CareFlight Group Limited

(previously CareFlight (Qld) Limited)

ABN 45 010 316 462

Financial Statements

For the Year Ended 30 June 2014

CareFlight Group Limited
ABN 45 010 316 462
For the Year Ended 30 June 2014

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Directors' Report
For the Year Ended 30 June 2014

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2014.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Name	Hon. Rob Borbidge AO
Position	Director (non-Executive) until 30 June 2013 then became Chairman from 1 July 2013
Appointed	6 September 2012
Other CareFlight Group Limited Responsibilities	-
Other Affiliations	Chairman – Legacy Committee for the 2018 Commonwealth Games Trustee – Currumbin Wildlife Hospital Member of Council of Griffith University Chairman or the Board of Advice, Institute for Glycomics Board member for Griffith Foundation and on the Board of Trustees of the Friends of Griffith (incorporated in US)

Background
The 35th Premier of Queensland, Rob Borbidge led a minority National Liberal Coalition Government from 1996 to 1998. He served in senior Cabinet posts, was Deputy Leader and Leader of the Opposition before retiring in 2001 after serving more than 20 years as the Member for Surfers Paradise.

Name	Donald Moffatt
Position	Director & Deputy Chairman (non-Executive)
Appointed	1 July 2013
Other CareFlight Group Limite Responsibilities	Chairman - Sunshine Coast Helicopter Rescue Service Ltd Director – CareFlight Medical Services Limited Life Member CareFlight Group Limited
Other Affiliations	Moffatt Property Development Group

Background
Don has been a Board Member and Chairman of the Sunshine Coast Helicopter Rescue Service for 15 years. After serving his country the Kingaroy boy entered business in 1972 and has been a successful property developer based on the Sunshine Coast ever since. Don served as Chairman of Tourism Sunshine Coast for seven years and Board Member, as a Director and Deputy Chairman of the Sunshine Coast Turf Club over a period of 16 years and several years on the Board of Queensland Principal Club (now Queensland Racing).

Name	Ashley van de Velde
Qualifications	MBA, FAICD
Position	Director (Executive)
Appointed	1988
Other CareFlight Group Limite Responsibilities	Group Chief Executive Officer Finance Committee Member Quality & Safety Committee Member Life Member CareFlight Group Limited
Other Affiliations	Director - Aeromed Qld Pty Ltd Director - CareFlight Australia Pty Ltd

Background
Ashley has been CEO of the organisation for more than two decades. With the organisation from the beginning, the then Queensland Water Police Officer volunteered as an aircrewman back in 1981. Ashley's contribution to the growth and development of CareFlight over the last 32 years has been its driving force.

Directors' Report
For the Year Ended 30 June 2014

Information on directors (continued)

Name	Stewart Morland
Position	Director (non-Executive) Chairman from November 2011 until July 2013
Appointed	2006
Other CareFlight Group Limited Responsibilities	Member of the CareFlight South West Community Advisory Board Member of CareFlight Medical Services Board
Other Affiliations	Stewart holds numerous Direcotr positions for companies such as IOR, Inland Oil, OEQ, Hemmant Shipway, Henty, Demgar, Dalon, Mudstone and several others.

Background
Stewart has been involved in the Australian Energy sector for more than 25 years. Since his first venture in the Eromanga Basin in the 1990s, Stewart has been at the forefront of the upstream development in Australia's oil and gas sectors. This involvement led to the growth and evolution of the IOR Group into one of Australia's leading suppliers of fuels and storage systems for fuel in the coal seam and shale gas sectors. His company has also established a network of unmanned refuelling stations throughout Australia, and operates an oil refinery in the Eromanga Basin. Stewart's additional business interests include transport, aviation and marine charter and computer software/ hardware development. Stewart has a strong commitment to philanthropic endeavours.

Name	Peter Young
Qualifications	Bachelor of Applied Science
Position	Director (Executive)
Appointed	1989
Other CareFlight Group Limited Responsibilities	Legal Advisor Director - CareFlight Retrieval Medicine Limited Life Member CareFlight Group Limited
Other Affiliations	Director - CareFlight Australia Pty Ltd Director and Company Secretary - Aeromed Qld Pty Ltd

Background
Peter grew up at Sandgate, Brisbane and was educated at St Patricks college Shorncliffe and St Joseph's College, Gregory Terrace. Peter worked in Redcliffe after leaving school until 1982 and has been self-employed since then. Until recently he owned and operated a tourism operation at the Bunya Mountains.

Name	Rodney Forester
Position	Director (non-Executive)
Appointed	1 July 2013
Other CareFlight Group Limited Responsibilities	Director of Sunshine Coast Helicopter Rescue Service Ltd Board
Other Affiliations	Founding Chairman of Matthew Flinders College Past Board Member, Chairman of their Capital Work's Committee and Deputy Chancellor of University of Sunshine Coast Past Board Member of Innovation Centre Sunshine Coast Pty Ltd Honorary Vice President of Maroochydore Surf Lifesaving Club

Background
Rod Forrester has been a Board member for the Sunshine Coast Helicopter Rescue Service since 2002. He was appointed to the CareFlight Group Board after the merger of CareFlight Group Limited and Sunshine Coast Helicopter Rescue Service on 1 July2013. Rod was Managing Director of FKP Limited to 2003, Australia's largest owner/operator of retirement villages and one of the nation's top 200 ASX listed companies. Rod still works in property development, co-founding Aria Property Group.

Directors' Report
For the Year Ended 30 June 2014

Information on directors (continued)

Name	William Freeman
Position	Director (non-Executive)
Appointed	1 July 2013
Other CareFlight Group Limited Responsibilities	Director of Sunshine Coast Helicopter Rescue Service Ltd Board
Other Affiliations	Life Member & Director of the Mooloolaba Surf Life Saving Club Member of the Institution of Surveyors Australia

Background
Bill has been a Director for the Sunshine Coast Helicopter Rescue Service for 15 years. Bill was a director and partner of Jones Flint and Pike He retired in 1996.He has continuing interests in Land Development and enjoys sport.

Name	Colin Archer
Qualifications	CA, B. Ec
Position	Director (non-Executive)
Appointed	1 July 2013
Other CareFlight Group Limited Responsibilities	Member of the Finance Committee Director of Sunshine Coast Helicopter Rescue Service Ltd Board
Other Affiliations	Archer Gowland Chartered Accountants Archers Body Corporate Management

Background
Colin is an experienced accountant and respected strater industry leader having founded Archer Gowland Chartered Accountants in 1981 and Archers Body Corporate Management in 1982. Colin has had a lifetime association with the grazing industry as Managing Director of Archer Rural. He is an experienced public company director and is presently Chairman of Retail Food Group Ltd.

Name	Paul Turner
Qualifications	Grad Dip Financial Markets SIA, GAICD
Position	Director & RACQ nominated representative (non-Executive)
Appointed	2010
Other CareFlight Group Limited Responsibilities	-
Other Affiliations	Executive General Manager Advocacy - RACQ

Background
Paul Turner has worked for more than 30 years in media, politics, public relations and corporate communications for companies such as Bank of Queensland and Origin Energy. Paul Turner is Executive General Manager - Advocacy for RACQ and represents RACQ on CareFlight Group Limited's Board.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' Report
For the Year Ended 30 June 2014

Directors' Meetings

	Board Meetings		Finance Committee Meetings	
	A	B	A	B
Stewart Morland	8	10	-	-
Ashley van de Velde	10	10	6	7
Peter Young	10	10	-	-
Paul Turner	8	10	-	-
Robert Borbidge	10	10	-	-
Donald Moffatt	9	10	-	-
Rodney Forrester	7	10	-	-
William Freeman	6	10	-	-
Colin Archer	6	10	5	7

A – Number of meetings attended
B – Number of meetings held during the time the director held office during the year

Members' Guarantee

CareFlight Group Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to $20, subject to the provisions of the Company's constitution.

At 30 June 2014 the collective liability of members was $1,160.

Board Process

To assist in the execution of its responsibilities, the board has established two board sub-committees. These are the Group Finance Committee and the Group Quality and Safety Committee. Members of both Committees are a combination of Board and Executive personnel who operate to the Committee Charter. Members meet every six weeks or more regularly if required. Proceedings are minuted and reported upward along with recommendations to the board.

Finance Committee

The Finance Committee is tasked by the Board of Directors to assist the board in discharging its oversight responsibilities. The Committee will provide oversight and advice on the financial activities of the organisation and the financial reporting process to ensure the balance, transparency and integrity of published financial information. The Committee will also monitor and review the following:

- The effectiveness of the company's financial risk management activities
- The conduct of the independent audit process, including recommending the appointment and assessing the performance of the external auditor

In performing its duties, the Committee will maintain effective working relationships with the Board of Directors, executive management and external auditors. To perform their role effectively, each committee member will develop and maintain their skills and knowledge, including an understanding of the committee's responsibilities and of the company's business, operations and risk.

Quality & Safety Committee

The Quality & Safety Committee (Committee) has been established by the Board of Directors of CareFlight Group Limited (Company) and applies to the Company and its subsidiaries and related companies (Group) to support and advise the Board of Directors (board) in fulfilling its responsibilities to all stakeholders of the Company by:

- Assisting the board in fulfilling its development, oversight and review responsibilities for the safety culture and safety management processes as defined by safety policies published within the Group
- Assisting the board in fulfilling its development, oversight and review responsibilities for the quality management systems adopted within the Group
- Implementing and supervising the Group's operational risk assessment framework, including but not limited to workplace health and safety

Principal Activity and Financial Results

For the year ended 30 June 2014 the Group reported a consolidated surplus of $5,414,119 (2013: $3,250,164). The current year surplus consisted of a surplus from operating activities of $2,720,636 and an accounting (non-cash) gain on control of a subsidiary of $2,693,483 arising from the merger with Sunshine Coast Helicopter Rescue Service Limited (SCHRS) on 1 July 2013.

The Company continues to deliver quality air medical rescue and training services from its Queensland bases. During the year CareFlight maintained its fixed wing and rotary wing air operator's certificates, its ISO 9001- 2008 quality accreditation; state-wide accredited training facility status with three critical care colleges and its Registered Training Organisation and CRICOS status.

During the 2013/14 financial year, CareFlight expanded its operations following a merger with the Sunshine Coast Rescue Helicopter Service, which increased the operation from four helicopters deployed from two bases to six helicopters from four bases. The outcome is an expanded critical care service to support Queensland and northern New South Wales communities 24 hours a day, seven days a week..

On average, the CareFlight community helicopters fly to the aid of three people every day. During the financial year, the helicopters flew 1,302 missions from the bases at Toowoomba, Bundaberg, Gold Coast and Sunshine Coast, treating and airlifting 1,146 patients.

The CareFlight model, which is a unique partnership of provider, Government, the community and corporate Queensland, provides a service that is cost efficient and sustainable. The support from Government, the community and corporate sponsorship continues to sustain the service, and is futher supported bya strong portfolio of commercial operations that not only continue to underwrite our community service but also enhance it through synergies of expertise and equipment.

In response to continued growth across the Group, a number of key operational units were relocated to larger facilities including the CareFlight Command Centre (C3); the Helicopter Emergency Medical Services Academy and Engineering

Looking Forward

The Company continues to be committed to providing air medical excellence to the Queensland community, across a region that represents 75% of the state's population, as well as the delivery of industry leading training to both internal customers and commercial clients. The company is well-positioned as a "provider of choice" and continues to focus on safety, quality and the development of processes and systems to provide further improvements to efficiency and effectiveness. The merger with the Sunshine Coast Helicopter Rescue Service 12 months ago has provided an opportunity to leverage economies of scale and provide an expanded aero medical service.

The Company has received "in principle" agreement from the State Government for a funding program over the next 10 years. This certainty in funding has enable a fleet renewal strategy to be commenced with two new aircraft purchased and expected to be operational in mid-2015.

Targeted and planned growth in the provision of training is aligned with the organisation's core purpose and is integral to CareFlight's long term sustainability. More specifically, over the next 12 months CareFlight will:

- Continue to enhance our community service through the expansion of community funding programs, with a particular focus on growing the support of local government;
- Actively raise the profile of our service, via a strategic marketing and digital strategy, to ensure that stakeholders continue to advocate for and financially support our service;
- Enhance operational capability through:
  - The development of a new base at Archerfield as the centre for provision of heavy maintenance work for the CareFlight fleet and as a base for the Air Ambulance jets;
  - Further development of front line medical training and technology to enhance patient outcomes;
  - Progress towards modernising the fleet to increase capability and efficiency of the service;
  - Enhancement and modernisation of the training provided using state-of-the-art flight simulators
  - Continuing to partner with Government to enhance delivery of our front line services throughout Queensland.

CareFlight remains committed to serving the communities of Queensland and providing quality aero medical care in times of need.

Events Subsequent to Balance Date

CareFlight have signed on 28 August 2014 an Agreement to Purchase two new helicopters with Heliflite Pty Ltd the Seller, the representative of Agusta Westland S.P.A, the Italian Manufacturer of the Model AW 139. The total purchase price is US$26,360,000, with deposits totalling US$6,372,000 have been paid and the balance of US$19,988,000 being payable upon delivery. The expected delivery dates will be for the one AW139 in April 2015 and the other AW139 in July 2015. CareFlight have entered into a fully financed arrangement with the Bank of Queensland with two fully secured ten year fixed interest rate loans, allowing for principal reduction instalments on sale of the current old fleet in the first five years of the loans. Both the US Dollar FX rate and the expected interest rates have been fully hedged at the expected settlement dates mid-2015.

CareFlight is currently finalising negotiations with the State of Queensland, acting through the Public Safety Business Agency, with regard to the State Government's ten year Service Provider Agreement for the funding of CareFlight CHP operations into the future.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 7 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: .... Director: ....

Dated this 31st day of October 2014

UHY Haines Norton
Chartered Accountants

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AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF CAREFLIGHT GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there have been no contraventions of any applicable code of professional conduct in relation to the audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DARREN LAARHOVEN

Partner

Brisbane, 3 November 2014

CareFlight Group Limited
ABN 45 010 316 462

Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2014

	Note	2014 $	2013 $
Government grants		**8,537,604**	4,132,285
Fundraising and sponsorship		**8,516,040**	4,925,167
Call centre (includes merchandise)		**2,163,869**	2,591,872
Training		**2,384,232**	3,032,546
Medical and commercial AME		**39,412,600**	34,172,204
Other revenue		**1,953,158**	264,914
Total revenue from operating activities		**62,967,503**	49,118,988
Helicopter operations - community		**(16,440,939)**	(9,383,968)
Finance costs	4	**(2,450,161)**	(2,007,154)
Fundraising and sponsorship		**(1,487,725)**	(1,016,248)
Call centre (includes merchandise)		**(1,687,716)**	(1,785,546)
Training		**(2,789,681)**	(3,099,848)
Shared services and other		**(4,740,550)**	(3,172,299)
Medical and commercial AME		**(31,143,894)**	(25,823,648)
Share of net profits of associates and joint ventures		**493,799**	393,985
Surplus from operating activities		**2,720,636**	3,224,262
Gain on control of subsidiary	19(a)	**2,693,483**	-
Surplus for the year		**5,414,119**	3,224,262
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-	(192)
Exchange differences reclassified to current year surplus on loss of control of foreign subsidiary		-	26,094
Other comprehensive income for the year		-	25,902
Total comprehensive income for the year		**5,414,119**	3,250,164
Surplus attributable to:			
Members of the parent entity		**5,414,119**	3,224,262
Total comprehensive income attributable to:			
Members of the parent entity		**5,414,119**	3,250,164

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As At 30 June 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	**9,430,972**	8,162,844
Trade and other receivables	7	**5,311,533**	3,244,394
Inventories	8	**434,925**	126,250
Other financial assets	9	**-**	244,841
Other assets	10	**492,058**	418,184
TOTAL CURRENT ASSETS		**15,669,488**	12,196,513
NON-CURRENT ASSETS			
Trade and other receivables	7	**50,000**	50,000
Property, plant and equipment	11	**44,638,002**	38,927,288
Intangible assets	12	**122,483**	134,820
Investments accounted for using the equity method	13	**1,323,875**	830,076
TOTAL NON-CURRENT ASSETS		**46,134,360**	39,942,184
TOTAL ASSETS		**61,803,848**	52,138,697
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	**9,254,820**	8,276,309
Borrowings	15	**6,561,891**	12,388,172
Short-term provisions	16	**2,930,744**	1,979,876
Other liabilities	17	**-**	64,260
TOTAL CURRENT LIABILITIES		**18,747,455**	22,708,617
NON-CURRENT LIABILITIES			
Trade and other payables	14	**46,537**	46,537
Borrowings	15	**21,341,567**	13,371,819
Long-term provisions	16	**457,759**	249,986
Other liabilities	17	**3,073,786**	3,039,113
TOTAL NON-CURRENT LIABILITIES		**24,919,649**	16,707,455
TOTAL LIABILITIES		**43,667,104**	39,416,072
NET ASSETS		**18,136,744**	12,722,625
EQUITY			
Accumulated surplus		**18,136,744**	12,722,625
TOTAL EQUITY		**18,136,744**	12,722,625

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2014

2014

	Accumulated surplus	Foreign Currency Translation Reserve	Total
	$	$	$
Balance at 1 July 2013	**12,722,625**	**-**	**12,722,625**
Comprehensive income			
Surplus for the year	5,414,119	-	5,414,119
Other comprehensive income	-	-	-
Total comprehensive income for the year	**5,414,119**	**-**	**5,414,119**
Balance at 30 June 2014	**18,136,744**	**-**	**18,136,744**

2013

	Accumulated surplus	Foreign Currency Translation Reserve	Total
	$	$	$
Balance at 1 July 2012	9,498,363	(25,902)	9,472,461
Comprehensive income			
Surplus for the year	3,224,262	-	3,224,262
Other comprehensive income	-	25,902	25,902
Total comprehensive income for the year	3,224,262	25,902	3,250,164
Balance at 30 June 2013	12,722,625	-	12,722,625

The accompanying notes form part of these financial statements.

CareFlight Group Limited
ABN 45 010 316 462

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		65,895,764	56,537,251
Payments to suppliers and employees		(57,244,091)	(45,314,548)
Interest received		170,034	101,300
Finance costs		(2,367,332)	(1,944,307)
Net cash provided by operating activities		6,454,375	9,379,696
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		97,355	854,001
Proceeds from sale of available-for-sale investments		272,508	-
Purchase of property, plant and equipment	18	(3,157,192)	(10,258,953)
Purchase of other non-current assets		(25,680)	(46,715)
Net cash acquired from merger with Sunshine Coast Helicopter Service Limited		1,485,689	-
Net cash used in investing activities		(1,327,320)	(9,451,667)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		2,150,225	9,085,950
Repayment of borrowings		(3,578,589)	(2,933,344)
Payment of finance lease liabilities		(2,430,563)	(2,389,614)
Net cash used in (provided by) financing activities		(3,858,927)	3,762,992
Net increase (decrease) in cash and cash equivalents held		1,268,128	3,691,021
Cash and cash equivalents at beginning of year		8,162,844	4,471,823
Cash and cash equivalents at end of financial year	6	9,430,972	8,162,844

The accompanying notes form part of these financial statements.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies

These consolidated financial statements and notes represent those of CareFlight Group Limited (the Group). CareFlight Group Limited is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 31st October 2014 by the directors of the company.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012.*

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by CareFlight Group Limited at the end of the reporting period. A controlled entity is any entity over which CareFlight Group Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 19 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date

Goodwill or a gain may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the assets, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(c) Business combinations (continued)

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through surplus or deficit.

(d) Jointly controlled entities

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement.

The Group's interest in jointly controlled entities are accounted for using the equity method. The investments are carried at the lower of the equity accounted amount and the recoverable amount.

The Group's share of the jointly controlled entities' post-acquisition surplus or deficit is recognised in the consolidated statement of comprehensive income from the date that joint control commences until the date that joint control ceases. The Group's share of post-acquisition movement in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of the investment. Dividends reduce the carrying amount of the equity accounted investment.

When the Group's share of losses exceeds its equity accounted carrying value of a jointly controlled entity, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a jointly controlled entity.

Refer to Note 13 for details of interests in jointly controlled entities.

(e) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the consolidated statement of comprehensive income.

1 Statement of Significant Accounting Policies (continued)

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value.

(h) Assets classified as held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continued use are classified as held for sale. Immediately before classification as held for sale, the measurement of the assets is remeasured in accordance with the Group's accounting policies. Thereafter, the assets are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the consolidated statement of comprehensive income.

(i) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- available-for-sale financial assets; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of comprehensive income in the 'other revenue' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and most other receivables fall into this category of financial instruments.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

Financial Assets (continued)

Discounting is omitted where the effect of discounting is considered immaterial.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Group's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. The Group's available-for-sale financial assets included listed securities. The Group had no available-for-sale financial assets as at 30 June 2014.

Purchases and sales of available-for-sale investments are recognised on settlement date.

All other available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to profit or loss.

1 Statement of Significant Accounting Policies (continued)

(i) Financial Instruments (continued)

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the statement of comprehensive income line items "finance costs" or "other revenue".

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred , the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(j) Income taxes

The company and its trading subsidiaries are charitable entities for the purposes of Australian taxation legislation and are therefore exempt from income tax. The company and its trading subsidiaries hold deductible gift recipient status.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(k) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the asset's useful life.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5% - 10%
Plant and Equipment	5% - 50%
Motor Vehicles	18.75% - 20%
Leasehold improvements	2.5% - 40%
Aircraft	2.5% - 33%
Medical equipment	15% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Maintenance and Overhaul Costs

An element of the cost of an acquired aircraft is attributed to its service potential, reflecting the maintenance condition of its engines and other significant components. This cost is depreciated over the shorter of the period to the next major overhaul event or the remaining life of the asset.

The costs of subsequent major cyclical maintenance are capitalised and depreciated over the shorter of the scheduled usage period to the next major overhaul event or the remaining life of the aircraft (as appropriate)

All other maintenance costs are expensed as incurred.

Modifications that enhance the operating performance or extend the useful lives of aircraft are capitalised and depreciated over the remaining estimated useful life of the asset (as appropriate).

1 Statement of Significant Accounting Policies (continued)

(l) Intangibles

Software

Software is recorded at cost. Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and five years.

Amortisation

Amortisation is based on the cost of an asset less its residual value.

Amortisation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

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

(m) Impairment of assets

At the end of each reporting period, the Group determines whether there is any evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Value in use is measured as the depreciated replacement cost of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Group would, if deprived of the asset, replace its remaining future economic benefits.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in the consolidated statement of comprehensive income.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(n) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(o) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased asset or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the consolidated statement of financial position.

Lease incentives

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(p) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(q) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than 12 months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the consolidated statement of financial position if the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

Defined contribution schemes

Obligations for contributions to defined contribution superannuation plans are recognised as an employee benefit expense in the consolidated statement of comprehensive income in the periods in which services are provided by employees.

1 Statement of Significant Accounting Policies (continued)

(r) Revenue

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office.

Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Provision of services

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Insurance recoveries

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

Donations

Donations and bequests are recognised as revenue when banked. In-kind donations are included at the fair value to the Group where this can be quantified reliably.

No amounts are included in the financial statements for services donated by volunteers.

Interest revenue

Interest is recognised as it accrues using the effective interest method.

Asset sales

The gain or loss on disposal of all non-current assets and available-for-sale financial investments is determined as the difference between the carrying amount of the asset at the time of the disposal and the net proceeds on disposal.

Grant revenue

The Group's community helicopter activity is supported by grants received from the state government. Grants received on the condition that specified services are delivered, or conditions are fulfilled, are considered reciprocal. Such grants are initially recognised as a liability and revenue is recognised as services are performed or conditions fulfilled. Revenue from non-reciprocal grants is recognised when the Group obtains control of the funds.

1 Statement of Significant Accounting Policies (continued)

(s) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(t) Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Significant accounting judgements

The Group has entered into leases of premises, aircraft, motor vehicles and other equipment as disclosed in Note 21. Management has determined that all of the risks and rewards of ownership of premises and the various leased plant and equipment remained with the lessor and has therefore classified the leases as operating leases.

Significant accounting estimates and assumptions

The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Provisions for employee benefits

Provisions for employee benefits payable after 12 months from the reporting date are based on future wage and salary levels, experience of employee departures and periods of service, as discussed in Note 1(q). The amount of these provisions would change should any of these factors change in the next 12 months.

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. The assessment of recoverable amounts incorporate a number of key estimates.

No impairment losses were recognised in the Group's 2014 and 2013 consolidated financial reports.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

1 Statement of Significant Accounting Policies (continued)

(u) Going concern

Notwithstanding the Group's deficiency in net current assets of $3,077,967 (2013: $10,512,104), the financial report has been prepared on the going concern basis which assumes the Group will continue in operation for the foreseeable future. This basis has been adopted as:

- the Group has generated a net increase in cash and cash equivalents of $1,268,128 (2013: $3,691,021) and continued to produce positive cash flows from operating activities;
- a portion of the Group's current interest bearing liabilities are fully funded through contractual cashflows with customers. One of the contractual agreements was due for renewal in the 2014 financial year and the the Group were successful in obtaining an extension of the contractual service agreement for a further five years;
- CareFlight Group Limited has received "in principle" agreement from the State of Queensland, acting through the Public Safety Business Agency, for a funding program over the next 10 years for the Group's Community Helicopter Provider operations in the future;
- the Group has sufficient reserves on hand at year end to fund its ongoing operations;
- budgets and cash flow forecasts for the 2014-15 financial year indicate the retention of a strong cash balance at the next reporting date of 30 June 2015; and
- the directors and management believe the Group will be able to pay its debts as and when they fall due and will continue in operation without any intention or necessity to liquidate or otherwise wind up its operations

On this basis, the directors believe that it is appropriate for the financial report of the Group to be prepared on the going concern basis.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

2 Parent Information

The following information has been extracted from the books and records of the parent as an individual entity and has been prepared in accordance with accounting standards.

	Note	2014 $	2013 $
Statement of financial position			
Current assets		13,241,301	9,782,350
Total assets		58,850,982	9,782,350
Current Liabilities		17,644,760	21,689,482
Total liabilities		47,992,332	42,261,111
Retained earnings		10,828,650	6,705,487
Total equity		10,828,650	6,705,487
Statement of comprehensive income			
Surplus for the year	(a), (b)	4,123,163	2,689,952
Total comprehensive income for the year	(a), (b)	4,123,163	2,689,952

(a) Impairment losses

The surplus/(deficit) and total comprehensive income reported above for the 2013 year includes impairment losses of $72,698 as detailed below. No impairment losses were recognised by the parent entity in the 2014 financial year.

2013 Impairment of subsidiary balances - CareFlight Group Limited (incorporated in New Zealand)

As detailed in the 2013 financial report, the directors made a decision to wind up CareFlight Group Limited (NZ) as part of the restructure of operations to Australia during the 2012 financial year. The parent entity's financial report included an impairment of the loan balance receivable from CareFlight Group Limited (NZ) of $72,698.

(b) Gift of net assets from Sunshine Coast Helicopter Service Limited (SCHRS)

As detailed at Note 19(a), SCHRS and CareFlight Group Limited entered into a deed of gift with an effective date of 28 February 2014. As part of the deed of gift, SCHRS transferred its net assets to the parent entity CareFlight Group Limited from that date. The gift of $5,090,820 is recorded as other income in the stand alone financial statements of CareFlight Group Limited. This transaction is eliminated on consolidation.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

3 Revenue

	2014 $	2013 $
Operating activities		
Sale of goods (net)	509,413	527,633
Rendering of services	40,585,936	37,381,410
Sponsorship	4,144,371	2,316,318
Donations	6,026,125	4,476,537
Government grants	8,537,604	4,132,285
Interest received	170,034	101,300
Net gain on disposal of property, plant & equipment	20,432	24,593
Other income	2,973,588	158,912
Total revenue from operating activities	62,967,503	49,118,988

4 Surplus for the Year

Surplus for the year includes the following specific expenses:

	Note	2014 $	2013 $
Cost of sales		382,583	351,838
Finance Costs			
- Interest paid		2,367,332	2,146,721
- Loss on exchange differences		82,829	62,847
- Interest capitalised in non-current assets		-	(202,414)
		2,450,161	2,007,154
Bad and doubtful debts			
- Trade receivables		35,459	(7,828)
Rental expense on operating leases			
- Minimum lease payments		3,370,579	3,137,318
Depreciation, amortisation and impairment			
- Depreciation expense	11(b)	5,105,581	3,310,562
- Amortisation expense	12(a)	38,017	31,568
		5,143,598	3,342,130

Employee benefits expense

	2014 $	2013 $
Salaries, wages and fringe benefits	27,330,153	21,321,308
Compulsory superannuation contributions	2,453,526	1,905,241
Increase in leave liability for annual leave [1]	508,927	271,250
Increase in leave liability for long service leave [1]	204,033	127,919
Total employee benefits expense	30,496,639	23,625,718

[1] Excludes increase attributable to employee benefit provisions assumed from 1 July 2013 as part of the merger with Sunshine Coast Helicopter Rescue Service Limited.

5 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company and the Group is $1,022,845 (2013: $879,425).

Included in the above total remuneration paid to key management personnel is $398,695 (2013: $519,122) paid to directors within the Group in their capacity as employees or consultants. These directors were Ashley van de Velde, Rob Borbidge, Peter Young and Jim Elder.

The directors of the company and the Group do not receive any remuneration for their services in their capacity as directors with the exception of the Chairman of CareFlight Group Limited and the Chairman of CareFlight Retrieval Medicine Limited.

Other Key Management Personnel Transactions

For details of other transactions with key management personnel, refer to Note 22: Related Party Transactions.

6 Cash and cash equivalents

	2014	2013
	$	$
Cash on hand	26,232	26,441
Cash at bank	8,909,295	4,277,981
Short-term bank deposits	495,445	3,858,422
	9,430,972	8,162,844

Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:

	2014	2013
Cash and cash equivalents	9,430,972	8,162,844
Balance as per statement of cash flows	9,430,972	8,162,844

7 Trade and other receivables

	2014	2013
	$	$
CURRENT		
Trade receivables	4,881,036	3,170,512
Deposits	51,606	44,430
Other receivables	378,891	29,452
	5,311,533	3,244,394
NON-CURRENT		
Related party receivables	50,000	50,000
	50,000	50,000

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

8 Inventories

	2014	2013
	$	$
CURRENT		
At Cost		
Finished goods	64,516	81,719
Aircraft spare parts	370,409	44,531
	434,925	126,250

9 Other financial assets

	2014	2013
	$	$
CURRENT		
Available for sale financial assets	-	244,841
Total current assets	-	244,841

Available-for-sale financial assets comprise of investments in the ordinary issued capital of various entities listed on the Australian Stock Exchange. There are no fixed returns or fixed maturity dates attached to these investments. The investments were classified as current in the 2013 financial year as it was management's intention to realise the investments during the 2014 financial year. The investments were sold in November 2013. The gain on the sale is included in Other Revenue in the consolidated statement of comprehensive income.

10 Other Assets

	2014	2013
	$	$
CURRENT		
Prepayments	492,058	418,184
	492,058	418,184

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

11 Property plant and equipment

	2014	2013
	$	$
LAND AND BUILDINGS		
Buildings		
At cost	2,412,564	785,943
Less accumulated depreciation	(478,209)	(440,144)
Total buildings	1,934,355	345,799
Total land and buildings	1,934,355	345,799
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	4,391,426	3,499,658
Less accumulated depreciation	(2,346,494)	(1,880,992)
Total plant and equipment	2,044,932	1,618,666
Motor vehicles		
At cost	607,158	638,265
Less accumulated depreciation	(308,575)	(295,348)
Total motor vehicles	298,583	342,917
Leasehold improvements		
At cost	540,811	501,283
Less accumulated depreciation	(391,448)	(305,545)
Total leasehold improvements	149,363	195,738
Aircraft		
At cost	51,228,374	43,204,167
Less accumulated depreciation and impairment	(11,492,136)	(7,414,965)
Total aircraft	39,736,238	35,789,202
Medical equipment		
At cost	2,014,508	1,902,913
Less accumulated depreciation	(1,539,977)	(1,267,947)
Total medical equipment	474,531	634,966
Total plant and equipment	42,703,647	38,581,489
Total property, plant and equipment	44,638,002	38,927,288

(a) Leased assets

Included in the net carrying amount of property, plant and equipment are the following amounts where the Group is a lessee under a finance lease:

	2014	2013
	$	$
Motor vehicles	89,781	51,399
Helicopters and fixed wing	16,465,581	12,204,790
	16,555,362	12,256,189

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2014

11 Property plant and equipment (continued)

(b) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Buildings	Plant and Equipment	Motor Vehicles	Leasehold Improvements	Aircraft	Medical Equipment	Total
	$	$	$	$	$	$	$
Balance at the beginning of the year	345,799	1,618,666	342,917	195,738	35,789,202	634,966	38,927,288
Additions	-	733,237	109,100	40,178	2,222,846	111,595	3,216,956
Additions through business combination	1,659,666	194,503	32,533	-	5,789,560	-	7,676,262
Disposals - written down value	-	(9,875)	(66,920)	(128)	-	-	(76,923)
Depreciation expense	(71,110)	(491,599)	(119,047)	(86,425)	(4,065,370)	(272,030)	(5,105,581)
Closing value at 30 June 2014	1,934,355	2,044,932	298,583	149,363	39,736,238	474,531	44,638,002

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

12 Intangible Assets

	2014	2013
	$	$
Computer software		
At cost	230,575	204,895
Less accumulated amortisation	(108,092)	(70,075)
Total intangible assets	122,483	134,820

(a) Movements in Carrying Amounts

	Computer software	Total
	$	$
Balance at the beginning of the year	134,820	134,820
Additions	25,680	25,680
Amortisation	(38,017)	(38,017)
Closing value at 30 June 2014	122,483	122,483

13 Investments Accounted for Using the Equity Method

	2014	2013
	$	$
Interests in joint venture entities	1,323,875	830,076
	1,323,875	830,076

Interest in Joint Venture Entities

Aeromed Qld Pty Ltd

CareFlight Group Limited has a 50% interest in the joint venture entity Aeromed Qld Pty Ltd, incorporated in Australia. The company leases fixed wing aircraft to CareFlight Group Limited. The voting power held by CareFlight Group Limited is 50%.

The interest in joint venture entities is accounted for in the consolidated statements using the equity method of accounting.

CareFlight Australia Limited

CareFlight Australia Limited was registered as a public company on 7 September 2007. CareFlight Group Limited and CareFlight Limited (NSW) hold one share each. This is an equity accounted joint venture but has a nil carrying value at 30 June 2014 (2013: Nil). This entity is dormant.

CareFlight Aeromedical Limited

CareFlight Aeromedical Limited ('CAL') was registered as a public company limited by guarantee on 6 November 2012. The members of CAL are CareFlight Group Limited and CareFlight Limited (NSW). This entity commenced operations during the 2014 year for the purpose of a one-off aeromedical activity. This is an equity accounted joint venture.

At 30 June 2014 the carrying value of the interest in CAL was nil (2013: nil) as there were no acquisition costs associated with the group's investment and no retained surpluses at year end.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

14 Trade and other payables

	2014	2013
	$	$
CURRENT		
Unsecured liabilities		
Trade payables	**2,011,984**	2,024,113
Amounts received in advance	**5,728,841**	5,331,092
Other payables	**1,513,995**	921,104
	9,254,820	8,276,309
NON-CURRENT		
Unsecured liabilities		
Deposits	**46,537**	46,537
	46,537	46,537

15 Borrowings

	Note	2014	2013
		$	$
CURRENT			
Unsecured liabilities			
Other loans		**198,234**	185,092
Secured liabilities			
Finance lease obligation		**4,503,988**	2,503,952
Bank loans		**1,859,669**	9,699,128
	15(a)	**6,561,891**	12,388,172
NON-CURRENT			
Secured liabilities			
Finance lease obligation		**7,444,790**	5,943,795
Bank loans		**13,896,777**	7,428,024
		21,341,567	13,371,819

No borrowing covenants or conditions have been breached and finance will continue to be provided to the Group.

(a) Current liability

Included in the current borrowings liabilities' balance is an amount of $2,295,000 (2013: $7,108,757) relating to residual balances on aircraft facilities which are contractually due within 12 months or less from the end of the reporting period. The Group is confident that they will successfully renegotiate the terms of these facilities and therefore do not expect that the full amount of the current liability will be settled within the next 12 months.

(b) Other Loans

The unsecured other loan relates to insurance premium funding which has a term of 12 months.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

15 Borrowings (continued)

(c) Secured liabilities and assets pledged as security

	Note	2014 $	2013 $
Bank loans		15,756,446	17,127,152
Finance lease obligations	21(a)	11,948,778	8,447,747
Total secured liabilities		27,705,224	25,574,899

The finance lease balance is comprised of various lease and hire purchase facilities that have been entered into to finance the acquisition of aircraft, motor vehicles and plant and equipment. The terms vary between two and five years and incur interest at rates of between 5.34% and 8.68% (2013: 6.02% - 8.68%).

Bank loans comprise of four (2013: three) chattel mortgages entered into to finance the acquisition of aircraft and commercial loans used to finance the purchase of motor vehicles. The loans have a term of between two and five years and incur interest at rates of between 5.31% and 6.66% (2013: 5.7% - 9.99%).

These liabilities are secured by first registered mortgage over the respective assets and registered specific security agreements over two term deposits held by CareFlight Group Limited. The aircraft facilities are also secured by first and second ranking fixed and floating charges given by CareFlight Group Limited and CareFlight Retrieval Medicine Limited over all present and future assets and undertakings (including goodwill) of the companies to the financiers.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	Note	2014 $	2013 $
First mortgage			
Property, plant and equipment		22,004,115	22,941,461
Finance lease			
Property, plant and equipment	11(a)	16,555,362	12,256,189
Floating charge:			
Cash and cash equivalents	6	9,430,972	8,162,844
Trade receivables	7	4,881,036	3,170,512
Available for sale financial assets	9	-	244,841
Property, plant and equipment		6,078,525	3,729,638
Intangible assets	12	122,483	134,820
		59,072,493	50,640,305

16 Provisions

	2014 $	2013 $
CURRENT		
Employee benefits	2,930,744	1,979,876
	2,930,744	1,979,876
NON-CURRENT		
Employee benefits	457,759	249,986
	457,759	249,986

17 Other Liabilities

	Note	2014 $	2013 $
CURRENT			
Lease incentive liability	17(a)	-	64,260
		-	64,260
NON-CURRENT			
Lease incentive liability	17(a)	34,673	-
Reimbursement of aircraft mobilisation fee		3,039,113	3,039,113
		3,073,786	3,039,113

(a) Lease Incentive Liability

This liability has arisen in order to comply with the requirements of AASB 1048 Interpretation of Standards and is in respect of the rent-free periods of leases for various office premises.

18 Cash Flow Information

Non-cash Financing and Investing Activities

During the year the Group acquired motor vehicles by means of finance leases. Details of financial liabilities can be found in Note 15.

	Note	2014 $	2013 $
Property, plant and equipment additions	11(b)	3,216,956	10,300,056
Less non-cash financing of additions by finance lease		(59,764)	(41,103)
		3,157,192	10,258,953

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2014

19 Controlled Entities

Name	Country of incorporation	Percentage Controlled 2014	Percentage Controlled 2013
Entities controlled by the parent entity:			
CareFlight Retrieval Medicine Limited *(formerly CareFlight Medical Services Limited)*	Australia	100%	100%
Sunshine Coast Helicopter Rescue Service Limited	Australia	100%	-
CareFlight Group Limited	New Zealand	-	100%
CareFlight Group Australia Pty Ltd *(dormant company)*	Australia	100%	100%

(a) Sunshine Coast Helicopter Rescue Service Limited

On 1 July 2013, CareFlight Group Limited and Sunshine Coast Helicopter Rescue Service Limited ('SCHRS') successfully completed a merger of the operations of the entities. The driving motivation for the merger decision was long term sustainability, improved efficiency and enhanced service delivery to the communities of Queensland. On merging, CareFlight Group Limited become the sole member of SCHRS with the combined service continuing under the CareFlight Group Queensland name.

As part of the merger, a gain was recognised in the consolidated statement of comprehensive income of $2,693,483 at 1 July 2013 representing the fair value of the net identifiable assets and liabilities of SCHRS at the date control was obtained.

SCHRS and CareFlight Group Limited entered into a deed of gift with an effective date of 28 February 2014. Under the deed of gift, SCHRS agreed to transfer its net assets to the parent entity CareFlight Group Limited from that date. Refer to Note 2 for further details of the impact on the parent entity's separate financial statements

(b) CareFlight Group Limited (NZ)

As disclosed in the 2013 financial report, the directors resolved to wind up CareFlight Group Limited (NZ) as part of a restructure of operations to Australia. The company was placed into liquidation on 14 February 2013 and the liquidation was completed during the 2014 financial year.

20 Events Occurring After the Reporting Date

With effect from 29 August 2014, the company changed its name from CareFlight (Qld) Limited to CareFlight Group Limited.

Subsequent to year end, the Group entered into a contract to acquire two new aircraft totalling USD$26,360,000. The Group has obtained finance to acquire the aircraft and two deposits amounting to USD$6,372,000 have been paid as at the date of this report. The Group has entered into foreign exchange forward contracts to hedge its foreign currency risk for the remaining balance of USD$19,988,000 at an average exchange rate of USD$0.8834, or A$22,626,413. Half of the remaining balance is due on delivery of the first aircraft which is scheduled for April 2015 and the balance on delivery of the second aircraft which is scheduled for July 2015. Management has obtained insurance cover to protect the Group's interest in the deposits paid to date against failure of delivery by the seller.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

21 Capital and Leasing Commitments

(a) Finance Lease Commitments

		2014	2013
		$	$
Payable - minimum lease payments:			
- no later than 12 months		**5,229,841**	3,101,201
- between 12 months and 5 years		**8,031,483**	6,357,166
Minimum lease payments		**13,261,324**	9,458,367
Less future finance changes		**(1,312,546)**	(1,010,620)
Present value of minimum lease payments	15(c)	**11,948,778**	8,447,747

The finance lease commitments consists of various finance lease and hire purchase agreements with fixed monthly payments over terms of between two and five years. Refer to Note 15 for further details.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2014	2013
Payable - minimum lease payments:		
- not later than 12 months	**4,162,616**	2,955,799
- between 12 months and 5 years	**7,125,215**	3,450,987
- greater than 5 years	**1,444,800**	1,024,360
	12,732,631	7,431,146

Operating lease commitments include the following:

i. motor vehicles leased from Toyota Finance on 12 to 24 month terms with fixed monthly payments.

ii. property lease over leasehold land for five hangars. Three of the leases have a term of 20 years with the remaining two leases having terms of 10 years, one of which is underwritten as part of a service agreement with the Group's customer.

The lease agreements include periodic market rent reviews.

iii. three fixed wing aircraft including two Lear jets leased for a five-year term that commenced 28 October 2010 and one Challenger. Rent is payable monthly in advance. Provisions within the Lear jet lease agreements require CareFlight Group Limited to cover all payments in respect of the maintenance service plans. As detailed in Note 22, the Lear jets are leased from Aeromed Qld Pty Ltd, an entity which is jointly controlled by the Group.

iv. various office and staff accommodation property leases with remaining terms of between four months and nine years. Rent is paid monthly in advance. The lease agreements generally include periodic market rent reviews and options to extend the term.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2014

22 Related party transactions

The Group's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

For disclosures relating to key management personnel remuneration, refer to Note 5: Key Management Personnel Remuneration.

(b) Jointly controlled entities that are accounted for under the equity method

The Group has a 50% interest in the joint venture entity, Aeromed Qld Pty Ltd. The interest in joint venture is accounted for in these consolidated financial statements of the Group, using the equity method of accounting.

For details of interests held in joint venture entities, refer to Note 13.

(c) Other related parties

Other related parties include close members of the family of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their close members of the family.

(d) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Key Management Personnel

	2014 $	2013 $
Purchase of goods and services		
- Lease of rental accommodation for crew members, from Mr Peter Young, director of CareFlight Group Limited.	**83,915**	50,329
- Purchase of equipment and services from A G Rigging & Steel Pty Ltd, a company controlled by Mr Alan George.	**14,487**	28,300
- Consultancy services provided by entities associated with Mr John Buckby, a director of CareFlight Group Limited.*	-	59,231

* Mr John Buckby was on a leave of absence from the board during the 2012 financial year and resigned as a director on 29 November 2012. The amounts presented for the 2013 financial year are up to the date Mr Buckby ceased being a director.

Jointly controlled entities

Purchase of goods and services		
- Lease of aircraft and other associated costs from Aeromed Qld Pty Ltd.	**2,004,000**	2,004,000
Revenue from services provided		
- Share of revenue received from Careflight Aeromedical Limited for aeromedical projects	**59,791**	-

Other Related Parties

- Employee benefits paid to family members of key management personnel.	**29,986**	29,986

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 to 35, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

    a. comply with Accounting Standards - Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the Company and consolidated group.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .... Director ....

Dated 31st October 2014

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INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF CAREFLIGHT GROUP LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of CareFlight Group Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements 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.

AUDITOR’S RESPONSIBILITY

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

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

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

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board and the Australian Charities and Not-for-profits Commission Act 2012.

OPINION

In our opinion the financial report of CareFlight Group Limited is in accordance with Division 60 of the Australian Charities and Not-For-Profit Commission Act 2012, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

DARREN LAARHOVEN

Partner

Brisbane, 3 November 2014