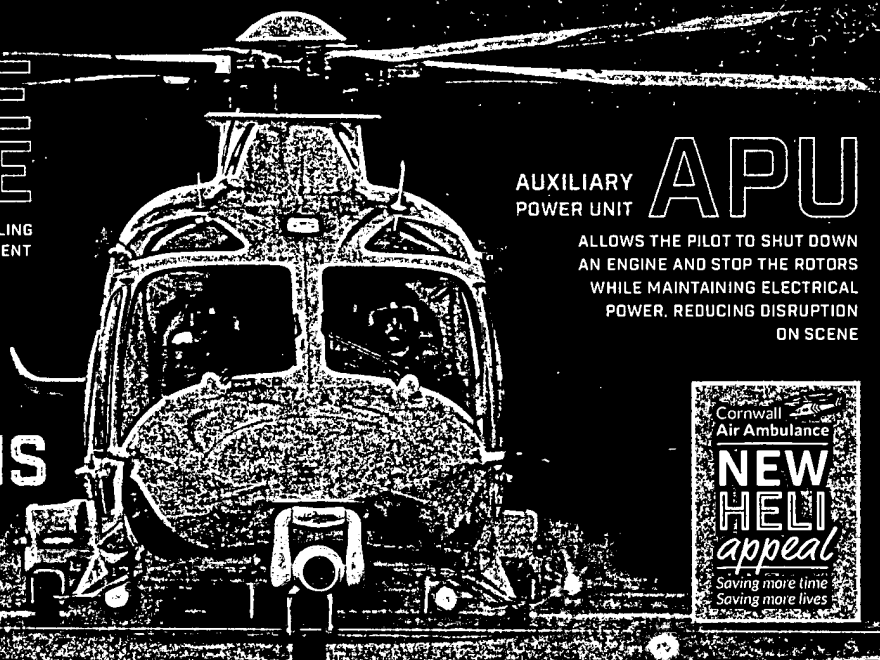
**MORE
MISSIONS**

MORE TIME ONLINE MEANS
THE CREW CAN RESPOND TO
MORE EMERGENCIES

AUXILIARY
POWER UNIT

APU

ALLOWS THE PILOT TO SHUT DOWN
AN ENGINE AND STOP THE ROTORS
WHILE MAINTAINING ELECTRICAL
POWER, REDUCING DISRUPTION
ON SCENE



THE AW169

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

INFORMATION ON FUNDRAISING PRACTICES

The Trust has a professional Fundraiser (PF) relationship with Lottery Fundraising Services (LFS). 2017 was year 4 of a 6 year contract. LFS is bound by regulatory compliance under the Gambling Commission. They work to Lotteries Council and Fundraising Regulator Guidelines, as well as their own documented Fundraising Promise to us and the client.

There has been no failure in the period to comply with the above standards.

We monitor the activities of our fundraiser by carrying out routine mystery shopping of sales canvassers, using independent experts, using their reports to inform training and corrective actions. The charity plays an active role in recruitment, training, including Dementia Awareness training, and ongoing supervision of fundraisers employed to canvass new members to join our Mission Maker Society Lottery. We also hold quarterly compliance meetings with the LFS, to examine any complaints and commercial performance. This includes visiting their premises, and meeting their staff who work on our behalf and in our name and witness the draw taking place.

We have also introduced new technology into the sales canvassing process, to eliminate any risk of fraud or loss of data which may have existed under paper based systems. We carry out very thorough induction with new salesforce, as well as frequent CPD training sessions.

The CEO attended the Lotteries Council Conference, and receives regular updates from the Gambling Commission relating to regulatory changes. The FS and the CEO examine the financial performance of the lottery and measure this against agreed targets, and ensure that the Lottery Returns and Annual Submissions to the Gambling Commission are completed on time.

To protect vulnerable people and other members of the public from inappropriate behaviour the Charity has taken the following steps; trained our fundraising staff to Institute of Fundraising Certificate or Diploma level, put best practices in place to achieve Investing in Volunteers accreditation, set up a working group to ensure communication policies and privacy statements are fit for purpose, manage the contract with the Professional Fundraiser, in particular scrutiny of sales force behaviours through mystery shopping, ensured that individual communication preferences are recorded accurately in the CRM, and adhered to.

In the year the Charity did not carry out any fundraising campaigns. All fundraising is carried out face to face, and in particular the charity did not conduct any telephone or direct mail marketing for this type of fundraising. All fundraising was delivered on the basis of voluntary contributions.

Complaints associated with Society Lottery Fundraising are very rare. In the year the Cornwall Air Ambulance Trust Mission Maker Lottery achieved net growth across the year of 4,082, whilst at the same time the number of complaints received by the Trust and/or LFS was 6.

Society Lotteries are incredibly popular with the general public, who enjoy the opportunity to win a substantial prize whilst at the same time providing regular weekly support to their favourite cause. Cornwall Air Ambulance Trust is committed to canvassing and delivering the Mission Maker lottery to the highest possible standards.

FUNDS HELD AS CUSTODIAN

There are no funds held by the Charity on behalf of another charity or project.

**CORNWALL AIR AMBULANCE TRUST
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**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

OUR KEY STAKEHOLDERS PARTNERS

South West Ambulance Service NHS Foundation Trust

The Cornwall Air Ambulance is part of a fully integrated response to emergencies in Cornwall, facilitated through the South Western Ambulance Service NHS Foundation Trust. The helicopter in Cornwall is deployed on emergency missions from their Emergency Clinical Hub in Exeter, and the Charity meets quarterly with SWASfT and other air ambulance operations in the South West region. The Charity continues to receive, daily, monthly, quarterly and annual reporting, which provides the controls to ensure proper operational use of the aircraft. The ambulance service is contracted through a Service Level Agreement for the provision of Clinical Governance, a team of paramedics dedicated to air ambulance operations, and the clinical governance and oversight of doctors.

Royal Cornwall Hospitals Trust (RCHT)

During 2015 the Charity recruited a small team of doctors to carry out the role of education support physicians for the paramedic aircrew, and this work has continued throughout 2016 and 2017. The Charity is pleased to have formed a new and much closer relationship with RCHT through this recruitment process, and their assistance towards this important education programme.

During 2017 doctors were deployed as part of the clinical team for 63 flying shifts. Doctors deliver approximately 80 hours of clinical training and development programmes for the paramedics, and as a consequence most of the paramedics completed their Level 7 in Critical Care at Plymouth University and now routinely deliver new and more advanced clinical interventions when carrying out their life saving work. The cost of engaging doctors for this programme in 2017 was £77,312.

Association of Air Ambulances (AAA)

Cornwall Air Ambulance Trust is a member of the Association of Air Ambulances (AAA), which is the national trade association, formed to support both air ambulance charities and their partner ambulance service Trusts across the UK. The AAA provides an opportunity for members aspiring to achieve operational excellence and consistency of clinical practice underpinning sound governance, through the sharing of best practice, and continual improvement through collaboration. In 2017 the Chief Executive of the Cornwall Air Ambulance was a Director of the AAA. (In 2018 the CEO of CAAT was appointed as Chair of the Board of the AAA).

The Association of Air Ambulances Charity (AAAC)

During 2014, the Chief Executive of the Cornwall Air Ambulance Trust took part in a short life working group exercise with other members of the AAA, to examine the case to form a national charity. This work culminated in the Association of Air Ambulances Charity (AAAC), established as a receiving charity for national corporate social responsibility and other donations, to be distributed amongst members, which those members are not able to otherwise access at local or regional level. It is most important to note that each individual regional air ambulance charity, including the Cornwall Air Ambulance Trust, remains autonomous and completely responsible for its own fundraising activities working together with the community that each serves.

The Association of Air Ambulances Charity (Registered Charity Number) delivered its third year of activity in 2017. In this year the Cornwall Air Ambulance Trust has received disbursements totalling £15,822. During 2017 the Chief Executive of the Cornwall Air Ambulance Trust was a Director (Trustee) of the AAAC. (In 2018 the CEO stepped down from her role as a Trustee at the point she was appointed as Chair of the AAA).

Other key stakeholder partners include

Bristow (Search and Rescue)

Cornwall Airport Newquay

Cornwall Council

Derriford Hospitals

Kernow Clinical Commissioning Group

Specialist Aviation Services

Wider emergency services partners

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 DECEMBER 2017**

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also directors of Cornwall Air Ambulance Trust for the purposes of company law) are responsible for preparing the Trustees' 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. Under company law the 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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group 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;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable group's auditors are aware of that information.

AUDITORS

The auditors, Bishop Fleming LLP, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

This report was approved by the Trustees, on 4/7/18 and signed on their behalf by:



**Mrs S L Pryce
Chair of Trustees**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNWALL AIR AMBULANCE TRUST

OPINION

We have audited the financial statements of Cornwall Air Ambulance Trust (the 'parent charity') and its subsidiaries (the 'group') for the year ended 31 December 2017 set out on pages 27 to 56. 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 of the parent charitable company's affairs as at 31 December 2017 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

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, 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 those matters we are required to state to them in an Auditors' 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.

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 the 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

OTHER INFORMATION

The Trustees are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNWALL AIR AMBULANCE TRUST

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.

OPINION 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Trustees' 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

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

- the parent Charity has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Charity 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; 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 Trustees' Report and from the requirement to prepare a Group Strategic Report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the Charity 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 the 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.

**CORNWALL AIR AMBULANCE TRUST
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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CORNWALL AIR AMBULANCE TRUST

AUDITORS' 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 Auditors' 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.

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



Alison Oliver FCA (Senior statutory auditor)
for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Chy Nyverow

Newham Road

Truro

Cornwall

TR1 2DP

Date: 12 / 7 / 18

Bishop Fleming LLP are eligible to act as auditors in terms of section 1212 of the Companies Act 2006.

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND
EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds Restated 2016 £
INCOME FROM:					
Donations and legacies	2	3,134,911	-	3,134,911	3,302,711
Charitable activities	3	50,625	2,000	52,625	97,655
Other trading activities	4	1,076,884	-	1,076,884	953,692
Investments	5	59,181	-	59,181	86,527
Other income	7	27,195	-	27,195	63,347
TOTAL INCOME		4,348,796	2,000	4,350,796	4,503,932
EXPENDITURE ON:					
Raising funds:					
Voluntary income	8	1,665,189	10,899	1,676,088	1,627,398
Charitable activities		2,102,761	86,413	2,189,174	1,971,229
TOTAL EXPENDITURE		3,767,950	97,312	3,865,262	3,598,627
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS		580,846	(95,312)	485,534	905,305
Net gains on investments	16	215,673	-	215,673	342,292
NET INCOME / (EXPENDITURE) BEFORE OTHER RECOGNISED GAINS AND LOSSES		796,519	(95,312)	701,207	1,247,597
NET MOVEMENT IN FUNDS		796,519	(95,312)	701,207	1,247,597
RECONCILIATION OF FUNDS:					
Total funds brought forward		7,440,038	1,329,191	8,769,229	7,521,632
TOTAL FUNDS CARRIED FORWARD		8,236,557	1,233,879	9,470,436	8,769,229

The notes on pages 32 to 56 form part of these financial statements.

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07085879**

**CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017**

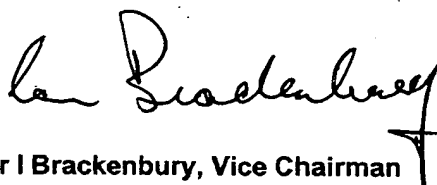
	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Intangible assets	14		107,179		143,927
Tangible assets	15		3,173,636		3,362,411
Investments	16		2,721,991		2,589,061
			<u>6,002,806</u>		<u>6,095,399</u>
CURRENT ASSETS					
Stocks	17	11,848		13,993	
Debtors	18	276,186		414,405	
Investments	19	550,127		550,000	
Cash at bank and in hand		3,182,329		2,306,459	
		<u>4,020,490</u>		<u>3,284,857</u>	
CREDITORS: amounts falling due within one year	20	(552,860)		(611,027)	
NET CURRENT ASSETS			<u>3,467,630</u>		<u>2,673,830</u>
NET ASSETS			<u>9,470,436</u>		<u>8,769,229</u>
CHARITY FUNDS					
Restricted funds	21		1,233,879		1,329,191
Unrestricted funds	21		8,236,557		7,440,038
TOTAL FUNDS			<u>9,470,436</u>		<u>8,769,229</u>

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

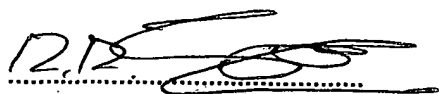
The financial statements were approved and authorised for issue by the Trustees on 4/7/18 and signed on their behalf, by:



Mrs S L Pryce, Chairman



Mr I Brackenbury, Vice Chairman



Mr R Cowie, Trustee

The notes on pages 32 to 56 form part of these financial statements.

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)
REGISTERED NUMBER: 07085879

CHARITY BALANCE SHEET
AS AT 31 DECEMBER 2017

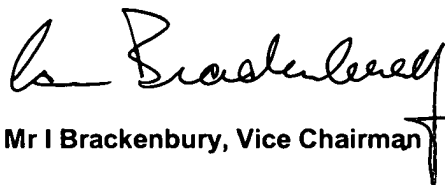
	Note	£	2017 £	£	2016 £
FIXED ASSETS					
Intangible assets	14		107,179		143,927
Tangible assets	15		3,173,636		3,362,411
Investments	16		2,721,992		2,589,062
			<u>6,002,807</u>		<u>6,095,400</u>
CURRENT ASSETS					
Stocks	17	11,848		13,993	
Debtors	18	326,533		402,514	
Investments	19	550,127		550,000	
Cash at bank and in hand		3,125,349		2,306,459	
		<u>4,013,857</u>		<u>3,272,966</u>	
CREDITORS: amounts falling due within one year	20	(546,228)		(598,387)	
NET CURRENT ASSETS			<u>3,467,629</u>		<u>2,674,579</u>
NET ASSETS			<u>9,470,436</u>		<u>8,769,979</u>
CHARITY FUNDS					
Restricted funds			1,233,879		1,329,191
Unrestricted funds			8,236,557		7,440,788
TOTAL FUNDS			<u>9,470,436</u>		<u>8,769,979</u>

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

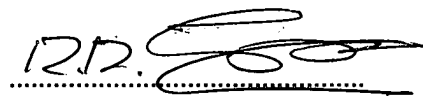
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Mrs S L Pryce, Chairman



Mr I Brackenbury, Vice Chairman



Mr R Cowie, Trustee

The notes on pages 32 to 56 form part of these financial statements.

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	23	<u>770,613</u>	<u>1,456,982</u>
Cash flows from investing activities:			
Interest and rents from investments		59,181	86,527
Proceeds from the sale of tangible fixed assets		3,100	54,050
Purchase of tangible fixed assets		(39,640)	(349,854)
Proceeds from sale of investments		2,709,881	1,071,204
Purchase of investments		<u>(2,627,138)</u>	<u>(1,058,875)</u>
Net cash provided by/(used in) investing activities		<u>105,384</u>	<u>(196,948)</u>
Change in cash and cash equivalents in the year		875,997	1,260,034
Cash and cash equivalents brought forward		<u>2,856,459</u>	<u>1,596,425</u>
Cash and cash equivalents carried forward	24	<u><u>3,732,456</u></u>	<u><u>2,856,459</u></u>

The notes on pages 32 to 56 form part of these financial statements.

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**CHARITY CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Note	2017 £	2016 £
Cash flows from operating activities			
Net cash provided by operating activities	23	<u>713,633</u>	<u>1,456,982</u>
Cash flows from investing activities:			
Dividends, interest and rents from investments		59,181	86,527
Proceeds from the sale of tangible fixed assets		3,100	54,050
Purchase of tangible fixed assets		(39,640)	(349,854)
Proceeds from sale of investments		2,709,881	1,071,204
Purchase of investments		(2,627,138)	(1,058,875)
Net cash provided by/(used in) investing activities		<u>105,384</u>	<u>(196,948)</u>
Change in cash and cash equivalents in the year		819,017	1,260,034
Cash and cash equivalents brought forward		<u>2,856,459</u>	<u>1,596,425</u>
Cash and cash equivalents carried forward	24	<u><u>3,675,476</u></u>	<u><u>2,856,459</u></u>

The notes on pages 32 to 56 form part of these financial statements.

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES

1.1 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) (effective 1 January 2015) - (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 have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

Cornwall Air Ambulance Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the Charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis. This being the first year of consolidation, the comparative figures shown on the SOFA have been restated as a result of the consolidation.

No separate SOFA has been presented for the Charity alone as permitted by section 408 of the Companies Act 2006.

1.2 COMPANY STATUS

The Charity is a company limited by guarantee incorporated in England. The members of the company are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

1.3 GOING CONCERN

In common with many charities operating in the current economic climate Cornwall Air Ambulance is subject to potential fluctuations in income generation streams. Consequently, the fundraising team is focused on building long term relationships with the Cornish community and the donor base. The breadth of income generation across legacies, fundraising events, individual and community donations, retail shops, and the lottery provides a strong basis for the future. The Trustees are not aware of any reason why they should not continue to adopt the going concern basis of accounting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (continued)

1.4 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Trustees have concluded that the only significant judgement and critical accounting estimate and assumptions is the recognition of legacy income as detailed below:

Critical areas of judgement: Legacy Income

The Charity recognises income in line with accounting policy 1.5. The Charity recognises it must apply judgement to all but the simplest of legacies that it is notified of, to determine whether or not the recognition criteria for income have been met on a case by case basis. Issues such as complicated estate administration, delays in clearance from HM Revenue & Customs and uncertain valuation (where the Charity has been bequeathed shares or property for instance) are considered when determining what legacies are recognised and at what value they are recognised in the accounts as accrued income.

1.5 INCOME

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity, or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Gifts in kind donated for distribution are included at valuation and recognised as income when they are distributed to the projects. Gifts donated for resale are included as income when they are sold. Donated facilities are included at the value to the Charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers. Further details can be found in the Trustees Annual Report.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income generated by the subsidiary is recognised in respect of goods and services supplied during the year, exclusive of trade discounts and Value Added Tax.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (continued)

1.6 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll and governance costs which support the charity's activities. These costs have been allocated between costs of raising funds and expenditure on charitable activities. The basis on which support costs have been allocated are set out in the notes to the accounts.

Costs of generating funds are costs incurred in generating voluntary income, trading income and investment income.

Charitable activities and Governance costs are costs incurred on the provision of the air ambulance service, including support costs and costs relating to the governance of the Charity apportioned to charitable activities.

Termination benefits are recognised immediately as an expenses when the Charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.7 BASIS OF CONSOLIDATION

The financial statements consolidate the accounts of Cornwall Air Ambulance Trust and all of its subsidiary undertakings ('subsidiaries').

The Charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and expenditure account.

1.8 INTANGIBLE FIXED ASSETS AND AMORTISATION

Intangible assets are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following basis:

Lottery goodwill & database	-	over 6 years
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (continued)

1.9 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £500 are capitalised.

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 Consolidated statement of financial activities incorporating the Income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following basis:

Freehold land	-	no depreciation is charged
Operations facility	-	over 50 years
Short leasehold improvements	-	over 10 years
Motor vehicles	-	25% per annum on the reducing balance method
Shop fixtures and fittings	-	over 3 years
Equipment (including Aircraft specialist equipment)	-	over 3 or 5 years as appropriate

1.10 INVESTMENTS

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Consolidated statement of financial activities incorporating the Income and expenditure account.

- (i) Subsidiary undertakings
Investments in subsidiaries are valued at cost less provision for impairment.

1.11 INTEREST RECEIVABLE

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the Bank.

1.12 OPERATING LEASES

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.13 STOCKS

Stocks consist of purchased goods for resale. Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

1.14 DEBTORS

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (continued)

1.15 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Other short term deposits are current asset investments that are readily convertible into cash at or close to their carrying amount. These are included as liquid resources in the cash flow statement.

1.16 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.17 FINANCIAL INSTRUMENTS

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.18 FOREIGN CURRENCIES

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Consolidated statement of financial activities incorporating the Income and expenditure account.

1.19 PENSIONS

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Charity to the fund in respect of the year.

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

1. ACCOUNTING POLICIES (continued)

1.20 FUND ACCOUNTING

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.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.21 TAXATION

The charity is exempt from tax on income and gains falling within section 478, 486 and 488 CTA 2010 and s256 TCGA 1992 to the extent that these are applied to its charitable objects. There was no UK Corporation Tax payable by Cornwall Air Ambulance Trust in 2017 or 2016.

2. INCOME FROM DONATIONS AND LEGACIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Donations & fundraising	947,155	-	947,155	821,107
Grants	45,798	-	45,798	26,588
Legacies	946,780	-	946,780	1,454,297
Lottery donations	1,195,178	-	1,195,178	1,000,719
	<u>3,134,911</u>	<u>-</u>	<u>3,134,911</u>	<u>3,302,711</u>
Total donations and legacies	<u>3,134,911</u>	<u>-</u>	<u>3,134,911</u>	<u>3,302,711</u>
Total 2016	<u>3,302,711</u>	<u>-</u>	<u>3,302,711</u>	

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Provision of air ambulance	50,625	2,000	52,625	97,655
	<u>50,625</u>	<u>2,000</u>	<u>52,625</u>	<u>97,655</u>
Total 2016	<u>81,000</u>	<u>16,655</u>	<u>97,655</u>	

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

4. FUNDRAISING INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Charity shop sales & other income	1,002,366	-	1,002,366	953,692
Income generated by subsidiary	74,518	-	74,518	-
	<u>1,076,884</u>	<u>-</u>	<u>1,076,884</u>	<u>953,692</u>
Total 2016	<u>953,692</u>	<u>-</u>	<u>953,692</u>	

5. INVESTMENT INCOME

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	59,181	-	59,181	86,527
Total 2016	<u>86,527</u>	<u>-</u>	<u>86,527</u>	

6. Analysis of expenditure

	Activities undertaken directly £	Support costs £	Total 2017 £	Total 2016 £
Cost of raising funds				
Donations, fundraising & events	-	436,613	436,613	720,293
Legacies	-	24,695	24,695	7,876
Lottery management & development costs	-	511,677	511,677	359,059
Retail expenses & purchases for resale	-	671,488	671,488	525,196
Investment management costs	-	8,194	8,194	14,224
Expenditure incurred by subsidiary	-	23,421	23,421	750
Sub total	<u>-</u>	<u>1,676,088</u>	<u>1,676,088</u>	<u>1,627,398</u>
Charitable activities				
Provision of air ambulance	1,833,106	356,068	2,189,174	1,971,229
Total	<u>1,833,106</u>	<u>2,032,156</u>	<u>3,865,262</u>	<u>3,598,627</u>

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

7. OTHER INCOMING RESOURCES

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Exchange rate movements	27,195	-	27,195	63,347
	<u>27,195</u>	<u>-</u>	<u>27,195</u>	<u>63,347</u>
Total 2016	63,347	-	63,347	
	<u>63,347</u>	<u>-</u>	<u>63,347</u>	

8. COSTS OF RAISING FUNDS

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £	Total funds Restated 2016 £
Donations, fundraising & events	433,679	2,934	436,613	720,293
Legacies	23,410	1,285	24,695	7,876
Lottery management & development costs	510,392	1,285	511,677	359,059
Retail expenses & purchases for resale	666,093	5,395	671,488	525,196
Investment management costs	8,194	-	8,194	14,224
Expenditure incurred by subsidiary	23,421	-	23,421	750
	<u>1,665,189</u>	<u>10,899</u>	<u>1,676,088</u>	<u>1,627,398</u>
Total 2016	1,619,690	7,708	1,627,398	
	<u>1,619,690</u>	<u>7,708</u>	<u>1,627,398</u>	

9. DIRECT COSTS

	Provision of air ambulance £	Total 2017 £	Total 2016 £
Helicopter costs	1,833,106	1,833,106	1,836,934
	<u>1,833,106</u>	<u>1,833,106</u>	<u>1,836,934</u>
Total 2016	1,836,934	1,836,934	
	<u>1,836,934</u>	<u>1,836,934</u>	

CORNWALL AIR AMBULANCE TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

10. Support costs

	Charitable activities	Donations, fundraising & events	Legacies	Lottery manage- ment & develop- ment costs	Retail expenses & purchases for resale	Investment manage- ment costs	Trading subsidiary £	2017 £	2016 £
	£	£	£	£	£	£		£	£
Wages & Salaries	178,873	191,717	16,204	16,284	353,868	-	-	756,946	551,953
Lottery management company costs	-	-	-	375,335	-	-	-	375,335	273,584
Lottery development & running costs	-	-	-	77,774	-	-	-	77,774	78,190
Charity shop premises costs	-	-	-	-	178,229	-	-	178,229	167,674
Investment management costs	-	-	-	-	-	8,194	-	8,194	14,224
Other support costs	177,195	244,896	8,491	42,284	139,391	-	23,421	635,678	541,773
Total	356,068	436,613	24,695	511,677	671,488	8,194	23,421	2,032,156	1,627,398

Support costs have been allocated based on the proportion of time spent on the different activities by staff.

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

11. NET INCOME/(EXPENDITURE)

This is stated after charging:

	2017	2016
	£	£
Amortisation of intangible fixed assets	36,748	36,747
Depreciation of tangible fixed assets:		
- owned by the charitable group	237,204	278,298
Loss / (Gain) on disposal of tangible fixed assets	111	(15,089)
Foreign exchange rate gains	27,195	63,346
Operating lease rentals	126,571	103,295
	<u> </u>	<u> </u>

During the year, no Trustees received any remuneration (2016: £NIL).

During the year, no Trustees received any benefits in kind (2016: £NIL).

During the year, one Trustee (2016: two) received reimbursement of expenses totalling £86 (2016: £934).

12. AUDITORS' REMUNERATION

The Auditors' remuneration amounts to an audit fee in respect of the charity's annual accounts of £6,500 (2016 - £6,500), and fees in respect of other services of £10,920 (2016 - £8,460) and is included within other support costs in the support cost note. Audit fees in respect of auditing the accounts of the subsidiary of the charity amounted to £1,050 (2016: £750).

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

13. STAFF COSTS

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	690,466	601,890
Social security costs	54,103	49,331
Other pension costs	12,377	6,132
	<u>756,946</u>	<u>657,353</u>

Included within wages and salaries are termination payments totalling £6,435.

The average number of persons employed by the Charity during the year was as follows:

2017 No.	2016 No.
34	28

Average headcount expressed as a full time equivalent:

	2017 No.	2016 No.
Administration	8	8
Fundraising	8	5
Volunteer department	1	1
Charity shops	14	14
	<u>31</u>	<u>28</u>

The number of higher paid employees was:

	2017 No.	2016 No.
In the band £60,001 - £70,000	1	1

The Trust considered its key management personnel in the year to comprise the Trustees, the Chief Executive Officer, the Head of Income Generation and the Finance Director and Operations Director.

The total employment benefits including employer pension contributions of the key management personnel were £188,788 (2016: 157,973).

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

14. INTANGIBLE FIXED ASSETS

	Lottery goodwill & database £
GROUP AND CHARITY	
COST	
At 1 January 2017 and 31 December 2017	220,483
AMORTISATION	
At 1 January 2017	76,556
Charge for the year	36,748
At 31 December 2017	113,304
CARRYING AMOUNT	
At 31 December 2017	107,179
At 31 December 2016	143,927

CORNWALL AIR AMBULANCE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

15. TANGIBLE FIXED ASSETS

	Operations Facility £	Short Leasehold Improve- ments £	Motor Vehicles £
GROUP AND CHARITY			
COST			
At 1 January 2017	3,211,113	8,923	144,039
Additions	2,094	2,950	23,250
Disposals	-	-	(25,025)
At 31 December 2017	3,213,207	11,873	142,264
DEPRECIATION			
At 1 January 2017	360,935	5,501	77,936
Charge for the year	38,959	1,347	19,719
On disposals	-	-	(21,814)
At 31 December 2017	399,894	6,848	75,841
NET BOOK VALUE			
At 31 December 2017	2,813,313	5,025	66,423
At 31 December 2016	2,850,178	3,422	66,103
	Shop Fixtures & Fittings £	Equipment £	Total £
GROUP AND CHARITY			
COST			
At 1 January 2017	84,239	832,009	4,280,323
Additions	881	22,465	51,640
Disposals	(8,041)	(27,050)	(60,116)
At 31 December 2017	77,079	827,424	4,271,847
DEPRECIATION			
At 1 January 2017	75,282	398,258	917,912
Charge for the year	9,205	167,974	237,204
On disposals	(8,041)	(27,050)	(56,905)
At 31 December 2017	76,446	539,182	1,098,211
NET BOOK VALUE			
At 31 December 2017	633	288,242	3,173,636
At 31 December 2016	8,957	433,751	3,362,411

Included in land and buildings is freehold land at cost of £268,540 (2016 - £268,540) which is not depreciated.

CORNWALL AIR AMBULANCE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16. FIXED ASSET INVESTMENTS

GROUP	Investments £
MARKET VALUE	
At 1 January 2017	2,589,061
Additions	2,627,138
Disposals	(2,709,881)
Revaluations	215,673
	<u>2,721,991</u>
At 31 December 2017	<u>2,721,991</u>
HISTORICAL COST	<u>2,522,033</u>

GROUP MATERIAL INVESTMENTS

	31 December 2017 £	31 December 2016 £
JP Morgan American Investment	135,404	-
HSBC Global Investment Funds Global Emerging Markets	-	166,417
HSBC Investment Funds American Index	-	306,514
HSBC FTSE All Share Index Fund	-	296,367
HSBC Investment Funds Japan Index	-	166,123
ISHARES MSCI Pacific ex Japan	-	131,037
HSBC FTSE All World Index	-	230,877
	<u>135,404</u>	<u>1,297,335</u>

For the purposes of the above note, only investments above £100,000 have been considered material for disclosure.

CORNWALL AIR AMBULANCE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

16. FIXED ASSET INVESTMENTS (continued)

	Investments £	Sub total carried forward £	
CHARITY			
MARKET VALUE			
At 1 January 2017	2,589,061	2,589,061	
Additions	2,627,138	2,627,138	
Disposals	(2,709,881)	(2,709,881)	
Revaluations	215,673	215,673	
	<hr/>	<hr/>	
At 31 December 2017	2,721,991	2,721,991	
	<hr/> <hr/>	<hr/> <hr/>	
HISTORICAL COST	2,522,033	2,522,033	
	<hr/> <hr/>	<hr/> <hr/>	
	Sub total brought forward £	Shares in group undertakings £	
CHARITY			
MARKET VALUE			
At 1 January 2017	2,589,061	1	2,589,062
Additions	2,627,138	-	2,627,138
Disposals	(2,709,881)	-	(2,709,881)
Revaluations	215,673	-	215,673
	<hr/>	<hr/>	<hr/>
At 31 December 2017	2,721,991	1	2,721,992
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
HISTORICAL COST	2,522,033	1	2,522,034
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Cornwall Air Ambulance Trust owns 100% of the share capital of CAAT Trading Limited, a company registered in England and Wales (Company No. 10227352). The principal activity of CAAT Trading Limited is to enter into commercial arrangement to raise funds for its parent charity.

CORNWALL AIR AMBULANCE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

INVESTMENTS AT MARKET VALUE COMPRISE:

	2017 £	2016 £
UK Investments		
UK listed equity investments	989,622	931,492
UK fixed interest	163,454	-
UK property fund	159,250	103,880
Total UK Investments	<u>1,312,326</u>	<u>1,035,372</u>
Overseas Investments		
Overseas listed equity investments	1,017,470	1,200,660
Overseas fixed interest	139,348	341,047
Alternative overseas investments	252,847	11,982
Total overseas investments	<u>1,409,665</u>	<u>1,553,689</u>
Total investments at 31 December 2017	<u><u>2,721,991</u></u>	<u><u>2,589,061</u></u>

Summary statement of comprehensive income for the year ended 31 December 2017

	2017 £	2016 £
CAAT Trading Limited		
Turnover	74,518	-
Gross Profit	<u>74,518</u>	
Administrative expenses	(23,421)	(750)
Operating profit/(loss)	<u>51,097</u>	(750)
Profit/(loss) after tax	51,097	(750)
Retained earnings at the beginning of the year	(750)	-
Donation to Cornwall Air Ambulance Trust	(50,347)	-
Retained earnings at the end of the year	<u><u>-</u></u>	<u><u>(750)</u></u>

Statement of financial position as at 31 December 2017

	2017 £	2016 £
Current assets	56,980	11,891
Creditors: amounts falling due within one year	(56,979)	(12,640)
Net assets/(liabilities)	<u><u>1</u></u>	<u><u>(749)</u></u>

CORNWALL AIR AMBULANCE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Capital and reserves

	2017 £	2016 £
Called up share capital	1	1
Profit and loss account	-	(750)
Total	<u>1</u>	<u>(749)</u>

17. STOCKS

	GROUP		CHARITY	
	2017 £	2016 £	2017 £	2016 £
Finished goods and goods for resale	<u>11,848</u>	<u>13,993</u>	<u>11,848</u>	<u>13,993</u>

18. DEBTORS

	GROUP		CHARITY	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	725	18,428	725	6,538
Amounts owed by group undertakings	-	-	50,347	-
Other debtors	18,552	23,742	18,552	23,741
Prepayments and accrued income	256,909	372,235	256,909	372,235
	<u>276,186</u>	<u>414,405</u>	<u>326,533</u>	<u>402,514</u>

19. CURRENT ASSET INVESTMENTS

	GROUP		CHARITY	
	2017 £	2016 £	2017 £	2016 £
Unlisted investments (liquid)	<u>550,127</u>	<u>550,000</u>	<u>550,127</u>	<u>550,000</u>

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

20. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	GROUP		CHARITY	
	2017	2016	2017	2016
	£	£	£	£
Payments received on account	158,065	148,467	158,065	148,467
Trade creditors	245,107	173,506	245,107	173,506
Other taxation and social security	16,913	13,711	16,913	13,711
Other creditors	2,982	1,034	2,982	1,034
Accruals and deferred income	129,793	274,309	123,161	261,669
	552,860	611,027	546,228	598,387

21. STATEMENT OF FUNDS

STATEMENT OF FUNDS - CURRENT YEAR

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2017 £
DESIGNATED FUNDS						
Break clause contingency fund	276,935	-	-	(92,311)	-	184,624
Helicopter replacement fund	2,474,000	-	-	1,012,000	-	3,486,000
	2,750,935	-	-	919,689	-	3,670,624
GENERAL FUNDS						
General funds	4,689,103	4,348,796	(3,767,950)	(919,689)	215,673	4,565,933
Total Unrestricted funds	7,440,038	4,348,796	(3,767,950)	-	215,673	8,236,557

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

21. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

SWRDA-ERDF grant	898,281	-	(20,890)	-	-	877,391
Mannequin appeal	975	-	(450)	-	-	525
Night flying technology	147,226	-	(50,200)	-	-	97,026
Heart monitor appeal	17,031	-	(14,634)	-	-	2,397
Capnograph appeal	822	-	(426)	-	-	396
Chest compression appeal	4,241	-	(1,542)	-	-	2,699
Big Lottery Awards for All	4,543	-	(1,878)	-	-	2,665
Flying suits appeal	1,570	-	(1,570)	-	-	-
Laryngoscope appeal	2,546	-	(921)	-	-	1,625
Annexe	235,301	-	(4,801)	-	-	230,500
Portable ultrasound	14,800	-	-	-	-	14,800
Chest compression system	1,855	-	-	-	-	1,855
Flying suits	-	2,000	-	-	-	2,000
	<u>1,329,191</u>	<u>2,000</u>	<u>(97,312)</u>	<u>-</u>	<u>-</u>	<u>1,233,879</u>
Total of funds	<u>8,769,229</u>	<u>4,350,796</u>	<u>(3,865,262)</u>	<u>-</u>	<u>215,673</u>	<u>9,470,436</u>

STATEMENT OF FUNDS - PRIOR YEAR

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2016 £
DESIGNATED FUNDS						
Break clause contingency fund	453,000	-	-	(176,065)	-	276,935
Helicopter replacement fund	1,054,000	-	-	1,420,000	-	2,474,000
	<u>1,507,000</u>	<u>-</u>	<u>-</u>	<u>1,243,935</u>	<u>-</u>	<u>2,750,935</u>
GENERAL FUNDS						
General funds	4,605,307	4,487,277	(3,501,838)	(1,243,935)	342,292	4,689,103
	<u>4,605,307</u>	<u>4,487,277</u>	<u>(3,501,838)</u>	<u>(1,243,935)</u>	<u>342,292</u>	<u>4,689,103</u>
Total Unrestricted funds	<u>6,112,307</u>	<u>4,487,277</u>	<u>(3,501,838)</u>	<u>-</u>	<u>342,292</u>	<u>7,440,038</u>

CORNWALL AIR AMBULANCE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

21. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS

SWRDA-ERDF grant	919,171	-	(20,890)	-	-	898,281
Mannequin appeal	1,425	-	(450)	-	-	975
Night flying technology	197,426	-	(50,200)	-	-	147,226
Heart monitor appeal	31,098	-	(14,067)	-	-	17,031
Capnograph appeal	1,162	-	(340)	-	-	822
Chest compression appeal	5,783	-	(1,542)	-	-	4,241
Big Lottery Awards for All	6,421	-	(1,878)	-	-	4,543
Flying suits appeal	3,270	-	(1,700)	-	-	1,570
Laryngoscope appeal	3,467	-	(921)	-	-	2,546
Annexe	240,102	-	(4,801)	-	-	235,301
Portable ultrasound	-	14,800	-	-	-	14,800
Chest compression system	-	1,855	-	-	-	1,855
	<u>1,409,325</u>	<u>16,655</u>	<u>(96,789)</u>	<u>-</u>	<u>-</u>	<u>1,329,191</u>
Total of funds	<u>7,521,632</u>	<u>4,503,932</u>	<u>(3,598,627)</u>	<u>-</u>	<u>342,292</u>	<u>8,769,229</u>

Restricted funds

The SWRDA-ERDF grant represents money given by South West Regional Development Agency towards the cost of construction of the new operations facility and head office.

The Mannequin appeal represents monies given towards the cost of a mannequin.

The Night flying technology fund represents monies given towards the cost of night flying technology equipment.

The Heart monitor appeal represents monies given towards the cost of two heart monitors for the helicopters.

The Capnograph appeal represents grants given towards the cost of a capnograph.

The Chest compression appeals represent monies given towards the cost of chest compression equipment.

The Big Lottery for All fund represents a grant given by the Big Lottery Fund (which is funded by the National Lottery) towards the cost of a chest compression system.

The Flying suits appeal represents a grant given towards the cost of the flying suits for the paramedics.

The Laryngoscope appeal represents monies given towards the cost of the laryngoscope which was purchased in 2015.

The annexe fund represents monies received from HM Treasury from LIBOR bank fines. The money was given to build an annexe to develop the airbase facilities.

The portable ultrasound fund represents monies given towards the cost of portable ultrasound equipment.

CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Designated funds

Break clause contingency fund

The Charity entered into a contract with Medical Air Services Ltd (MAS) in 2014 for the provision of an air ambulance helicopter and standby unit. The contract has an initial term of five years with an option to extend the term for a further two years. The contract includes a break clause which requires payment to be made by the Charity in the event of terminating the contract before the end of the initial term. The value of the break clause is phased down over the life of the contract and the balance of £184,624 represents the balance payable as at 31 December 2017.

Helicopter replacement fund

A designated fund has been established by the trustees to hold funds for the replacement of the helicopter when the current contract comes to an end in 2019. In addition to considering another full service contract, the trustees also wish to explore the option of the Charity purchasing the next helicopter. In preparation for this, surplus funds in excess of the minimum free reserves required by the Charity's Reserves Policy have been transferred to this designated fund accordingly. The balance in the Helicopter Replacement Fund at 31 December 2017 was £3,486,000 after making a further additional transfer during the year from General Reserves of £1,012,000.

In November 2016, the charity received an offer of LIBOR grant funding in the sum of £1m which has yet to be formalised or drawn down. When received, this award will be held in a restricted fund to meet the cost of providing a replacement aircraft when the current helicopter service contract ends in December 2019.

SUMMARY OF FUNDS - CURRENT YEAR

	Balance at 1 January 2017 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2017 £
Designated funds	2,750,935	-	-	919,689	-	3,670,624
General funds	4,689,103	4,348,796	(3,767,950)	(919,689)	215,673	4,565,933
	<u>7,440,038</u>	<u>4,348,796</u>	<u>(3,767,950)</u>	<u>-</u>	<u>215,673</u>	<u>8,236,557</u>
Restricted funds	1,329,191	2,000	(97,312)	-	-	1,233,879
	<u>8,769,229</u>	<u>4,350,796</u>	<u>(3,865,262)</u>	<u>-</u>	<u>215,673</u>	<u>9,470,436</u>

CORNWALL AIR AMBULANCE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

21. STATEMENT OF FUNDS (continued)

SUMMARY OF FUNDS - PRIOR YEAR

	Balance at 1 January 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 December 2016 £
Designated funds	1,507,000	-	-	1,243,935	-	2,750,935
General funds	4,605,307	4,487,277	(3,501,838)	(1,243,935)	342,292	4,689,103
	<u>6,112,307</u>	<u>4,487,277</u>	<u>(3,501,838)</u>	<u>-</u>	<u>342,292</u>	<u>7,440,038</u>
Restricted funds	1,409,325	16,655	(96,789)	-	-	1,329,191
	<u>7,521,632</u>	<u>4,503,932</u>	<u>(3,598,627)</u>	<u>-</u>	<u>342,292</u>	<u>8,769,229</u>

22. ANALYSIS OF NET ASSETS BETWEEN FUNDS

ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR

	Unrestricted funds 2017 £	Restricted funds 2017 £	Total funds 2017 £
Intangible fixed assets	107,179	-	107,179
Tangible fixed assets	1,958,412	1,215,224	3,173,636
Fixed asset investments	2,721,991	-	2,721,991
Current assets	4,001,835	18,655	4,020,490
Creditors due within one year	(552,860)	-	(552,860)
	<u>8,236,557</u>	<u>1,233,879</u>	<u>9,470,436</u>

ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £
Intangible fixed assets	143,927	-	143,927
Tangible fixed assets	2,049,875	1,312,536	3,362,411
Trade investments	2,589,061	-	2,589,061
Current assets	3,268,202	16,655	3,284,857
Creditors due within one year	(611,027)	-	(611,027)
	<u>7,440,038</u>	<u>1,329,191</u>	<u>8,769,229</u>

CORNWALL AIR AMBULANCE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

23. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	GROUP		CHARITY	
	2017	2016	2017	2016
	£	£	£	£
Net income for the year (as per Statement of Financial Activities)	701,207	1,247,597	700,457	1,248,347
Adjustment for:				
Depreciation charges	237,204	278,298	237,204	278,298
Gains on investments	(215,673)	(342,292)	(215,673)	(342,292)
Interest and rents from investments	(59,181)	(86,527)	(59,181)	(86,527)
Loss/(Profit) on the sale of fixed assets	111	(15,089)	111	(15,089)
Decrease/(increase) in stocks	2,145	(9,383)	2,145	(9,383)
Decrease in debtors	138,219	259,603	75,981	271,494
(Decrease)/increase in creditors	(58,167)	88,028	(52,159)	75,387
Amortisation of intangible assets	36,748	36,747	36,748	36,747
Donated fixed assets	(12,000)	-	(12,000)	-
Net cash provided by operating activities	770,613	1,456,982	713,633	1,456,982

24. ANALYSIS OF CASH AND CASH EQUIVALENTS

	GROUP		CHARITY	
	2017	2016	2017	2016
	£	£	£	£
Cash at bank and in hand	3,182,329	2,306,459	3,125,349	2,306,459
Bank term deposits	550,127	550,000	550,127	550,000
Total	3,732,456	2,856,459	3,675,476	2,856,459

25. CONTINGENT ASSETS

At the year end the Charity had been notified of additional legacies not recognised in the accounts totalling £258,466 (2016: £253,087).

As at 31 December 2017, the Charity had an interest in 7 estates that are subject to a life interest (2016: 7).

26. PENSION COSTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £12,377 (2016: £6,132). Contributions totalling £2,847 (2016: £1,034) were payable to the fund at the balance sheet date and are included in other creditors.

CORNWALL AIR AMBULANCE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

27. OPERATING LEASE COMMITMENTS

At 31 December 2017 the total of the group's future minimum lease payments under non-cancellable operating leases was:

	2017 £	2016 £
GROUP AND CHARITY		
AMOUNTS PAYABLE:		
Within 1 year	124,570	126,570
Between 1 and 5 years	170,708	263,445
After more than 5 years	14,500	29,000
	<u>309,778</u>	<u>419,015</u>
Total	<u><u>309,778</u></u>	<u><u>419,015</u></u>

28. OTHER FINANCIAL COMMITMENTS

The Charity has a financial commitment under a contract for the provision of helicopter services from Specialist Aviation Services Limited which commenced in 2014 for an initial term of 5 years. The minimum amount payable during the next 12 months under the term of this contract is £1,176,355.

29. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

**CORNWALL AIR AMBULANCE TRUST
(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

30. RELATED PARTY TRANSACTIONS

During the year the Charity received donations of £6,617 (2016: £9,230) from First Air Ambulance Service Trust, a Trust controlled by the same Trustees. At the year end, a balance of £960 was receivable from First Air Ambulance Service Trust (2016: £844 receivable).

31. POST BALANCE SHEET EVENTS

Since the year end the Charity committed to purchasing a new Air Ambulance at a total expected cost of £7,343,400. The Charity does not expect to take delivery of the asset until 2019/2020.

Since the year end the Charity has also entered into a financial commitment under a contract for the provision of helicopter services from Specialist Aviation Services Limited which is due to commence once the Charity has taken delivery of the new Air Ambulance for a term of 10 years. The annual commitment taken on in respect of this contract £688,104.