CONSOLIDATED FINANCIAL REPORT
2017



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 2017 and the Auditor's report thereon.

Introduction

Our patients are at the heart of everything we do at CareFlight. In this milestone year where we celebrated 30 years of saving lives, our teams provided the highest quality of care for a record number of ill and injured people.

Behind the scenes, we laid the groundwork for reaching even more patients, in more locations, in the years ahead. This work translated into substantial progress in implementing the new strategic plan outlined in last year's report. The plan maps a pathway to expand our scope and extend our reach over the next decade and beyond, with specific immediate objectives around six key result areas to be achieved by 2018:

People and Culture

CareFlight's purpose and mission are embodied in our extraordinarily professional and dedicated staff, from the front line medical and aviation teams through to the many specialist support roles that make their work possible.

Before the start of the year we conducted a comprehensive staff survey, which confirmed what we already believed – our people overwhelmingly love the work they do. However, the survey also spotlighted some areas where we can do better in supporting our people. In particular, it became apparent that some of our teams were under-resourced. During the course of the year we worked hard to fix those resourcing issues.

We also took the first steps on an important cultural journey with the directors and executive team undertaking a cultural awareness workshop followed by the development and launch of our Reconciliation Action Plan. This is a multi-year process designed to embed understanding of and respect for Aboriginal and Torres Strait Islander peoples among the core values of CareFlight. Initial progress includes implementation of an indigenous employment strategy and a cultural awareness program, and work on procurement and cultural protocols.

Safety and Quality

A relentless focus on optimising the safety and quality of all our operations saw CareFlight undertake more than 60 internal audits of systems and processes. We developed operational risk profiles and mitigation measures for all aspects of our aeromedical services.

The aim is not just to ensure that we meet our contractual and regulatory obligations. Rather, it is a cycle of continuous improvement designed to transcend those measures and position CareFlight as a benchmark organisation in our sector.

Frequent external audits are a feature of the highly regulated environment in which we operate. The year saw two regulatory aviation audits conducted by CASA and two contract performance audits conducted by government customers. In addition, we commissioned external audits to maintain our accreditations in quality, occupational health and safety and clinical governance.

Almost invariably, audits reveal areas for improvement or remediation. In CareFlight's case these were minor, and overall the feedback from the various auditors was pleasing.

Brand and Reputation

CareFlight's brand and reputation have been built on our 30 years of saving lives and service to the community. Independent market research conducted during the year showed our public recognition levels holding up well in an increasingly crowded and competitive environment.

Our national profile continues to grow, due in part to the exposure our Top End operation receives and to our MediSim program which delivers pre-hospital training to first responders right across the country. Other contributing factors include a national approach to fundraising and national media coverage of missions. A more targeted and sophisticated approach to social media, closely coordinated with fundraising efforts, accelerated growth in our audience reach and engagement through these increasingly important channels.

A significant milestone was the decision by the Queensland based organisation formerly also known as CareFlight to exit a long-standing brand sharing arrangement and forge their own identity. This outcome leaves us with sole and undisputed rights to our brand.

Consolidate and Grow

Towards the end of the year under review we saw months - and in some cases years - of hard work finally bear fruit when CareFlight was awarded a number of new long-term contracts.

We had major success in building on our strong relationship with INPEX, supporting their giant Ichthys offshore gas project off north-west Australia. A CareFlight medical team was aboard the first of two giant offshore processing platforms when they began the long tow-down from their construction site in Korea to their new home in the Timor Sea.

We will also be providing medical support for two floating hotels to serve as crew accommodation as well as specialist paramedics and aircrew for a new offshore search and rescue operation to be based in Broome.

The surpluses generated by our work in the Oil and Gas (O&G) sector are directed back into our community funded programs, enabling us to undertake a number of high impact operational, educational and training activities that would otherwise be financially unsustainable. In this way, our O&G work is contributing in a very real and tangible way to our social mission.

Northern Territory

The Top End Medical Retrieval Service, operated by CareFlight for the NT Government, continues to grow in both patient numbers and standing in the community. Fixed wing hours flown grew by 5% while helicopter hours were up 32%.

Fully funded by donors, we completed a technical modification program on our King Air Proline 21 aircraft, designed to increase the maximum fuel load on these aeroplanes. The effect was to give our pilots increased range in their flight planning and flight management, substantially enhancing mission flexibility and flight safety. This proved invaluable in the recent wet season, which saw long periods of severe weather and widespread flooding. The additional fuel reserves allowed our pilots to fly around poor weather and reach patients who would otherwise have had to wait for improved weather conditions. The number of missions aborted due to adverse weather conditions fell significantly.

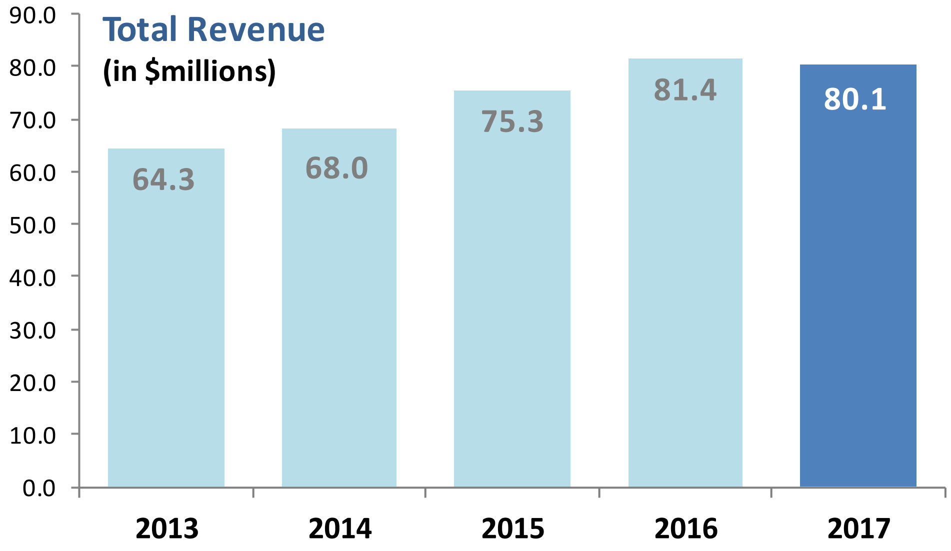
Our community funded Top End rescue helicopter also flew record hours to help patients in communities isolated by flood waters and without access to useable airstrips. Once again, this demonstrated the importance of the helicopter service, with its point to point capability – the ability to land a medical team more or less at the patient's side, stabilise the patient and retrieve the patient to high level care at Royal Darwin Hospital.

Our ties to remote communities were strengthened by a new program of consultation visits designed to build better communication and understanding of the challenges we both face. These remote communities also benefited from our MediSim program which delivered pre-hospital training courses to 84 first responders in the NT during 2016/17.

The unique strength of the fully integrated Darwin service is also gaining national attention, evidenced by the number of leading Commonwealth and Territory parliamentarians who have toured our Darwin airport facilities and spoken with our staff.

Financial

For the first time in more than a decade we saw a small decline in revenue, from $81.4 million last year to $80.1 million. This was mainly due to the completion of short-term medivac contracts in the O&G sector. However, with some significant new contracts in the pipeline, we are confident that the year ahead will see a resumption of revenue growth.



We ended the year with a surplus of $1.3 million. Although this surplus is substantially less than the previous year's surplus of $4.2 million, the comparison is skewed by the $2.2 million bequest to CareFlight - the largest ever in our 30 year history – in that prior year. Moreover, the surplus was achieved notwithstanding the confluence of a number of high-cost aircraft maintenance events.

Board Changes

Our longest serving Director, Ian Badham, retired from the Board at the CareFlight Annual General Meeting held in August 2016. The Chairman used the occasions of our 30th Anniversary Gala Dinners in Sydney and Darwin to pay tribute to Ian's enormous contribution to CareFlight. That contribution came in a variety of roles – as a founding member, as a long-serving CEO, as Media Manager and, for many years, the public face of CareFlight. To every one of those roles Ian brought an extraordinary level of energy, commitment and passion for our cause. We thank him for his distinguished service to CareFlight, and we honour his contribution and legacy.

Filling the vacancy created by Ian Badham's retirement, Ian Vanderbeek joined the Board in December 2016. Ian's background in the aviation sector, where he has deep operational, management and corporate experience, complements the medical backgrounds of Directors Dr Andrew Refshauge and Dr Nick Coatsworth. The broader skills mix, covering both industry sectors – medical and aviation - in which we operate, will better equip the Board to guide CareFlight in the implementation of our long term Strategic Plan.

Acknowledgements

None of this progress would have been possible without the commitment, energy and enthusiasm of our Board, the Executive Committee and every member of the fantastic team that we have built at CareFlight over the past 30 years.

We have some of the best and most highly trained medical professionals in the country while our pilots, aircrew and engineers are standouts in their chosen fields. Behind them, we have a dedicated support services team who bring a remarkable range of expertise to making it all happen.

A key ingredient in the recipe of our success is the ability of all our people, with their incredibly diverse skills and experience, to work together seamlessly in caring for our patients and fulfilling our mission and purpose.

The other vital ingredient is our strong and enduring support in the community, tangibly demonstrated by the continuing flow of donations from tens of thousands of Australians. It is our supporters who allow us to go above and beyond the requirements of our various service contracts with governments and the private sector to ensure the highest possible standard of care, equipment and training. Their contribution directly underpins both our Sydney rapid response helicopter and the Top End rescue helicopter, as well as much of our research and education activity.

Community support is an important driver and motivator for everyone at CareFlight. We are both grateful for and humbled by the trust placed in us. We look forward to rewarding that trust in the years to come.

Andrew Refshauge Chairman	Derek Colenbrander CEO

Dated at Sydney on 4 July 2017

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*	68	• 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. • Chair of the NSW Far West Local Health District. • Member of the Investment Committee. • Member of the Nomination & Remuneration Committee. • Director and Chairman since 18 December 2007.
Derek COLENBRANDER BA, LLB *Chief Executive Officer* *Executive Director*	63	• 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*	70	• 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. • Former registered nurse, midwife and public health practitioner. • Director of various statutory and commercial bodies. • Member of the Audit & Risk Committee. • Director since 24 June 2013.
Ian BADHAM OAM, BSc *Executive Director*	71	• Extensive experience in journalism and corporate administration and the development of civil helicopter rescue services in Australia since 1971. • Northern Territory resident director. • Appointed 9 May 1986. • Retired as a Director 22 August 2016.
Nicholas COATSWORTH MBBS (Hons), MIntPH, FRACP *Independent Non-Executive Director*	39	• 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. • Director since 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*	65	• 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 and statutory bodies. • Chairman of the Audit & Risk Committee. • Member of the Investment Committee. • Member of the Nomination & Remuneration Committee. • Director since 23 February 2010.
Anna GUILLAN AM, MBA *Independent Non-Executive Director*	59	• 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.
Ian VANDERBEEK BBus, MAICD *Independent Non-Executive Director*	56	• Former pilot with extensive experience in aviation management in Australia and Europe as Managing Director and CEO of a number of fixed wing and rotary aviation companies. • CEO of Sydney based Aviator Group. • Director of various private companies. • Director since 13 December 2016.

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	
Director	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
Andrew Refshauge	7	7	-	-
Derek Colenbrander	7	7	-	-
Patricia Angus	7	5	2	1
Ian Badham	2	2	-	-
Nicholas Coatsworth	7	6	-	-
Garry Dinnie	7	5	2	2
Anna Guillan	7	7	2	2
Ian Vanderbeek	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, 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 relevant legislative and regulatory requirements 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 more often as required 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 and the Investment 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, the executive director receives remuneration in his role as a salaried officer. 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 package as being on reasonable commercial terms
- a meeting of Members which confirmed the appointment, conditions of service and remuneration of the executive director
- 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 Investment Fund, the purpose of which is to support the objectives of CareFlight. The Board has approved a policy for the prudent and careful management of the Investment 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. One of the criteria for selecting investments for the Fund is that the investment must be capable of being liquidated within 12 months, if required to supplement cashflow.

The Investment Committee comprises four directors, three of whom are non-executive directors. The Chief Financial Officer is also a member of the Committee. Matters concerning investments were addressed by the Board during the year.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee assists the Board in fulfilling its responsibilities for the review of the Board's performance, the selection of new directors, ensuring the Company has appropriate executive remuneration policies in place and formulating a process to ensure there are appropriate procedures in place to recruit and maintain a committed and involved membership base.

The Committee comprises two directors, both of whom are non-executive directors.

The names of the directors who were members of the Nomination & Remuneration Committee during the year are set out in section 1 above. Matters concerning nominations and remuneration were addressed by the Board during the year.

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 Company's external Auditor, the CEO and the CFO 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 CFO 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
- 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 31.

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 2017

	Note	2017 $	2016 $
Revenue	6	**80,149,694**	**81,379,736**
Expenditure			
Operations and administration - costs of personnel		(39,288,400)	(37,255,042)
Direct costs of aeromedical operations		(16,084,761)	(18,555,952)
Costs of fundraising - donations and sponsorship	7a)	(4,511,217)	(3,371,315)
Costs of fundraising - merchandising and events	7b)	(4,278,221)	(3,935,871)
Depreciation	14	(5,682,134)	(5,098,290)
Insurance		(680,597)	(662,336)
Support costs		(6,234,903)	(6,311,175)
Net loss on sale of non-current assets		(16,140)	(10,579)
Total expenditure before net finance expense		**(76,776,373)**	**(75,200,560)**
Surplus before net finance expense		**3,373,321**	**6,179,176**
Finance income	8	172,556	236,734
Finance expense	8	(2,222,678)	(2,219,060)
Net finance expense		**(2,050,122)**	**(1,982,326)**
Net surplus for the year		**1,323,199**	**4,196,850**
Other comprehensive income items that may be reclassified to surplus or deficit			
Revaluation of investments	13a) & 19	158,552	-
Revaluation of non-current assets	14a) & 19	(640,533)	3,965,537
Total comprehensive income for the year		**841,218**	**8,162,387**

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 2017

	Note	Reserves $	Retained surplus $	Total $
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 of non-current assets		3,965,537	-	**3,965,537**
Balance at 30 April 2016		**6,722,482**	**13,455,367**	**20,177,849**
Balance at 1 May 2016	14a)	**6,722,482**	**13,455,367**	**20,177,849**
Net surplus for the year ended 30 April 2017		-	1,323,199	**1,323,199**
Revaluation of investments	13a) & 19	158,552	-	**158,552**
Revaluation of non-current assets	14a) & 19	(640,533)	-	**(640,533)**
Balance at 30 April 2017		**6,240,501**	**14,778,566**	**21,019,067**

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

Consolidated statement of financial position
as at 30 April 2017

	Note	2017 $	2016 $
Current assets			
Cash and cash equivalents	10	7,844,685	13,412,990
Trade and other receivables	11	7,635,538	4,127,472
Inventories	12	673,506	371,968
Investments	13a)	1,900,553	1,761,833
Total current assets		**18,054,282**	**19,674,263**
Non-current assets			
Property, plant and equipment	14	49,341,367	51,834,021
Investments	13b)	2	2
Total non-current assets		**49,341,369**	**51,834,023**
Total assets		**67,395,651**	**71,508,286**
Current liabilities			
Trade payables	15	5,435,547	5,163,722
Income received in advance	16	6,979,866	7,568,220
Finance lease liabilities	17	2,261,793	4,808,933
Employee benefits	18	2,787,956	2,645,245
Total current liabilities		**17,465,162**	**20,186,120**
Non-current liabilities			
Finance lease liabilities	17	28,213,410	30,649,165
Employee benefits	18	698,012	495,152
Total non-current liabilities		**28,911,422**	**31,144,317**
Total liabilities		**46,376,584**	**51,330,437**
Net assets		**21,019,067**	**20,177,849**
Equity			
Reserves	19	6,240,501	6,722,482
Retained surplus		14,778,566	13,455,367
Total equity		**21,019,067**	**20,177,849**

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 2017

	Note	2017 $	2016 $
Cash flows from operating activities			
Cash receipts in the course of operations		83,315,140	86,675,508
Cash payments in the course of operations		(77,986,526)	(77,573,559)
Interest and dividend income received	8	117,534	236,734
Interest expense payments	8	(2,212,085)	(2,219,060)
Net cash from operating activities		**3,234,063**	**7,119,623**
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	(5,662,719)	(11,143,278)
Net proceeds from sale of non-current assets		1,843,246	412,771
Net cash from investing activities		**(3,819,473)**	**(10,730,507)**
Cash flows from financing activities			
Net finance lease funding/(repayments)[1]		(4,982,895)	4,423,260
Net cash from financing activities		**(4,982,895)**	**4,423,260**
Net increase/(decrease) in cash held		**(5,568,305)**	**812,376**
Cash and cash equivalents at 1 May		**13,412,990**	**12,600,614**
Cash and cash equivalents at 30 April	10	**7,844,685**	**13,412,990**

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

[1]Net finance lease repayments for 2016/17 include payout of residual value of $1.4M for three aircraft (2016: nil).

Notes to consolidated financial statements
for the year ended 30 April 2017

1. Reporting entity

The consolidated financial statements of the Group as at and for the year ended 30 April 2017 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 2017, the Company had 27 Members (2016: 27), 7 (2016: 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 4 July 2017.

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.

d) Standards and interpretations issued and not yet effective

At the date of authorisation of the financial statements, the Directors have not finalised their assessment of the impact of new standards and interpretations in issue but not yet effective on the financial report.

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 2017

5. Change in accounting policies

The Group has consistently applied the accounting policies set out in the notes to the financial statements during the reporting period.

6. Revenue

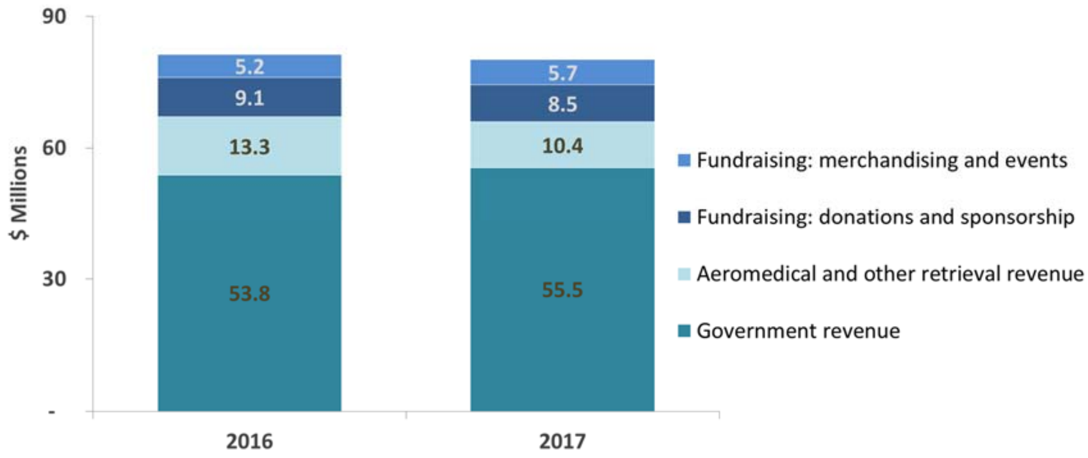
The various categories of Group revenue are recognised on the following bases:

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 following agreement of both parties regarding terms and conditions when services are provided.	Provision of service.
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 Group has complied with the conditions attached to the donation.	Conditions of the revenue are complied with.
	• Donations in kind are recorded as revenue from fundraising at the fair value of the goods received, with an equal amount being recognised as an 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 delivered. Measured at the amount of cash received.	On delivery of goods.
	• Event revenue is recognised upon completion of event.	Completion of event.

	Note	2017 $	2016 $
Government revenue		55,508,697	53,802,199
Aeromedical and other retrieval revenue		10,422,202	13,276,903
Fundraising: donations and sponsorship	7a)	8,529,390	9,055,194
Fundraising: merchandising and events	7b)	5,689,405	5,245,440
		80,149,694	**81,379,736**

Notes to consolidated financial statements
for the year ended 30 April 2017

6. Revenue (continued)



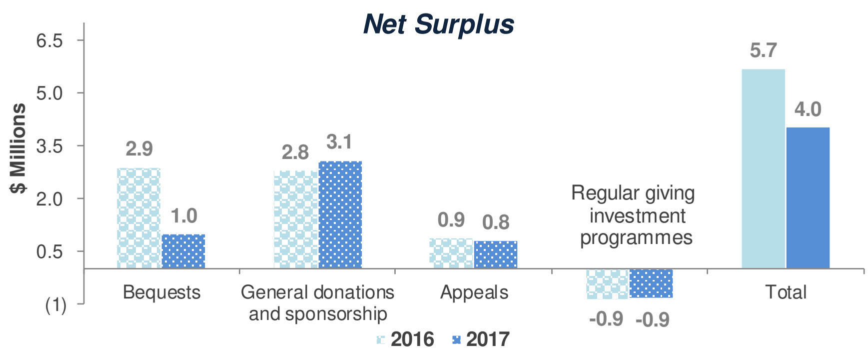
At 30 April 2017 the Group has deferred revenue of $6,979,866 (2016: $7,568,220), relating to contract revenue received in advance for services not yet provided and donations with specific terms or conditions which must be met before the Company is entitled to the resources (Note 16).

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

	2017 $	2016 $
Revenue		
Bequests	993,829	2,902,797
General donations and sponsorship	5,103,986	4,349,243
Appeals	1,477,361	1,667,244
Regular giving investment programmes	954,214	135,910
	8,529,390	**9,055,194**
Expenses		
Bequests	7,000	7,927
General donations and sponsorship	2,020,098	1,564,866
Appeals	668,240	787,025
Regular giving investment programmes	1,815,879	1,011,497
	4,511,217	**3,371,315**
Net surplus: donations and sponsorship	**4,018,173**	**5,683,879**

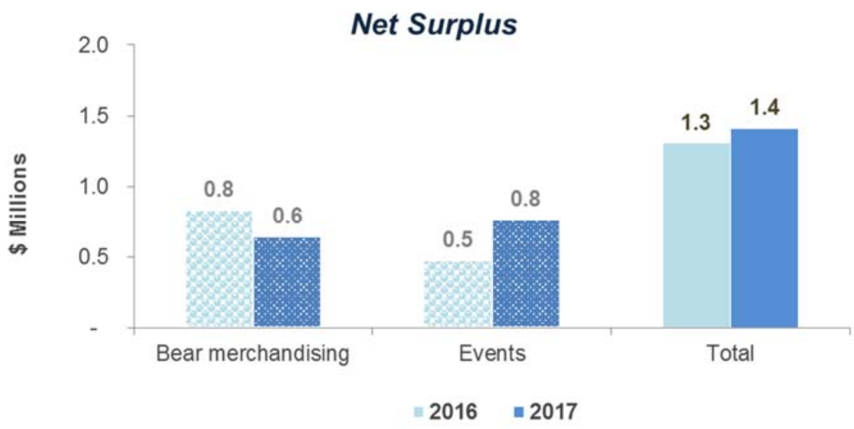


Notes to consolidated financial statements
for the year ended 30 April 2017

7. Fundraising revenue and expenses (continued)

b) Fundraising: merchandising and events

	2017 $	2016 $
Revenue		
Bear merchandising	4,113,707	4,136,153
Events	1,575,698	1,109,287
	5,689,405	**5,245,440**
Expenses		
Bear merchandising	3,468,170	3,302,411
Events	810,051	633,460
	4,278,221	**3,935,871**
Net surplus: merchandising and events	**1,411,184**	**1,309,569**



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

	2017 $	2016 $
Net Surplus from Fundraising	**5,429,357**	**6,993,448**
This was applied to charitable purposes in the following manner:		
Total expenditure for operations and financing*	(70,209,613)	70,112,434
Shortfall in funds	**(64,780,256)**	**(63,118,986)**

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

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

	2017 $	2016 $
Government Revenue	55,508,697	53,802,199
Aeromedical and other retrieval income	10,422,202	13,276,903
Finance income	172,556	236,734
Net surplus for the year	(1,323,199)	(4,196,850)
	64,780,256	**63,118,986**

Notes to consolidated financial statements
for the year ended 30 April 2017

7. Fundraising revenue and expenses (continued)

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

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

	2017 $	2016 $
Gross income	4,830,613	4,870,830
Total expenditure incurred	4,007,215	3,852,369

iv) Fundraising ratios

	2017			2016		
	Revenue $	Expenses $	Expense ratio	Revenue $	Expenses $	Expense ratio
Fundraising: donations and sponsorships[1]	8,529,390	4,511,217	53%	9,055,194	3,371,315	37%
Fundraising: merchandising and events[2]	5,689,405	4,278,221	75%	5,245,440	3,935,871	75%

[1] A significant up-front investment in new fundraising programs has increased the expense ratio for the current year due to the lag in revenue flowing from this investment. This additional outlay is expected to be recouped within two years.

[2]The merchandising and events expense ratio primarily reflects the costs of retail product acquisition, sales and distribution. CareFlight's events expenses also include significant community educational activities as well as fundraising.

	2017		2016	
	$	%	$	%
Total costs of fundraising / Gross revenue from fundraising	8,789,438/ 14,218,795	62%	7,307,186/ 14,300,634	51%
Net surplus from fundraising / Gross revenue from fundraising	5,429,357/ 14,218,795	38%	6,993,448/ 14,300,634	49%
Total costs of services / Total expenditure	70,209,613/ 78,999,051	89%	70,112,434/ 77,419,620	91%
Total costs of services / Total revenue	70,209,613/ 80,322,250	87%	70,112,434/ 81,616,470	86%

The Company conducted four appeals (Christmas, Taxation, February and August) during the year (2016: four appeals).

Notes to consolidated financial statements
for the year ended 30 April 2017

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.

	2017 $	2016 $
Interest income	117,534	200,151
Dividend income	44,072	36,583
Net foreign exchange gain	10,950	-
Finance income	**172,556**	**236,734**
Fees and charges: investments	(10,593)	-
Financial liabilities measured at amortised cost – interest expense	(2,212,085)	(2,219,060)
Finance expense	**(2,222,678)**	**(2,219,060)**
Net finance expense	**(2,050,122)**	**(1,982,326)**

9. Taxes

Income tax

The Group entities are Public Benevolent Institutions and are 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. Restricted cash comprises conditional donations received. 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.

	2017 $	2016 $
Cash – unrestricted	7,422,898	13,148,217
Cash – restricted	421,787	264,773
	7,844,685	**13,412,990**

Notes to consolidated financial statements
for the year ended 30 April 2017

11. Trade and other receivables

Trade and other receivables are recognised initially at the value of services provided 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. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In 2017 there was no impairment of trade receivables (2016: 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.

	2017 $	2016 $
Trade receivables	6,409,673	2,966,925
Other receivables	1,225,865	1,160,547
	7,635,538	**4,127,472**

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.

	2017 $	2016 $
Bear merchandising stock	220,615	305,680
Fuel stock	12,375	37,715
Engineering parts	440,516	28,573
	673,506	**371,968**

In 2017, bear merchandising stock of $441,452 (2016: $434,040) was recognised as an expense during the period and was included in 'Costs of fundraising: merchandising and events'. In 2017 no inventory was written down to net realisable value (2016: nil).

13. Investments

a) Current: available-for-sale financial assets

Available-for-sale 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.

Investments are managed by a third party on behalf of the Group. The available-for-sale financial assets can be redeemed on an at-call basis at the market value of the investment at the date of redemption less certain fees and charges. When these assets are derecognised, the fair value reserve is reclassified to surplus or deficit.

	2017 $	2016 $
Balance at 1 May	1,761,833	-
Purchase/additions	1,735,154	1,761,833
Disposal	(1,761,833)	-
Net income	6,847	-
Market movement of available-for-sale assets	158,552	-
Balance at 30 April	**1,900,553**	**1,761,833**

All 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 2017

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 LifeFlight Australia Limited (50%)	Dormant
CareFlight Aeromedical Limited	Public company limited by guarantee	6 November 2012	CareFlight Limited (50%) and LifeFlight Australia Limited (50%)	Dormant
CareStar Pty Limited	Proprietary limited company	10 April 2014	CareFlight Limited (50%) and Weststar Aviation Services SDN BHD (50%)	Dormant

	2017 $	2016 $
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 are depreciated separately.

Rotary wing aircraft

The fair value basis of valuation is applied to rotary wing aircraft on an annual basis as a class of assets. These assets are held at fair value at the date of revaluation less any subsequent accumulated depreciation or impairment losses.

Land and buildings

The fair value basis of valuation is applied to land and buildings every three years as a class of assets. These assets are held at fair value at the date of revaluation less any subsequent accumulated depreciation or impairment losses.

Notes to consolidated financial statements
for the year ended 30 April 2017

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.

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:

	2017	2016
Fixed wing - airframe	10 to 18 years	10 to 18 years
Fixed wing - engines	3,600 to 5,000 hours	3,600 to 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.

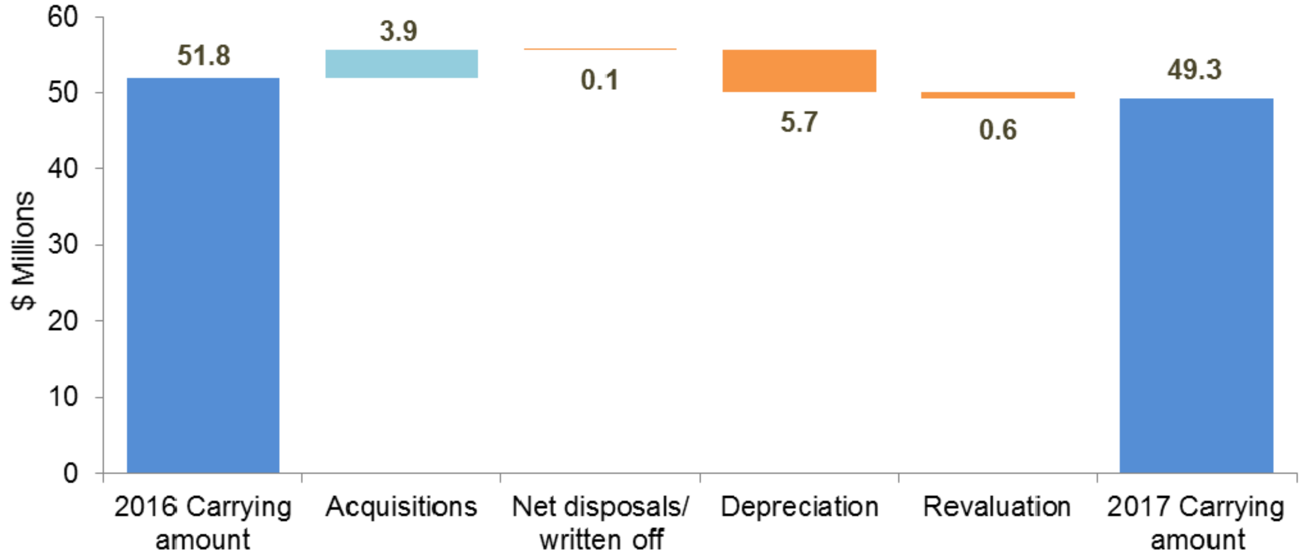
Subsequent costs

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 an expense when incurred.

Notes to consolidated financial statements
for the year ended 30 April 2017

14. Property, plant and equipment (continued)

	Notes	Fixed wing aircraft	Rotary wing aircraft	Land and buildings	Furniture, equipment and motor vehicles	Tota l
		At cost	*Fair value*	*Fair value*	*At cost*	
		$	$	$	$	$
Capitalised value						
Balance at 1 May 2016		**32,652,413**	**13,174,395**	**6,340,000**	**15,535,109**	**67,701,917**
Acquisitions		2,389,088	394,212	-	1,144,265	**3,927,565**
Disposals/written off		(831,800)	-	-	(158,840)	**(990,640)**
Depreciation before revaluation		-	(837,773)	-	-	**(837,773)**
Revaluation/(Devaluation)	14a)	-	(640,533)	-	-	**(640,533)**
Balance at 30 April 2017		**34,209,701**	**12,090,301**	**6,340,000**	**16,520,534**	**69,160,536**
Accumulated depreciation						
Balance at 1 May 2016		**6,563,271**	**-**	**-**	**9,304,625**	**15,867,896**
Depreciation for the year		2,854,060	837,773	113,750	1,876,551	**5,682,134**
Disposals/written off		(831,800)	(837,773)	-	(61,288)	**(1,730,861)**
Balance at 30 April 2017		**8,585,531**	**-**	**113,750**	**11,119,888**	**19,819,169**
Carrying amounts						
At 1 May 2016		**26,089,142**	**13,174,395**	**6,340,000**	**6,230,484**	**51,834,021**
At 30 April 2017		**25,624,170**	**12,090,301**	**6,226,250**	**5,400,646**	**49,341,367**



Notes to consolidated financial statements
for the year ended 30 April 2017

14. Property, plant and equipment (continued)

a) Revaluation details

Asset details	Effective date of revaluation	Independent valuer	Revaluation surplus		
			1 May 2016	Movement	30 April 2017
			$	$	$
Agusta AW139 VH-YHF helicopter	30 April 2017	Slattery Valuations Pty Limited	2,779,201	(180,755)	2,598,446
Kawasaki BK117 VH-IME helicopter	30 April 2017	Slattery Valuations Pty Limited	80,917	(459,778)	(378,861)
Land and buildings	30 April 2016	Anderson Group Valuers	3,862,364	-	3,862,364
			6,722,482	**(640,533)**	**6,081,949**

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 $16,776,150 (2016: $16,639,423). 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 2017 aircraft and land and buildings with a carrying amount of $34,067,366 (2016: $40,814,920) were pledged as security against borrowings.

15. Trade payables

Trade payables are recognised at fair value of goods and services received. 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.

	2017 $	2016 $
Trade creditors	3,034,387	2,107,310
Accrued expenses	2,401,160	3,056,412
	5,435,547	**5,163,722**

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).

	2017 $	2016 $
Income received in advance		
- conditional donations	261,736	46,123
- fundraising sponsorship income received in advance	-	141,667
- payments for contracts received in advance	6,718,130	7,380,430
	6,979,866	**7,568,220**

Notes to consolidated financial statements
for the year ended 30 April 2017

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. A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance 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
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) 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.

	2017 $	2016 $
Current		
Finance lease liabilities	2,261,793	4,808,933
Non-current		
Finance lease liabilities	28,213,410	30,649,165
	30,475,203	**35,458,098**

Financing arrangements
The Group's hire purchase and lease liabilities of $30,475,203 (2016: $35,458,098) are secured by the leased assets.

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

	2017				2016	
	Nominal interest rate	Year of maturity	Face Value	Carrying amount	Face Value	Carrying amount
Finance lease liabilities	4-7.2%	2019-41	**$37,325,731**	**$30,475,203**	$ 43,425,797	$ 35,458,098

The Group maintains a line of credit of $1,000,000 that is unsecured and undrawn at year end (2016: undrawn).

Notes to consolidated financial statements
for the year ended 30 April 2017

17. Finance lease liabilities (continued)

f) Lease commitments

	Note	2017			2016		
		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		4,063,153	1,801,361	2,261,792	6,882,940	2,074,007	4,808,933
One year or later and no later than five years		23,205,788	4,512,778	18,693,010	25,083,010	5,709,532	19,373,478
Later than five years		9,911,180	390,779	9,520,401	12,664,829	1,389,142	11,275,687
		37,180,121	**6,704,918**	**30,475,203**	**44,630,779**	**9,172,681**	**35,458,098**
Operating lease commitments for the Group are: **VH-LWI**	i)						
Within one year		397,730	-	397,730	2,447,480	-	2,447,480
One year or later and no later than five years		-	-	-	403,508	-	403,508
		397,730	**-**	**397,730**	**2,850,988**	**-**	**2,850,988**

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 $2,588,663.

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.

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.

	2017 $	2016 $
Employer contributions to defined contribution superannuation plans	**3,023,048**	**2,841,111**

Notes to consolidated financial statements
for the year ended 30 April 2017

19. Reserves

Reserves comprise revaluation reserves which relate to movements arising from the revaluation of assets as set out in Note 13a) and Note 14a).

	2017 $	2016 $
Balance at 1 May	6,722,482	2,756,945
Revaluation of investments	158,552	-
Revaluation of non-current assets	(640,533)	3,965,537
Balance at 30 April	**6,240,501**	**6,722,482**

20. Related party disclosure

a) Loans and other transactions with key management personnel

Dr Andrew Refshauge, non-executive Director and 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 (2016: $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 (2016: $30,000) for these services under normal market rates.

David Mann, former Commercial Manager, purchased a motor vehicle from the Company for $14,000 on normal commercial terms.

b) Other related party transactions

Peter Quayle, a member of the Company, provided company secretarial and consultancy services to the Company. He was paid $54,731 (2016: $50,190) 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 Company. She was paid $23,650 (2015: $28,000) for these services under normal market rates.

c) Employment benefits to key management personnel

	2017 $	2016 $
Short and long term employee benefits	**3,376,314**	**2,896,716**

21. Economic dependency

The Group relies upon 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 2017

23. Parent entity disclosure

As at, and throughout, the financial year ending 30 April 2017 the parent entity of the Group was CareFlight Limited.

a) Result of parent entity

	2017 $	2016 $
Surplus for the year	73,038	3,459,203
Other comprehensive income/(deficit)	(481,981)	3,965,537
	(408,943)	**7,424,740**

b) Financial position of parent entity at year end

	2017 $	2016 $
Current assets	17,858,223	19,464,645
Total assets	**50,423,441**	**54,659,245**
Current liabilities	**15,865,043**	18,669,825
Total liabilities	**29,604,182**	**33,431,043**

c) Total equity of parent entity comprising:

	2017 $	2016 $
Reserves	6,240,501	6,722,482
Retained surplus	14,547,758	14,505,720
	20,819,259	**21,228,202**

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 2017 Annual Financial Report. Net assets of CareFlight (NT) Limited are $199,808 (Net liabilities in 2016: $1,050,353).

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 2017;

(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 2017;

(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 2017; 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 4 July 2017

Directors' declaration

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 2017 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	Derek Colenbrander
Chairman	CEO

Dated at Sydney on 4 July 2017

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Auditor's Independence Declaration to the Directors of CareFlight Limited

In relation to our audit of the financial report of CareFlight Limited and its controlled entities for the financial year ended 30 April 2017, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Loretta Di Mento
Partner
4 July 2017

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Independent Auditor's Report to the Members of CareFlight Limited

Qualified Opinion

We have audited the financial report of CareFlight Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 April 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the Group is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 April 2017 and of its consolidated financial 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*.

Basis for Qualified Opinion

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

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on the requirements of the *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the requirements of the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*

We have audited the financial report as required by Section 24(2) of the *NSW Charitable Fundraising Act 1991* and the *WA Charitable Collections Act (1946)*. Our 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 *NSW Charitable Fundraising Act 1991* and the *NSW Charitable Fundraising Regulations 2015* and the *WA Charitable Collections Act (1946)* and the *WA Charitable Collections Regulations (1947)*.

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

Opinion

In our opinion:

a) the financial report of CareFlight Limited has been properly drawn up and associated records have been properly kept during the financial year ended 30 April 2017, in all material respects, in accordance with:

   i. sections 20(1), 22(1-2), 24(1-3) of the NSW Charitable Fundraising Act 1991;

   ii. sections 10(6) and 11 of the NSW Charitable Fundraising Regulations 2015;

   iii. the WA Charitable Collections Act (1946); and

   iv. the WA Charitable Collections Regulations (1947).

b) the money received as a result of fundraising appeals conducted by the company during the financial year ended 30 April 2017 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young

Ernst & Young

L Di Mento

Loretta Di Mento
Partner
Sydney
4 July 2017