CareFlight Limited
(a company limited by guarantee)

ACN 003 093 445

ANNUAL FINANCIAL REPORT
30 APRIL 2013

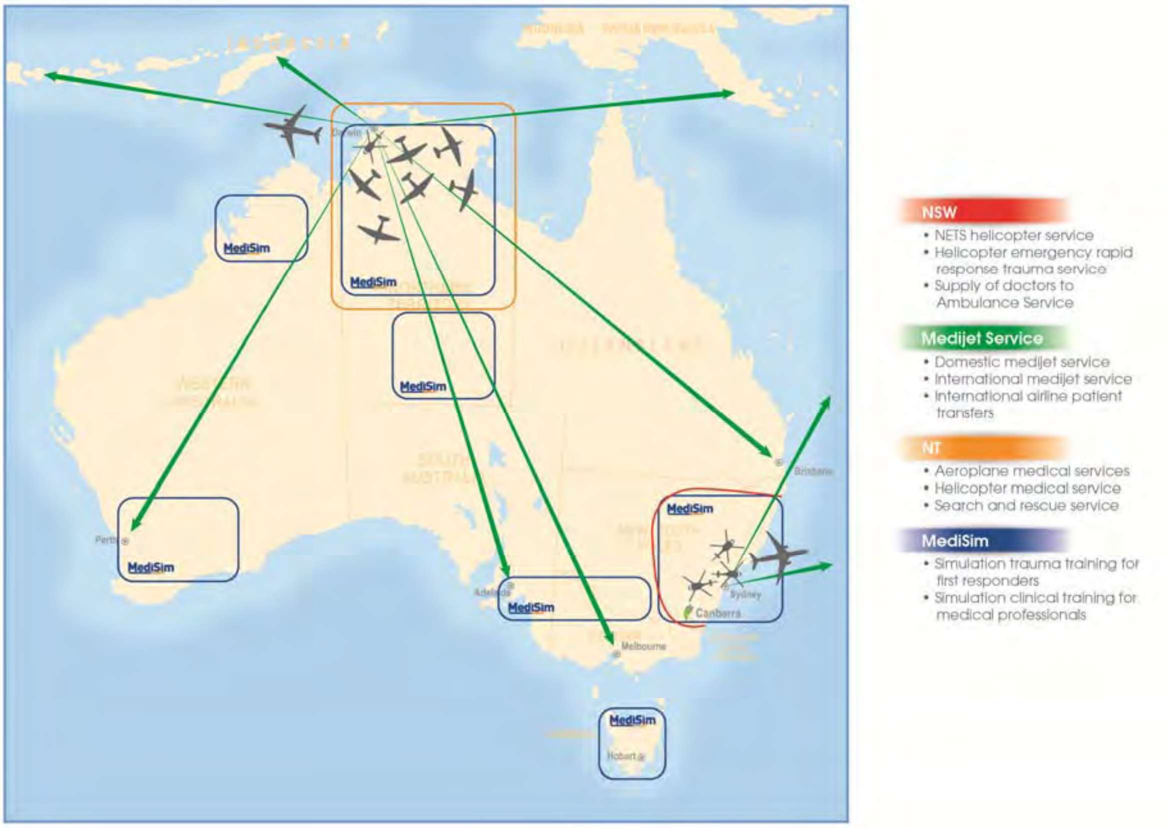
CareFlight Limited
4-6 Barden Street
Northmead NSW 2152

CAREFLIGHT LIMITED DIRECTORS' REPORT

The directors present their report together with the financial report of CareFlight Limited ("CareFlight") and of the Group, being CareFlight and its subsidiary, for the financial year ended 30 April 2013 and the Auditor's report thereon.

1. Scale of operations

CareFlight is today a complex charitable organisation. We provide a range of aero-medical and related services to communities right across Australia and beyond our shores. The nature and diversity of those services are illustrated in the diagram below.



All of these services are delivered as part of, or in support of, CareFlight's mission to *"save lives, speed recovery and serve the community by providing the highest standard of rapid response critical care"*.

But even as our organisation grows in scale and capability, we need to constantly assess our social impact:

- What difference does CareFlight make to the communities we serve?
- Are we improving the lives and life prospects of our patients?
- Are we doing it as well as it can possibly be done, within the constraints of our role and resources?
- Are we meeting or exceeding current best practice benchmarks?

2. Social Impact

Social impact can be defined as:

"The ***effect*** of an ***activity*** on the social fabric of the ***community*** and well being of the ***individuals*** and ***families***"

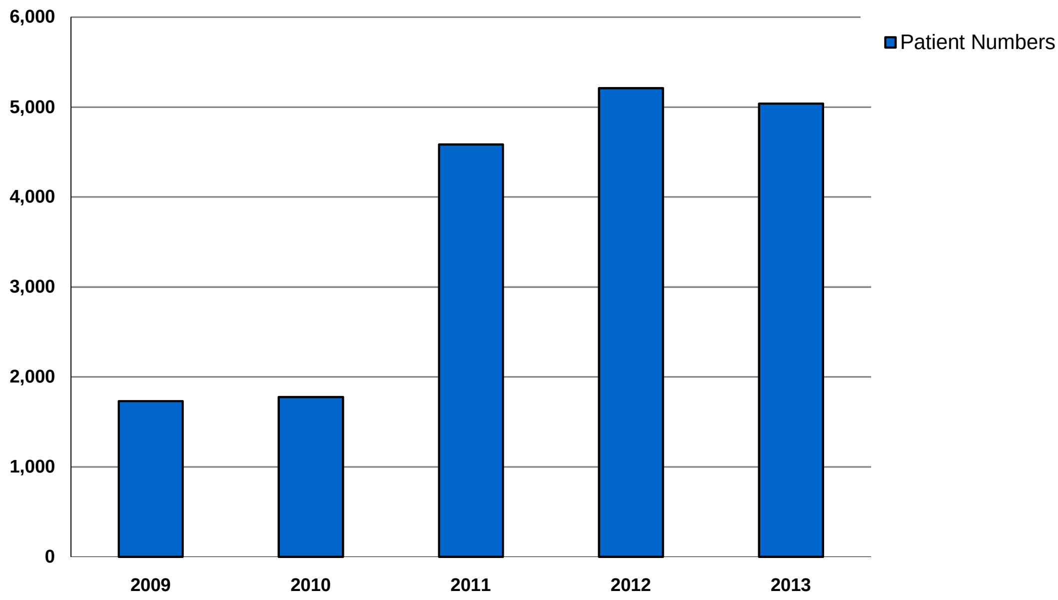
Rarely, if ever, does one find a single objective measure of social impact in a not-for-profit sector organisation. Unlike the commercial sector, the not-for-profit sector does not have definitive and generally understood measures which can be mathematically calculated and reported to stakeholders, such as Total Shareholder Return and Return on Equity. Instead, not-for-profit organisations tend to look for ***indicators*** of social impact. In the aero-medical sector, we believe that the best indicators are:

- Number of patients treated and/or transported
- Time to reach patients
- Quality of care given to patients

So what do those indicators suggest about CareFlight's social impact?

Patient Numbers

Patient numbers over the last five years are shown in the chart below.



Clearly, on the patient numbers dimension of social impact, CareFlight has done extremely well over the last five years. The substantial growth in patient numbers over this period is attributable to two new services provided by CareFlight:

- The Top End Medical Retrieval Service, where CareFlight provides the whole of the aeromedical service in the top half of the Northern Territory
- The NETS helicopter service, where CareFlight provides helicopter services to support the Neonatal and paediatric Emergency Transport Service (NETS)

Time to patient

Time to patient is a function of a number of factors, the two most important being:

- The speed, accuracy and efficiency of the tasking system (i.e. how quickly CareFlight is activated by the tasking authorities and briefed with the appropriate information regarding the whereabouts and condition of the patient)
- The speed and efficiency of the team activation process once the tasking instructions have been communicated to CareFlight (i.e. how long it takes CareFlight to get its team airborne)

CareFlight has little control over the first factor, so to measure our performance under the "time to patient" criterion we need to look at our contractual or internal Key Performance Indicators (KPIs), as they relate to team activation. These vary according to the nature of the service we provide. They are summarised in the table below:

CareFlight Service	Description	Location	Wheels Up To Patient
	CareFlight Helicopter Emergency Rapid Response Trauma Team (HERRTT)	Westmead Base, Sydney	< 5 mins
	CareFlight Newborn & Paediatric Emergency Transport Service (NETS)	Westmead Children's Hospital	Daylight < 15 mins Night < 30 mins
	Top End Aeromedical Service • High acuity • Low acuity	Darwin, Gove, Katherine	Priority 1 cases < 30 mins Priority 2 cases < 2 hours Priority 3 cases < 6 hours
	CareFlight Medijet	Darwin and Sydney	< 2 hours

We regularly review and report against these KPIs. Apart from situations beyond our control (eg weather, flight control restrictions, awaiting specialist personnel supplied by third parties), CareFlight is overwhelmingly KPI compliant.

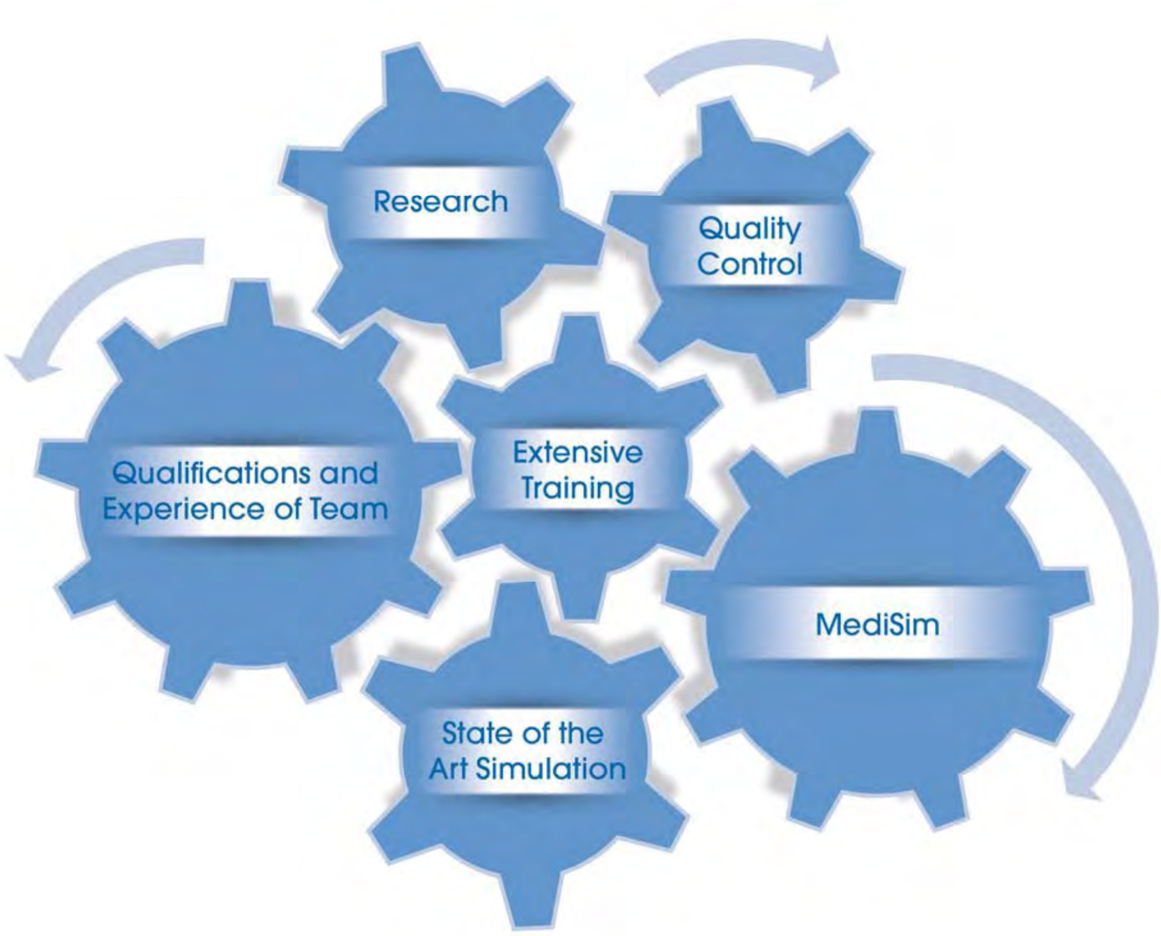
Accordingly, on the "time to patient" dimension of social impact, we think that there is a sound basis to conclude that CareFlight is doing well.

At an operational level, improving the "time to patient" dimension requires a process of continual improvement and refinement. Realistically, however, the best that CareFlight – and other aeromedical providers – can hope to achieve is modest, incremental improvement. The area that lends itself to further significant improvement is the tasking system: how information coming in via the '000' system is captured and communicated to the aeromedical providers. Faster case identification and mission activation is the key to meaningful improvement in the "time to patient" dimension of social impact.

This area is essentially the domain of the tasking authorities. However, there are learnings from our recent Head Injury Retrieval Trial which, we believe, have the potential to materially improve the efficiency of the case identification and mission activation process. We are currently working with the tasking authorities to explore the practicality of introducing these learnings on a system wide basis.

Quality of care

Quality of patient care is extremely hard to measure. The best indicator of quality of patient care is likely to be the systems and processes that go into building and supporting our medical teams. These are depicted in the diagram below:



CareFlight invests heavily in all of these quality systems and processes. This investment is our best assurance that we are delivering the finest possible care to our patients.

3. Highlights of the year

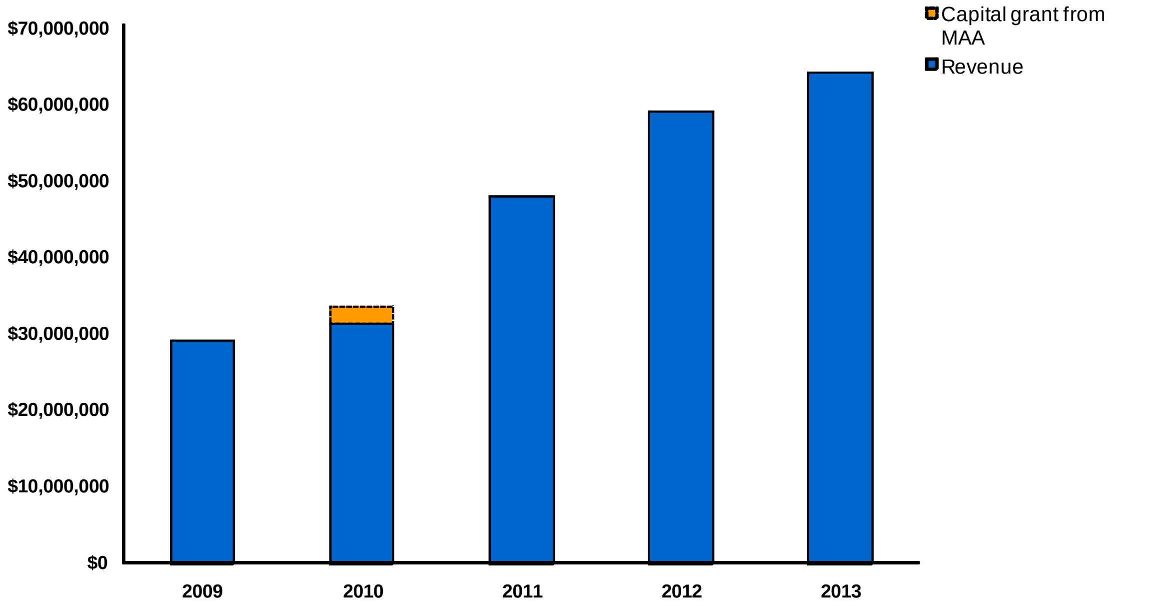
The highlights of the year were:

- We treated and transported 5,039 patients (see table on page 2)
- We were awarded the contract to provide helicopter services to NETS.
- We implemented the final outstanding component of the Top End Medical Retrieval Service contract by bringing on-line four near-new B200 King Air aircraft with modern 'glass cockpit' avionics technology. In preparation, our fixed wing pilots undertook extensive simulator training in Stockholm or Dubai.
- Darwin International Airport commenced construction of our new Darwin hangar.
- The roll-out of our MediSim program which is taking vital trauma care training to regional, rural and remote communities across Australia.
- Our fundraising team had a record year, driven mainly by growth in corporate sponsorship and our regular giving and our bequest programs.

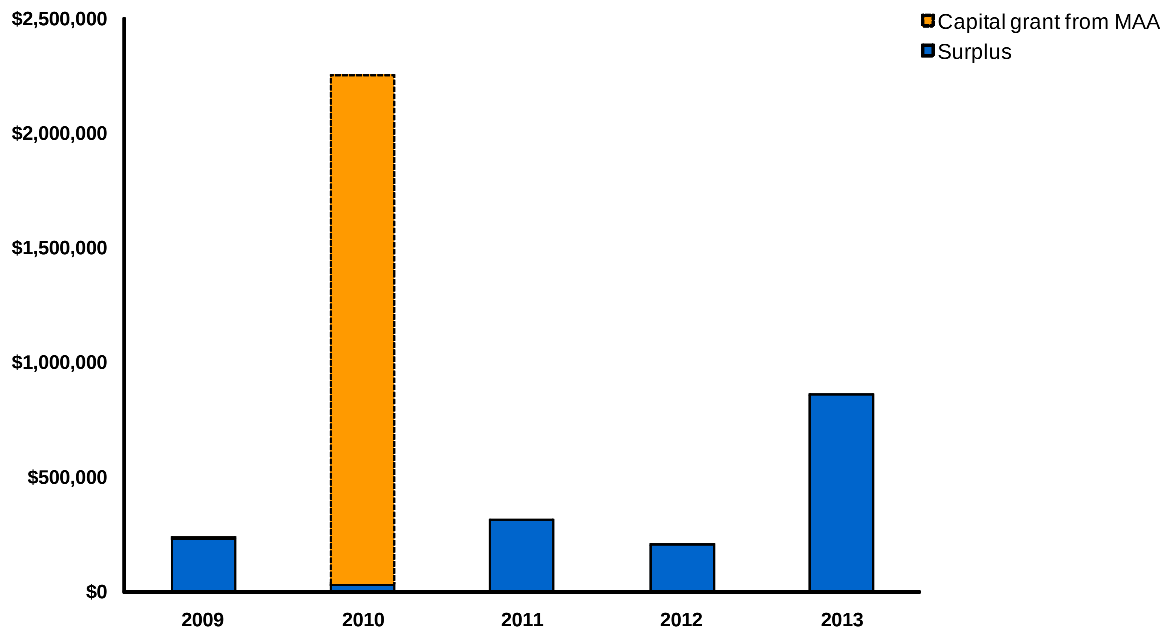
4. Financial Overview

The charts below provide a comparative snapshot of the revenue and surplus positions for each of the last five financial years of the organisation.

Revenue



Net surplus/(deficit)



Group revenue in FY2012-13 increased by $5,056,915 (8.5%), from $59,294,247 to $64,351,162. The increase in revenue was due principally to:-

- increased flying operations under the Top End Aero Medical Services contract with the Northern Territory Department of Health,
- the commencement on 1 January 2013 of the NETS (Newborn and paediatric Emergency Transport Service) contract which was awarded to CareFlight by the Ambulance Service of NSW and
- an increase in donation and sponsorship revenue from our supporters.

Despite significant up-front costs incurred in the establishment of the NETS helicopter service, and higher than anticipated costs in transitioning the Top End Aero Medical Services operation from our legacy King Air aircraft (circa 1992/1993 vintage) to the later model King Air aircraft (circa 2006/2007 vintage), we achieved a very satisfactory net surplus of $859,439 (2012: $201,343).

5. Board and senior management changes

On 9 July 2012, Dr Sean Beehan resigned from his position as a CareFlight director after ten years' service in that role. Sean's resignation was prompted by a family illness and his need to devote as much time as possible to his family.

As a former flight doctor and Medical Director of CareFlight, Sean brought a medical perspective to the Board. He understood the operational detail of our medical service and ably represented the views of the CareFlight doctors at CareFlight Board meetings. At the same time, he was able to stand back and take a dispassionate view about what was in the organisation's wider best interests. We thank him for his long and dedicated service to CareFlight and wish him and his family well.

Filling the gap left by Sean, Professor Danny Cass was appointed a Director of CareFlight on 4 February 2013. Danny is the Head of Trauma at the Children's Hospital at Westmead. He has held the position of Director/Head of Trauma since 1985 and was appointed Professor at Sydney University in 1999. As well as clinical practice, Danny has been involved in the College of Surgeons as Chairman of the Trauma Committee from 2006 to 2010. He was CEO of the Institute of Trauma and Injury Management (NSW) from 2002 to 2009. He has been on the board of Kidsafe and is currently on the board of Royal Life Saving Society (NSW).

We also welcome Patricia Angus to the CareFlight Board. Trish has served with distinction in the Northern Territory Public Service predominantly as a senior executive in health and human services. She has qualifications in nursing, public administration and tropical health. Following her retirement, Trish was awarded the Public Service Medal in January 2013 for outstanding public service to health and housing policy, and programs and services to indigenous people in the Northern Territory. She is a member of the Top End Hospitals Network Governing Council. Trish was appointed a Director of CareFlight on 24 June 2013.

The only change at senior management level was that Jeff Konemann stepped down as Chief Pilot on 29 November 2012 and Richard Sandford was appointed in his place on the same day. The role of Chief Pilot is one of high regulatory responsibility and is extremely demanding. Jeff was keen to slow down the tempo of his work life and spend more time with his family. However, he continues to serve CareFlight in the role of Head of Fixed Wing Check and Training. He joins John Hoad (Chief Pilot from 1986 to 2006) to become the second Chief Pilot of CareFlight to continue in the service of the organisation after stepping down from the Chief Pilot role. The value to CareFlight of retaining the services of these experienced and talented aviators is immense.

Richard was promoted to Chief Pilot from his role as Fleet Manager Fixed Wing. He is a highly experienced fixed wing and rotary wing pilot, with experience in the military, commercial and emergency medical services sectors.

6. Director details

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Age	Experience and special responsibilities
Patricia ANGUS PSM, MTH Independent Non-Executive Director	66	• Extensive experience as a senior executive in the Northern Territory Public Service in health and housing policy, and programs and services to indigenous people • Northern Territory resident director. • Director since 24 June 2013.
Ian BADHAM OAM, BSc Media Relations Manager Executive Director	67	• Extensive experience in journalism and corporate administration and the development of civil helicopter rescue services in Australia since 1971. • Northern Territory resident director. • Director since 9 May 1986.
Sean BEEHAN MB, ChB, FANZCA Independent Non-Executive Director	55	• Specialist anaesthetist in public hospital system, private practice and retrieval medicine. • Operational CareFlight crew doctor from 1989 till 2006. • Former Medical Director of CareFlight. • Appointed 18 July 2002. • Resigned 9 July 2012.
David BOWEN BA, Dip Law Independent Non-Executive Director	56	• Extensive experience in the insurance industry and in government legal administration. • Chief Executive Officer, National Disability Insurance Scheme Launch Transition Agency. • Former Chief Executive Officer, Lifetime Care and Support Authority. • Former General Manager, Motor Accidents Authority. • Director since 18 December 2007.
Daniel CASS MBBS, FRCS, FRACS	63	• Experienced surgeon with extensive interests in injury prevention and post trauma management in a paediatric setting. • Director of Trauma at the Children's Hospital, Westmead. • Professor of Paediatric Surgery at the University of Sydney. • Director since 4 February 2013.
Derek COLENBRANDER BA, LLB Chief Executive Officer Executive Director	59	• Long career in private legal practice as a corporate and commercial lawyer, followed by general management experience. • Solicitor and Notary Public. • Director since 19 December 2003.

Name, qualifications and independence status	Age	Experience and special responsibilities
Garry DINNIE BComm, FCA, FAICD,MIIA (Aust), FAIM Independent Non-Executive Director	61	• Extensive experience in financial and accounting matters, risk management and regulatory regimes with broad-based business experience across a number of industries. • Former senior partner of a leading accounting firm. • Director of various public and private companies. • Chairman of the Audit & Risk Committee. • Director since 23 February 2010.
Anna GUILLAN MBA Independent Non-Executive Director	54	• Extensive experience in sales and marketing in the tourism and hospitality industry. • Executive General Manager Sales and Marketing at Hayman and Mulpha Hotels Australia. • Member of the Audit & Risk Committee. • Director since 14 December 2010.
Andrew REFSHAUGE MB, BS, FAICD Chairman Independent Non-Executive Director	64	• Extensive experience at the highest levels of government. • Former Deputy Premier of NSW, former Treasurer and Minister for Health, Planning, Housing, Education, Training, State Development and Aboriginal Affairs. • Former medical practitioner. • Director and Chairman since 18 December 2007.

7. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

	Board		Audit & Risk Committee	
Director	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
P Angus	-	-	-	-
I Badham	7	6	-	-
S Beehan	2	-	-	-
D Bowen *	5	2	1	1
D Cass	2	-	-	-
D Colenbrander	7	7	-	-
G Dinnie	7	7	2	2
A Guillan	7	6	2	2
A Refshauge	7	7	-	-

* David Bowen has been granted leave of absence from 17 February to 31 December 2013.

8. Corporate governance statement

Board of Directors

The Company's Constitution provides for at least three directors and such greater number as the directors may determine. The Board currently comprises eight directors, six of whom are non-executive directors.

Role of the Board

The Board:

- provides strategic leadership and direction for CareFlight
- sets Management's goals and approves the annual budget
- progressively monitors and reviews the Company's risk management strategies including the integrity of internal control and management information systems.

The Board may, subject to the Corporations Act and CareFlight's Constitution, delegate a range of functions, powers and duties to committees and Management.

The Board monitors and reviews the Company's compliance with its statutory obligations, not only to meet the Company's legal obligations, but also to provide assurance to the thousands of generous CareFlight supporters that their decision to support CareFlight is making a difference in the community.

Chief Executive Officer

The Board appoints and monitors the performance of the Chief Executive Officer (CEO). The Board approves the terms of employment of the CEO.

The CEO is accountable to the Board for the management of CareFlight within the policy and delegated authority levels approved by the Board. The CEO's responsibilities include:

- advising the Board on strategic direction
- ensuring business activities are in accordance with CareFlight's annual operating plan
- keeping the Board informed of all major business proposals and developments through regular reports and
- ensuring the Company conducts its affairs within the law.

Board processes

The Board meets at least six times a year and meets on an ad hoc basis to address specific significant matters. To assist in the execution of its responsibilities, the Board may establish committees. The Board has established the Audit & Risk Committee. Meetings attended by directors during the financial year are recorded in the Directors' Report.

Director education

The Company has a formal process to educate new directors about the nature of the business, current issues, corporate strategy and expectations concerning the performance of directors. Directors also have the opportunity to visit the Company's operational bases and meet Management to gain a better understanding of the business.

Independent professional advice and access to company information

Each director has the right of access to all relevant Company information and to the Company's executives. Subject to prior approval by the Board Chairman or committee chairman (as appropriate), the Board, an individual director or a committee may engage an independent external adviser, at the Company's expense, in relation to any Board or committee matter.

Composition of the Board

The names of the directors in office at the date of this report are set out in the Directors' Report. The Board is constituted in accordance with the Company's Constitution. The Board will comprise:

- a mix of people with a broad range of skills, qualifications and experience - reflecting the need for talent, commercial acumen and diversity ;
- at least one person with financial experience - reflecting the need for financial expertise;
- at least one person with a medical background - reflecting the medical focus of CareFlight.

No director may retain office for more than three years without submitting for re-election. Any director, who, at the time he or she submits for re-election at an annual general meeting, has then held office for a continuous period of more than eight years, may only be re-elected by special resolution.

Remuneration policies

Subject to the qualification in the next paragraph, the non-executive directors serve in an honorary capacity and no remuneration is payable to them for their services as directors. They are however entitled to reimbursement of any out-ofpocket expenses incurred in the performance of their duties and responsibilities as directors.

The Chairman of the Board receives an allowance (Note 27 b)) in recognition of the time he commits to the affairs of the Company above and beyond the normal role of a board chairman. The Chairman of the Audit & Risk Committee receives an allowance (Note 27 b)) in recognition of the time he commits to the affairs of the Company above and beyond the normal role of chairman of a board committee. In addition two executive directors receive remuneration in their roles as salaried officers. In accordance with the requirements of the NSW Charitable Fundraising Act 1991, these arrangements have been approved by:

- the Minister for Gaming & Racing under Section 48 of the Act;
- the CareFlight Board which approved the remuneration packages as being on reasonable commercial terms;
- a meeting of Members which confirmed the appointments, conditions of service and remuneration of the two executive directors;
- a meeting of Members which confirmed the allowances paid to the Chairman of the Board and the Chairman of the Audit & Risk Committee.

The Board considers the remuneration of the CEO and senior management and agrees the broad bands of salary levels for staff in general. The Board may obtain independent advice on the appropriate level of remuneration packages.

Audit & Risk Committee

The primary function of the Audit & Risk Committee is to assist the Board in fulfilling its responsibilities by reviewing the financial information to be provided to Members and other stakeholders and assessing the adequacy of internal control systems, accounting policies and the audit process. The Committee comprises three directors, all of whom are non-executive directors.

The names of the directors who were members of the Audit & Risk Committee during the year are set out in the Directors' Report. The Committee met on two occasions during the year and Committee members' attendance is recorded in the Directors' Report.

The Group's external Auditor, the CEO and the Finance Manager are invited to Committee meetings at the discretion of the Committee.

Risk management

The Board considers that risk management and compliance underpin sound management and that oversight of these matters is an important responsibility of the Board. The Company has developed a risk management plan which has been approved by the Board. The plan identifies the Company's key strategic, operational, legal, reputational and financial risks and provides a framework for the periodic review and assessment of these risks.

The Board requires the CEO and the Finance Manager to provide certification that the Company's financial reports are based on a sound system of risk management and internal control. From a risk management perspective this certification is supported by:

- the financial, operational and strategic reporting which occurs in the context of the Board papers and Board meetings
- the annual audit conducted by the Company's external Auditor
- the review function of the Audit & Risk Committee and
- the periodic assessment by the Board of the risks identified in the risk management plan.

Communication with Members

The principal avenues of communication with Members are through the monthly CareFlighter newsletter, quarterly newsletter to supporters and the Company website (www.careflight.org). Prior to and for purposes of the annual general meeting, the Company distributes to Members:

- the Annual Report for the Company which includes summarised financial statements and
- the audited financial statements of the Company.

The external Auditor attends the annual general meeting of Members to answer questions concerning the conduct of the audit, the preparation and content of the Auditor's report, accounting policies adopted by the Company and the independence of the Auditor in relation to the conduct of the audit.

Ethical standards

Directors and employees are expected to act with the highest ethical standards, having regard to CareFlight's mission and values, its charitable status and its community service ethos.

Conflict of interests

Directors are required to keep the Board advised on an ongoing basis of any interest that could potentially conflict with those of the Company. Subject to the Corporations Act and the Constitution, directors are required to absent themselves from directors' meetings where matters in which directors have a material personal interest are to be considered.

Code of conduct

The Board has approved a code of conduct that requires employees to conduct themselves ethically, with integrity and in a professional manner so as to achieve the highest standards of behaviour.

The Board supports and observes the Code of Conduct for Directors issued by the Australian Institute of Company Directors.

9. Dividends

No portion of the income of the Company has been paid or can be paid by way of dividend to the Members under the Constitution of the Company.

10. Indemnification and insurance of officers

The Company has provided for and paid premiums totalling $12,980 during the year for Directors and Officers Liability Insurance. The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any acts or omissions (other than dishonesty) by directors and officers, while acting in their individual or collective capacity as directors or officers of the Company.

11. Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 49 and forms part of the Directors' Report for the financial year 2013.

12. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

13. The year ahead

In April 2013 the Board approved a new three year Strategic Plan for CareFlight. That plan has five pillars:

- People, Quality and Safety
- Customer Focus and Service Excellence
- Financial Strength
- Brand Management and Fundraising
- Business Development

We have set ourselves some ambitious targets. Our aim is to harness the energy, passion and talent of our team to replicate the successes of the last few years, bring the CareFlight service to more people and lift our social impact across Australia and our region.

14. Thank you

None of our achievements would have been possible without the tireless efforts of our dedicated staff. We thank you all for your valuable service to the community.

And as always, our heartfelt thanks to our donors, volunteers, sponsors and partners who believe in CareFlight and the importance of the work we do. Your generous support has helped us carry out our mission to save lives.

It is truly inspiring to see what can be accomplished when people unite in pursuit of a worthy cause. According to an old proverb, if you want to go fast, go alone; if you want to go far, go together. Thank you for being part of the CareFlight family.

Signed in accordance with a resolution of the directors:

Andrew Refshauge
Chairman

Derek Colenbrander
Chief Executive Officer

Dated at Sydney on 24 June 2013

Consolidated statement of surplus or deficit and other comprehensive income
for the year ended 30 April 2013

	Note	Consolidated 2013 $	2012 $ *(Restated)**
Ambulance Service of NSW		6,375,333	3,200,558
Northern Territory Department of Health		31,355,803	28,086,819
Aero-medical and other retrieval revenue		12,716,848	15,076,526
Fundraising - donations and sponsorship	32	6,639,182	5,299,290
Fundraising - merchandising and events	32	7,263,996	7,631,054
Total revenue		**64,351,162**	**59,294,247**
Operations and administration - costs of personnel		29,597,027	24,998,561
Direct costs of medical and aircraft retrieval		17,492,611	20,200,015
Costs of fundraising - donations and sponsorship	32	982,939	697,626
Costs of fundraising - merchandising and events	32	5,038,670	5,467,445
Depreciation	14, 15, 16, 17	3,355,110	2,187,610
Insurance		962,601	649,690
Professional fees		1,520,487	1,730,954
General overheads		2,705,269	2,458,008
Net loss on sale of non-current assets		162,504	14,362
Impairment loss on non-current assets		15,508	-
Impairment loss on fixed wing aircraft held for sale	12,14	411,694	-
Total expenditure before devaluation		**62,244,420**	**58,404,271**
Surplus before net finance and revaluation of aircraft		**2,106,742**	**889,976**
Finance income	6	122,384	158,318
Finance expense	6	(1,369,687)	(846,951)
Net finance expense		**(1,247,303)**	**(688,633)**
Net surplus for the year		**859,439**	**201,343**
Other comprehensive income			
Revaluation/(devaluation) of rotary wing aircraft	*3 d) (v), 15*	*234,290*	*(697,892)*
Total comprehensive income for the year		***1,093,729***	***(496,549)***

The notes on pages 17 to 47 are an integral part of these financial statements.

***** In 2013 the Group adopted the cost basis for valuing fixed wing aircraft to reflect the long-term nature of these assets which are held to service the Group's commitments to the Northern Territory Government (refer Note 3 d) (v)). Prior year comparatives and accompanying notes have been restated to reflect this change in policy.

Statement of changes in equity
for the year ended 30 April 2013

		Consolidated		
	Note	**Revaluation Reserve $**	**Retained Surplus $**	**Total $**
Balance at 1 May 2011		-	7,313,225	7,313,225
Total comprehensive income for the year				
Net surplus		**-**	**201,343**	**201,343**
Other comprehensive income				
Devaluation	*21, 22*	-	*(697,892)*	*(697,892)*
Transactions with members		-	-	-
Balance at 30 April 2012 *(Restated)**	**21, 22**	**-**	**6,816,676**	**6,816,676**
Balance at 1 May 2012		-	6,816,676	6,816,676
Total comprehensive income for the year				
Net surplus		**-**	**859,439**	**859,439**
Other comprehensive income				
Revaluation	*21, 22*	*234,290*	-	*234,290*
Transactions with members		-	-	-
Balance at 30 April 2013	**21, 22**	**234,290**	**7,676,115**	**7,910,405**

The notes on pages 17 to 47 are an integral part of these financial statements.

***** In 2013 the Group adopted the cost basis for valuing fixed wing aircraft to reflect the long-term nature of these assets which are held to service the Group's commitments to the Northern Territory Government (refer Note 3 d) (v)). Prior year comparatives and accompanying notes have been restated to reflect this change in policy.

Statement of financial position
as at 30 April 2013

	Note	Consolidated 2013 $	2012 $ (Restated)*
Current assets			
Cash and cash equivalents	8	3,467,054	6,246,432
Trade and other receivables	9	7,447,385	2,505,260
Inventories	10	231,211	195,042
Investments	11	1	1
Fixed wing aircraft held for sale	12	766,782	-
Other current assets	13	1,019,631	612,073
Total current assets		**12,932,064**	**9,558,808**
Non-current assets			
Fixed wing aircraft	14	22,831,259	21,401,088
Rotary wing aircraft	15	4,834,680	4,962,038
Land and buildings	16	2,539,613	2,609,156
Property, plant and equipment	17	5,426,550	4,947,994
Total non-current assets		**35,632,102**	**33,920,276**
Total assets		**48,564,166**	**43,479,084**
Current liabilities			
Trade and other payables	18	9,631,277	9,140,555
Interest bearing liabilities	19	4,901,106	2,466,004
Provisions	20	2,009,621	1,698,863
Total current liabilities		**16,542,004**	**13,305,422**
Non-current liabilities			
Interest bearing liabilities	19	23,758,566	23,083,736
Provisions	20	353,191	273,250
Total non-current liabilities		**24,111,757**	**23,356,986**
Total liabilities		**40,653,761**	**36,662,408**
Net assets		**7,910,405**	**6,816,676**
Capital funds			
Reserves	21	234,290	-
Retained surplus	22	7,676,115	6,816,676
Total capital funds		**7,910,405**	**6,816,676**

The notes on pages 17 to 47 are an integral part of these financial statements.

Statement of cash flows
for the year ended 30 April 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Cash flows from operating activities			
Cash receipts in the course of operations		64,995,992	67,066,896
Cash payments in the course of operations		(63,448,865)	(59,428,171)
Finance income	6	122,384	158,318
Finance expense	6	(1,369,687)	(846,951)
Net cash from/(used in) operating activities	25	**299,824**	**6,950,092**
Cash flows from investing activities			
Acquisition of non-current assets	14,15,16,17	(7,673,372)	(25,180,199)
Proceeds from sale of non-current assets		1,525,186	239,617
Expenses incurred in disposing of non-current assets		(40,948)	-
Net cash from/(used in) investing activities		**(6,189,134)**	**(24,940,582)**
Cash flows from financing activities			
Net finance lease payments		3,109,932	20,676,440
Net cash from/(used in) financing activities		**3,109,932**	**20,676,440**
Net increase/(decrease) in cash held		**(2,779,378)**	**2,685,950**
Cash and cash equivalents at 1 May		**6,246,432**	**3,560,482**
Cash and cash equivalents at 30 April	8	**3,467,054**	**6,246,432**

The notes on pages 17 to 47 are an integral part of these financial statements.

Notes to financial statements

1. Reporting entity

CareFlight Limited (the 'Company') is a company domiciled in Australia. The address of the Company's registered office is 4-6 Barden Street, Northmead, NSW 2152. The consolidated financial statements of the Group as at and for the year ended 30 April 2013 comprise the Company and its subsidiary CareFlight (NT) Limited (together referred to as the 'Group' and individually as 'Group entities'). The Company is a registered charity and a Public Benevolent Institution. The principal activity of the Group is the provision of rapid response critical care services. The Group is limited by guarantee.

In the event of the Company being wound up, a member's liability for the Company's debts and liabilities, costs, charges and expenses of winding up and adjustment of the rights of the contributories among themselves, is limited to an amount as may be required, not exceeding ten dollars ($10.00). Members are liable on the above basis up to one year after they cease to be Members.

At 30 April 2013, the Company had 27 Members (2012: 26), seven (2012: seven) of whom were directors of the Company.

2. Basis of preparation

a) Statement of compliance

The financial statements are a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AAS) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements of the Group comply with the Australian equivalents of the International Financial Reporting Standards (AIFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 24 June 2013.

b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for rotary wing aircraft, which are stated at their fair values.

c) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

d) Use of estimates and judgements

The preparation of the financial statements in conformity with AIFRS requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in the following notes:

- Note 15 – valuation of rotary wing aircraft
- Note 20 – provisions
- Note 23 – valuation of financial instruments
- Note 24 – accounting for an arrangement containing a lease

e) Changes in accounting policies

From 1 May 2012 the Group applied amendments to AASB 101 *Presentation of Financial Statements* outlined in AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*. The change in accounting policy only relates to disclosures and had no impact on net surplus for the year.

In 2013 the Group decided to adopt the cost basis for valuing fixed wing aircraft to reflect the long-term nature of these assets which are held to service the Group's commitments to the Northern Territory Government (refer Note 3 d) (v)).

2. Basis of preparation (continued)

f) Going concern

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities, the realisation of assets and settlement of liabilities in the ordinary course of business. In the year ended 30 April 2013, the Company reported a surplus of $859,439 and generated cash of $299,824. At year end, current liabilities exceeded current assets by $3,609,940. Included in current liabilities are:-

- deferred revenue of $4,521,109, which in the normal course of business will be recognised as revenue in accordance with the terms and conditions of the Company's contract with Northern Territory Government and

- the residual lease liability of $1,692,578 to Westpac Banking Corporation in respect of the BK117 helicopter VH-IME. The lease on this aircraft will expire on 29 December 2013 and will be refinanced or repaid by that date.The Directors note that the value of this aircraft at 30 April 2013 is $2,720,000 and, in the event long term refinancing is not be possible or is not required, the Company has sufficient equity in the aircraft to facilitate the full repayment of the debt.

In view of the Company's history of generating surpluses, the overall net asset position of $7,910,405 and the favourable cashflow projection, the Board considers it is appropriate to prepare the financial report on a going concern basis.

g) Removal of parent entity financial statements

The Group has applied amendments to the Corporations Act (2001) that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in Note 36.

h) Environmental regulation

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Group.

3. Statement of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

a) Basis of consolidation

(i) Subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date of incorporation. The accounting policies of the subsidiary have been changed when necessary to align them with the policies adopted by the Company. In the Company's financial statements, investment in the subsidiary is carried at cost.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

b) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the statement of surplus or deficit and other comprehensive income.

3. Statement of significant accounting policies (continued)

c) Financial instruments

(i) Non-derivative financial assets

Non-derivative financial assets comprise investments in trade and other receivables, cash and cash equivalents.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through the statement of surplus or deficit and other comprehensive income) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

(ii) Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through the statement of surplus or deficit and other comprehensive income) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, trade and other payables.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment except rotary wing aircraft (refer Note 3 d) (v)) are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses (refer Note 3 g)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within the statement of surplus or deficit and other comprehensive income. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained surplus.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of surplus or deficit and other comprehensive income as incurred.

3. Statement of significant accounting policies (continued)

d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of surplus or deficit and other comprehensive income on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

During the year, the Group reviewed the method of depreciating fixed wing aircraft, which resulted in disaggregating the fixed wing aircraft into airframe and engine components due to differing useful lives between the two components and depreciating separately. The rate of depreciation of fixed wing engines was revised to be based on the expected reduction in the service capacity. There was no change to the treatment of rotary wing aircraft.

The estimated useful lives for the current and comparative years are as follows:

	2013	2012
Fixed wing aircraft		
- Airframe	10 to 18 years	10 to 18 years
- Engines	5,000 hours	10 to 18 years
Rotary wing aircraft	20 years	20 years
Buildings	40 years	40 years
Other plant and equipment – owned and leased	2.5 to 10 years	2.5 to 10 years
Hangars	40 years	40 years

Opening balances of fixed wing airframes and engines held as non-current assets at year end have been re-stated in accordance with the revised depreciation rates for these asset classes.

Depreciation methods, useful lives and residual values are reviewed upon each reporting date and adjusted if appropriate.

(iv) Hangar facilities, plant and equipment

The Group has adopted the cost basis for the hangar facilities at Westmead and for plant and equipment.

(v) Aircraft

Fixed Wing

During the year, the Group reviewed its policy for valuing fixed wing aircraft. Prior to 1 May 2012 fixed wing and rotary wing aircraft were stated at fair values, as determined on the international market. As these values are determined in US dollars they may fluctuate significantly from year to year.

In 2013 the Group decided to adopt the cost basis for valuing fixed wing aircraft to reflect the long-term nature of these assets which are held to service the Group’s commitments to the Northern Territory Government.

The impact of the change in accounting policy is shown in Note 14 which has been recast to reflect adjusted carrying values of fixed wing aircraft as at 30 April 2012. The net revaluation increment of $697,892 recognised in prior years has been written back to retained earnings and asset revaluation reserve. Current and comparative amounts have been re-stated in accordance with the new accounting policy.

Rotary Wing

The Group decided to continue to apply the fair value basis of valuation for rotary wing aircraft, recognising that these values are determined on the international market in US dollars and as such, may fluctuate from year to year.

Revaluation increments on a class of asset basis are recognised in the asset revaluation reserve except to the extent that this reverses an impairment loss which had previously been recognised in the statement of surplus or deficit and other comprehensive income, in which case the reversal of that impairment loss is also recognised in the statement of surplus or deficit and other comprehensive income. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised firstly against the balance of the corresponding asset revaluation reserve. If this reserve is exhausted then the balance is charged directly to the statement of surplus or deficit and other comprehensive income.

3. Statement of significant accounting policies (continued)

e) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

f) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in- first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

g) Impairment

(i) Financial assets

A financial asset not carried at fair value is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and the loss event has had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for Management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised costs is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in the statement of surplus or deficit and other comprehensive income and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by the debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of surplus or deficit and other comprehensive income.

All impairment losses are recognised in the statement of surplus or deficit and other comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised costs and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of surplus or deficit and other comprehensive income.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

3. Statement of significant accounting policies (continued)

h) Employee benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided up to the reporting date. The liabilities are calculated at undiscounted amounts based upon remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

(ii) Superannuation

The Group contributes to employee superannuation funds. Contributions are charged against income as they are incurred. Obligations for superannuation contributions are recognised as a personnel expense in the statement of surplus or deficit and other comprehensive income when they are incurred.

(iii) Long service leave

The Group's net obligation in respect of long-term service benefits, other than defined benefit plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the reporting date which have maturity dates approximating the terms of the Group's obligations.

i) Revenue

(i) Revenue from goods sold and services rendered

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amounts can be measured reliably, then the discounts are recognised as a reduction of revenue as the sales are recognised.

Revenue from services rendered is recognised in the statement of surplus or deficit and other comprehensive income in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(ii) Government grants

Recurrent Government grants and capital grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant and are then recognised in the statement of surplus or deficit and other comprehensive income. Grants that compensate the Group for expenses incurred are recognised as revenue in the statement of surplus or deficit and other comprehensive income on a systematic basis in the same periods in which the expenses are incurred.

(iii) Donation revenue

Donation revenue is brought to account in the period in which it is received.

(iv) Donations of fixed assets

All assets donated to the Group are initially recorded at fair value at the date of acquisition, being the estimated net realisable value of the assets at the date the assets are donated to the Group. This value is recognised as a donation in the statement of surplus or deficit and other comprehensive income.

(v) Donations in kind

Donations in kind occur from time to time as part of major capital projects. These are recorded as revenue from fundraising in the statement of surplus or deficit and other comprehensive income at fair value, with an equal amount being capitalised to the fixed asset to which they relate.

3. Statement of significant accounting policies (continued)

i) Revenue (continued)

(vi) Insurance cost recoveries

Claims raised on insurance companies for cost recovery on missions are treated as income when funds are received, since the Group is unable to determine with any degree of certainty whether the claim submitted by the injured party will be successful.

(vii) Aero-medical and other retrieval revenue

Aero-medical and other retrieval revenue is recognised in the statement of surplus or deficit and other comprehensive income when services are provided.

j) Lease payments

(i) Operating lease payments

Payments made under operating leases are recognised in the statement of surplus or deficit and other comprehensive income on a straight-line basis over the term of the lease.

(ii) Finance lease payments

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

k) Finance income and expense

Finance income and expense comprise interest payable on capitalised leases calculated using the effective interest method, interest receivable on funds invested and foreign exchange gains and losses.

Interest income is recognised in the statement of surplus or deficit and other comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the statement of surplus or deficit and other comprehensive income using the effective interest method. Finance expense comprises interest expense on borrowings, foreign currency loss and impairment losses recognised on financial assets. All borrowing costs are recognised in the statement of surplus or deficit and other comprehensive income using the effective interest method. Foreign currency gains and losses are reported on a net basis.

l) Goods and services tax

Revenue, expenditure and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

m) Income tax

The Group is a Public Benevolent Institution and is exempt from income tax under Subdivision 50-B of the Income Tax Assessment Act 1997.

3. Statement of significant accounting policies (continued)

n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 May 2013 and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

(i) AASB 9 *Financial Instruments* (2010), AASB 9 *Financial Instruments* (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial instruments. Under AASB 9 (2009) financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flow. AASB 9 (2010) introduces additional requirements relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is expected to have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities* (2011)

AASB 10 introduces a single control model to determine whether an investee should be consolidated. As a result, the Group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

Under AASB 11, the structure of the joint arrangement, although still an important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The Group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the Group's interest in those assets and liabilities.
- The Group's interest in a joint venture, which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

The Group may need to reclassify its joint arrangements, which may lead to changes in current accounting for these interests.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

These standards are effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(iii) AASB 13 *Fair Value Measurement* (2011)

AASB 13 provides a single source of guidance on how fair value is measured and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The Group is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

a) Rotary wing aircraft

The fair value of rotary wing aircraft is based on market values. The market value of each aircraft is the estimated amount for which an aircraft could be exchanged on the date of valuation between a willing buyer and a willing seller in such an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

b) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

c) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

d) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

5. Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit & Risk Committee oversees how Management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

5. Financial risk management (continued)

a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors have an influence on credit risk.

More than 85% of the Group's customers have been transacting with the Group for over many years and no impairment loss has been recognised against these customers. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, geographic location, aging profile, maturity and existence of previous financial difficulties.

b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group closely monitors its cash flow requirements to optimise its cash return on investments. Typically the Group aims to ensure that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The Group is exposed to currency risk on purchases, borrowings and aircraft acquisitions and disposals that are denominated in a currency other than the functional currency of the Group being Australian dollars (AUD). The currency in which these transactions primarily are denominated is United States dollars (USD).

Interest rate risk
The Group adopts a policy of ensuring that its exposure to changes in interest rates on borrowings is on a fixed rate basis.

	Note	Consolidated 2013 $	2012 $
6. Net finance income and expense			
Interest income		117,701	59,504
Foreign currency gain		4,683	98,814
Finance income		**122,384**	**158,318**
Finance charges		(1,369,687)	(834,943)
Foreign currency loss		-	(12,008)
Finance expense		**(1,369,687)**	**(846,951)**
Net finance expense		**1,247,303**	**688,633**
7. Auditor's remuneration			
Audit services			
Auditor of the Company – KPMG Australia		110,716	93,214
Services other than statutory audit			
Advisory and professional services – KPMG Australia		-	48,420
		110,716	**141,634**
8. Cash and cash equivalents			
Cash on hand		14,757	19,629
Cash at bank – unrestricted		3,338,797	4,791,419
Cash at bank – restricted		113,500	1,435,384
		3,467,054	**6,246,432**
9. Trade and other receivables			
Trade debtors		6,262,765	2,084,147
Other trade receivables		1,184,620	421,113
		7,447,385	**2,505,260**

The Group's exposure to credit risk related to receivables is discussed in Note 23.

	Consolidated 2013 $	2012 $
10. Inventories		
Bear stock at cost	207,743	189,598
Fuel stock at cost	23,468	5,444
	231,211	**195,042**

	Note	Consolidated 2013 $	2012 $
11. Investments			
Share in CareFlight Australia Limited	11 a)	1	1
		1	**1**

a) CareFlight Australia Limited was registered as a public company on 7 September 2007. CareFlight Limited and CareFlight (QLD) Limited hold one share each. This is an equity accounted associate.

b) CareFlight (NT) Limited was registered as a public company limited by guarantee on 17 June 2011. CareFlight Limited is the sole member of CareFlight (NT) Limited. CareFlight (NT) Limited is accounted for as a wholly-owned subsidiary of CareFlight Limited.

c) CareFlight Aero-medical Limited was registered as a public company limited by guarantee on 6 November 2012. The members of CareFlight Aero-medical Limited are CareFlight Limited and CareFlight (QLD) Limited. This is an equity accounted associate.

	Note	2013 $	2012 $
12. Fixed wing aircraft held for sale			
King Air B200 - VH-ZXM	12 a)	766,782	-
		766,782	**-**

a) King Air B200-VH-ZXM was used to service the implementation phase of the Top End Aero-Medical Contract until 31 December 2012. This aircraft is classified as a current asset as the Company has placed the aircraft for sale in the market. The aircraft is stated at the sale price, offered by an interested purchaser, of USD 795,000 converted to Australian currency at the exchange rate at year end which was AUD 1 = USD 1.0368. On 6 June 2013, this purchaser withdrew from the sale process and the aircraft remains held for sale. Impairment loss of $411,694 in respect of this aircraft has been calculated as the difference between its carrying amount and offered sale price and is recognised in the statement of surplus or deficit and other comprehensive income.

	2013 $	2012 $
13. Other current assets		
Prepayments	1,019,631	612,073
	1,019,631	**612,073**

14. Fixed Wing Aircraft

King Air B200	Note	VH-ZCX $	VH-ZCY $	VH-ZMQ $	VH-ZXM $	VH-ZCI $	VH-ZCJ $	VH-ZCN $	VH-ZCO $	Total $
						Consolidated				
Cost										
Balance at 1 May 2011		1,273,047	-	-	-	-	-	-	-	**1,273,047**
Acquisition		347,632	1,787,518	1,214,593	1,517,697	4,217,780	3,615,247	4,026,345	4,016,017	**20,742,829**
Balance at 30 April 2012		**1,620,679**	**1,787,518**	**1,214,593**	**1,517,697**	**4,217,780**	**3,615,247**	**4,026,345**	**4,016,017**	**22,015,876**
Balance at 1 May 2012		1,620,679	1,787,518	1,214,593	1,517,697	4,217,780	3,615,247	4,026,345	4,016,017	**22,015,876**
Acquisition		-	-	-	-	1,097,611	1,380,316	1,378,923	1,323,632	**5,180,482**
Disposals		-	-	(1,214,593)		-	-	-	-	**(1,214,593)**
Transfer to aircraft held for sale	12	-	-	-	(1,517,697)	-	-	-	-	**(1,517,697)**
Balance at 30 April 2013		**1,620,679**	**1,787,518**	**-**	**-**	**5,315,391**	**4,995,563**	**5,405,268**	**5,339,649**	**24,464,068**
Accumulated Depreciation										
Balance at 1 May 2011		-	-	-	-	-	-	-	-	**-**
Depreciation for the year		224,922	131,333	111,342	147,191	-	-	-	-	**614,788**
Balance at 30 April 2012		224,922	131,333	111,342	147,191	-	-	-	-	**614,788**
Balance at 1 May 2012		224,922	131,333	111,342	147,191	-	-	-	-	**614,788**
Depreciation for the year		223,088	271,652	142,899	192,030	285,228	170,770	199,494	126,322	**1,611,483**
Disposals		-	-	(254,241)	-	-	-	-	-	**(254,241)**
Transfer to aircraft held for sale	12	-	-	-	(339,221)	-	-	-	-	**(339,221)**
Balance at 30 April 2013		**448,010**	**402,985**	**-**	**-**	**285,228**	**170,770**	**199,494**	**126,322**	**1,632,809**
Carrying amounts										
At 1 May 2011		**1,273,047**	**-**	**-**	-	-	-	-	**-**	**1,273,047**
At 30 April 2012		**1,395,757**	**1,656,185**	**1,103,251**	**1,370,506**	**4,217,780**	**3,615,247**	**4,026,345**	**4,016,017**	**21,401,088**
At 1 May 2012		**1,395,757**	**1,656,185**	**1,103,251**	**1,370,506**	**4,217,780**	**3,615,247**	**4,026,345**	**4,016,017**	**21,401,088**
At 30 April 2013		**1,172,669**	**1,384,533**	**-**	**-**	**5,030,163**	**4,824,793**	**5,205,774**	**5,213,327**	**22,831,259**

Impact of change in accounting policies

In 2013, the Group changed its accounting policy for valuing fixed wing aircraft from fair value basis to cost basis (refer note 3 d) (v)). In 2013 the Group also changed its policy for depreciating fixed wing aircraft, which resulted in disaggregating the fixed wing aircraft into airframe and engine components (refer note 3 d) (iii)). 2012 balances for fixed wing aircraft were written down by $758,380 to reflect the change in accounting policies. This write down was recorded as follows:

	2012	2012 restated	Adjustment
Net surplus for the year	251,160	201,343	(49,817)
Devaluation written off to statement of surplus/deficit and other comprehensive income	-	(697,892)	(697,892)
Revaluation reserve	10,671	-	(10,671)
Net impact			**758,380**

15. Rotary Wing Aircraft

	Note	Consolidated Agusta A109 Power VH-ZCF Leased $	Kawasaki BK117 VH-IME Leased $	Total $
At Valuation				
Balance at 1 May 2011		2,844,037	2,431,193	**5,275,230**
Acquisition		-	862,505	**862,505**
Depreciation for the year		(218,772)	(193,752)	**(412,524)**
Revaluation increment/(decrement)	15 a), b)	(152,291)	(610,882)	**(763,173)**
Balance at 30 April 2012		**2,472,974**	**2,489,064**	**4,962,038**
Balance at 1 May 2012		2,472,974	2,489,064	**4,962,038**
Depreciation for the year		(206,081)	(155,567)	**(361,648)**
Revaluation increment/(decrement)	15 a), b)	(152,213)	386,503	**234,290**
Balance at 30 April 2013		**2,114,680**	**2,720,000**	**4,834,680**
Carrying amounts				
At 1 May 2011		**2,844,037**	**2,431,193**	**5,275,230**
At 30 April 2012		**2,472,974**	**2,489,064**	**4,962,038**
At 1 May 2012		**2,472,974**	**2,489,064**	**4,962,038**
At 30 April 2013		**2,114,680**	**2,720,000**	**4,834,680**

a) Agusta A109 Power VH-ZCF Helicopter

Directors’ valuation of helicopter VH-ZCF at 30 April 2013 is based on a valuation by Heliflite Pty Limited, the distributors of these helicopters in Australia (directors’ valuation at 30 April 2012 was likewise based on a valuation by Heliflite Pty Limited). The helicopter is valued in US Dollars and is converted to Australian currency at the exchange rate at year end which was AUD 1 = USD 1.0368 (2012: AUD 1 = USD 1.0453). In accordance with significant accounting policies (Note 3 d) (v)), total revaluation decrement for 2013 amounted to $152,213 (2012: revaluation decrement of $152,291).

b) Kawasaki BK117 VH-IME Helicopter

Directors’ valuation of helicopter VH-IME at 30 April 2013 is based on a valuation by Slattery Valuations Pty Limited (directors’ valuation at 30 April 2012 was likewise based on a valuation by Slattery Valuations Pty Limited). In accordance with significant accounting policies (Note 3 d) (v)), total revaluation increment for 2013 amounted to $386,503 (2012: revaluation decrement of $610,882).

16. Land and buildings

	Consolidated		
	4 Barden Street Northmead Owned	**50 Beamish Street Northmead Leased**	**Total**
	$	**$**	**$**
Cost			
Balance at 1 May 2011	2,200,000	-	2,200,000
Acquisitions	-	528,996	528,996
Balance at 30 April 2012	**2,200,000**	**528,996**	**2,728,996**
Balance at 1 May 2012	2,200,000	528,996	2,728,996
Acquisitions	-	54,262	54,262
Balance at 30 April 2013	**2,200,000**	**583,258**	**2,783,258**
Accumulated Depreciation			
Balance at 1 May 2011	76,778	-	76,778
Depreciation for the year	41,500	1,562	43,062
Balance at 30 April 2012	**118,278**	**1,562**	**119,840**
Balance at 1 May 2012	118,278	1,562	119,840
Depreciation for the year	119,230	4,575	123,805
Balance at 30 April 2013	**237,508**	**6,137**	**243,645**
Carrying amounts			
At 1 May 2011	**2,123,222**	**-**	**2,123,222**
At 30 April 2012	**2,081,722**	**527,434**	**2,609,156**
At 1 May 2012	**2,081,722**	**527,434**	**2,609,156**
At 30 April 2013	**1,962,492**	**577,121**	**2,539,613**

17. Property, plant and equipment

	Consolidated			
	Hangar facilities Owned	Other plant and equipment Owned	Other plant and equipment Leased	Total
	$	$	$	$
Cost				
Balance at 1 May 2011	305,363	5,811,979	953,475	**7,070,817**
Acquisitions	446,635	1,727,320	871,914	**3,045,869**
Leased assets capitalised	-	493,658	(493,658)	**-**
Disposals	-	(64,990)	(397,677)	**(462,667)**
Balance at 30 April 2012	**751,998**	**7,967,967**	**934,054**	**9,654,019**
Balance at 1 May 2012	751,998	7,967,967	934,054	**9,654,019**
Acquisitions	282,443	1,044,202	1,111,983	**2,438,628**
Leased assets capitalised	-	348,542	(348,542)	**-**
Disposals	-	(860,074)	(585,512)	**(1,445,586)**
Balance at 30 April 2013	**1,034,441**	**8,500,637**	**1,111,983**	**10,647,061**
Accumulated Depreciation				
Balance at 1 May 2011	76,296	3,616,637	104,544	**3,797,477**
Depreciation for the year	10,518	905,294	201,424	**1,117,236**
Disposals	-	(16,398)	(192,290)	**(208,688)**
Balance at 30 April 2012	**86,814**	**4,505,533**	**113,678**	**4,706,025**
Balance at 1 May 2012	86,814	4,505,533	113,678	**4,706,025**
Depreciation for the year	21,312	1,009,215	227,647	**1,258,174**
Impairment	-	15,508	-	**15,508**
Disposals	-	(539,595)	(219,601)	**(759,196)**
Balance at 30 April 2013	**108,126**	**4,990,661**	**121,724**	**5,220,511**
Carrying amounts				
At 1 May 2011	**229,067**	**2,195,342**	**848,931**	**3,273,340**
At 30 April 2012	**665,184**	**3,462,434**	**820,376**	**4,947,994**
At 1 May 2012	**665,184**	**3,462,434**	**820,376**	**4,947,994**
At 30 April 2013	**926,315**	**3,509,976**	**990,259**	**5,426,550**

	Note	Consolidated 2013 $	Consolidated 2012 $
18. Trade and other payables			
Current			
Trade creditors		2,768,182	2,361,733
Other payables and accrued expenses		2,003,179	1,624,375
Income received in advance			
- restricted funds		72,140	435,384
- unrestricted sponsorship income received in advance		266,667	166,666
- deferred revenue		4,521,109	4,552,397
		9,631,277	**9,140,555**

The Group's exposure to market and liquidity risk related to payables is discussed in Note 23.

	Note	2013 $	2012 $
19. Interest bearing liabilities			
Current			
Hire purchase and lease liabilities		**4,901,106**	**2,466,004**
Non-current			
Hire purchase and lease liabilities		**23,758,566**	**23,083,736**

Financing arrangements
The Group's hire purchase and lease liabilities of $28,659,672 (2012: $25,549,740) are secured by the leased assets and, in the event of default, the assets revert to the financier.

	Note	2013 $	2012 $
20. Provisions			
Current			
Liability for annual leave		1,793,316	1,524,850
Liability for long service leave		216,305	174,013
	26	**2,009,621**	**1,698,863**
Non-current			
Liability for long service leave	26	**353,191**	**273,250**

	Note	2013 $	2012 $
21. Reserves			
Asset revaluation reserve at 1 May		-	-
Revaluation increment	15	234,290	-
Asset revaluation reserve at 30 April		**234,290**	**-**

	Note	2013 $	2012 $
22. Retained surplus			
Retained surplus at 1 May		6,816,676	7,313,225
Net surplus for the year		859,439	201,343
Devaluation decrement	15	-	(697,892)
Retained surplus at 30 April		**7,676,115**	**6,816,676**

23. Financial instruments

a) Credit risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

Interest earning investments are placed only in bank bills and term deposits. At the reporting date there were no significant concentrations of credit risk.

Exposure to credit risk

The maximum exposure to credit risk for receivables at the reporting date by geographic region was:

	Note	Consolidated Carrying amount 2013 $	Consolidated Carrying amount 2012 $
Australia		7,324,515	2,256,880
Asia Pacific		54,632	203,635
Europe		68,238	44,745
	9	**7,447,385**	**2,505,260**

Impairment losses

	Gross 2013 $	Impairment 2013 $	Gross 2012 $	Impairment 2012 $
Not past due	7,223,183	-	2,270,870	-
Past due 0 – 30 days	162,927	-	218,473	-
Past due 31 – 60 days	61,275	-	12,931	-
Past due 61 – one year	-	-	2,986	-
More than one year	-	-	-	-
	7,447,385	**-**	**2,505,260**	**-**

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables.

23. Financial instruments (continued)

b) Liquidity risk

The following are the contractual maturities of financial liabilities including estimated interest payments and excluding the impact of netting arrangements:

Consolidated

2013	Note	Carrying amount	Contractual cashflows	1 year or less	1-5 years	More than 5 years
		$	$	$	$	$
Non-derivative financial liabilities						
Hire purchase and lease liabilities	19	28,659,672	40,232,660	4,901,106	8,224,114	15,534,452
Trade creditors	18	2,768,182	2,768,182	-	-	-
Other payables and accrued expenses	18	2,003,179	2,003,179	-	-	-
		33,431,033	**45,004,021**	**4,901,106**	**8,224,114**	**15,534,452**

2012		Carrying amount	Contractual cashflows	1 year or less	1-5 years	More than 5 years
		$	$	$	$	$
Non-derivative financial liabilities						
Hire purchase and lease liabilities	19	25,549,740	32,617,443	2,466,004	12,749,478	10,334,258
Trade creditors	18	2,361,733	2,361,733	-	-	-
Other payables and accrued expenses	18	1,624,375	1,624,375	-	-	-
		29,535,848	**36,603,551**	**2,466,004**	**12,749,478**	**10,334,258**

23. Financial instruments (continued)

c) Currency risk

Exposure to currency risk

The exposure of the Group to currency risk at balance date was as follows, based on notional amounts:

	Note	Consolidated			
		2013		2012	
		AUD	USD	AUD	USD
Rotary Wing	15	2,114,680	2,192,500	4,962,038	5,186,818
Fixed Wing	14	-	-	6,284,079	6,568,747
Assets held for sale	12	766,782	795,000	-	-
Cash assets		172,235	178,573	657,701	687,494
Hire purchase and lease liabilities	19	(523,422)	(542,684)	(1,437,333)	(1,502,444)
Gross statement of financial position exposure		**2,530,275**	**2,623,389**	**10,466,485**	**10,940,615**
Estimated forecast purchases		1,525,622	1,581,765	7,235,346	7,563,107
Gross statement of surplus or deficit and other comprehensive income exposure		**1,525,622**	**1,581,765**	**7,235,346**	**7,563,107**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2013	2012	2013	2012
	$	$	$	$
AUD:USD	1.0260	1.0285	1.0368	1.0453

Sensitivity analysis

A 10% strengthening of the Australian dollar against the following currencies at 30 April would have increased/(decreased) capital funds and surplus/(deficit) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

Consolidated

AUD	Capital funds	Surplus/(deficit)
	$	$
30 April 2013		
USD	(144,661)	(85,365)

AUD	Capital funds	Surplus/(deficit)
	$	$
30 April 2012		
USD	(891,708)	(59,792)

A 10% weakening of the Australian dollar against the above currencies at 30 April would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Balances captured within the capital funds are movements in rotary wing, fixed wing and hire purchase and lease liabilities exposures.

23. Financial instruments (continued)

d) Interest rate risk

The Group's liabilities in fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. Payables and investments in short-term receivables are not exposed to interest rate risk.

Profile

At the reporting date the interest rate profile of the interest bearing financial instruments of the Group was:

	Note	Consolidated Carrying amount 2013 $	Consolidated Carrying amount 2012 $
Fixed rate instruments			
Financial liabilities	19	28,659,672	25,549,740
		28,659,672	**25,549,740**
Variable rate instruments			
Cash assets	8	3,467,054	6,246,432
		3,467,054	**6,246,432**

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at 30 April would have increased (decreased) capital funds and surplus/(deficit) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	Surplus/(deficit) 100bp increase $	Surplus/(deficit) 100bp decrease $	Capital funds 100bp increase $	Capital funds 100bp decrease $
30 April 2013				
Variable rate instruments	34,671	(34,671)	-	-
Cash flow sensitivity (net)	**34,671**	**(34,671)**	**-**	**-**
30 April 2012				
Variable rate instruments	35,463	(35,463)	-	-
Cash flow sensitivity (net)	**35,463**	**(35,463)**	**-**	**-**

23. Financial instruments (continued)

d) Interest rate risk (continued)

Effective interest rates and re-pricing analysis

In respect of income earning financial assets and interest bearing financial liabilities, the following tables indicate their average effective interest rates at the reporting date and the periods in which they mature or, if earlier, re-price.

Consolidated

2013	Note	Effective rate of interest %	Floating interest rate $	1 year or less $	1 to 5 years $	More than 5 years $	Non-interest bearing $	Total $
Financial assets								
Cash and cash equivalents	8	3.39	3,452,297	-	-	-	14,757	3,467,054
Receivables	9		-	-	-	-	7,447,385	7,447,385
			3,452,297	**-**	**-**	**-**	**7,462,142**	**10,914,439**
Financial liabilities								
Payables	18		-	-	-	-	9,631,277	9,631,277
Interest bearing liabilities	19	4.78	-	4,901,106	8,224,114	15,534,452	-	28,659,672
			-	**4,901,106**	**8,224,114**	**15,534,452**	**9,6331,277**	**38,290,949**

2012	Note	Effective rate of interest %	Floating interest rate $	1 year or less $	1 to 5 years $	More than 5 years $	Non-interest bearing $	Total $
Financial assets								
Cash and cash equivalents	8	0.95	6,226,803	-	-	-	19,629	6,246,432
Receivables	9		-	-	-	-	2,505,260	2,505,260
			6,226,803	**-**	**-**	**-**	**2,524,889**	**8,751,692**
Financial liabilities								
Payables	18		-	-	-	-	9,140,555	9,140,555
Interest bearing liabilities	19	3.27	-	2,466,004	12,749,478	10,334,258	-	25,549,740
			-	**2,466,004**	**12,749,478**	**10,334,258**	**9,140,555**	**34,690,295**

23. Financial instruments (continued)

e) Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

		Consolidated			
		2013	**2013**	**2012**	**2012**
		$	**$**	**$**	**$**
	Note	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash assets	8	3,467,054	3,467,054	6,246,432	6,246,432
Receivables	9	7,447,385	7,447,385	2,505,260	2,505,260
Investments	11	1	1	1	1
Other current assets	13	1,019,631	1,019,631	612,073	612,073
Payables	18	(9,631,277)	(9,631,277)	(9,140,555)	(9,140,555)
Interest bearing liabilities	19	(28,659,672)	(28,659,672)	(25,549,740)	(25,549,740)
		(26,356,878)	**(26,356,878)**	**(25,326,529)**	**(25,326,529)**
Unrecognised (loss)/gain		-	-	-	-

24. Commitments

		Consolidated					
		2013			2012		
	Note	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
		$	$	$	$	$	$
Hire purchase and finance lease commitments for the Group are:							
Within one year	19	6,808,972	1,907,862	4,901,106	3,523,203	1,057,199	2,466,004
One year or later and no later than five years	19	13,719,947	5,495,833	8,224,114	17,767,784	5,018,306	12,749,478
Later than five years	19	19,703,741	4,169,293	15,534,452	11,326,456	992,198	10,334,258
		40,232,660	**11,572,988**	**28,659,672**	**32,617,443**	**7,067,703**	**25,549,740**
Operating lease commitments for the Group are:							
VH-BIF	24 a)						
Within one year		480,000	-	480,000	480,000	-	480,000
VH-LWI	24 b)						
Within one year		2,513,244	-	2,513,244	-	-	-
One year or later and no later than five years		7,958,606	-	7,958,606	-	-	-
		10,951,850	**-**	**10,951,850**	**480,000**	**-**	**480,000**

a) The operating lease for the BK117 helicopter VH-BIF has expired and the Company has negotiated an extension until 30 April 2014. The Company is in the process of formalising this agreement. The helicopter has been deployed in Sydney to fulfil commitments under medical retrieval contracts.

b) The Company has entered into an operating lease agreement for Bell 412 helicopter VH-LWI, deployed in Sydney, to fulfil commitments under medical retrieval contracts.

25. Notes to the statement of cashflows

a) Reconciliation of cash

For the purposes of the statement of cashflows, cash includes cash on hand and at bank and short term deposits at call. Cash at the end of the year as shown in the statement of cashflows is reconciled to the related items in the statement of financial position as follows:

	Note	Consolidated 2013	2012
Cash on hand		14,757	19,629
Cash at bank		3,452,297	6,226,803
	8	**3,467,054**	**6,246,432**

b) Reconciliation of cashflow from operating activities

		2013	2012
Net surplus for the period		859,439	201,343
Add items classified as investing/financing activities:			
Net loss on sale of non-current assets		162,504	14,362
Add non-cash items:			
Depreciation		3,355,110	2,143,777
Impairment loss on non-current assets		15,508	-
Impairment loss on fixed wing aircraft held for sale		411,694	-
Operating surplus before changes in working capital and provisions		**4,804,255**	**2,359,482**
(Increase)/decrease in trade and other receivables		(4,942,125)	1,730,118
(Increase)/decrease in inventories		(36,169)	(31,833)
(Increase)/decrease in other current assets		(407,558)	138,701
Increase/(decrease) in trade and other payables		490,722	2,100,944
Increase/(decrease) in provisions		390,699	608,847
Net cash from operating activities		**299,824**	**6,950,092**

	Consolidated	
	2013 $	2012 $
26. Employee benefits		
Aggregate liability for employee entitlements including on-costs:		
Current	2,009,621	1,698,863
Non-current	353,191	273,250
	2,362,812	**1,972,113**
Number of employees		
Number of employees at year end	**173**	**152**

Superannuation commitment

The Group was under a legal obligation during the year to contribute 9% of each employee's base salary to a superannuation fund nominated by each employee.

Types of benefits

The superannuation funds provide benefits which represent the accumulation of contributions to employees, providing lump sum or annuity benefits upon retirement, death or disability.

	Consolidated	
Contributions	2013 $	2012 $
Details of contributions during the year are as follows:		
Employer contributions to the funds	**1,990,629**	**1,608,357**

27. Related party disclosure

The following were key management personnel of the Group at any time during the reporting period.

Non-executive directors

Sean BEEHAN

David BOWEN

Daniel CASS

Garry DINNIE

Anna GUILLAN

Andrew REFSHAUGE

Executive directors

Ian BADHAM – Media Relations Manager

Derek COLENBRANDER – Chief Executive Officer

Other executives

Andrew ANDERSON – General Manager Medical & Support Services

Luke BRADSHAW – Director of Engineering

Alan GARNER – Medical Director

Don KEMBLE – Manager Communications & Engagement

Jeff KONEMANN – Chief Pilot until 28 November 2012

David MANN – General Manager Aviation Services & Northern Operations

Trent OSBORN – Head of Fundraising

Richard Sanford - Chief Pilot from 29 November 2012

Paul SMITH – National Manager CareFlight International

Rajini SURENDRAN – Finance Manager

27. Related party disclosure (continued)

a) Transactions with key management personnel

	Consolidated	
	2013	2012
	$	$
Short term employee benefits	2,141,759	2,071,073
Long term employee benefits	185,370	179,915
	2,327,129	**2,250,988**

b) Loans and other transactions with key management personnel

Dr Andrew Refshauge, Chairman of the Board, received an allowance in recognition of the time he commits to the affairs of the Group above and beyond the normal role of a board chairman. He was paid $60,000 (2012: $60,000) for these services under normal market rates.

Garry Dinnie, non-executive director and Chair of the Audit & Risk Committee, received an allowance in recognition of the time he commits to the affairs of the Group above and beyond the normal role of chairman of a board committee. He was paid $29,500 (2012: $30,000) for these services under normal market rates.

David Bowen, non-executive director, provided consultancy services to the Group. He was paid $1,050 (2012: $9,640) for these services under normal market rates.

Paul Smith, National Manager CareFlight International, purchased a motor vehicle from the Company for $21,000 on normal commercial terms.

c) Other related party transactions

Peter Quayle, a member of the Company, provided company secretarial services to the Group. He was paid $39,462 (2012: $37,061) for these services under normal market rates.

Heidi Colenbrander, wife of Derek Colenbrander, Chief Executive Officer provided design and communication services to the Group. She was paid $34,000 (2012: $20,100) for these services under normal market rates.

Max Mann, father of David Mann, General Manager Aviation Services & Northern Operations provided engineering support services to the Group. He was paid $25,000 (2012: $22,219) for these services under normal market rates.

28. Economic dependency

The Group has continuing financial support from the NT Government, NSW Government, sponsors and the community.

29. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

30. Registered charity

The Company is an authorised fundraiser under the provisions of the Charitable Fundraising Act 1991 (NSW), the Fundraising Act 1998 (VIC), the Charitable Collections Act 2003 (ACT), the Collections for Charities Act 2001 (TAS), the Collections for Charitable Purposes Act 1939 (SA) and the Charitable Collections Act 1946 (WA).

31. Information and declaration to be furnished under the Charitable Fundraising Act 1991 (NSW), the Fundraising Act 1998 (VIC), the Charitable Collections Act 2003 (ACT), the Collections for Charities Act 2001 (TAS), the Collections for Charitable Purposes Act 1939 (SA) and the Charitable Collections Act 1946 (WA).

Fundraising appeals conducted by the Company:

- Christmas
- Taxation
- Newsletter
- Corporate

These appeals are used to continue the Group’s role of providing rapid response critical care services.

32. Statement of income and expenditure

	Consolidated 2013 $	2012 $
Fundraising		
Donations and sponsorship revenue		
Bequests	843,175	505,088
Corporate and general donations	3,044,463	2,316,770
Appeals	1,398,817	1,357,273
Sponsorship	1,352,727	1,120,159
Gross revenue - donations and sponsorship	**6,639,182**	**5,299,290**
Donations and sponsorship expenditure		
Bequests	-	2,000
Corporate and general donations	392,319	266,815
Appeals	590,620	424,851
Sponsorship	-	3,960
Total expenditure - donations and sponsorship	**982,939**	**697,626**
Net surplus - donations and sponsorship	**5,656,243**	**4,601,664**
Merchandising and events revenue		
Bear merchandising	6,059,964	6,150,772
Events	1,204,032	1,480,282
Gross revenue - merchandising and events	**7,263,996**	**7,631,054**
Merchandising and events expenditure		
Bear merchandising	4,314,026	4,464,773
Events	724,644	1,002,672
Total expenditure - merchandising and events	**5,038,670**	**5,467,445**
Net surplus - merchandising and events	**2,225,326**	**2,163,609**
Total revenue - fundraising	**13,903,178**	**12,930,344**
Total expenditure - fundraising	**6,021,609**	**6,165,071**
Net surplus - fundraising	**7,881,569**	**6,765,273**
Other revenue		
Ambulance Service of NSW	6,375,333	3,200,558
Northern Territory Department of Health	31,355,803	28,086,819
Aero-medical and other retrieval revenue	12,716,848	15,076,526
Finance income	122,384	158,318
	50,570,368	**46,522,221**
Other expenditure		
Operations and administration - costs of personnel	29,597,027	24,998,561
Direct costs of medical and aircraft retrieval	17,492,611	20,200,015
Depreciation	3,355,110	2,187,610
Insurance	962,601	649,690
Professional fees	1,520,487	1,730,954
General overheads	2,705,269	2,458,008
Exchange rate loss	-	12,008
Finance expense	1,369,687	834,943
Impairment loss on non-current assets	15,508	-
Impairment loss on fixed wing aircraft held for sale	411,694	-
Net loss on sale of non-current assets	162,504	14,362
	57,592,498	**53,086,151**
Total revenue	64,473,546	59,452,565
Total expenditure	63,614,107	59,251,222
Net surplus for the year transferred to retained surplus	**859,439**	**201,343**

33. Statement showing how funds received from fundraising appeals were applied to charitable purposes

	Consolidated 2013 $	Consolidated 2012 $
Net surplus from fundraising	**7,881,569**	**6,765,273**
This was applied to the charitable purposes in the following manner:		
Expenditure on general operating and administration costs	**7,881,569**	**6,765,273**
Total other expenditure	57,592,498	53,086,151
Less: Net surplus from fundraising	7,881,569	6,765,273
Shortfall	**49,710,929**	**46,320,878**
Shortfall of $49,710,929 (2012: $46,320,878) was provided from the following sources:		
Ambulance Service of NSW	6,375,333	3,200,558
Northern Territory Department of Health	31,355,803	28,086,819
Aero-medical and other retrieval revenue	12,716,848	15,076,526
Finance income	122,384	158,318
	50,570,368	**46,522,221**
Less: Shortfall between surplus available from fundraising appeals conducted and total expenditure	49,710,929	46,320,878
Net surplus	**859,439**	**201,343**

34. Details of gross income and aggregate expenditure of appeals conducted jointly with traders

	2013	2012
Gross income	**6,909,944**	**7,146,934**
Total expenditure incurred	**4,911,143**	**5,215,358**

35. Comparisons of certain monetary figures and percentages

	Consolidated 2013 $	Consolidated 2013 %	Consolidated 2012 $	Consolidated 2012 %
Costs of procuring donations and sponsorship / Gross revenue from donations and sponsorship	982,939/ 6,639,182	15	697,626/ 5,299,290	13
Costs of merchandising and events / Gross revenue from merchandising and events	5,038,670/ 7,263,996	69	5,467,445/ 7,631,054	72
Total costs of fundraising / Gross revenue from fundraising	6,021,609/ 13,903,178	43	6,165,071/ 12,930,344	48
Net surplus from fundraising / Gross revenue from fundraising	7,881,569/ 13,903,178	57	6,765,273/ 12,930,344	52
Total costs of services / Total expenditure	47,089,638/ 63,614,107	74	45,198,576/ 59,251,222	76
Total costs of services / Total revenue	47,089,638/ 64,473,546	73	45,198,576/ 59,452,565	76

36. Parent entity disclosures

As at, and throughout, the financial year ending 30 April 2013 the parent entity of the Group was CareFlight Limited.

Result of parent entity

	2013 $	2012 $
Surplus for the period	2,138,313	201,343
Other comprehensive income	234,290	(697,892)
Total comprehensive income for the period	**2,372,603**	**(496,549)**

Financial position of parent entity at year end

	2013 $	2012 $
Current assets	14,040,824	9,558,808
Total assets	29,398,869	43,479,084
Current liabilities	15,633,245	13,305,422
Total liabilities	20,209,590	36,662,408
Total equity of the parent entity comprising of:		
Reserves	234,290	-
Retained earnings	8,954,989	6,816,676
	9,189,279	**6,816,676**

As the sole member of CareFlight (NT) Limited, the parent entity has provided a letter of financial support to CareFlight (NT) Limited, undertaking to provide ongoing financial support as required by the company to ensure that it continues as a going concern for at least 12 months from the date of signing of the 2013 Annual Financial Report.

Declaration by director in respect of fundraising appeals

I, Derek Colenbrander, director of CareFlight Limited, declare in my opinion:

(a) the consolidated statement of surplus or deficit and other comprehensive income gives a true and fair view of all income and expenditure of CareFlight Limited with respect to fundraising appeal activities for the financial year ended 30 April 2013;

(b) the consolidated statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 April 2013;

(c) the provisions of the Charitable Fundraising Act 1991 (NSW), the Fundraising Act 1998 (VIC), the Charitable Collections Act 2003 (ACT), the Collections for Charities Act 2001 (TAS), the Collections for Charitable Purposes Act 1939 (SA) and the Charitable Collections Act 1946 (WA), the Regulations under the Act(s) and the conditions attached to the authorities have been complied with for the financial year ended 30 April 2013; and

(d) the internal controls exercised by CareFlight Limited are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Derek Colenbrander
Chief Executive Officer

Signed at Sydney on 24 June 2013

Directors' declaration

1 In the opinion of the directors of CareFlight Limited

(a) the consolidated financial statements and notes, set out on pages 17 to 47, are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group financial position as at 30 April 2013 and of its performance, as represented by the results of its operations and its cashflows, for the year ended on that date; and

(ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Andrew Refshauge
Chairman

Derek Colenbrander
Chief Executive Officer

Dated at Sydney on 24 June 2013

KPMG

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Independent auditor's report to the members of CareFlight Limited pursuant to the Corporations Act 2001, Charitable Fundraising (NSW) Act 1991 and Charitable Collections (WA) Act 1946

We have audited the accompanying financial report of CareFlight Limited (the "Company") which comprises the consolidated statement of financial position as at 30 April 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and statement of cash flows for the year then ended, notes 1 to 36 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entity it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

In addition, our audit report has also been prepared for the members of the Group in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Section 15(1) of the Charitable Collections (WA) Act 1946. Accordingly we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the *Corporations Act 2001*.

Independent auditor's report to the members of CareFlight Limited pursuant to the Corporations Act 2001, Charitable Fundraising (NSW) Act 1991 and Charitable Collections (WA) Act 1946 (continued)

These additional procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Charitable Fundraising (NSW) Act 1991 and Regulations and Charitable Collections (WA) Act 1946 and Regulations.

It should be noted that the accounting records and data relied upon for reporting on fundraising appeal activities are not continuously audited and do not necessarily reflect after the event accounting adjustments and the normal year end financial adjustments for such matters as accruals, prepayments, provisioning and valuations necessary for year end financial report preparation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001.*

Basis for qualified auditor's opinion

Fundraising revenue is a significant source of revenue for Group. CareFlight Limited and its subsidiary have determined that it is impracticable to establish controls over the collection of fundraising revenue prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to fundraising revenue had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the fundraising of Group obtained is complete.

In respect of the qualification however, based on our understanding of the internal controls, nothing has come to our attention which would cause us to believe that the internal controls over revenue from fundraising appeal activities by the Group are not appropriate.

Qualified auditor's opinion pursuant to the Corporations Act 2001

In our opinion, except for possible effects of the matter described in the Basis for qualified opinion paragraph, the financial report of CareFlight Limited and its subsidiary is in accordance with:

a) the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 April 2013 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Independent auditor's report to the members of CareFlight Limited pursuant to the Corporations Act 2001, Charitable Fundraising (NSW) Act 1991 and Charitable Collections (WA) Act 1946 (continued)

Qualified audit opinion pursuant to the Charitable Fundraising (NSW) Act 1991 and Charitable Collections (WA) Act 1946

In our opinion, except for the effects on the financial report of such adjustments, if any, as might have been required had the limitation referred to in the qualified opinion paragraph not existed:

a) the financial report gives a true and fair view of the financial result of fundraising appeal activities for the financial year ended 30 April 2013;

b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 May 2012 to 30 April 2013, in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations and Charitable Collections (WA) Act 1946 and Regulations;

c) money received as a result of fundraising appeal activities conducted during the period from 1 May 2012 to 30 April 2013 has been properly accounted for and applied in accordance with the Charitable Fundraising (NSW) Act 1991 and Regulations, Charitable Collections (WA) Act 1947 and Regulations; and

d) there are reasonable grounds to believe that CareFlight Limited and its subsidiary will be able to pay its debts as and when they fall due.

KPMG

Phillip M Napier
Partner

Sydney

24 June 2013

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of CareFlight Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 April 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Phillip M Napier
Partner

Sydney

24 June 2013