CONSOLIDATED FINANCIAL REPORT
2019

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 2019 and the Auditor's report thereon.

Our Mission and Ethos

CareFlight's mission is to save lives, speed recovery and serve the community. We operate in very complex environments, whether it be built-up urban locations or extremely regional, remote and inaccessible environments. Across this spectrum CareFlight delivers the best hope for life-saving support to the people we assist.

Every decision and action we take is focused on achieving our mission. Whether it is getting the medical team to the patient as quickly as possible to save lives and commence treatment; by transporting patients to the most appropriate hospital for their continued care; or by upskilling first responders in communities to better equip them to manage medical emergencies. The very broad range of activities that CareFlight deliver are all focused on this mission.

Through all the diversity and complexity of the services we provide, we are very much a patient-centric organisation. Not only are our doctors, nurses, air crew and engineers highly qualified and trained, they bring the CareFlight ethos of quality and care to every patient.

Strategic Focus

The framework that CareFlight uses to guide our ongoing ability to deliver our social purpose is the Strategic Plan. This plan reflects our charitable charter and our status as a for-purpose enterprise, and it provides us a benchmark against which to measure our progress year on year.

Growth and Sustainability

It is very important that CareFlight continues to grow to provide the financial strength we need for long term sustainability in delivering our social purpose.

We are achieving this growth through a deliberate policy of both diversifications and through maximising our existing revenue streams. This growth has been significant in recent years and has meant that the focus for the second half of this financial year was concentrated on consolidation of our new contracts, to ensure we have adjusted across the organisation to being a larger and more complex organisation.

Significant effort and investment goes into setting up and expanding delivery of our new contracts (Patient Transport Service (PTS), Rural Fire Service (RFS) and Palmerston Interhospital Road Transfer Service (PIRTS)), and in creating greater depth across each of our critical teams (clinical, aviation, and engineering) required for delivery of our services. Our growth also ensures that CareFlight can retain the critical mass we need to remain a sustainable organisation for delivery of our social purpose.

Diversification

CareFlight continues to focus on increasing diversification across our revenue streams. It is important to note however that this diversification always leverages our core skills and organisational strengths. As a result, we have been clear in deciding also when not to pursue an emerging opportunity that is not a core strength. Diversification also ensures we are removing any single points of threat to the long-term sustainability of the organisation.

Depth

One of the key areas we have addressed this financial year is building depth and removing critical risks within our staffing and operational capacity. We have invested a significant amount in ensuring we have depth for succession, depth to enable key staff to clear leave and undergo training without impact to the daily delivery of operations, and capacity to ensure we can surge to meet organisational requirements such as tenders and innovation projects, that have otherwise not been able to be met.

Safety and Quality

CareFlight is very much a safety and quality led organisation in the way we approach every aspect of our service delivery. This is driven not only by our duty of care to our employees and patients, but it is also a critical element to ensuring we meet and exceed the requirements of our regulatory licence to conduct air ambulance work.

During the year, we have grown our patient numbers supported by over 28% and we have increased the number of aircraft in operation from 14 to 17 and air hours flown from 6,705 to 8,557.

During this financial year, our safety team undertook 59 internal audits to ensure our operations were performing to our own high standards of safety and quality. Additionally, third party audits were conducted across a range of our operations, including: two Civil Aviation and Safety Authority (CASA) audits (AOC Surveillance and Sector Surveillance of our Aeromedical Transport Training & Checking Organisation); two audits by Inpex (Jet Operations and Bladin Point Clinic); an audit by RFS on our contracted firefighting capability; a range of State Government Departmental audits; a Cyber Risk Review conducted by Nexon; and significantly a Commercial Air Review Board (CARB) Audit conducted by the US Military leading to our certification as an aeromedical provider for the US Military (benchmarking our operations against US best practice). These external audits continue to ensure we are assessed against industry standards and client expectations and demonstrate across this broad range of external parties that we continue to meet and exceed compliance requirements for safety and quality.

During the year we have also been committed to ongoing certification of ISO9001 (Quality) and supporting surveillance audits for our NSQHSS accreditation. Recertification audits were also undertaken for AS4801 (safety) and ISO14001 (environment).

Brand and Reputation

We are very proud to see the results of the annual Australian Charity Reputation Index survey, which ranks Australia's 40 largest charities by reputation. The results ranked CareFlight second overall and was an improvement across the year from our third place standing last year. The poll shows the value and trust the community places in CareFlight's vital patient care and emergency services.

We are very grateful to all our supporters Australia-wide, who work so hard to help us raise awareness of and funding for CareFlight. It's thanks to your continued support over more than 30 years that CareFlight has been able to grow to play such a vital role saving lives, speeding recovery and supporting the community right across Australia.

Financial Strength

During this year we have invested significantly in our depth, systems and improving our capabilities. These are all essential investments to ensure the organisation has the capacity and resilience to ensure we can deliver our social purpose in a sustainable way.

We remain committed to ensuring we build long term financial strength, through an overall growth in revenue, a growth in our cash reserves and in ensuring year on year that we have a strong retained surplus that we can then reinvest to help CareFlight deliver our Mission.

Central to long term financial strength is our ongoing commitment to cost containment across the organisation, ensuring that we are good stewards of every dollar, and that we are maximising our capacity to deliver the mission.

Given the significant investment we have made this year in building staffing depth and capacity, it is even more pleasing to report that we have been able to achieve a surplus of $2,542,093, compared to 2018 deficit of $1,364,010. This exceptional performance is a validation of all the hard work from across the CareFlight team and of their commitment to the long term strength of CareFlight.

This surplus will be reinvested back into enabling the business to deliver our social purpose including supporting the upgrading of our helicopter fleet, growing our cash reserves, and in ensuring that we continue to innovate and lead the industry in aeromedical response.

Thank you

To all 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 that 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
Chairman

Mick Frewen
Chief Executive Officer

Dated at Sydney on 5 July 2019

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 MBBS, 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 Nominations & 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. • Appointed 19 December 2003. • Retired as a Director 20 August 2018. • Former Chief Executive Officer of CareFlight Limited.
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 Nominations & Remuneration Committee. • Director since 23 February 2010.

Name, qualifications and independence status	Experience and special responsibilities
Mick FREWEN BA, MMgt, GAICD *Chief Executive Officer* *Executive Director*	• Extensive management career with a major medical and travel security assistance company. • Former member of the Australian Army. Retired from the Army in 2007, having attained the rank of Lieutenant Colonel. • Member of the Investment Committee. • Director since 20 August 2018.
Anna GUILLAN AM, MBA, GAICD *Independent Non-Executive Director*	• Extensive experience in sales and marketing in the tourism and hospitality industry. • Director of various statutory government and not-for-profit organisations • 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, GAICD *Independent Non-Executive Director*	• Former airline 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		Nominations & Remuneration Committee	
Director	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
Andrew Refshauge	7	7	-	-	2	2	1	1
Patricia Angus	7	7	2	2	-	-	-	-
Nicholas Coatsworth	7	6	-	-	2	1	-	-
Derek Colenbrander	3	1	-	-	-	-	-	-
Garry Dinnie	7	7	2	2	2	2	1	1
Mick Frewen	4	4	-	-	1	1	-	-
Anna Guillan	7	5	2	1	-	-	-	-
Ian Vanderbeek	7	7	-	-	-	-	-	-

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 Nominations 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 current and retired Chief Executive Officer in his capacity as an executive director received 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 responsible NSW Government Minister in accordance with 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 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.

Nominations & Remuneration Committee

The Nominations & 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 also assists the Board in reviewing the performance of the CEO.

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. 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 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. Auditor's Independence Declaration

The auditor's independence declaration is set out on page 32.

Consolidated statement of surplus or deficit and other comprehensive income
for the year ended 30 April 2019

	Note	2019 $	2018 $
Revenue	6	**94,224,134**	**79,948,096**
Expenditure			
Operations and administration - costs of personnel		(51,818,589)	(44,862,003)
Direct costs of aeromedical operations		(16,886,779)	(13,696,453)
Costs of fundraising - donations and sponsorship	7a)	(3,320,297)	(3,658,655)
Costs of fundraising - merchandising and events	7b)	(2,635,659)	(3,544,350)
Depreciation	14	(6,864,259)	(5,845,944)
Insurance		(763,135)	(598,182)
Support costs		(7,370,527)	(6,927,019)
Total expenditure before net finance expense		**(89,659,245)**	**(79,132,606)**
Surplus before net finance expense		**4,564,889**	**815,490**
Finance income	8	132,876	113,607
Finance expense	8	(2,155,672)	(2,293,107)
Net finance expense		**(2,022,796)**	**(2,179,500)**
Net surplus/(deficit) for the year		**2,542,093**	**(1,364,010)**
Other comprehensive income items that may be reclassified to surplus			
Revaluation of investments	13a) & 19	73,058	78,844
Revaluation of non-current assets	14a) & 19	863,749	75,312
Total comprehensive income/(loss) for the year		**3,478,900**	**(1,209,854)**

The notes on pages 14 to 29 are an integral part of these financial statements.

Consolidated statement of changes in equity
for the year ended 30 April 2019

	Note	Reserves $	Retained surplus $	Total $
Balance at 1 May 2017		**6,240,501**	**14,778,564**	**21,019,065**
Net deficit for the year ended 30 April 2018		-	(1,364,010)	**(1,364,010)**
Other comprehensive income				
Revaluation of investments		78,844	-	**78,844**
Revaluation of non-current assets		75,312	-	**75,312**
Balance at 30 April 2018		**6,394,657**	**13,414,554**	**19,809,211**
Balance at 1 May 2018		**6,394,657**	**13,414,554**	**19,809,211**
Net surplus for the year ended 30 April 2019		-	2,542,093	**2,542,093**
Other comprehensive income				
Revaluation of investments	13a) & 19	73,058	-	**73,058**
Revaluation of non-current assets	14a) & 19	863,749	-	**863,749**
Balance at 30 April 2019		**7,331,464**	**15,956,647**	**23,288,111**

The notes on pages 14 to 29 are an integral part of these financial statements.

Consolidated statement of financial position
as at 30 April 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	10	10,686,705	6,765,350
Trade and other receivables	11	9,718,260	7,452,200
Inventories	12	626,651	721,694
Investments	13a)	2,203,860	2,036,006
Total current assets		**23,235,476**	**16,975,250**
Non-current assets			
Property, plant and equipment	14	52,777,638	56,606,100
Investments	13b)	-	3
Total non-current assets		**52,777,638**	**56,606,103**
Total assets		**76,013,114**	**73,581,353**
Current liabilities			
Trade payables	15	6,773,672	6,463,514
Income received in advance	16	6,709,574	5,984,939
Finance lease liabilities	17d)	3,490,275	3,198,747
Employee benefits	18	3,841,974	3,421,112
Total current liabilities		**20,815,495**	**19,068,312**
Non-current liabilities			
Finance lease liabilities	17d)	30,974,849	33,962,951
Employee benefits	18	934,659	740,879
Total non-current liabilities		**31,909,508**	**34,703,830**
Total liabilities		**52,725,003**	**53,772,142**
Net assets		**23,288,111**	**19,809,211**
Equity			
Reserves	19	7,331,464	6,394,657
Retained surplus		15,956,647	13,414,554
Total equity		**23,288,111**	**19,809,211**

The notes on pages 14 to 29 are an integral part of these financial statements.

Consolidated statement of cash flows
for the year ended 30 April 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Cash receipts in the course of operations		100,045,789	86,750,451
Cash payments in the course of operations		(89,159,591)	(79,275,761)
Interest income received	8	21,327	23,806
Interest expense payments	8	(2,140,256)	(2,278,458)
Net cash from operating activities		**8,767,269**	**5,220,038**
Cash flows from investing activities			
Acquisition of property, plant and equipment	14	(2,264,244)	(13,207,931)
Investment in other companies		3	(1)
Net proceeds from sale of non-current assets		114,901	222,064
Net cash from investing activities		**(2,149,340)**	**(12,985,868)**
Cash flows from financing activities			
Net finance lease (repayments)/funding		(2,696,574)	6,686,495
Net cash from financing activities		**(2,696,574)**	**6,686,495**
Net increase/(decrease) in cash held		**3,921,355**	**(1,079,335)**
Cash and cash equivalents at 1 May		**6,765,350**	**7,844,685**
Cash and cash equivalents at 30 April	10	**10,686,705**	**6,765,350**

The notes on pages 14 to 29 are an integral part of these financial statements.

Notes to consolidated financial statements
for the year ended 30 April 2019

1. Reporting entity

The consolidated financial statements of the Group as at and for the year ended 30 April 2019 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 2019, the Company had 28 Members (2018: 27), 7 (2018: 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 5 July 2019.

b) Basis of measurement

The consolidated financial statements are prepared on an historical cost basis except for rotary wing aircraft, land and buildings and investments which are measured 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.

e) Changes to Australian Accounting Standards

i) Adoption of AASB 9 Financial Instruments

The Group has adopted AASB 9 Financial Instruments, which replaces IAS 39 Financial Instruments from 1 May 2018, bringing together all aspects of the accounting for financial instruments: classification and measurement and impairment and hedge accounting.

Under AASB 9, financial assets are measured at fair value through statement of surplus or deficit, amortised cost, or fair value through Other Comprehensive Income (OCI). The new classification requirements are based on both the entity's business model ('Business Model Testing') for managing the financial assets and the contractual cash flow characteristics ('Solely Payments of Principal & Interest (SPPI) Test') of a financial asset.

Notes to consolidated financial statements
for the year ended 30 April 2019

2. Basis of accounting (continued)

e) Changes to Australian Accounting Standards (continued)

i) Adoption of AASB 9 Financial Instruments (continued)

The classification of the Group's financial assets has the following change:

- Available-for-sale financial assets category no longer exists under AASB 9. For Investment in equity, the Group upon initial recognition, has made an irrevocable election to classify its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled through to statement of surplus or deficit, even if the asset is sold or impaired.

The adoption of AASB 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Group to recognise an allowance for ECLs for all financial instruments not held at fair value through statement of surplus or deficit and contract assets.

Equity instruments designated at fair value through OCI under AASB 9 are not subject to impairment assessment.

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

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.

Notes to consolidated financial statements
for the year ended 30 April 2019

6. Revenue

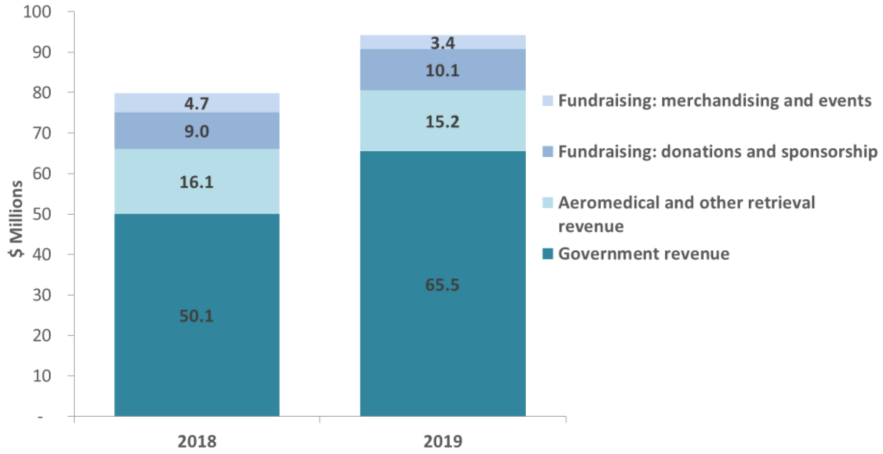
The various categories of Group revenue are recognised on the following bases:

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	2019 $	2018 $
Government revenue		65,462,507	50,082,174
Aeromedical and other retrieval revenue		15,168,562	16,067,766
Fundraising: donations and sponsorship	7a)	10,137,036	9,016,491
Fundraising: merchandising and events	7b)	3,433,324	4,716,218
Operational Revenue		**94,201,429**	**79,882,649**
Net gain on sale of non-current assets		22,705	65,447
Other Revenue		**22,705**	**65,447**
Total Revenue		**94,224,134**	**79,948,096**

Notes to consolidated financial statements
for the year ended 30 April 2019

6. Revenue (continued)



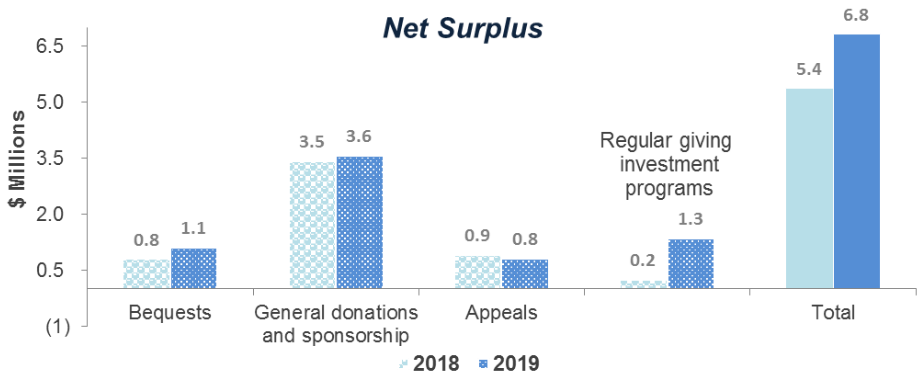
At 30 April 2019 the Group has income received in advance of $ 6,709,574 (2018: $5,984,939), relating to contract revenue received in advance for services not yet provided and donations with specific terms or conditions which must be met before the Company is entitled to the resources (Note 16).

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

	2019 $	2018 $
Revenue		
Bequests	1,114,895	801,088
General donations and sponsorship	5,999,474	5,007,058
Appeals	1,451,973	1,533,814
Regular giving investment programs	1,570,694	1,674,531
	10,137,036	**9,016,491**
Expenses		
Bequests	11,428	4,800
General donations and sponsorship	2,438,442	1,585,797
Appeals	647,495	635,565
Regular giving investment programs	222,932	1,432,493
	3,320,297	**3,658,655**
Net surplus: donations and sponsorship	**6,816,739**	**5,357,836**

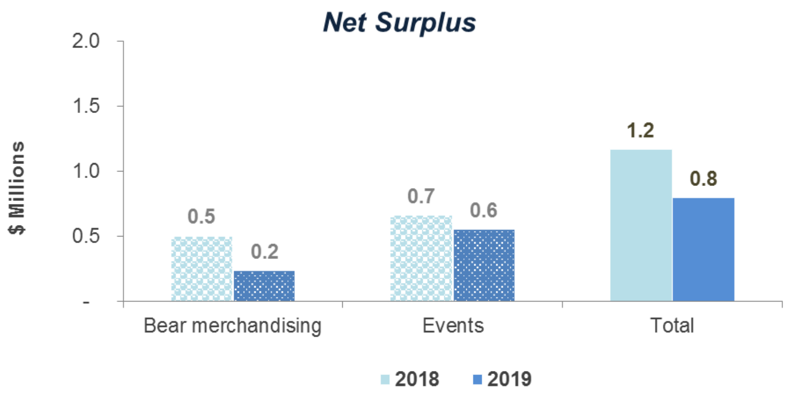


Notes to consolidated financial statements
for the year ended 30 April 2019

7. Fundraising revenue and expenses (continued)

b) Fundraising: merchandising and events

	2019 $	2018 $
Revenue		
Bear merchandising	2,359,720	3,510,809
Events	1,073,604	1,205,409
	3,433,324	**4,716,218**
Expenses		
Bear merchandising	2,120,053	3,003,235
Events	515,606	541,115
	2,635,659	**3,544,350**
Net surplus: merchandising and events	**797,665**	**1,171,868**



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

	2019 $	2018 $
Net Surplus from Fundraising	**7,614,404**	**6,529,704**
This was applied to charitable purposes in the following manner:		
Total expenditure for operations and financing*	(85,858,961)	(74,222,708)
Shortfall in funds	**(78,244,557)**	**(67,693,004)**

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

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

	2019 $	2018 $
Government revenue	65,462,507	50,082,174
Aeromedical and other retrieval income	15,168,562	16,067,766
Net gain on sale of non-current assets	22,705	65,447
Finance income	132,876	113,607
Net (surplus)/deficit for the year	(2,542,093)	1,364,010
	78,244,557	**67,693,004**

Notes to consolidated financial statements
for the year ended 30 April 2019

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

	2019 $	2018 $
Gross income	3,048,332	4,231,060
Total expenditure incurred	2,635,659	3,544,352

iv) Fundraising ratios

	2019			2018		
	Revenue $	Expenses $	Expense ratio	Revenue $	Expenses $	Expense ratio
Fundraising: donations and sponsorships	10,137,036	3,320,297	33%	9,016,491	3,658,655	41%
Fundraising: merchandising and events[1]	3,433,324	2,635,659	77%	4,716,218	3,544,350	75%

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

	2019		2018	
	$	%	$	%
Total costs of fundraising / Gross revenue from fundraising	5,955,956 / 13,570,360	44%	7,203,005/ 13,732,709	52%
Net surplus from fundraising / Gross revenue from fundraising	7,614,404/ 13,570,360	56%	6,529,704/ 13,732,709	48%
Total costs of services / Total expenditure*	85,858,961/ 91,814,917	94%	74,222,708/ 81,425,713	91%
Total costs of services / Total revenue^	85,858,961/ 94,357,010	91%	74,222,708/ 80,061,703	93%

*Total expenditure includes finance expense
^Total revenue includes finance income

The Company conducted four appeals (Christmas, Taxation, February and August) during the year (2018: four appeals).

Notes to consolidated financial statements
for the year ended 30 April 2019

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.

	2019 $	2018 $
Interest income	21,327	23,806
Dividend income	110,212	80,565
Net foreign exchange gain	1,337	9,236
Finance income	**132,876**	**113,607**
Fees and charges: investments	(15,416)	(14,649)
Financial liabilities measured at amortised cost – interest expense	(2,140,256)	(2,278,458)
Finance expense	**(2,155,672)**	**(2,293,107)**
Net finance expense	**(2,022,796)**	**(2,179,500)**

9. Taxes

a) 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.

b) 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.

	2019 $	2018 $
Cash – unrestricted	10,149,003	6,297,113
Cash – restricted	537,702	468,237
	10,686,705	**6,765,350**

Notes to consolidated financial statements
for the year ended 30 April 2019

11. Trade and other receivables

Trade and other receivables are recognised initially at the value of services provided to customers.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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 2019 there was no impairment of trade receivables (2018: 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.

	2019 $	2018 $
Trade receivables	8,436,432	6,429,009
Other receivables	1,281,828	1,023,191
	9,718,260	**7,452,200**

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.

	2019 $	2018 $
Bear merchandising stock	180,240	250,510
Fuel stock	9,259	14,156
Engineering parts	437,152	457,028
	626,651	**721,694**

In 2019, bear merchandising stock of $242,101 (2018: $362,798) was recognised as an expense during the period and was included in 'Costs of fundraising: merchandising and events'. In 2019 no inventory was written down to net realisable value (2018: nil).

Notes to consolidated financial statements
for the year ended 30 April 2019

13. Investments

a) Current: financial assets

Investments are managed by a third party on behalf of the Group under the direction of the Investment Committee. Dividends and interest income will be recognised when the entity's right to receive payment is established, it is probable the economic benefits will flow to the entity and the amount can be measured reliably. Dividends and interest income are recognised in statement of surplus or deficit unless they clearly represent recovery of a part of the cost of the investment, in which case they are included in other comprehensive income (OCI). Changes in fair value are recognised in OCI and are never recycled through to statement of surplus or deficit, even if the asset is sold or impaired.

	2019 $	2018 $
Balance at 1 May	2,036,006	1,900,553
Net income	94,796	56,609
Market movement of investments	73,058	78,844
Balance at 30 April	**2,203,860**	**2,036,006**

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.

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 (NT) Limited is a not-for-profit entity and is a registered charity and Public Benevolent Institution. CareFlight Limited is the sole member of CareFlight (NT) Limited. No investment cost is recorded in relation to this subsidiary. CareFlight Limited has resolved to provide ongoing financial support to CareFlight (NT) Limited as required to ensure that it continues as a going concern for at least 12 months from the date of signing the 2019 Annual Financial Report.

On 22 August 2018, Nongoma Limited was voluntarily deregistered by the Company.

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. In 2019, 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 & Deregistered

On 15 April 2019, CareStar Pty Limited, a proprietary limited company jointly controlled by the Company (50%) and Weststar Aviation Services SDN BHD (50%) was deregistered voluntarily by its members.

	2019 $	2018 $
Shares in Nongoma Limited	-	2
Share in CareStar Pty Limited	-	1
	-	3

Notes to consolidated financial statements
for the year ended 30 April 2019

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.

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:

	2019	2018
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.

Notes to consolidated financial statements
for the year ended 30 April 2019

14. Property, plant and equipment (continued)

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.

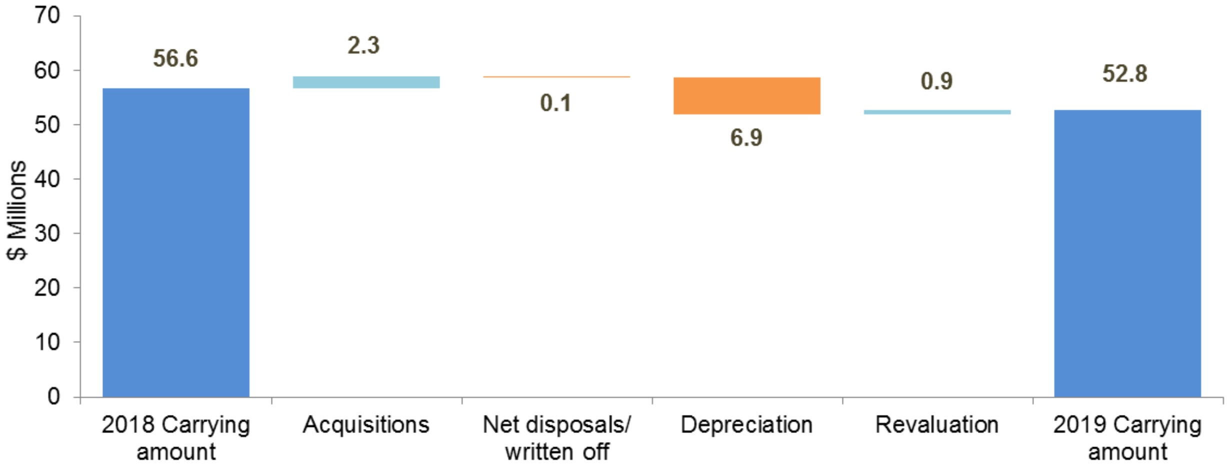
Subsequent costs

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	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 2018		**44,632,242**	**11,450,462**	**6,340,000**	**62,102**	**18,070,481**	**80,555,287**
Acquisitions		667,925	118,078	-	47,134	1,431,107	**2,264,244**
Work in progress capitalised		-	-	-	(62,102)	62,102	**-**
Disposals/written off		(463,485)	-	-	-	(224,752)	**(688,237)**
Depreciation before revaluation		-	(812,191)	(341,250)	-	-	**(1,153,441)**
Revaluation	14a)	-	732,499	131,250	-	-	**863,749**
Balance at 30 April 2019		**44,836,682**	**11,488,848**	**6,130,000**	**47,134**	**19,338,938**	**81,841,602**
Accumulated depreciation							
Balance at 1 May 2018		**11,287,399**	**-**	**227,500**	**-**	**12,434,288**	**23,949,187**
Depreciation for the year		3,898,524	812,191	113,750	-	2,039,794	6,864,259
Disposals/written off		(463,485)	(812,191)	(341,250)	-	(132,556)	(1,749,482)
Balance at 30 April 2019		**14,722,438**	**-**	**-**	**-**	**14,341,526**	**29,063,964**
Carrying amounts							
At 1 May 2018		**33,344,843**	**11,450,462**	**6,112,500**	**62,102**	**5,636,193**	**56,606,100**
At 30 April 2019		**30,114,244**	**11,488,848**	**6,130,000**	**47,134**	**4,997,412**	**52,777,638**

Notes to consolidated financial statements
for the year ended 30 April 2019

14. Property, plant and equipment (continued)



a) Revaluation details

Asset details	Effective date of revaluation	Independent valuer	Revaluation surplus		
			1 May 2018	Movement	30 April 2019
			$	$	$
Agusta AW139 VH-YHF helicopter	30 April 2019	Slattery Valuations Pty Limited	2,736,504	589,211	3,325,715
Kawasaki BK117 VH-IME helicopter	30 April 2019	Slattery Valuations Pty Limited	(441,607)	143,288	(298,319)
Land and buildings	30 April 2019	Australian Property Valuers Association Pty Limited	3,862,364	131,250	3,993,614
			6,157,261	**863,749**	**7,021,010**

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 $13,460,831 (2018: $15,357,764). 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 2019 aircraft and land and buildings with a carrying amount of $38,920,753 (2018: $41,700,741) were pledged as security against borrowings.

Notes to consolidated financial statements
for the year ended 30 April 2019

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.

	2019 $	2018 $
Trade creditors	2,323,795	4,245,051
Accrued expenses	4,449,877	2,218,463
	6,773,672	**6,463,514**

16. Income received in advance

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

	2019 $	2018 $
Income received in advance		
- conditional donations	156,481	250,010
- payments received in advance for contracts	6,553,093	5,734,929
	6,709,574	**5,984,939**

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.

Notes to consolidated financial statements
for the year ended 30 April 2019

17. Finance lease liabilities (continued)

d) Fair value (continued)

	2019 $	2018 $
Current		
Finance lease liabilities	3,490,275	3,198,747
Non-current		
Finance lease liabilities	30,974,849	33,962,951
	34,465,124	**37,161,698**

Financing arrangements
The Group's hire purchase and lease liabilities of $34,465,124 (2018: $37,161,698) are secured by the leased assets.

e) Terms and debt repayment schedule

Terms and conditions of outstanding loans are as follows:

	2019				2018	
	Nominal interest rate	Year of maturity	Face Value	Carrying amount	Face Value	Carrying amount
Finance lease liabilities	4%-7.2%	2019-41	**44,704,912**	**34,465,124**	$44,295,327	$37,161,698

The Group maintains a line of credit of $1,000,000 that is unsecured and undrawn at year end (2018: undrawn).

f) Lease commitments

	2019			2018		
	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	5,263,873	1,773,598	3,490,275	5,130,310	1,931,563	3,198,747
One year or later and no later than five years	33,644,447	2,818,529	30,825,918	38,362,160	4,553,959	33,808,201
Later than five years	206,250	57,319	148,931	221,125	66,375	154,750
	39,114,570	**4,649,446**	**34,465,124**	**43,713,595**	**6,551,897**	**37,161,698**

Notes to consolidated financial statements
for the year ended 30 April 2019

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.

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.

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).

	2019 $	2018 $
Balance at 1 May	6,394,657	6,240,501
Revaluation of investments	73,058	78,844
Revaluation of non-current assets	863,749	75,312
Balance at 30 April	**7,331,464**	**6,394,657**

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 (2018: $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 (2018: $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 $65,813 (2018: $66,969) for these services under normal market rates.

Heidi Colenbrander, wife of Derek Colenbrander, former Chief Executive Officer, provided website content management and editorial services to the Company. She was paid $12,950 (2018: $17,000) for these services under normal market rates.

Derek Colenbrander, former Chief Executive Officer, purchased a motor vehicle from the Company for $17,600 under normal commercial terms.

Notes to consolidated financial statements
for the year ended 30 April 2019

20. Related party disclosure (continued)

c) Employment benefits to key management personnel

	2019 $	2018 $
Short and long term employee benefits	**3,368,189**	**3,046,063**

21. Economic dependency

The Group relies upon financial support from the NT Government, NSW Government, 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 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.

23. Parent entity disclosure

As at, and throughout, the financial year ending 30 April 2019 the parent entity of the Group was CareFlight Limited.

a) Result of parent entity

	2019 $	2018 $
Surplus/(deficit) for the year	3,153,835	(1,141,873)
Other comprehensive income	936,807	154,156
	4,090,642	**(987,717)**

b) Financial position of parent entity at year end

	2019 $	2018 $
Current assets	23,069,670	16,793,760
Total assets	**62,386,477**	**58,042,099**
Current liabilities	**19,028,559**	**17,378,135**
Total liabilities	**38,464,293**	**38,210,557**

c) Total equity of parent entity comprising:

	2019 $	2018 $
Reserves	7,331,464	6,394,657
Retained surplus	16,590,720	13,436,885
	23,922,184	**19,831,542**

As the sole member of CareFlight (NT) Limited, the parent entity has resolved to provide ongoing financial support to CareFlight (NT) Limited, as required, to ensure that it continues as a going concern for at least 12 months from the date of signing of the 2019 Annual Financial Report. Net liabilities of CareFlight (NT) Limited are $634,073 (Net liabilities in 2018: $22,331).

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 2019;

(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 2019;

(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 2019; 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
Chief Executive Officer

Dated at Sydney on 5 July 2019

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 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 2019 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 5 July 2019

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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 2019, 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.

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RRobinson

Renay Robinson
Partner
5 July 2019

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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 2019, 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 2019 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.

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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.

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- 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.

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 2019, 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).

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b) the money received as a result of fundraising appeals conducted by the Group during the financial year ended 30 April 2019 has been properly accounted for and applied, in all material respects, in accordance with the above mentioned Acts and Regulations.

Ernst & Young

Ernst & Young

R Robinson

Renay Robinson
Partner
5 July 2019

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