CONSOLIDATED FINANCIAL REPORT 2016

CareFlight Limited (a company limited by guarantee)
ACN 003 093 445
4-6 Barden Street
Northmead NSW 2152

Contents

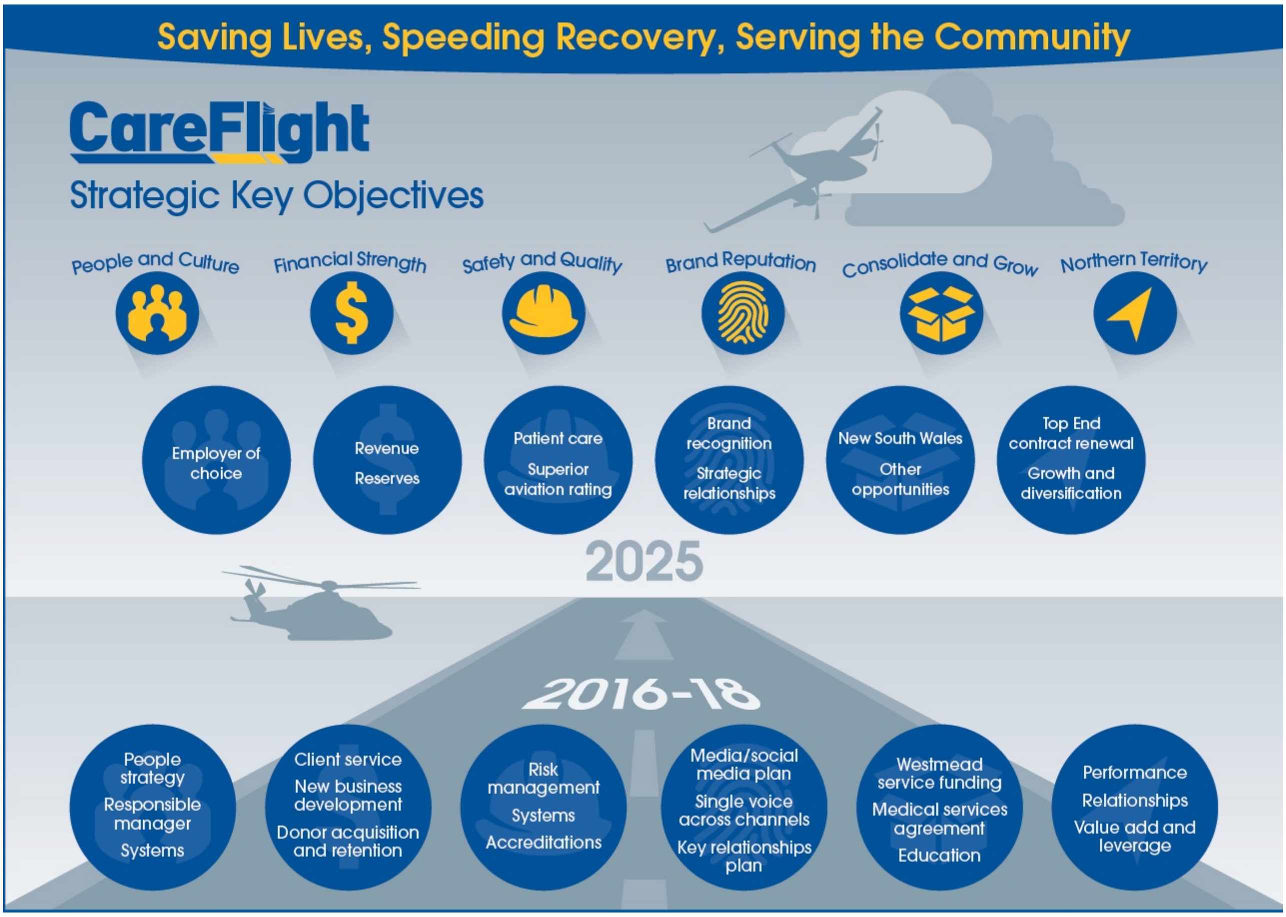
The directors present their report together with the consolidated financial report of CareFlight Limited ("CareFlight") for the year ended 30 April 2016 and the Auditor's report thereon.

1. Introduction

The year saw CareFlight complete 30 years of saving lives, speeding recovery and serving the community.

The CareFlight of today is almost unrecognisable from the single helicopter operation founded in early 1986 by a volunteer-driven group of passionate and far-sighted doctors, aviators and business people. We have long outgrown our New South Wales homeland and now provide aeromedical and related services right across Australia and the Asia Pacific region. With approximately 350 people on our payroll and 12 aircraft, we are vastly larger in scale, caring for and transporting around 5,000 patients a year. While we still rely heavily on donor support, much more of our revenue now comes from government and fee-for-service contracts. Through all this change, our focus on our founding purpose and the passion of our people remain as strong as ever. Our patients have always been and continue to be at the heart of what we do.

The period leading up to the anniversary has been an opportunity to take stock after several years of rapid growth and to lay down specific plans for our next phase of development. Early in the year we started to roll out a revised strategic plan, with 10 year goals and an initial three-year program of priority activities.



2. Review of Operations

As a charity, and more widely a social enterprise, we and our stakeholders expect that our work will have a positive social impact. But it is not easy to directly measure social impact. Instead we look for indicators. In CareFlight's case, we have identified six indicators of our social impact. These provide a framework for reviewing our operations.

Readiness

A highlight of the last 12 months was bringing our medi-jet operations fully in-house. This significant achievement required enormous effort as well as a substantial investment, both in re-training for pilots and engineers and in meeting the exacting regulatory requirements to operate our own jets.

The decision by the Board to move down this path is a re-affirmation that one of CareFlight's great and unique strengths, built over the past 30 years, is our fully integrated aeromedical service.

We are now the only provider in the Asia Pacific region with capabilities across the full range of aeromedical services - including helicopters, turbo-props and jet aircraft - to support our own specialist doctors, nurses and paramedics. This enables us to tailor any combination of these capabilities to meet the requirements of our patients and clients, positioning us uniquely to deliver effective solutions as future opportunities arise.

Missions

All our services saw continued strong demand with increased activity in a number of areas.

Our Neonatal and paediatric Emergency Transport Service (NETS) helicopters flew 359 missions, the highest level of activity since the contract began in 2013. Our Northern Operations fixed wing and helicopter crews launched 2,940 missions to reach patients, many of whom were in very remote settings. Tasking levels of our Westmead Rapid Response service and our medi-jets also remained very high.

In the first full year of our oil and gas operations off northwest Australia, we carried out a number of complex missions. While growth in this sector was hampered by the impact of weak oil prices, we continue to build a track record of exceptional service delivery which will benefit us when the oil price cycle turns and operators are better placed to invest in aeromedicine.

Clinical care

Our doctors and nurses are very much at the centre of CareFlight's services. Overall, we cared for more than 5,000 patients through the year, including the caseload of our doctors working with NSW Ambulance. This arrangement, which has been in place since 2007, came up for review in late 2015 and we are confident that our team's performance over the years has laid the foundations for a continued substantial role in the NSW aeromedical system as it grows and evolves.

The year saw a changing of the guard, with Dr Alan Garner OAM stepping aside as Medical Director after 15 years of distinguished service. Dr Toby Fogg, who has worked on our NSW Ambulance roster since 2009, assumed the role in May 2015.

In October 2015, we welcomed a new NT Medical Director, Dr Garth Herrington.

Education

Our education programs complement our patient care services by sharing skills and knowledge with the wider health and emergency services community. A key focus over the past year was to reduce the number of individual course offerings and optimise group sizes so we were able to reach more students. As a result we increased participant teaching days by 327 to 1,394 while courses were reduced by 57 to 115.

Innovation

CareFlight began as Australia's first dedicated helicopter medical service 30 years ago. We continue to build on an impressive track record of research and innovation with a program that is very focussed on practical ideas for improving care and health outcomes in aeromedicine.

Current projects include:

- a trial comparing sedation regimes for acute psychiatric patients in an aeromedical setting
- monitoring real-time brain oxygen levels as a predictor of long term brain injury
- assessment of the benefits of new blood warming technology in emergency transfusions.

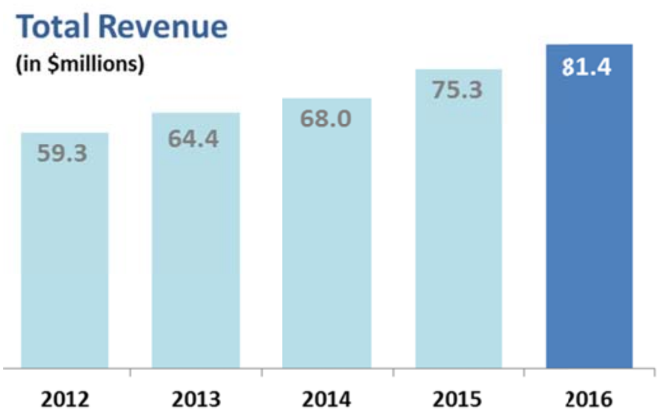
Community

Our community engagement and fundraising programs continued to sustain many elements of our key services. Our Westmead rapid response helicopter, our Top End rescue helicopter and our MediSim courses are among the services that depend substantially or entirely on established programs such as our bears and regular appeals, growth areas like regular giving and new initiatives such as a raffle launched during the year.

Donations over the past year were boosted by the largest bequest ever received by CareFlight. The bequest, from the Estate of the Late Margaret Alice Porter, included a mix of shares and property worth about $2.5 million. Proceeds from the sale of the shares will be reinvested in an Endowment Fund to further our charitable activities.

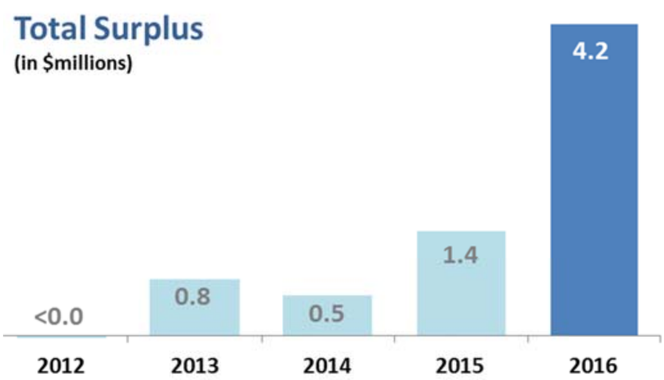
3. Financial

The financial year 2016 produced, without doubt, CareFlight's best ever result.

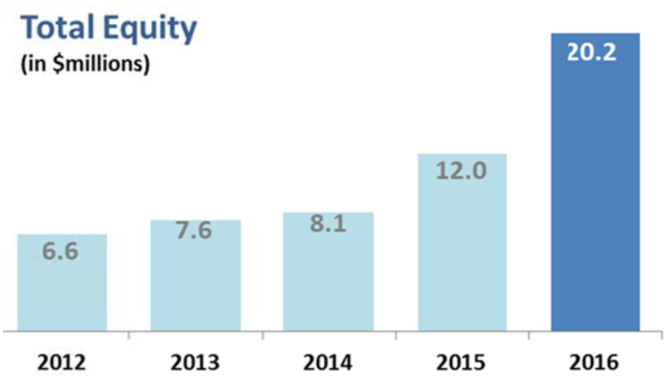


Over the past 5 years, revenue has grown steadily by almost 7% per annum, indicating a healthy and sustainable future for CareFlight.

Revenue in 2016 was up $6.1m (8.1%) from the prior year. The revenue was boosted by a substantial bequest from the Porter Estate, funds received from NSW Ambulance to support the Westmead rapid response helicopter and the first full year of operations of the INPEX project in northwest Australia.



The surplus for 2016 was up $2.8m (200%) from the prior year.



Equity has increased by $8.2m (68%) from the prior year. This was primarily due to the strong surplus from current year operations coupled with the revaluation of land and buildings.

4. Thank you

Over 30 years of growth and change, there have been three constants: the people of CareFlight, the people who support CareFlight and the people CareFlight serves – our patients.

At CareFlight, we have built a fantastic team, with an incredible variety of skills and talents. We have some of the best and most highly trained doctors, nurses and paramedics in the country. Our aviation team – pilots, aircrewmen and engineers – are superb professionals. Backing them up, we have an able and dedicated support services team. The secret of our success lies in the capacity we have developed to meld our people together in a culture of teamwork and collaboration.

Sustaining us through our 30 year journey has been community support, tangibly manifested in our very reliable, recurring donor revenue which flows to us from tens of thousands of donors. That revenue funds not only our charitable services, but also our research and a significant part of our education and training programs. It enables us to play a leading role in the development of aeromedicine and helps us stay at the forefront of best practice patient care. We recognise and appreciate the trust that our donors place in us to deal wisely and properly with their donations, and we commit to doing so.

And while we acknowledge all those people who make CareFlight and who support CareFlight, we never forget for a moment those people who are our reason for being – our patients. Our commitment always has been, is today and always will be to do the best that we possibly can for our patients. To get to them as quickly as we safely can. To bring them the best clinical care. To get them safely to hospital for further treatment. In short, to give each patient the best possible prospect of full recovery from what is often the worst moment of their life.

Andrew Refshauge
Chairman

Derek Colenbrander
CEO

Dated at Sydney on 28 June 2016

1. Directors' 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
Andrew REFSHAUGE MB, BS, FAICD *Chairman* *Independent Non-Executive Director*	67	• 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. • Member of the Investment Committee. • Director and Chairman since 18 December 2007.
Derek COLENBRANDER BA, LLB *Chief Executive Officer* *Executive Director*	62	• Long career in private legal practice as a corporate and commercial lawyer, followed by general management experience. • Solicitor and Notary Public. • Member of the Investment Committee. • Director since 19 December 2003.
Patricia ANGUS PSM, MTH *Independent Non-Executive Director*	69	• 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. • Member of Top End Health Service Board. • Member of the Audit & Risk Committee. • Director since 24 June 2013.
Ian BADHAM OAM, BSc *Executive Director*	70	• 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.
David BOWEN BA, Dip Law *Independent Non-Executive Director*	59	• Extensive experience in the insurance industry and in government legal administration. • Chief Executive Officer, National Disability Insurance Agency. • Former Chief Executive Officer, Lifetime Care and Support Authority. • Former General Manager, Motor Accidents Authority. • Appointed 18 December 2007. • Resigned 12 November 2015.
Nicholas COATSWORTH MBBS (Hons), MIntPH, FRACP *Independent Non-Executive Director*	38	• Consultant physician in Infectious Diseases and Respiratory Medicine. • Director of Infectious Diseases at Canberra Hospital. • Former Executive Director of the National Critical Care and Trauma Response Centre in Darwin. • Former Chair of Medecins Sans Frontieres Australia. • Member of the Investment Committee. • Appointed 23 June 2015.

Name, qualifications and independence status	Age	Experience and special responsibilities
Garry DINNIE BCom, FCA, FAICD, MIIA (Aust), FAIM *Independent Non-Executive Director*	64	• 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. • Member of the Investment Committee. • Director since 23 February 2010.
Anna GUILLAN MBA *Independent Non-Executive Director*	58	• Extensive experience in sales and marketing in the tourism and hospitality industry. • Regional Director, Sales and Marketing, Australia and New Zealand, Kerzner International. • Member of the Audit & Risk Committee. • Director since 14 December 2010.

2. 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		Investment Committee	
Director	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
Andrew Refshauge	12	11	-	-	1	1
Derek Colenbrander	12	11	-	-	1	1
Patricia Angus	12	8	2	2	-	-
Ian Badham	12	9	-	-	-	-
David Bowen	5	3	-	-	-	-
Nicholas Coatsworth	12	10	-	-	1	1
Garry Dinnie	12	12	2	2	1	1
Anna Guillan	12	8	2	2	-	-

3. 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 seven directors, five 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
- 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 Investment Committee and the Audit & Risk Committee. Meetings attended by directors during the financial year are recorded in section 2 above.

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 any time during or since the end of the financial year are set out in section 1 above. 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.

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-of-pocket expenses incurred in the performance of their duties and responsibilities as directors.

The Chairman of the Board receives an allowance (Note 20 a)) 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 20 a)) in recognition of the time he commits to the affairs of the Company above and beyond the normal role of a director. 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 NSW 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.

Investment Committee

The Board has determined to set aside part of CareFlight's available funds to establish an Endowment Fund, the purpose of which is to support the objectives of CareFlight over the very long term. The Board has approved a policy for the prudent and careful management of the Endowment Fund which is set out in CareFlight's Investment Policy Statement. The Board has delegated authority to the Investment Committee to set broad guidelines and strategies for the management of these funds within the approved policy.

The Investment Committee comprises four directors, three of whom are non-executive directors. The Finance Manager is also a member of the Committee.

The names of the directors who were members of the Investment Committee during the year are set out in section 1 above. Committee meetings attended by directors during the financial year are recorded in section 2 above.

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 section 1 above. Committee meetings attended by directors during the financial year are recorded in section 2 above.

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 Group'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 Group's external Auditor
- the review function of the Audit & Risk Committee
- 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 bi-monthly CareFlighter newsletter, a 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
- the audited consolidated financial statements.

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.

4. Dividends

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

5. Indemnification and Insurance of Officers

The Company has provided for and paid premiums 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.

6. Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 34.

7. 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 Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Consolidated statement of surplus or deficit and other comprehensive income
for the year ended 30 April 2016

	Note	2016 $	2015 $
Revenue	6	81,379,736	75,007,871
Other income – net gain on sale of non-current assets		-	316,506
Revenue and other income		**81,379,736**	**75,324,377**
Expenditure			
Operations and administration - costs of personnel		(37,255,042)	(34,560,309)
Direct costs of aeromedical operations		(18,555,952)	(19,264,468)
Costs of fundraising - donations and sponsorship	7a)	(3,371,315)	(1,990,141)
Costs of fundraising - merchandising and events	7b)	(3,935,871)	(4,560,724)
Depreciation	14	(5,098,290)	(4,619,446)
Insurance		(662,336)	(839,463)
Professional fees		(1,649,842)	(1,583,001)
General overheads		(4,661,333)	(4,273,047)
Net loss on sale of non-current assets		(10,579)	-
Total expenditure before net finance expense		**(75,200,560)**	**(71,690,599)**
Surplus before net finance expense		**6,179,176**	**3,633,778**
Finance income	8	236,734	122,232
Finance expense	8	(2,219,060)	(2,351,966)
Net finance expense		**(1,982,326)**	**(2,229,734)**
Net surplus for the year		**4,196,850**	**1,404,044**
Other comprehensive income items that may be reclassified to surplus or deficit			
Revaluation	14	3,965,537	2,530,903
Total comprehensive income for the year		**8,162,387**	**3,934,947**

The notes on pages 14 to 28 are an integral part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 April 2016

	Note	Reserves $	Retained surplus $	Total $
Balance at 1 May 2014		**226,042**	**7,854,473**	**8,080,515**
Net surplus for the year ended 30 April 2015		-	1,404,044	**1,404,044**
Revaluation		2,530,903	-	**2,530,903**
Balance at 30 April 2015	14a)	**2,756,945**	**9,258,517**	**12,015,462**
Balance at 1 May 2015		**2,756,945**	**9,258,517**	**12,015,462**
Net surplus for the year ended 30 April 2016		-	4,196,850	**4,196,850**
Revaluation	14a)	3,965,537	-	**3,965,537**
Balance at 30 April 2016		**6,722,482**	**13,455,367**	**20,177,849**

The notes on pages 14 to 28 are an integral part of these financial statements.

Consolidated statement of financial position
as at 30 April 2016

	Note	2016 $	2015 $
Current assets			
Cash and cash equivalents	10	13,412,990	12,600,614
Trade and other receivables	11	4,127,472	4,392,059
Inventories	12	371,968	200,125
Investments	13a)	1,761,833	-
Total current assets		**19,674,263**	**17,192,798**
Non-current assets			
Property, plant and equipment	14	51,834,021	42,246,844
Investments	13b)	2	2
Total non-current assets		**51,834,023**	**42,246,846**
Total assets		**71,508,286**	**59,439,644**
Current liabilities			
Trade payables	15	5,163,722	4,716,002
Income received in advance	16	7,568,220	8,855,295
Finance lease liabilities	17	4,808,933	3,348,997
Employee benefits	18	2,645,245	2,519,469
Total current liabilities		**20,186,120**	**19,439,763**
Non-current liabilities			
Finance lease liabilities	17	30,649,165	27,685,839
Employee benefits	18	495,152	298,580
Total non-current liabilities		**31,144,317**	**27,984,419**
Total liabilities		**51,330,437**	**47,424,182**
Net assets		**20,177,849**	**12,015,462**
Equity			
Reserves	19	6,722,482	2,756,945
Retained surplus		13,455,367	9,258,517
Total equity		**20,177,849**	**12,015,462**

The notes on pages 14 to 28 are an integral part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 April 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Cash receipts in the course of operations		86,675,508	83,532,797
Cash payments in the course of operations		(77,573,559)	(72,039,966)
Finance income	8	236,734	122,232
Finance expense	8	(2,219,060)	(2,351,966)
Net cash from operating activities		**7,119,623**	**9,263,097**
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	(11,143,278)	(2,953,001)
Proceeds from sale of non-current assets		412,771	2,777,360
Expenses incurred in disposing of non-current assets		-	(16,050)
Net cash from investing activities		**(10,730,507)**	**(191,691)**
Cash flows from financing activities			
Net finance lease funding/(repayments)		4,423,260	(2,776,558)
Net cash from financing activities		**4,423,260**	**(2,776,558)**
Net increase in cash held		**812,376**	**6,294,848**
Cash and cash equivalents at 1 May		**12,600,614**	**6,305,766**
Cash and cash equivalents at 30 April	10	**13,412,990**	**12,600,614**

The notes on pages 14 to 28 are an integral part of these financial statements.

Notes to consolidated financial statements
for the year ended 30 April 2016

1. Reporting entity

The consolidated financial statements of the Group as at and for the year ended 30 April 2016 comprise CareFlight Limited (the 'Company') and its subsidiary CareFlight (NT) Limited, together referred to as the 'Group' and individually as 'Group entities'. The Company is a not-for-profit entity and is a registered charity and a Public Benevolent Institution. The Company 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 2016, the Company had 27 Members (2015: 27), 7 (2015: 7) of whom were directors of the Company.

2. Basis of accounting

a) Statement of compliance

The consolidated financial statements are Tier 2 general purpose consolidated financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB), the Australian Charities and Not for profits Commission Act 2012 and the Australian Charities and Not for profits Commission Regulation 2013. These consolidated financial statements comply with the Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were authorised for issue by the Board of Directors on 28 June 2016.

b) Basis of measurement

The consolidated financial statements are prepared on historical cost except for rotary wing aircraft, land and buildings and investments which are stated at their fair values.

c) Basis of consolidation

i) Subsidiaries

A subsidiary is an entity controlled by the Group. Control exists when the Group 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 Group. In the Group'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.

3. Functional and presentation currency

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

4. Use of estimates and judgements

In preparing these financial statements, management has made 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 prospectively.

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 14 – Property, plant and equipment
- Note 18 – Employee benefits

Notes to consolidated financial statements
for the year ended 30 April 2016

5. Change in accounting policies

Except for the change below, the Group has consistently applied the accounting policies set out in the notes to the consolidated financial statements during the reporting period.

In 2016, Directors adopted the fair value basis for valuing land and buildings to align the value of land and buildings with estimated market value, recognising that these values may fluctuate from year to year. See Note 14 for further details.

6. Revenue

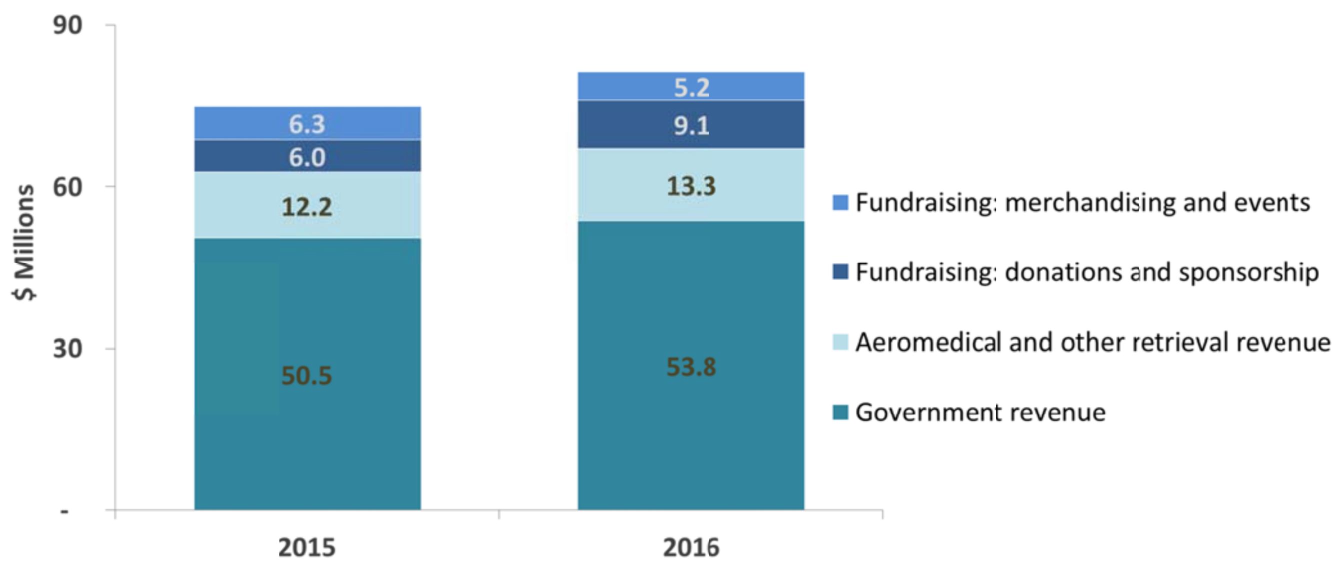
The various categories of Group revenue are recognised on the following bases:

Revenue	Nature	Recognition Criteria
Government revenue	• Government revenue received on the condition that specified services are delivered or conditions are fulfilled, are considered reciprocal. Such revenue is initially recognised as a liability (Note 16) and revenue is recognised as services are performed or conditions fulfilled.	Conditions of the revenue are complied with.
	• Non-reciprocal revenue is recognised when received.	On receipt.
	• Grants that compensate the Group for expenses incurred are recognised as revenue as expenses are incurred.	Systematic basis in the periods in which the expenses are incurred.
Aeromedical and other retrieval income	• Revenue is recognised when services are provided.	Service provided.
Fundraising: donations and sponsorship	• General donation revenue is measured by the amount of cash received and is brought to account in the period in which it is received.	On receipt.
	• Conditional donation revenue is initially recognised as a liability (Note 16) and is recognised as revenue when the Company has complied with the conditions attached to the donation.	Conditions of the revenue are complied with.
	• Donations in kind is recorded as revenue from fundraising at the fair value of the goods received, with an equal amount being recognised as expense or capitalised as a fixed asset to which the donation relates.	On receipt of asset or service.
	• Sponsorship revenue is recognised as services are performed or conditions fulfilled.	Systematic basis in the periods in which conditions are fulfilled.
Fundraising: merchandising and events	• Sale of merchandise is recorded as revenue when goods are ordered and delivered. Measured at the amount of cash received.	On delivery of goods.
	• Event revenue is recognised upon completion of event.	Completion of event.

Notes to consolidated financial statements
for the year ended 30 April 2016

6. Revenue (continued)

	Note	2016 $	2015 $
Government revenue		53,802,199	50,545,887
Aeromedical and other retrieval revenue		13,276,903	12,153,434
Fundraising : donations and sponsorship	7a)	9,055,194	6,048,234
Fundraising : merchandising and events	7b)	5,245,440	6,260,316
		81,379,736	**75,007,871**



At 30 April 2016 the Group has deferred revenue of $7,568,220 (2015 $8,855,295), relating to contract revenue received in advance and donations (Note 16) where conditions have not yet been complied with.

7. Fundraising revenue and expenses

The Company is an authorised fundraiser under the Charitable Fundraising Act 1991 (NSW), the Charitable Collections Act 1946 (WA), 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 Australian Charities and Not-for-profits Commission Act 2012.

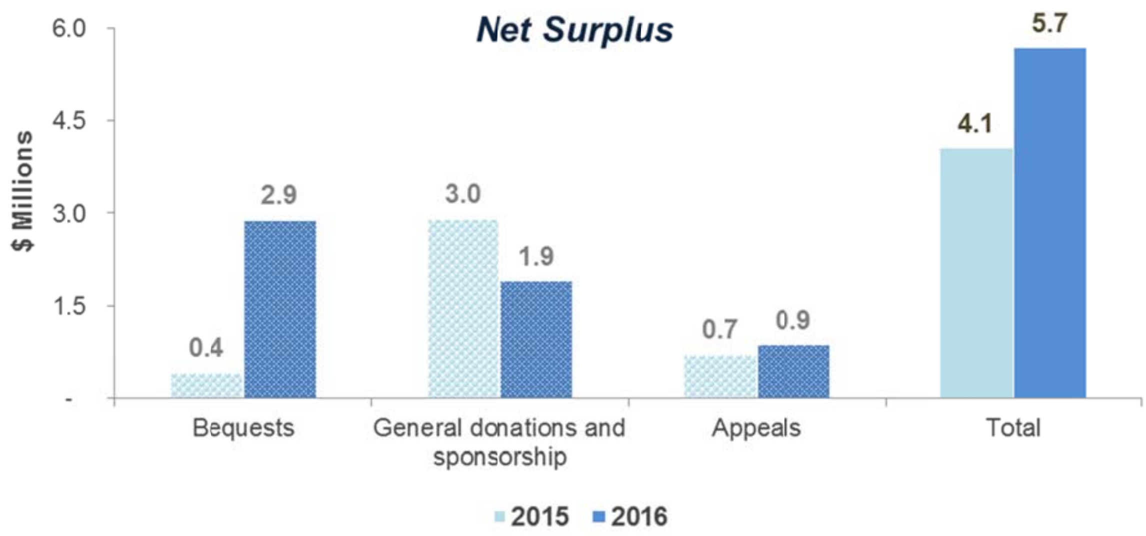
a) Fundraising: donations and sponsorship

	2016 $	2015 $
Revenue		
Bequests	2,902,797	442,655
General donations and sponsorship	4,485,153	4,122,617
Appeals	1,667,244	1,482,962
	9,055,194	**6,048,234**
Expenses		
Bequests	7,927	14,803
General donations and sponsorship	2,576,363	1,208,629
Appeals	787,025	766,709
	3,371,315	**1,990,141**
Net surplus : donations and sponsorship	**5,683,879**	**4,058,093**

Notes to consolidated financial statements
for the year ended 30 April 2016

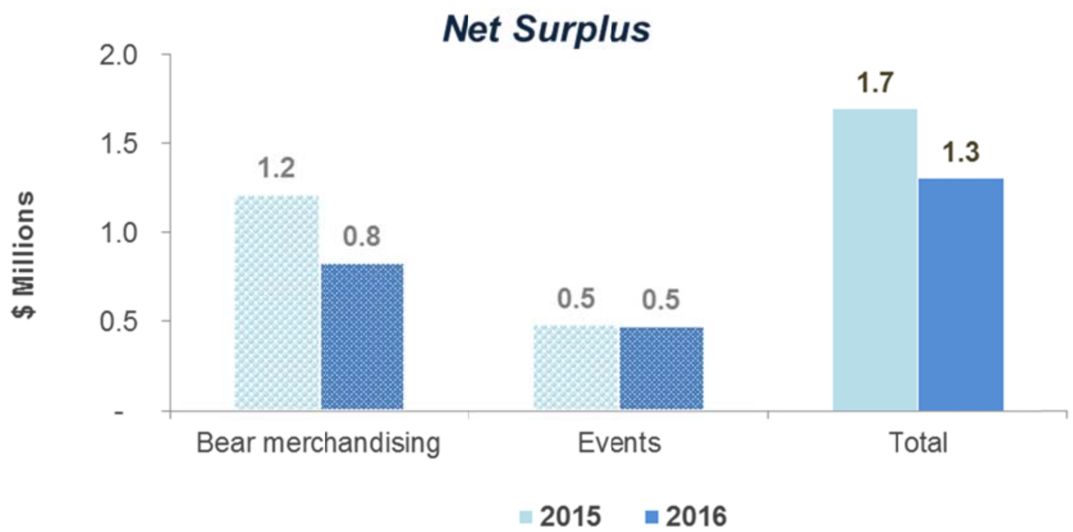
7. Fundraising revenue and expenses (continued)

a) Fundraising: donations and sponsorship (continued)



b) Fundraising: merchandising and events

	2016 $	2015 $
Revenue		
Bear merchandising	4,136,153	5,152,337
Events	1,109,287	1,107,979
	5,245,440	**6,260,316**
Expenses		
Bear merchandising	3,302,411	3,936,982
Events	633,460	623,742
	3,935,871	**4,560,724**
Net surplus : merchandising and events	**1,309,569**	**1,699,592**



Notes to consolidated financial statements
for the year ended 30 April 2016

7. Fundraising revenue and expenses (continued)

c) Information to be furnished under the Charitable Fundraising Act 1991 (NSW)

i) Statement showing how funds received from fundraising were applied to charitable purposes

	2016 $	2015 $
Net Surplus from Fundraising	**6,993,448**	**5,757,685**
This was applied to charitable purposes in the following manner:		
Total expenditure for operations and financing*	70,112,434	67,491,700
Shortfall in funds	**(63,118,986)**	**(61,734,015)**

*Total expenditure for operations and financing includes depreciation and indirect overheads

ii) Shortfall of funds available from fundraising was financed from the following sources

	2016 $	2015 $
Government Revenue	53,802,199	50,545,887
Aeromedical and other retrieval income	13,276,903	12,153,434
Net gain on sale of non-current assets	-	316,506
Finance income	236,734	122,232
Net surplus for the year	(4,196,850)	(1,404,044)
	63,118,986	**61,734,015**

iii) Details of fundraising appeals and programs conducted jointly with traders

	2016 $	2015 $
Gross income	4,870,830	5,896,399
Total expenditure incurred	3,852,369	4,493,006

iv) Fundraising ratios

	2016 $	2016 %	2015 $	2015 %
Costs of procuring donations and sponsorship / Gross revenue from donations and sponsorship	3,371,315/ 9,055,194	37	1,990,141/ 6,048,234	33
Costs of merchandising and events / Gross revenue from merchandising and events	3,935,871/ 5,245,440	75	4,560,724/ 6,260,316	73
Total costs of fundraising / Gross revenue from fundraising	7,307,186/ 14,300,634	51	6,550,865/ 12,308,550	53
Net surplus from fundraising / Gross revenue from fundraising	6,993,448/ 14,300,634	49	5,757,685/ 12,308,550	47
Total costs of services[1] / Total expenditure	70,112,434/ 77,419,620	91	67,491,700/ 74,042,565	91
Total costs of services[1] / Total revenue	70,112,434/ 81,616,470	86	67,491,700/ 75,446,609	89

[1]The total cost of services comparative has been recalculated to align with the current year calculation, which is total expenditure less costs of fundraising.

The Company conducted four appeals (Christmas, Taxation, February and August) during the year (2015: four appeals).

Notes to consolidated financial statements
for the year ended 30 April 2016

8. Finance income and expense

Finance income and expense comprise interest payable on finance leases, interest receivable on funds invested, dividends received from equity securities and foreign exchange gains and losses.

Interest income and expense are recognised using the effective interest method.

Interest income is recognised in the statement of surplus or deficit on the date that the Group's right to receive payment is established.

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. Foreign currency gains and losses are reported on a net basis.

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.

	2016 $	2015 $
Interest income	200,151	120,767
Dividends	36,583	-
Net foreign exchange gain	-	1,465
Finance income	**236,734**	**122,232**
Financial liabilities measured at amortised cost – interest expense	(2,219,060)	(2,351,966)
Finance expense	**(2,219,060)**	**(2,351,966)**
Net finance expense	**(1,982,326)**	**(2,229,734)**

9. Taxes

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.

Goods and services tax

Revenue, expenditure, assets and liabilities are recognised net of the amount of goods and services tax (GST). Receivables and trade payables are stated with GST included. Cash flows are included in the statement of cash flows on a gross basis.

10. Cash and cash equivalents

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

	2016 $	2015 $
Cash – unrestricted	13,148,217	12,354,096
Cash – restricted[1]	264,773	246,518
	13,412,990	**12,600,614**

[1]Restricted cash comprises conditional donations received and the minimum amount required to be maintained under specific leasing arrangement.

Notes to consolidated financial statements
for the year ended 30 April 2016

11. Trade and other receivables

Trade and other receivables are recognised initially at the value of invoices sent to customers.

Value of receivables is assessed at each reporting date to determine whether there is objective evidence that it is impaired. The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In 2016 there was no impairment of trade receivables (2015: nil).

Costs that are directly attributable to securing a contract are initially recorded as amounts due from contract customers and are included in other receivables. These amounts are expensed over the period of the contract.

	2016 $	2015 $
Trade receivables	2,966,925	3,593,432
Other receivables	1,160,547	798,627
	4,127,472	**4,392,059**

12.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.

	2016 $	2015 $
Bear merchandising stock at cost	305,680	157,936
Fuel stock at cost	37,715	42,189
Engineering parts at cost	28,573	-
	371,968	**200,125**

In 2016, bear merchandising stock of $434,040 (2015: $530,941) was recognised as an expense during the period and was included in ‘costs of fundraising: merchandising and events’.

In 2016 no inventory was written down to net realisable value (2015: nil).

13. Investments

a) Current: available-for-sale financial assets

These assets are initially recognised at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised, the fair value reserve is reclassified to surplus or deficit.

	2016 $	2015 $
Available-for-sale financial assets	1,761,833	-
	1,761,833	**-**

The Group received equity securities as part of a bequest during the year and are classified as available-for-sale. All available-for-sale financial assets held are able to be categorised as level 1 on the fair value hierarchy based on the inputs used in the valuation techniques, being quoted prices in active markets.

Notes to consolidated financial statements
for the year ended 30 April 2016

b) Non-current: Investments in subsidiaries and equity-accounted joint ventures

i) Subsidiaries

CareFlight (NT) Limited, which was registered as a public company limited by guarantee on 17 June 2011 and is a wholly-owned subsidiary of CareFlight Limited. CareFlight Limited is the sole member of CareFlight (NT) Limited. No investment cost is recorded in relation to this subsidiary.

ii) Equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in joint ventures.

A joint venture is an arrangement in which the Group has joint control and the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the surplus or deficit and other comprehensive income of the equity accounted investees, until the date on which joint control ceases. At year end, the Group had interests in the following joint ventures:

Name	Type	Date Registered	Members	Status
CareFlight Australia Limited	Public company	7 September 2007	CareFlight Limited (50%) and CareFlight Group Limited (50%)	Dormant
CareFlight Aeromedical Limited	Public company limited by guarantee	6 November 2012	CareFlight Limited (50%) and CareFlight Group Limited (50%)	Dormant
CareStar Pty Limited	Proprietary limited company	10 April 2014	CareFlight Limited (50%) and Weststar Aviation Services SDN BHD (50%)	Dormant

	2016 $	2015 $
Share in CareFlight Australia Limited	1	1
Share in CareStar Pty Limited	1	1
	2	2

14. Property, plant and equipment

Recognition and measurement

Fixed wing aircraft

Fixed wing aircraft are stated at cost less accumulated depreciation to reflect the long-term nature of these assets to service contracts. Cost includes expenditure that is directly attributable to the acquisition of the asset. Fixed wing aircraft are disaggregated into airframe and engine components due to differing useful lives between the two components and depreciated separately.

Rotary wing aircraft

The fair value basis of valuation is applied to rotary wing aircraft.

Land and buildings

During the year, the Group reviewed its policy for valuing land and buildings. Prior to 1 May 2015 land and buildings were stated at cost. The Group has adopted fair value basis of valuation for land and buildings from this financial year to align the value of land and buildings more closely to the market value, recognising that these values may fluctuate from year to year.

Notes to consolidated financial statements
for the year ended 30 April 2016

14. Property, plant and equipment (continued)

Furniture, equipment and motor vehicles

Items of furniture, equipment and motor vehicles are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal

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 within net gain or loss on disposal of non-current assets.

Depreciation

Depreciation is based on the gross carrying amount of the asset i.e. cost or revalued amount 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 on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed upon each reporting date and adjusted if appropriate, the estimated useful lives for the current and comparative year are as follows:

	2016	2015
Fixed wing - airframe	10 to 18 years	10 to 18 years
Fixed wing - engines	3,600 to 5,000 hours	5,000 hours
Rotary wing aircraft	20 years	20 years
Buildings	40 years	40 years
Furniture, equipment and motor vehicles	2.5 to 10 years	2.5 to 10 years

Impairment

The carrying amounts of property, plant and equipment 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 is recognised if the carrying value of an asset exceeds its recoverable amount.

Revaluation

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. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained surplus. Fair value of the Group's assets is based on appraisals performed by independent, professionally-qualified aircraft and property valuers.

Subsequent costs

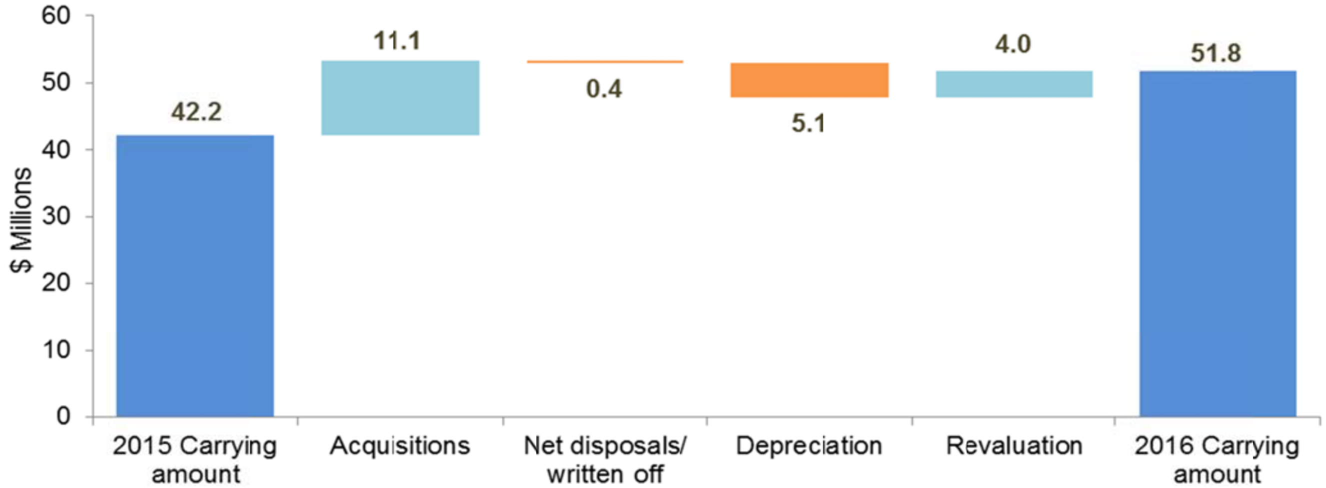
The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its costs can be measured reliably. The carrying amount of the replaced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

Notes to consolidated financial statements
for the year ended 30 April 2016

14. Property, plant and equipment (continued)

	Notes	Fixed wing aircraft	Rotary wing aircraft	Land and buildings	Furniture, equipment and motor vehicles	Total
		At cost	*Fair value*	*Fair value*	*At cost*	
		$	$	$	$	$
Capitalised value						
Balance at 1 May 2015		24,684,736	13,281,543	2,783,258	14,950,077	**55,699,614**
Acquisitions		9,027,077	565,179	-	1,551,022	**11,143,278**
Disposals/written off		(1,059,400)	-	-	(965,990)	**(2,025,390)**
Depreciation before revaluation		-	(775,500)	(305,622)	-	**(1,081,122)**
Revaluation/(Devaluation)	14a)	-	103,173	3,862,364	-	**3,965,537**
Balance at 30 April 2016		**32,652,413**	**13,174,395**	**6,340,000**	**15,535,109**	**67,701,917**
Accumulated depreciation						
Balance at 1 May 2015		5,251,013	-	259,015	7,942,742	**13,452,770**
Depreciation for the year		2,371,658	775,500	46,606	1,904,526	**5,098,290**
Disposals/written off		(1,059,400)	(775,500)	(305,621)[1]	(542,643)	**(2,683,164)**
Balance at 30 April 2016		**6,563,271**	**-**	**-**	**9,304,625**	**15,867,896**
Carrying amounts						
At 1 May 2015		**19,433,723**	**13,281,543**	**2,524,243**	**7,007,335**	**42,246,844**
At 30 April 2016		**26,089,142**	**13,174,395**	**6,340,000**	**6,230,484**	**51,834,021**

[1] Depreciation transfer to adjust carrying value due to change in accounting policy.



Notes to consolidated financial statements
for the year ended 30 April 2016

14. Property, plant and equipment (continued)

a) Revaluation details

Asset details	Effective date of revaluation	Independent valuer	Revaluation surplus		
			1 May 2015	Movement	30 April 2016
			$	$	$
Agusta AW139 VH-YHF helicopter	30 April 2016	Slattery Valuations Pty Limited	2,581,559	197,642	2,779,201
Kawasaki BK117 VH-IME helicopter	30 April 2016	Slattery Valuations Pty Limited	175,386	(94,469)	80,917
Land and buildings	30 April 2016	Anderson Group Valuers	–	3,862,364	3,862,364
			2,756,945	**3,965,537**	**6,722,482**

The fair value of rotary wing aircraft and land and buildings are able to be categorised as level 2 on the fair value hierarchy based on the inputs used in the valuation techniques, being quoted prices for similar assets in active markets.

b) Restrictions on title

Four King Air fixed wing aircraft are part of the Top End Medical Retrieval Services contract with the Northern Territory Government and have a written down value $16,639,423 (2015: $16,938,191). Under the terms of the contract, should the Company fail to meet the terms and conditions set out therein, the Northern Territory Government has the right to takeover these aircraft and to assume the full liability for the unpaid financial charges.

c) Property, plant and equipment pledged as security for liabilities

At 30 April 2016 aircraft, land and buildings and motor vehicles with a carrying amount of $40,814,920 (2015: $34,068,062) were pledged as security against borrowings.

15. Trade payables

Trade payables are recognised at invoiced value. An accrual is recorded when an expense has been incurred by the Group, prior to the related invoice being received.

The Group derecognises a financial liability when its contractual obligation is discharged or cancelled or expires.

	2016 $	2015 $
Trade creditors	2,107,310	1,656,757
Accrued expenses	3,056,412	3,059,245
	5,163,722	**4,716,002**

16. Income received in advance

Conditional donations and income received in advance are initially recognised in the statement of financial position as deferred income until the Group has complied with the conditions attached to the income (Note 6).

	2016 $	2015 $
Income received in advance		
- conditional donations	46,123	27,742
- fundraising sponsorship income received in advance	141,667	1,016,667
- contract revenue received in advance	7,380,430	7,810,886
	7,568,220	**8,855,295**

Notes to consolidated financial statements
for the year ended 30 April 2016

17. Finance lease liabilities

a) Determining whether an arrangement contains a lease
At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

b) Leased assets
Assets held by the Group under leases, which transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is measured initially 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.

Assets held under other leases are classified as operating leases and are not recognised in the statement of financial position.

c) Lease payments
Payments under operating leases are recognised on a straight-line basis over the term of the lease.

Minimum lease payments under finance leases are apportioned between the finance expense 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.

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

e) Fair value
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.

	2016 $	2015 $
Current		
Finance lease liabilities	**4,808,933**	**3,348,997**
Non-current		
Finance lease liabilities	**30,649,165**	**27,685,839**
	35,458,098	**31,034,836**

Financing arrangements
The Group's hire purchase and lease liabilities of $35,458,098 (2015: $31,034,836) are secured by the leased assets.

f) Terms and debt repayment schedule
Terms and conditions of outstanding loans are as follows:

	2016				2015	
	Nominal interest rate	Year of maturity	Face Value	Carrying amount	Face Value	Carrying amount
Finance lease liabilities	**4%-7.8%**	**2016-2041**	**$ 43,425,797**	**$ 35,458,098**	$ 36,303,688	$ 31,034,836

The Group maintains a line of credit of $1,000,000 that is unsecured and fully undrawn at year end (2015: undrawn).

Notes to consolidated financial statements
for the year ended 30 April 2016

17. Finance lease liabilities (continued)

g) Lease commitments

		2016			2015		
	Note	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
		$	$	$	$	$	$
Finance lease commitments for the Group are:							
Within one year		6,882,940	2,074,007	4,808,933	5,333,810	1,984,813	3,348,997
One year or later and no later than five years		25,083,010	5,709,532	19,373,478	20,596,675	5,695,626	14,901,049
Later than five years		12,664,829	1,389,142	11,275,687	15,051,901	2,267,111	12,784,790
		44,630,779	**9,172,681**	**35,458,098**	**40,982,386**	**9,947,550**	**31,034,836**
Operating lease commitments for the Group are: **VH-LWI**	**17 g) i)**						
Within one year		2,447,480	-	2,447,480	2,643,268	-	2,643,268
One year or later and no later than five years		403,508	-	403,508	2,850,988	-	2,850,988
		2,850,988	**-**	**2,850,988**	**5,494,256**	**-**	**5,494,256**

i) The Group entered into an operating lease agreement for a Bell 412 helicopter VH-LWI which is deployed in Sydney to fulfil commitments under medical retrieval contracts. The total amount paid this year was $3,003,702.

18. Employee benefits

a) Short-term employee benefits
Short-term employee benefits comprise wages and salaries, annual and long service leave and contributions to superannuation plans. The net marginal cost to the Group of non-accumulating non-monetary benefits such as housing, cars and free or subsidised goods and services, are expensed as the benefits are taken by the employees.

b) Long-term employee benefits
Long-term employee benefits comprise annual and long service leave benefits. The obligation represents 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 high quality corporate bond rates at the reporting date which have maturity dates approximating the terms of the Group's obligation.

During the reporting period the Group used the high quality corporate bond rate as the discount rate to calculate the employee benefit liability. These changes impact the provision for employee benefits' liability disclosed in the Group's statement of financial position.

c) Superannuation
The Group contributes to defined contribution superannuation plans. Obligations for superannuation contributions are recognised as a personnel expense as the related service is provided.

	2016 $	2015 $
Employer contributions to defined contribution superannuation plans	**2,841,111**	**2,572,540**

Notes to consolidated financial statements
for the year ended 30 April 2016

19. Reserves

Reserves comprise an asset revaluation reserve which relates to surpluses arising from the revaluation of assets as set out in Note 14.

20. Related party disclosure

a) 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 Company above and beyond the normal role of a board chairman. He was paid $60,000 (2015: $60,000) for these services under normal market rates.

Garry Dinnie, non-executive director and Chairman of the Audit & Risk Committee, received an allowance in recognition of the time he commits to the affairs of the Company above and beyond the normal role of a director. He was paid $30,000 (2015: $30,000) for these services under normal market rates.

Derek Colenbrander, Chief Executive Officer, purchased a motor vehicle from the Company for $19,000 on normal commercial terms.

Tanya Izod, former General Manager for Northern Operations, purchased a motor vehicle from the Company for $18,000 on normal commercial terms.

Ian Badham, executive director, purchased a motor vehicle from the Company for $50,000 on normal commercial terms.

b) Other related party transactions

Peter Quayle, a member of the Company, provided company secretarial and consultancy services to the Group. He was paid $50,190 (2015: $52,658) for these services under normal market rates.

Heidi Colenbrander, wife of Derek Colenbrander, Chief Executive Officer, provided website content management and editorial services to the Group. She was paid $28,000 (2015: $34,050) for these services under normal market rates.

c) Employment benefits to key management personnel

	2016 $	2015 $
Short and long term employee benefits	**2,896,716**	**2,613,242**

21. Economic dependency

The Group has continuing financial support from sponsors and the community.

22. 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 Group, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Notes to consolidated financial statements
for the year ended 30 April 2016

23. Parent entity disclosure

As at, and throughout, the financial year ending 30 April 2016 the parent entity of the Group was CareFlight Limited.

a) Result of parent entity

	2016 $	2015 $
Surplus for the year	3,459,203	2,131,865
Other comprehensive income	3,965,537	2,530,903
	7,424,740	**4,662,768**

b) Financial position of parent entity at year end

	2016 $	2015 $
Current assets	19,464,645	16,970,623
Total assets	**54,659,245**	**42,279,280**
Current liabilities	18,669,825	18,001,489
Total liabilities	**33,431,043**	**28,475,818**

c) Total equity of parent entity comprising:

	2016 $	2015 $
Reserves	6,722,482	2,756,945
Retained surplus	14,505,720	11,046,517
	21,228,202	**13,803,462**

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 2016 Annual Financial Report. Net liabilities of CareFlight (NT) Limited are $1,050,353 (2015: $1,788,000).

Declaration by Chief Executive Officer in respect of fundraising appeals

I, Derek Colenbrander, CEO 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 2016;

(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 2016;

(c) the provisions of the Australian Charities and Not-for-profits Commission Act 2012, 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 2016; 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

CEO

Signed at Sydney on 28 June 2016

Directors' declaration

1 In the opinion of the directors of CareFlight Limited (the Company):

(a) the consolidated financial statements and notes, set out on pages 10 to 28, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Group's financial position as at 30 April 2016 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; 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

CEO

Dated at Sydney on 28 June 2016

Independent auditor's report to the members of CareFlight Limited

Report on the financial report

We have audited the accompanying financial report of CareFlight Limited (the Company), which comprises the consolidated statement of financial position as at 30 April 2016, and consolidated statement of surplus or deficit and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

This audit report has also been prepared for the members of the Company in pursuant to Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013 (ACNC) and Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations, Section 15(1) and 15(2) of the WA Charitable Collections Act 1946 and Regulations 1947, Fundraising Act 1998 (VIC), the Charitable Collections Act 2003 (ACT), and the Collections for Charitable Purposes Act 1939 (SA) collectively the Acts and Regulations.

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 – Reduced Disclosure Requirements, the ACNC, the Acts and Regulations. The Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of a financial report that gives a true and fair view and 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 gives a true and fair view, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, and the ACNC, 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 Company to meet the requirements of the Act and Regulations. Accordingly, we have performed additional work beyond that which is performed in our capacity as auditors pursuant to the ACNC. 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 Acts 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 Australian Charities and Not-for-profits Commission Act 2012.

Basis for qualified auditor's opinion

Fundraising revenue is a significant source of fundraising revenue for CareFlight Limited. CareFlight Limited has 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 fundraising 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 revenue of CareFlight Limited reported in the accompanying financial report 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 Company, are not appropriate given the size and nature of the Company.

Auditor's opinion pursuant to the Australian Charities and Not-for-profits Commission Act 2012

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial report of CareFlight Limited is in accordance with the Australian Charities and Not-for-profits Commission Act 2012 including:

(a) giving a true and fair view of the Group's financial position as at 30 April 2016 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013.

KPMG

Audit opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion, except for the possible effects of matter described in the basis for qualified opinion paragraph:

(a) the financial report gives a true and fair view of CareFlight Limited's financial result of fundraising appeal activities for the financial year ended 30 April 2016;

(b) the financial report has been properly drawn up, and the associated records have been properly kept for the period from 1 May 2015 to 30 April 2016, in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations;

(c) money received as a result of fundraising appeal activities conducted during the period from 1 May 2015 to 30 April 2016 has been properly accounted for and applied in accordance with the Charitable Fundraising Act (NSW) 1991 and Regulations; and

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

WA – Reporting under Charitable Collections Act (WA) 1946

Audit opinion pursuant to the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947

In accordance with the requirements of Section 15(2) of the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947 (the Act and Regulations), we have reviewed the Act and Regulations for the purpose of reporting whether, as a result of completing our audit procedures on the financial report of the Company for the year ended 30 April 2016, we have not become aware of any condition or event that constitute a material default by the Company in the performance of, or compliance with, any requirements of the Act or Regulations.

In our opinion, the Company, for the year ended 30 April 2016, has complied in all material respects with the requirements of the Charitable Collections Act (WA) 1946 and Charitable Collections Regulations (WA) 1947.

KPMG

KPMG

Chris Hollis
Partner

Sydney

28 June 2016

KPMG

Lead Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

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 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

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

KPMG

KPMG

Chris Hollis
Partner

Sydney
28 June 2016