CONSOLIDATED FINANCIAL REPORT 2018

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 2018 and the Auditor's report thereon.

Our Mission and Ethos

CareFlight's mission is to save lives, speed recovery and serve the community – objectives which go hand in hand. Often the people we help are in extremely remote or inaccessible locations. Often they are in extreme distress. Often we are their best hope of survival or recovery.

Everything we do is ultimately directed towards our mission. Sometimes we achieve our mission directly - for example, by transporting a patient from a remote clinic to a better resourced and equipped hospital. Sometimes we achieve our mission indirectly - for example, by upskilling people to better cope with medical emergencies.

Through all the diversity and complexity of the services we provide, we remain a patient-centric organisation. Not only are our doctors, nurses, air crew and engineers highly qualified and trained, they bring the CareFlight ethos of care to all our patients. The notion of care is embedded in our name – CareFlight – and manifests itself each day in the quality of the care, as well as the personal consideration and respect that our clinical teams give to our patients.

The organisational framework for achieving our mission is set out in our Strategic Plan. Of course, our Strategic Plan and our social impact are inextricably linked. The prime objective of developing and implementing our Strategic Plan was and is to increase and deepen our social impact – an objective which flows from our charitable charter and our status as a for-purpose enterprise. Our Strategic Plan is the touchstone for measuring the progress we have made this year.

Growth

In terms of growth, CareFlight enjoyed a remarkably successful year, winning three significant new contracts, each of them via a competitive public tender process:

PTS Contract

In December 2017, NSW Health awarded CareFlight a long term contract (5+5 years) to provide fixed wing patient transport services in northern NSW. This Patient Transport Service (PTS) commenced operation on 16 April 2018 utilising three King Air B200 twin engine turbo-prop aircraft and eight dedicated road patient transport vehicles.

The service transports regional and rural patients to major tertiary hospitals for specialist medical tests or treatment that isn't available to them locally. Patients are collected from their home or community hospital, transferred to a tertiary hospital and then returned to their home or local hospital as required. The patients are accompanied by a CareFlight nurse who monitors their health, safety and comfort during their transfer.

The PTS aircraft operate out of Bankstown airport. Patient transport vehicles are based in Bankstown, Newcastle, Port Macquarie, Coffs Harbour, Tamworth and Armidale, and transport patients to and from the aircraft.

The PTS contract is expected to increase our patient numbers by approximately 2,000 per annum.

RFS Contract

Around financial year-end we received official confirmation that NSW Rural Fire Service (RFS) had selected CareFlight to manage, crew and maintain the RFS owned helicopter fleet. The contract is for 5+5 years.

Given that RFS will continue to own the assets, implementation of the contract requires no material capital outlay on the part of CareFlight. It is essentially a contract for the provision of services, with CareFlight providing the aircrew (pilots and aircrewmen) and aircraft engineers. From a regulatory perspective, all flight operations will be conducted under CareFlight's Air Operator Certificate and all maintenance under CareFlight's Certificate of Maintenance.

RFS is a highly respected member of the emergency services community in New South Wales, and CareFlight is exceptionally proud to partner with RFS in this new venture.

Palmerston Regional Hospital Road Transport Contract

Also at financial year-end we were advised by Northern Territory Health that CareFlight had won the contract to provide high acuity inter-hospital road transport services between the new Palmerston Regional Hospital (PRH) and Royal Darwin Hospital. The three specially equipped patient transport vehicles, staffed by CareFlight patient transport officers and drivers and PRH clinicians, will operate 24/7.

This service is complementary to the critical care work that our clinical teams already undertake in the Northern Territory. We expect to care for an additional 2,000 patients per annum under this new service.

Patient numbers: long term strategic goal

For CareFlight, the number of patients treated and/or transported is the prime indicator of social impact. It is a simple equation: the more patients we care for, the more we give back to the community that sustains us.

Three years ago, when we put in place our Ten Year Strategic Plan, we set ourselves the ambitious goal of doubling our patient numbers over the decade ahead – from 5,000 patients per annum in 2015 to 10,000 patients per annum in 2025. With the start-up of the PTS and the PRH Road Transport Service, we see ourselves achieving that goal well ahead of our target date. This is the best possible testimony to the drive, energy, commitment and capability of the CareFlight team, and the ability of that team to effectively harness and co-ordinate the management and technical expertise within CareFlight.

Safety & Quality

Safety is and always has been an area of intense focus at CareFlight. This is driven not only by our duty of care to our employees and patients. A good safety record is fundamental to the preservation of our regulatory licence to conduct air ambulance work.

Pleasingly, the year saw minimal Lost Time Injuries (LTIs) arising out of workplace related incidents. We continue on our long-term downward trend of such events.

The pro-active management of safety has multiple dimensions. They include the capturing and reporting of issues/events; the prompt and effective follow-up, analysis and implementation of remedial action in relation to those issues/events; the maintenance of clear lines of accountability; and a rigorous audit function. The tool used to co-ordinate and manage these multiple dimensions, and provide organisational visibility and transparency over all safety related issues/events, is CareFlight's Air Maestro reporting system. Time, experience and a highly professional safety team have seen this system become truly embedded in the organisation and fundamental to the maintenance of our good safety record.

Safety and quality are bound up with each other. We continue to maintain a range of quality accreditations. In October 2017, we were re-accredited by the European Aeromedical Institute (EURAMI), confirming our ongoing high level of aeromedical services are maintained to international standards.

In 2017 our safety team undertook 76 internal audits to ensure our operations were performing to our own high standards of safety and quality. Ten external audits were undertaken by other organisations, including Inpex & ENI to ensure we continue to maintain the expected compliance standards.

People & Culture

In November 2017, we conducted our third staff survey, the previous two being undertaken in 2013 and 2015.

Employee responses were grouped according to division (Medical, Aviation, Engineering, International, Management, HQ Administration and NT Administration) to enable comparisons with previous survey results and to highlight issues in particular areas.

The survey covered a range of topics, namely:
- engagement
- management and leadership
- customers and stakeholders
- work and career
- policies and systems
- HR practices
- vision and objectives
- valuing people/culture
- brand (organisation and employer)

Overall the engagement scores are significantly better than they were in the 2013 and 2015 surveys, reflecting the benefit of the investment we have made in improving our HR capability and running a number of targeted management training programs

Brand & Reputation

We were very pleased to learn the results of the annual Australian Charity Reputation Index survey, which ranks Australia's 40 largest charities by reputation. The results, released at the end of 2017, ranked CareFlight third overall.

The ranking is based on a range of criteria such as services, innovation, workplace, citizenship, governance, leadership and cost management. More than 7,000 people were interviewed nationally by research consultants AMR and the Reputation Institute.

The poll shows the value and trust the community places in CareFlight's vital patient care and emergency services. It is an intangible validation of the strength and resonance of the CareFlight brand in the community. The tangible validation manifests itself in the donations that flow to CareFlight from our donors across the nation.

We are very grateful to our wonderful community of supporters Australia-wide, who work so hard to raise awareness of and funding for CareFlight. It's thanks to your support over more than 30 years that CareFlight has grown to the stage where the organisation is moving rapidly towards helping close to 10,000 patients each year.

Financial Strength

How the achievement of our mission is funded varies between different parts of our organisation. Sometimes it is funded by government contracts, sometimes by our donors, sometimes by fee-for-service contracts, sometimes by a mix of these. To the extent that we generate any surpluses from any of our operations, they are ploughed back into our service to the community.

The rapid growth of the organisation over the last year required significant investment. Bidding for the PTS contract, the RFS contract and the Palmerston Hospital road transport service (plus other prospects in our business development pipeline) brought with it major up-front costs in terms of management time and resources, and external consultant expenses. Winning those contracts – in particular the PTS contract - then generated substantial start-up costs in the form of asset purchases; system changes or refinements; and the recruitment, induction and training of additional staff. By necessity, all these expenses were incurred prior to any revenue flowing from the delivery of services under these contracts.

Primarily as a result of investing for growth, we ran a deficit of $1,364,010 this year, compared to a surplus of $1,323,199 last year. Also contributing to the deficit was a significant reduction in mission hours in our medi-jet operations, attributable to a combination of more intense competition in the jet air ambulance market and aircraft availability issues. While our medi-jet operations broke even, we had budgeted for a material surplus from this part of our operations.

CEO Transition

After nearly 14 years in the role, Derek Colenbrander retires as CEO of CareFlight after the end of the financial year. Derek's association with CareFlight pre-dates his appointment as CEO, going back to the late 1980s when he started acting as CareFlight's legal adviser.

Derek's legacy is a vibrant, successful, growing, well managed organisation, and one of the most trusted charitable brands in the country. We thank Derek for his outstanding service to CareFlight, and for his dedication to the cause that we serve.

After an open-market executive search, the Board was pleased to appoint Mick Frewen to the role of Chief Executive Officer. Mick comes to CareFlight after a 10 year management career with International SOS, the world's largest medical and travel security assistance company. International SOS has deep roots in emergency medical retrieval, serving multi-national companies, governments and NGOs globally. Following many years based in Singapore, Mick's most recent role with International SOS was Regional General Manager Assistance Australasia.

Prior to joining International SOS, Mick spent 20 years in the Australian Army in commando and SAS roles. He retired from the army in 2007, having attained the rank of Lieutenant Colonel.

We welcome Mick to CareFlight, and wish him success in his new role. In the spirit of CareFlight, his success will be our success, and our success will be his success.

Thank you

To all of our stakeholders, we offer the assurance of good governance, dedication to service excellence and a commitment to providing value-for-money in the delivery of our services. To our donors, we add a return on investment which goes not to their pockets, but to their hearts.

We thank all the members of the extraordinarily diverse and talented team of people – the CareFlight staff – who go out there every day and make it happen. We also recognise the inter-connectedness and inter-dependence of our team members, and the importance of the contribution that each and every one makes to the whole.

Finally, we acknowledge with gratitude and appreciation all those members of the community – our donors, supporters and volunteers – who are there for us, and trust that we will be there for them.

Andrew Refshauge	*Garry Dinnie*
Chairman	Director

Dated at Sydney on 9 July 2018

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	Experience and special responsibilities
Andrew REFSHAUGE MB, BS, FAICD *Chairman* *Independent Non-Executive Director*	• 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.
Patricia ANGUS PSM, MTH *Independent Non-Executive Director*	• 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.
Nicholas COATSWORTH MBBS (Hons), MIntPH, FRACP *Independent Non-Executive Director*	• 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.
Derek COLENBRANDER BA, LLB *Non-Executive Director*	• 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. • Former Chief Executive Officer of CareFlight Limited.

Name, qualifications and independence status	Experience and special responsibilities
Garry DINNIE BCom, FCA, FAICD, MIIA (Aust), FAIM *Independent Non-Executive Director*	• 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*	• 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*	• 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		Investment Committee		Nomination & Remuneration Committee	
Director	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
Andrew Refshauge	10	10	-	-	1	1	1	1
Derek Colenbrander	10	10	-	-	1	1	-	-
Patricia Angus	10	8	3	3	-	-	-	-
Nicholas Coatsworth	10	9	-	-	1	1	-	-
Garry Dinnie	10	9	3	3	1	1	1	1
Anna Guillan	10	8	3	2	-	-	-	-
Ian Vanderbeek	10	9	-	-	-	-	-	-

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, the Investment Committee and the Nomination and Remuneration 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. Committee meetings attended by directors during the financial year are recorded in section 2 above.

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. 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 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 32.

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 2018

	Note	2018 $	2017 $
Revenue	6	**79,948,096**	**80,149,694**
Expenditure			
Operations and administration - costs of personnel		(44,862,003)	(39,288,400)
Direct costs of aeromedical operations		(13,696,453)	(16,084,761)
Costs of fundraising - donations and sponsorship	7a)	(3,658,655)	(4,511,217)
Costs of fundraising - merchandising and events	7b)	(3,544,350)	(4,007,215)
Depreciation	14	(5,845,944)	(5,682,134)
Insurance		(598,182)	(680,597)
Support costs		(6,927,019)	(6,505,909)
Net loss on sale of non-current assets		-	(16,140)
Total expenditure before net finance expense		**(79,132,606)**	**(76,776,373)**
Surplus before net finance expense		**815,490**	**3,373,321**
Finance income	8	113,607	172,556
Finance expense	8	(2,293,107)	(2,222,678)
Net finance expense		**(2,179,500)**	**(2,050,122)**
Net surplus/(deficit) for the year		**(1,364,010)**	**1,323,199**
Other comprehensive income/(loss) items that may be reclassified surplus or deficit			
Revaluation of investments	13a) & 19	78,844	158,552
Revaluation of non-current assets	14a) & 19	75,312	(640,533)
Total comprehensive income/(loss) for the year		**(1,209,854)**	**841,218**

The notes on pages 15 to 29 are an integral part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 April 2018

	Note	Reserves $	Retained surplus $	Total $
Balance at 1 May 2016		**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		158,552	-	**158,552**
Revaluation of non-current assets		(640,533)	-	**(640,533)**
Balance at 30 April 2017		**6,240,501**	**14,778,566**	**21,019,067**
Balance at 1 May 2017		**6,240,501**	**14,778,566**	**21,019,067**
Net deficit for the year ended 30 April 2018		-	(1,364,010)	**(1,364,010)**
Revaluation of investments	13a) & 19	78,844	-	**78,844**
Revaluation of non-current assets	14a) & 19	75,312	-	**75,312**
Balance at 30 April 2018		**6,394,657**	**13,414,556**	**19,809,213**

The notes on pages 15 to 29 are an integral part of these financial statements.

Consolidated statement of financial position
as at 30 April 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	10	6,765,350	7,844,685
Trade and other receivables	11	7,452,200	7,635,538
Inventories	12	721,694	673,506
Investments	13a)	2,036,006	1,900,553
Total current assets		**16,975,250**	**18,054,282**
Non-current assets			
Property, plant and equipment	14	56,606,102	49,341,367
Investments	13b)	3	2
Total non-current assets		**56,606,105**	**49,341,369**
Total assets		**73,581,355**	**67,395,651**
Current liabilities			
Trade payables	15	6,463,514	5,435,547
Income received in advance	16	5,984,939	6,979,866
Finance lease liabilities	17	3,198,747	2,261,793
Employee benefits	18	3,421,112	2,787,956
Total current liabilities		**19,068,312**	**17,465,162**
Non-current liabilities			
Finance lease liabilities	17	33,962,951	28,213,410
Employee benefits	18	740,879	698,012
Total non-current liabilities		**34,703,830**	**28,911,422**
Total liabilities		**53,772,142**	**46,376,584**
Net assets		**19,809,213**	**21,019,067**
Equity			
Reserves	19	6,394,657	6,240,501
Retained surplus		13,414,556	14,778,566
Total equity		**19,809,213**	**21,019,067**

The notes on pages 15 to 29 are an integral part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 April 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Cash receipts in the course of operations		86,750,451	83,315,140
Cash payments in the course of operations		(79,275,761)	(77,986,526)
Interest income received	8	23,806	117,534
Interest expense payments	8	(2,278,458)	(2,212,085)
Net cash from operating activities		**5,220,038**	**3,234,063**
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	(13,207,931)	(5,662,719)
Investment in other companies		(1)	-
Net proceeds from sale of non-current assets		222,064	1,843,246
Net cash from investing activities		**(12,985,868)**	**(3,819,473)**
Cash flows from financing activities			
Net finance lease funding/(repayments)		6,686,495	(4,982,895)
Net cash from financing activities		**6,686,495**	**(4,982,895)**
Net decrease in cash held		**(1,079,335)**	**(5,568,305)**
Cash and cash equivalents at 1 May		**7,844,685**	**13,412,990**
Cash and cash equivalents at 30 April	10	**6,765,350**	**7,844,685**

The notes on pages 15 to 29 are an integral part of these financial statements.

Notes to consolidated financial statements
for the year ended 30 April 2018

1. Reporting entity

The consolidated financial statements of the Group as at and for the year ended 30 April 2018 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 2018, the Company had 27 Members (2017: 27), 7 (2017: 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 9 July 2018.

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 2018

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

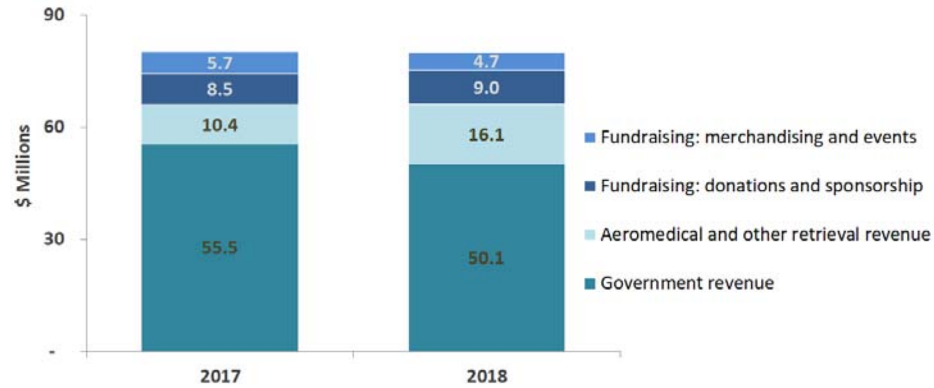
The various categories of Group revenue are recognised on the following bases:

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	2018 $	2017 $
Government revenue		50,082,174	55,508,697
Aeromedical and other retrieval revenue		16,067,766	10,422,202
Fundraising: donations and sponsorship	7a)	9,016,491	8,529,390
Fundraising: merchandising and events	7b)	4,716,218	5,689,405
Operational Revenue		79,882,649	80,149,694
Net gain on sale of non-current assets		65,447	-
Other Revenue		65,447	-
Total Revenue		**79,948,096**	**80,149,694**

Notes to consolidated financial statements
for the year ended 30 April 2018

6. Revenue (continued)



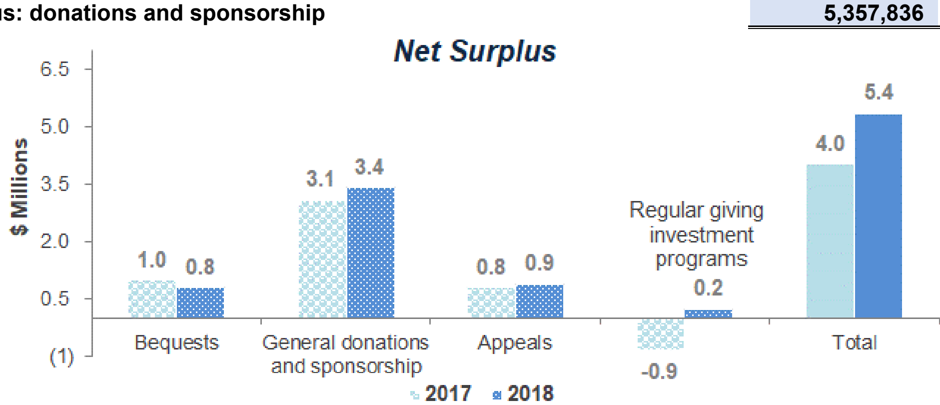
At 30 April 2018 the Group has deferred revenue of $5,984,939 (2017: $6,979,866), relating to contract revenue received in advance for services not yet provided and donations with specific terms or conditions which must be met before the Company is entitled to the resources (Note 16).

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

	2018 $	2017 $
Revenue		
Bequests	801,088	993,829
General donations and sponsorship	5,007,058	5,103,986
Appeals	1,533,814	1,477,361
Regular giving investment programs	1,674,531	954,214
	9,016,491	**8,529,390**
Expenses		
Bequests	4,800	7,000
General donations and sponsorship	1,585,797	2,020,098
Appeals	635,565	668,240
Regular giving investment programs	1,432,493	1,815,879
	3,658,655	**4,511,217**
Net surplus: donations and sponsorship	**5,357,836**	**4,018,173**

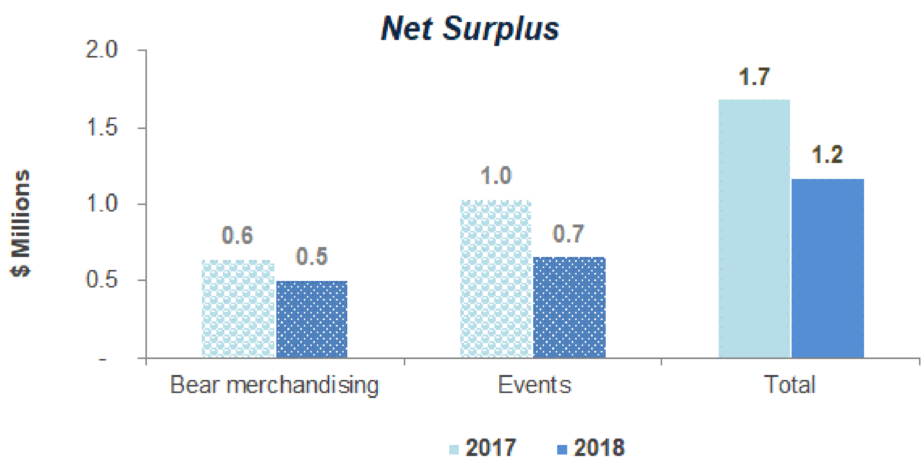


Notes to consolidated financial statements
for the year ended 30 April 2018

7. Fundraising revenue and expenses (continued)

b) Fundraising: merchandising and events

	2018 $	2017 $
Revenue		
Bear merchandising	3,510,809	4,113,707
Events	1,205,409	1,575,698
	4,716,218	**5,689,405**
Expenses		
Bear merchandising	3,003,235	3,468,170
Events	541,115	539,045
	3,544,350	**4,007,215**
Net surplus: merchandising and events	**1,171,868**	**1,682,190**



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

	2018 $	2017 $
Net Surplus from Fundraising	**6,529,704**	**5,700,363**
This was applied to charitable purposes in the following manner:		
Total expenditure for operations and financing*	(74,222,708)	(70,480,619)
Shortfall in funds	**(67,693,004)**	**(64,780,256)**

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

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

	2018 $	2017 $
Government Revenue	50,082,174	55,508,697
Aeromedical and other retrieval income	16,067,766	10,422,202
Net gain on sale of non-current assets	65,447	-
Finance income	113,607	172,556
Net surplus/(deficit) for the year	1,364,010	(1,323,199)
	67,693,004	**64,780,256**

Notes to consolidated financial statements
for the year ended 30 April 2018

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

	2018 $	2017 $
Gross income	4,231,060	4,830,613
Total expenditure incurred	3,544,352	4,007,215

iv) Fundraising ratios

	2018			2017		
	Revenue $	Expenses $	Expense ratio	Revenue $	Expenses $	Expense ratio
Fundraising: donations and sponsorships	9,016,491	3,658,655	41%	8,529,390	4,511,217	53%
Fundraising: merchandising and events[1]	4,716,218	3,544,350	75%	5,689,405	4,007,215	70%

[1]The merchandising and events expense ratio primarily reflects the costs of retail product acquisition, sales and distribution.

	2018		2017	
	$	%	$	%
Total costs of fundraising / Gross revenue from fundraising	7,203,005/ 13,732,709	52%	8,518,432/ 14,218,795	60%
Net surplus from fundraising / Gross revenue from fundraising	6,529,704/ 13,732,709	48%	5,700,363/ 14,218,795	40%
Total costs of services / Total expenditure	74,222,708/ 81,425,713	91%	70,480,619/ 78,999,051	89%
Total costs of services / Total revenue	74,222,708/ 80,061,703	93%	70,480,619/ 80,322,250	88%

The Company conducted four appeals (Christmas, Taxation, February and August) during the year (2017: four appeals).

Notes to consolidated financial statements
for the year ended 30 April 2018

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.

	2018 $	2017 $
Interest income	23,806	117,534
Dividend income	80,565	44,072
Net foreign exchange gain	9,236	10,950
Finance income	**113,607**	**172,556**
Fees and charges: investments	(14,649)	(10,593)
Financial liabilities measured at amortised cost – interest expense	(2,278,458)	(2,212,085)
Finance expense	**(2,293,107)**	**(2,222,678)**
Net finance expense	**(2,179,500)**	**(2,050,122)**

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.

	2018 $	2017 $
Cash – unrestricted	6,297,113	7,422,898
Cash – restricted	468,237	421,787
	6,765,350	**7,844,685**

Notes to consolidated financial statements
for the year ended 30 April 2018

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 2018 there was no impairment of trade receivables (2017: 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.

	2018 $	2017 $
Trade receivables	6,429,009	6,409,673
Other receivables	1,023,191	1,225,865
	7,452,200	**7,635,538**

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.

	2018 $	2017 $
Bear merchandising stock	250,510	220,615
Fuel stock	14,156	12,375
Engineering parts	457,028	440,516
	721,694	**673,506**

In 2018, bear merchandising stock of $362,798 (2017: $441,452) was recognised as an expense during the period and was included in 'Costs of fundraising: merchandising and events'. In 2018 no inventory was written down to net realisable value (2017: 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.

	2018 $	2017 $
Balance at 1 May	1,900,553	1,761,833
Purchase/additions	-	1,735,154
Disposal	-	(1,761,833)
Net income	56,609	6,847
Market movement of available-for-sale assets	78,844	158,552
Balance at 30 April	**2,036,006**	**1,900,553**

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 2018

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

i) Subsidiaries

CareFlight (NT) Limited 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.

On 18 July 2017, LifeFlight Australia Limited transferred its share in CareFlight Australia Limited to CareFlight Limited and the company became a wholly-owned subsidiary of CareFlight Limited. On 7 May 2018, CareFlight Australia Limited changed its name to Nongoma Limited.

On 18 July 2017, LifeFlight Australia Limited transferred its membership in CareFlight Aeromedical Limited to CareFlight Limited and the company became a wholly-owned subsidiary of CareFlight Limited.

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 an interest in the following joint venture:

Name	Type	Date Registered	Members	Status
CareStar Pty Limited	Proprietary limited company	10 April 2014	CareFlight Limited (50%) and Weststar Aviation Services SDN BHD (50%)	Dormant

	2018 $	2017 $
Shares in Nongoma Limited	2	1
Share in CareStar Pty Limited	1	1
	3	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 2018

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:

	2018	2017
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

*For engines not covered under a power by the hour agreement.

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.

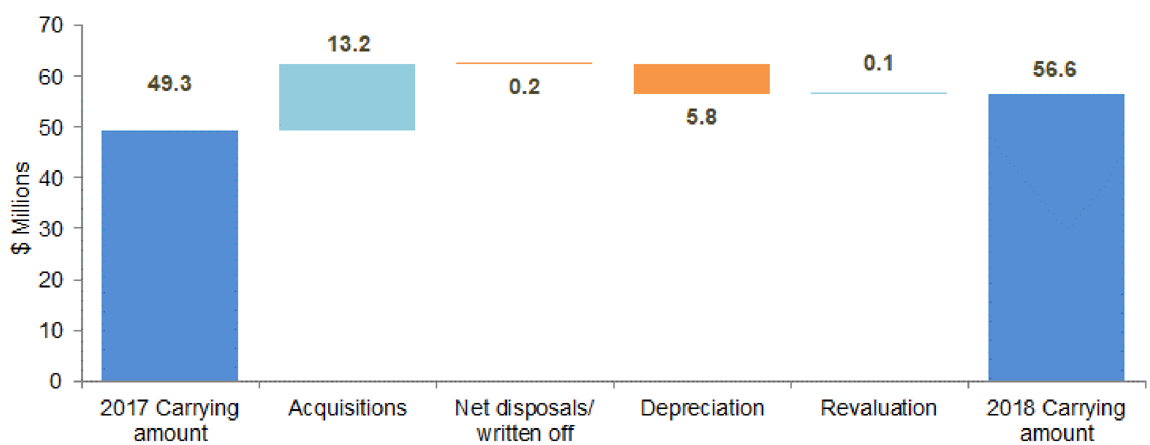
Subsequent costs

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 2018

14. Property, plant and equipment (continued)

	Notes	Fixed wing aircraft	Rotary wing aircraft	Land and buildings	Work in Progress	Furniture, equipment and motor vehicles	Total
		At cost	*Fair value*	*Fair value*	*At cost*	*At cost*	
		$	$	$	$	$	$
Capitalised value							
Balance at 1 May 2017		**34,209,701**	**12,090,301**	**6,340,000**	**330,369**	**16,190,165**	**69,160,536**
Acquisitions		10,895,041	83,152	-	62,102	2,167,636	**13,207,931**
Work in progress capitalised		-	-	-	(330,369)	330,369	**-**
Disposals/written off		(472,500)	-	-	-	(617,689)	**(1,090,189)**
Depreciation before revaluation		-	(798,303)	-	-	-	**(798,303)**
Revaluation	14a)	-	75,312	-	-	-	**75,312**
Balance at 30 April 2018		**44,632,242**	**11,450,462**	**6,340,000**	**62,102**	**18,070,481**	**80,555,287**
Accumulated depreciation							
Balance at 1 May 2017		**8,585,531**	**-**	**113,750**	**-**	**11,119,888**	**19,819,169**
Depreciation for the year		3,174,370	798,303	113,750	-	1,759,521	**5,845,944**
Disposals/written off		(472,500)	(798,303)	-	-	(445,125)	**(1,715,928)**
Balance at 30 April 2018		**11,287,401**	**-**	**227,500**	**-**	**12,434,284**	**23,949,185**
Carrying amounts							
At 1 May 2017		**25,624,170**	**12,090,301**	**6,226,250**	**330,369**	**5,070,275**	**49,341,367**
At 30 April 2018		**33,344,841**	**11,450,462**	**6,112,500**	**62,102**	**5,636,197**	**56,606,102**



Notes to consolidated financial statements
for the year ended 30 April 2018

14. Property, plant and equipment (continued)

a) Revaluation details

Asset details	Effective date of revaluation	Independent valuer	Revaluation surplus		
			1 May 2017	Movement	30 April 2018
			$	$	$
Agusta AW139 VH-YHF helicopter	30 April 2018	Slattery Valuations Pty Limited	2,598,446	138,058	2,736,504
Kawasaki BK117 VH-IME helicopter	30 April 2018	Slattery Valuations Pty Limited	(378,861)	(62,746)	(441,607)
Land and buildings	30 April 2016	Anderson Group Valuers	3,862,364	-	3,862,364
			6,081,949	**75,312**	**6,157,261**

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 $15,357,764 (2017: $16,776,151). 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 2018 aircraft and land and buildings with a carrying amount of $41,700,741 (2017: $34,067,366) 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.

	2018 $	2017 $
Trade creditors	4,245,051	3,034,387
Accrued expenses	2,218,463	2,401,160
	6,463,514	**5,435,547**

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).

	2018 $	2017 $
Income received in advance		
- conditional donations	250,010	261,736
- payments for contracts received in advance	5,734,929	6,718,130
	5,984,939	**6,979,866**

Notes to consolidated financial statements
for the year ended 30 April 2018

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.

	2018 $	2017 $
Current		
Finance lease liabilities	3,198,747	2,261,793
Non-current		
Finance lease liabilities	33,962,951	28,213,410
	37,161,698	**30,475,203**

Financing arrangements
The Group's hire purchase and lease liabilities of $37,161,698 (2017: $30,475,203) are secured by the leased assets.

e) Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	2018				2017	
	Nominal interest rate	Year of maturity	Face Value	Carrying amount	Face Value	Carrying amount
Finance lease liabilities	4%-7.2%	2019-41	**$44,295,327**	**$37,161,698**	$37,325,731	$30,475,203

The Group maintains a line of credit of $1,000,000 that is unsecured and undrawn at year end (2017: undrawn).

Notes to consolidated financial statements
for the year ended 30 April 2018

18. Finance lease liabilities (continued)

f) Lease commitments

	2018			2017		
	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	5,130,311	1,931,563	3,198,748	4,063,153	1,801,361	2,261,792
One year or later and no later than five years	38,362,159	4,553,959	33,808,200	23,205,788	4,512,778	18,693,010
Later than five years	221,125	66,375	154,750	9,911,180	390,779	9,520,401
	43,713,595	**6,551,897**	**37,161,698**	**37,180,121**	**6,704,918**	**30,475,203**
Operating lease commitments for the Group are: **VH-LWI**						
Within one year	-	-	-	397,730	-	397,730
	-	**-**	**-**	**397,730**	**-**	**397,730**

19. 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.

Notes to consolidated financial statements
for the year ended 30 April 2018

20. Reserves

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

	2018 $	2017 $
Balance at 1 May	6,240,501	6,722,482
Revaluation of investments	78,844	158,552
Revaluation of non-current assets	75,312	(640,533)
Balance at 30 April	**6,394,657**	**6,240,501**

21. 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 (2017: $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 (2017: $30,000) for these services under normal market rates.

b) Other related party transactions

Peter Quayle, a member of the Company, provided company secretarial and consultancy services to the Company. He was paid $66,969 (2017: $54,731) 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 $17,000 (2017: $23,650) for these services under normal market rates.

c) Employment benefits to key management personnel

	2018 $	2017 $
Short and long term employee benefits	**3,046,063**	**3,376,314**

22. Economic dependency

The Group relies upon financial support from sponsors and the community.

23. 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.

Notes to consolidated financial statements
for the year ended 30 April 2018

24. Parent entity disclosure

As at, and throughout, the financial year ending 30 April 2018 the parent entity of the Group was CareFlight Limited.

a) Result of parent entity

	2018 $	2017 $
Surplus/(deficit) for the year	(1,141,873)	73,038
Other comprehensive income/(deficit)	154,156	(481,981)
	(987,717)	**(408,943)**

b) Financial position of parent entity at year end

	2018 $	2017 $
Current assets	16,793,760	17,858,223
Total assets	**58,042,099**	**50,423,441**
Current liabilities	**17,378,135**	**15,865,043**
Total liabilities	**38,210,557**	**29,604,182**

c) Total equity of parent entity comprising:

	2018 $	2017 $
Reserves	6,394,657	6,240,501
Retained surplus	13,436,885	14,578,758
	19,831,542	**20,819,259**

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 2018 Annual Financial Report. Net liabilities of CareFlight (NT) Limited are $22,331 (Net assets in 2017: $199,808).

Declaration by Chief Executive Officer in respect of fundraising appeals

I, Mick Frewen, 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 2018;

(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 2018;

(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 2018; 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.

Mick Frewen
CEO

Dated at Sydney on 9 July 2018

Directors' declaration

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

(a) the consolidated financial statements and notes, set out on pages 11 to 29, 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 2018 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

Dated at Sydney on 9 July 2018

Building a better working world

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Auditor's Independence Declaration to the Directors of CareFlight Limited and its Controlled Entities

In relation to our audit of the financial report of CareFlight Limited and its controlled entities for the financial year ended 30 April 2018, 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
9 July 2018

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Independent Auditor's Report to the Members of CareFlight Limited and its Controlled Entities

Report on the Financial Report

Opinion

We have audited the financial report of CareFlight Limited and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 30 April 2018, the 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 then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, 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 2018 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 Opinion

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 opinion.

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

The directors are responsible for the other information. The other information comprises the Directors' Report and Corporate Governance 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.

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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.

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.

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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 and its controlled entities has been properly drawn up and associated records have been properly kept during the financial year ended 30 April 2018, 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 Group during the financial year ended 30 April 2018 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young

Ernst & Young

Loretta Di Mento
Partner
Sydney
9 July 2018

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