

OTAGO **Rescue** HELICOPTER TRUST



ANNUAL REPORT 2017

Otago Rescue Helicopter Trust Board



Ross Black
Trust Chairman



Warwick Deuchrass



Paul Moodie



Tony Sycamore



Phil Taylor



Martin Dippie



John Gallaher



Key Statistics 2016-17

765 Emergency Patient Retrievals

	2016-17	2015-16	%Change
Accident	499	500	-
Medical Emergency	471	543	-13%
Hospital Transfers	245	203	21%
Search and Rescue	117	64	83%
TOTAL	1332	1310	2%

OPERATING INCOME \$7,029,290 \$6,641,818

OPERATING EXPENSES \$7,039,386 \$6,698,610

SHORTFALL -\$10,096 -\$56,792

DONATIONS BEQUESTS \$761,000 1,173,000
\$897,805





Highlights - Year to 30 June 2017

- The Otago Rescue Helicopter has had another very busy year.
- 765 Emergency Patient Retrievals
- Flight safety during adverse weather conditions materially increased.
- Trust financial shortfall of \$10,000 for year funded from operating reserve.

Mission Hours Consolidate following last year's 30% growth

Otago's Rescue Helicopter flew 765 emergency patient retrievals, involving 1,332 hours flown in the year to 30 June 2017.

Whilst 2% above last year, it effectively consolidated the record 30% demand growth experienced during the previous year.

Flying 1,332 mission hours has kept our two dedicated helicopters and crews very busy and is approaching the practical capacity of both machines and crews. On a number of occasions when missions overlap, we are able to hire a third back-up machine and crew from the HeliOtago fleet – although this can stretch available crew capacity.

In the three months since June, there has been an unexpected 40% surge in demand. Whilst the service has been able to respond to date, were this level of activity to continue, additional committed resource would be required. Ministry of Health (MOH) and ACC have been alerted to this position. Planning resource capacity is challenged by the reality that accident and medical emergencies do not occur to regular patterns.

Major Helicopter Safety Enhancement of Missions flown in Adverse Weather

HeliOtago and Trustees have always been mindful that Otago's rescue helicopters serve one of the larger, more-remote and mountainous regions in the country with crews regularly required to operate below mountain-tops to remain below freezing levels. Additionally, approximately 30% of all missions occur at night and frequently in adverse weather with low cloud ceilings.

HeliOtago have pioneered a world-first installation of advanced "3D Synthetic Vision" to provide a real-time 3D virtual reality of the surrounding terrain which is coupled to a GPS flight management system and the helicopters auto-pilot. This capability is further enhanced by the establishment of instrument grade GPS tracks in and out of Dunedin Hospital and the most common routes we regularly fly.

This major safety and capability upgrade has materially improved the safety of our crews and patients during all night time missions and more particularly when low cloud would have previously restricted our ability to respond to an emergency.

This safety innovation in a helicopter is a world first and a real credit to our long serving operational partner, Graeme Gale of HeliOtago.

Donations and Bequests:

The Trust received generous community donations totalling \$762,000. This is in line with recent years donations, with the exception of last year. Last year's record \$1.1 million included a number of one-off donations and events - including the Mitre 10 / Dunedin Certified Builders home auction.

Many communities across the region have undertaken truly outstanding fundraising projects which have contributed to this total as has a large number of generous individual donations. Our Communities are clearly benefitting from the increased use of the rescue helicopters and the link they provide to Dunedin Hospital.

The Trust was also the beneficiary of a number of very generous bequests totalling \$897,805. Trustees have established an "Endowment Fund Reserve" to ensure these special funds benefit the future enhancement of Otago's rescue helicopter service.

Contract Funding

Trustees are pleased to report that agreement has recently been reached with MOH and ACC for the funding of our second helicopter for 2016/17 and for the remaining 9 months of the present contract to 30 March 2018.

Operational Performance

Operational revenue, donations and interest totalled \$7,029 million and operating costs were \$7,039 million.

The marginal shortfall of \$10,000 was funded from Trust's operating reserves.

New Procurement Process – beyond 1 April 2018

MOH are progressing a new national process of procurement for supply of rescue helicopter services beyond 2018 on behalf of MOH, ACC and possibly DHB's.

This process has called for constructive input from present providers and is also open to other potential suppliers – as is required in most Government tenders.

The process also signalled a significant shift from the present model of regional rescue helicopter services operated by Trusts' to a new structure effectively controlled and contracted directly by MOH and ACC.

Otago Trustees have therefore determined that the Trust will not to be a contracted party, at financial risk, between MOH and ACC and the successful operator in the new arrangements – rather we shall continue to represent our community's interests in the service and provide appropriate financial support on a best endeavours basis.

We have assured MOH and ACC that the greater Otago community truly values and will continue to support their rescue helicopter services and the vital emergency link it provides between our many comparatively isolated communities and Dunedin Hospital.

Whilst this tender process necessarily creates some uncertainties for the Trust's operational partner, HeliOtago, Trustees believe the respect that HeliOtago has earned from the community and emergency rescue industry over their 20 year plus track record of performance, commitment and industry-leading safety advances will stand them in strong stead through the tender process.

Community Appreciation and Thanks

Our long serving and dedicated crew of pilots, paramedics and HeliOtago management loyally maintain the rescue service on 24 hour standby 365 days of the year. They regularly respond to the increased demand brilliantly - often flying over challenging terrain and in adverse weather conditions to bring advanced medical capability and hospital transfers to those in need.

The Trust continues to receive many expressions of thanks and appreciation for an outstanding rescue service that has served us impressively well for over 20 years.

On behalf of our community, I acknowledge and thank our rescue crews and fellow Trustees who all play a key role in maintaining the service.



On behalf of Trustees

Ross Black
Chairman of Trustees





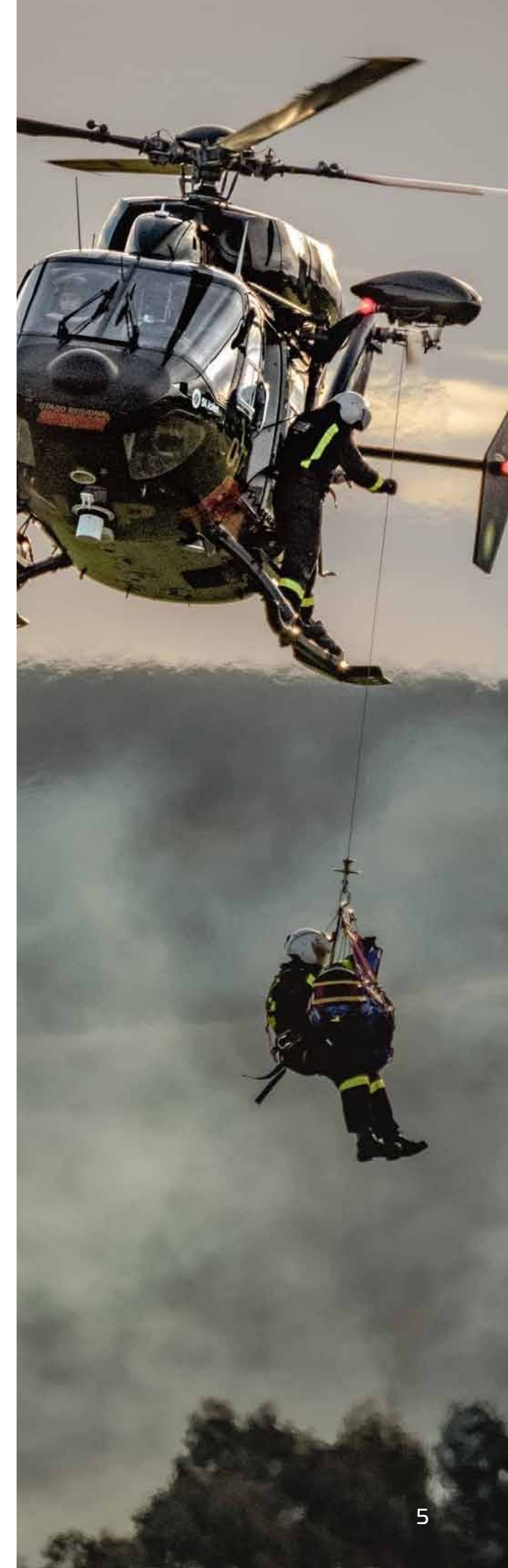
Donations 1 July 2016 to 30 June 2017

Otago Regional Council	\$ 350,000
Westpac Chopper Appeal	\$ 79,992
Masonic Lodge	\$ 54,000
Clintons Lions Club	\$ 38,000
Harbour Fish	\$ 38,000
Anonymous Donor	\$ 20,000
Rotary Club of Taieri	\$ 15,000
Estate Wesley Matthew White	\$ 10,000
Gore Pakeke Lions Club	\$ 10,000
JBW McKenzie Trust	\$ 9,000
BP Sponsorship	\$ 8,696
Road Transport Logistics	\$ 8,000
HeliOtago Otago Emergency Services Ball	\$ 7,687
Lawrence Lions Crop Competition	\$ 7,150
Event Traffic Management Otago Inc	\$ 6,867
B & H Pannett F/Trust 2	\$ 5,000
E M M Haynes Charitable Trust	\$ 5,000
The Valley Roar Hunting and Fishing	\$ 3,500
Central Otago Federation of Women's Institutes	\$ 3,000
J & K Wrigley (Glen Lyon Ltd)	\$ 2,750
Altrusa Club of Taieri	\$ 2,500
Highlanders Home Games	\$ 2,459
Maniototo Rodeo Club	\$ 2,300
Mosgiel Round Table #24	\$ 2,300
West Otago Town & Country Club	\$ 2,252
Lions Club of North Otago	\$ 2,235
Alexandra District Club	\$ 2,100
BRONZ Otago Inc	\$ 2,000
Estate of the Late James Gough	\$ 2,000
Finegand Employees Shed Fund	\$ 2,000
Kevin Tisdall & Raymond Sutherland	\$ 2,000
Oxo Cubans	\$ 2,000
Balclutha Rotary Club	\$ 1,500
Hawkins Watts	\$ 1,500
Lodge Roslyn Morning Star 192	\$ 1,500
Alexandra Christmas Dinner Charitable Trust	\$ 1,400
Batchelar McDougall Consulting	\$ 1,200
Language Cent	\$ 1,033
A D Purvis	\$ 1,000
Cutlers Real Estate	\$ 1,000
E B Morris	\$ 1,000
Estate Ina Elizabeth MacLeod	\$ 1,000
Greer Marshall	\$ 1,000
Greg Simmons	\$ 1,000
Inner Wheel NZ	\$ 1,000
KL Kirkwood	\$ 1,000
Lions Roxburgh	\$ 1,000
Motorcycle Replacements Workshop	\$ 1,000
Otago Branch Jet Boating NZ	\$ 1,000
Otago Radiology	\$ 1,000
Roxburgh Thrift Shop	\$ 1,000
plus 115 generous group and individual donations	\$ 32,857

Total **\$761,777**

Bequests 1 July 2016 to 30 June 2017

Total **\$897,805**



Otago Rescue Helicopter Trust

Consolidated Financial Statements For the year ended 30 June 2017

Otago Rescue Helicopter Trust

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Otago Rescue Helicopter Trust

Directory

Nature of organisation	To support and maintain the provision of an emergency rescue helicopter service in the greater Otago region.
Charitable Trust	Otago Rescue Helicopter Group - CC28304 Otago Rescue Helicopter Trust - CC28323 Otago Rescue Helicopter Limited - CC28329
Business Location	Greater Otago Region
Trustees	Ross Black (Executive Chairman) Warwick Deuchrass Martin Dippie John Gallaher Paul Moodie Tony Sycamore Philip Taylor
Solicitor	Anderson Lloyd Lawyers Dunedin
Bankers	ANZ
Accountant	Crowe Horwath (NZ) Limited Dunedin
Auditor	Deloitte Dunedin

Otago Rescue Helicopter Trust

Consolidated Statement of Comprehensive Revenue and Expense For the year ended 30 June 2017

	Notes	Consolidated	
		2017	2016
		\$	\$
REVENUE			
Contract Income	6	6,204,119	5,368,341
Fundraising and donations	6	761,777	1,172,925
Interest income	6	47,280	73,067
Other income	6	16,114	27,485
TOTAL REVENUE		7,029,290	6,641,818
EXPENSES			
Wages, salaries and other employee costs	7	75,224	99,770
Service delivery expenses	8	6,674,819	6,309,362
Other overhead and administration expenses	8	228,539	208,883
Depreciation, amortisation and impairment expenses	9	60,803	80,595
TOTAL EXPENSES		7,039,386	6,698,610
NET SURPLUS/(DEFICIT) BEFORE BEQUESTS		(10,095)	(56,791)
Bequests		897,805	-
Net Surplus		887,710	(56,791)
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		887,710	(56,791)

Reconciliation of Total Comprehensive Revenue and Expenses

Net Surplus allocated to General Operating Reserve	(10,095)	(56,791)
Net Surplus allocated to Endowment Fund Reserve	897,805	-
	887,710	(56,791)



Otago Rescue Helicopter Trust

Consolidated Statement of Financial Position As at 30 June 2017

	Notes	Consolidated	
		2017	2016
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	10	1,323,364	418,017
Bank deposits		810,000	920,000
Receivables from exchange transactions	11	1,214,990	991,573
Prepayments		3,292	29,654
Total current assets		3,351,645	2,359,244
Non-current			
Bank deposits		100,000	100,000
Intangible Assets	14	58,703	-
Plant and equipment	13	187,840	247,862
Total non-current assets		346,543	347,862
TOTAL ASSETS		3,698,188	2,707,106
LIABILITIES			
Current			
Payables under exchange transactions	12	376,717	273,342
Total current liabilities		376,717	273,342
TOTAL LIABILITIES		376,717	273,342
NET ASSETS		3,321,471	2,433,764
TRUST FUNDS			
Life support & Ambulance Equipment Replacement Reserve		1,000,000	1,000,000
Endowment Capital Reserve		897,805	-
General Operating Reserve		1,423,667	1,433,762
TOTAL TRUST FUNDS		3,321,472	2,433,763

These financial statements have been authorised for issue by the trustees on 7th September 2017.



Chairperson

7 September 2017

Date



Trustee

7 September 2017

Date



The notes on pages 23 to 32 are an integral part of these financial statements.

Otago Rescue Helicopter Trust

Consolidated Statement of Changes in Net Assets For the year ended 30 June 2017

	Trust Capital	General Operating Reserve	Undistributed donations reserve	Endowment Fund Reserve	Life Support & Ambulance Equipment Replacement Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance 1 July 2016		1,433,762	-	-	1,000,000	2,433,762
Changes in accounting policy		-	-	-	-	-
Restated opening balance	-	1,433,762	-	-	1,000,000	2,433,762
Surplus/ (deficit) for the year	887,710	-	-	-	-	887,710
Total comprehensive revenue and expense	887,710	-	-	-	-	887,710
Transfer to/ (from) equity reserves in the year	(887,710)	(10,095)	-	897,805	-	-
Balance 30 June 2017	(0)	1,423,667	-	897,805	1,000,000	3,321,471
Balance 1 July 2015	-	1,490,553	-	-	1,000,000	2,490,553
Surplus/ (deficit) for the year	(56,791)	-	-	-	-	(56,791)
Total comprehensive revenue and expense	(56,791)	1,490,553	-	-	1,000,000	2,433,762
Transfer to/ (from) equity reserves in the year	56,791	(56,791)	-	-	-	-
Balance 30 June 2016	-	1,433,762	-	-	1,000,000	2,433,762

The notes on pages 23 to 32 are an integral part of these financial statements.

Otago Rescue Helicopter Trust

Consolidated Statement of Cash Flows For the year ended 30 June 2017

	Notes	Consolidated	
		2017	2016
		\$	\$
Cash flow from operating activities			
<i>Cash was provided from/(applied to):</i>			
Receipts from exchange transactions		6,002,034	4,845,500
Receipts from non-exchange transactions		1,659,582	1,172,925
Payments to suppliers		(6,781,353)	(6,836,376)
Payments to employees		(75,224)	(99,770)
Interest paid		-	-
Interest received		74,792	93,889
Net movement in GST		(25,001)	(21,207)
Net cash from/(used in) operating activities		854,830	(845,039)
Cash flow from investing activities			
<i>Cash was provided from/(applied to):</i>			
Acquisition of plant and equipment		(59,483)	(5,903)
Receipts from term deposits drawn		110,000	680,000
Net cash from/(used in) investing activities		50,517	674,097
Cash flow from financing activities			
<i>Cash was provided from/(applied to):</i>			
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		905,347	(170,942)
Cash and cash equivalents, beginning of the year		418,017	588,959
Cash and cash equivalents at end of the year	10	1,323,364	418,017

Otago Rescue Helicopter Trust

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

1 Reporting entity

These financial statements comprise the consolidated financial statements of Otago Rescue Helicopter Trust (the "Trust") for the year ended 30 June 2017.

The Trust is a charitable trust, domiciled in New Zealand, incorporated in accordance with the provisions of the Charitable Trusts Act 1957.

The consolidated group comprises the Trust (the "Parent") and its controlled subsidiary, Otago Rescue Helicopter Limited.

The Trust supports and maintains the provision of an emergency rescue helicopter service in the greater Otago region.

The consolidated financial statements were authorised for issue by the Trustees on the date signed on page 3.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Tier 2 Public Benefit Entity (PBE) Financial Reporting Standards as issued by the New Zealand External Reporting Board (XRB). They comply with New Zealand equivalents to International Public Sector Accounting Standards Reduced Disclosure Regime (NZ IPSAS with RDR) and other applicable Financial Reporting Standards as appropriate to Public Benefit Entities.

The Parent and Group is eligible to report in accordance with Tier 2 PBE Accounting Standards on the basis that it does not have public accountability and annual expenditure does not exceed \$30 million.

The Parent and Group is deemed a public benefit entity for financial reporting purposes, as its primary objective is to provide services to the community for social benefit and has been established with a view to supporting that primary objective rather than a financial return.

(b) Basis of measurement

The financial statements have been prepared on a historical costs basis, except for assets and liabilities that have been measured at fair value.

The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Presentation currency

The financial statements are presented in New Zealand dollars, which is the Trust's functional currency.

(d) Comparatives

The comparative financial period is 12 months.

The net asset position and net surplus or deficit reported in comparatives is consistent with previously authorised financial statements.

(e) Changes in accounting policies

Other than as described in 2(a)(i) the accounting policies adopted are consistent with those of the previous financial year. There have been no significant changes in accounting policies.

3 Summary of significant accounting policies

The accounting policies of the Trust have been applied consistently to all years presented in these financial statements.

The significant accounting policies used in the preparation of these financial statements are summarised below:

(a) Basis of consolidation

The Group financial statements consolidate the financial statements of the Parent and all entities over which the Parent has the power to govern the financial and operating policies so as to obtain benefits from their activities (defined as "subsidiaries").

Controlled entities are those entities over which the Trust has the power to govern the financial and operating activities so as to obtain benefits from their activities.

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The subsidiary has a 30 June balance date and consistent accounting policies are applied.

The consolidation of the Parent and subsidiary involves adding together like terms of assets, liabilities, income and expenses on a line-by-line basis. All significant intra-group balances are eliminated on consolidation of Group financial position, performance and cash flows.

Otago Rescue Helicopter Trust

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

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

(c) Debtors and other receivables

Trade debtors and other receivables are measured at their cost less any impairment losses.

An allowance for impairment is established where there is objective evidence the Group will not be able to collect all amounts due according to the original terms of the receivable.

(d) Creditors and other payables

Trade creditors and other payables are stated at cost.

(e) Plant and equipment

Items of plant and equipment are measured at cost, less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Additions and subsequent costs

Subsequent costs and the cost replacing part of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential will flow to the Trust and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

In most instances, an item of plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value at the acquisition date.

All repairs and maintenance expenditure is charged to surplus or deficit in the year in which the expense is incurred.

Disposals

A item of plant and equipment is derecognised upon disposal or when no further future economic benefits or service potential are expected from its use or disposal.

When an item of plant or equipment is disposed of, the gain or loss recognised in the surplus or deficit is calculated as the difference between the net sale proceeds and the carrying amount of the asset.

Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to accumulated funds.

Depreciation

Depreciation is recognised as an expense in the reported surplus or deficit and measured on a straight line basis (SL) or diminishing value (DV) basis on all plant and equipment over the estimated useful life of the asset. The following depreciation rates have been applied at each class of plant and equipment:

Medical and Rescue equipment	11.4-80% DV
Motor Vehicles	13-36% DV

The residual value, useful life, and depreciation methods of plant and equipment is reassessed annually.

(f) Impairment

At each reporting date, the Trust assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Trust estimates the asset's recoverable amount. Recoverable amount is determined for an individual asset. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised immediately in surplus or deficit.

(g) Intangible assets

Intangible assets acquired separately are initially recognized at cost.

The cost of intangible assets acquired in a non exchange transaction is their fair value at the date of the exchange.

Otago Rescue Helicopter Trust

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

Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are measured at cost less accumulated impairment losses; impairment testing is performed on an annual basis.

Intangible assets with finite useful lives

Intangible assets acquired by the entity, which have finite useful lives, are measured at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised on a straight-line basis over the estimated useful life of the asset, from the date they are available for use and expensed in the reported in surplus or deficit for the year.

(h) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity.

Financial instruments are comprised of trade debtors and other receivables, cash and cash equivalents, trade creditors and other payables and borrowings.

Initial recognition and measurement

Financial assets and financial liabilities are recognised initially at fair value plus transaction costs attributable to the acquisition, except for those carried at fair value through surplus or deficit, which are measured at fair value.

Financial assets and financial liabilities are recognised when the reporting entity becomes a party to the contractual provisions of the financial instrument.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or if the Parent or Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

The subsequent measurement of financial assets depends on their classification, which is primarily determined by the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and re-evaluates this designation at each reporting date.

All financial assets held by the Trust in the years reported have been designated into one classification, "loans and receivables", being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment.

Subsequent measurement of financial liabilities

Trade payables and other borrowings are subsequently measured at amortised cost using the effective interest method.

(i) Provisions

A provision is recognised for a liability when the settlement amount or timing is uncertain; when there is a present legal or constructive obligation as a result of a past event; it is probable that expenditures will be required to settle the obligation; and a reliable estimate of the potential settlement can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Provisions are discounted to their present values where the time value of money is material. The increase in the provision due to the passage of time is recognised as an interest expense.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

(j) Employee entitlements

Short-term employee benefits

Employee benefits, previously earned from past services, that the Trust expect to be settled within 12 months of reporting date are measured based on accrued entitlements at current rate of pays.

These include salaries and wages accrued up to the reporting date and annual leave earned, but not yet taken at the reporting date.

(k) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Trust and revenue can be reliably measured. Revenue is measured at the fair value of consideration received.

The Trust assess its revenue arrangements against specific criteria to determine if it is acting as the principal or agent in a revenue transaction. In an agency relationship only the portion of revenue earned on the Trust's own account is recognised as gross revenue in the Statement of Comprehensive Revenue and Expense.

Otago Rescue Helicopter Trust

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

The following specific recognition criteria must be met before revenue is recognised:

Revenue from non-exchange transactions

A non-exchange transaction is where the Trust either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

When non-exchange revenue is received with conditions attached, the asset is recognised with a matching liability. As the conditions are satisfied the liability is decreased and revenue recognised.

When non-exchange revenue is received with restrictions attached, but there is no requirement to return the asset if not deployed as specified, then revenue is recognised on receipt.

Condition stipulation – funds received are required to be used for a specific purpose, with a requirement to return unused funds.

Restriction stipulation – funds received are required to be used for a specific purpose, with no requirement to return unused funds.

Donations and grants

Donations and grant income is recognised as revenue when received and all associated obligations have been met. Where grants have been given for a specific purpose, or with conditions attached, income is not recognised until agreed upon services and conditions have been satisfied. Government grants relating to income are recognised as income over the periods necessary to match them with the related services when performed. Grants received for which the requirements and services have not been met is treated as "income in advance" under current liabilities.

To the extent that there is a condition attached that would give rise to a liability to repay the grant amount or to return the granted asset, a deferred revenue liability is recognised instead of revenue. Revenue is then recognised only once the Trust has satisfied these conditions.

Rendering of services

Revenue from services rendered is recognised in the surplus or deficit in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to assessment of services provided. Under this method, revenue is recognised in the accounting periods in which the services are provided.

Interest income

Interest income is recognised as it accrues.

(l) Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Trust has chosen not to capitalise borrowing costs directly attributable to the acquisition, construction or production of assets.

(m) Income tax

Due to its charitable status, the Trust is exempt from income tax.

(n) Goods and Services Tax (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

(o) New standards adopted and interpretations not yet adopted

All mandatory new or amended accounting standards and interpretations were adopted in the current year. Refer above for the effect of first time adoption of PBE standards (NFP) last year.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with NZ IPSAS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Where material, information on significant judgements, estimates and assumptions is provided in the relevant accounting policy or provided in the relevant note disclosure.

The estimates and underlying assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances. Estimates are subject to ongoing review and actual results may differ from these estimates. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in future years affected



Otago Rescue Helicopter Trust

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

5 Capital Management Policy

The Trust's capital is its equity, being the net assets represented by retained earnings and other equity reserves. The primary objectives of the Trust's capital management policy is to ensure adequate capital reserves are maintained in order to support its activities. The Trust manages its capital structure and makes adjustment to it, in light of changes to funding requirements. To maintain or adjust the capital structure, budgetary discretionary expenditure is reduced to avoid the need for additional external borrowings.

6 Income

	2017 \$	2016 \$
REVENUE FROM EXCHANGE TRANSACTIONS		
Contract income		
ACC	2,463,606	2,091,853
MOH	2,142,223	2,171,037
DHB	980,800	812,800
Other - Police / SAR / Overseas Patients	617,490	292,651
Total contract income	6,204,119	5,368,341
Other exchange income		
Overseas patient debt recovery	12,745	26,842
ACC crew accomodation allowance	3,369	643
Total other exchange income	16,114	27,485
Total Revenue from exchange transactions	6,220,233	5,395,826
REVENUE FROM NON-EXCHANGE TRANSACTIONS		
Fundraising and donations	761,777	1,172,925
Interest	47,280	73,067
Total Revenue from non-exchange transactions	809,057	1,245,992
TOTAL REVENUE	7,029,290	6,641,818

7 Wages, salaries and other employee costs

	2017 \$	2016 \$
Wages & Salaries	75,224	99,770
Total	75,224	99,770

8 Expenses

The following amounts were expensed in the surplus / (deficit) for the year:

	2017 \$	2016 \$
Service Delivery Expenses		
ACC Missions Stopped	45,290	41,743
Helicopter leases	2,054,953	1,951,790
Helicopter operating costs	2,459,809	2,268,988
Helicopter rental - extra machines	199,479	309,039
Helicopter pilots standby & ground charges	1,365,299	1,290,299
Maintenance - equipment	4,936	5,315
Paramedic crewing - permanent	461,632	362,832
Paramedic crewing - per mission	-	9,906
Safety training - crew & services	83,422	69,452
Total	6,674,819	6,309,362



Otago Rescue Helicopter Trust

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

	2017	2016
	\$	\$
Other Overhead and Administration Expenses		
Audit fees	6,810	6,500
Accountancy & administration	65,274	52,058
Legal Fees	24,668	23,778
Loss on disposal of property, plant and equipment	-	1,196
Bad debts - overseas patients written off	17,296	30,496
Bad debts - Kaikoura earthquake missions written off	26,775	-
Trust board expenses	6,574	4,683
Other	81,142	90,171
Net foreign exchange losses	-	-
Total	228,539	208,883

9 Depreciation, amortisation and impairment expenses

	2017	2016
	\$	\$
Depreciation of property, plant and equipment	60,803	80,595
Impairment losses on trade receivables	-	-
Impairment loss - plant and machinery	-	-
Total	60,803	80,595

10 Cash and cash equivalents

	2017	2016
	\$	\$
Anderson Lloyd Trust Account	883,654	-
ANZ Cheque Account	164,443	294,771
ANZ Call Account 25	177,900	74,772
ANZ Call Account 26	28,441	27,920
ANZ NPO Current Account	24	23
Westpac Account	66,653	19,448
Paypal Account	2,250	1,083
Total cash and cash equivalents	1,323,364	418,017

The carrying amount of cash and cash equivalents approximates their fair value.

Otago Rescue Helicopter Trust

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

11 Receivables from exchange transactions

	2017	2016
	\$	\$
Trade debtors	1,207,320	956,390
Accrued interest	7,670	35,182
Related party receivables	-	-
Less allowance for doubtful debts	-	-
Total	1,214,990	991,572

Classified as:

	2017	2016
	\$	\$
Current assets	1,214,990	991,573
Non-current assets	-	-
Total	1,214,990	991,573

Trade debtors and other receivables are non-interest bearing and receipt is normally on 30 days terms. Therefore the carrying value of trade debtors and other receivables approximates its fair value.

As at 30 June 2016 and 2017, all overdue receivables have been assessed for impairment and appropriate allowances made. All receivables are subject to credit risk exposure.

Impairment allowance

The movement in the allowance for doubtful debts is as follows:

	2017	2016
	\$	\$
Opening balance	-	-
Amounts written off	-	-
Impairment losses recognised in the year	-	-
Impairment losses reversed in the year	-	-
Closing balance	-	-

12 Payables under exchange transactions

	2017	2016
	\$	\$
Current		
Trade creditors	337,478	224,992
Non trade payables and accrued expenses	6,825	6,000
GST payable/(receivable)	26,159	32,776
Related party payables	6,256	9,574
Total current	376,717	273,342
Total payables under exchange transactions	376,717	273,342

Trade creditors and other payables are non-interest bearing and normally settled on 30 day terms; therefore their carrying amount approximates their fair value.



Otago Rescue Helicopter Trust

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

13 Plant and equipment

Movements for each class of plant and equipment are as follows:

2017	Medical & Rescue Equipment	Motor vehicles	Total
	\$	\$	\$
Gross carrying amount			
Opening balance	1,186,831	101,904	1,288,735
Additions	781	-	781
Disposals	-	-	-
Closing balance	1,187,612	101,904	1,289,516
Accumulated depreciation and impairment			
Opening balance	982,697	58,176	1,040,873
Depreciation for the year	52,560	8,243	60,803
Impairment charge for the year	-	-	-
Closing balance	1,035,257	66,419	1,101,676
Carrying amount 30 June 2017	152,355	35,485	187,840

2016	Medical & Rescue Equipment	Motor vehicles	Total
	\$	\$	\$
Gross carrying amount			
Opening balance	1,182,124	101,904	1,284,028
Additions	5,903	-	5,903
Disposals	(1,196)	-	(1,196)
Closing balance	1,186,831	101,904	1,288,735
Accumulated depreciation and impairment			
Opening balance	912,842	47,436	960,278
Current year depreciation	69,855	10,740	80,595
Impairment charge for the year	-	-	-
Closing balance	982,697	58,176	1,040,873
Carrying amount 30 June 2016	204,134	43,728	247,862

Otago Rescue Helicopter Trust

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

14 Intangible assets

Movements for each class of intangible assets are as follows:

2017	IFP GPS Route Mapping - Indefinite Life	Other	Total
	\$	\$	\$
Gross carrying amount			
Opening balance	-	-	-
Additions	58,703	-	58,703
Disposals	-	-	-
Closing balance	58,703	-	58,703
Accumulated depreciation and impairment			
Opening balance	-	-	-
Current year amortisation	-	-	-
Amortisation written back on disposal	-	-	-
Closing balance	-	-	-
Carrying amount 31 March 2017	58,703	-	58,703

2016	IFP GPS Route Mapping - Indefinite Life	Other	Total
	\$	\$	\$
Gross carrying amount			
Opening balance	-	-	-
Additions	-	-	-
Disposals	-	-	-
Closing balance	-	-	-
Accumulated depreciation and impairment			
Opening balance	-	-	-
Current year amortisation	-	-	-
Amortisation written back on disposal	-	-	-
Closing balance	-	-	-
Carrying amount 31 March 2016	-	-	-



Otago Rescue Helicopter Trust

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

15 Financial instruments

(a) Carrying value of financial instruments

The carrying value of all material financial position assets and liabilities are considered to be equivalent to fair value.

Fair value is the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

(b) Classification of financial instruments

All financial assets held by the Trust are classified as "loans and receivables" and are carried at cost less accumulated impairment losses. All financial liabilities are carried as amortised cost using the effective interest rate method.

Classification of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of financial assets and liabilities.

2017	Financial assets at fair value through surplus or deficit	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Fair value
Financial assets					
Other receivables	-	-	-	-	-
Other investments	-	100,000	-	100,000	100,000
Total non-current assets	-	100,000	-	100,000	100,000
<i>Other investments</i>					
Trade and other receivables	-	1,214,990	-	1,214,990	1,214,990
Cash and cash equivalents	-	1,323,364	-	1,323,364	1,323,364
Other investments	-	810,000	-	810,000	810,000
Total current assets	-	3,348,354	-	3,348,354	3,348,354
Total assets	-	3,448,354	-	3,448,354	3,448,354
Financial liabilities					
Trade and other payables	-	-	376,717	376,717	376,717
Total current liabilities	-	-	376,717	376,717	376,717
Total liabilities	-	-	376,717	376,717	376,717

2016	Financial assets at fair value through surplus or deficit	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Fair value
Financial assets					
Other receivables	-	-	-	-	-
Other investments	-	100,000	-	100,000	100,000
Total non-current assets	-	100,000	-	100,000	100,000
<i>Other investments</i>					
Trade and other receivables	-	991,574	-	991,575	991,575
Cash and cash equivalents	-	418,017	-	418,017	418,017
Other investments	-	920,000	-	920,000	920,000
Total current assets	-	2,329,591	-	2,329,591	2,329,592
Total assets	-	2,429,591	-	2,429,591	2,429,592
Financial liabilities					
Trade and other payables	-	-	273,342	273,342	273,342
Total current liabilities	-	-	273,342	273,342	273,342
Total liabilities	-	-	273,342	273,342	273,342

Otago Rescue Helicopter Trust

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

16 Operating leases

	2017	2016
	\$	\$
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	1,556,690	1,951,790
Between one and five years	-	-
More than five years	-	-
Total	1,556,690	1,951,790

17 Related party transactions

Related party transactions arise when an entity or person(s) has the ability to significantly influence the financial and operating policies of the Trust.

The Trust has a related party relationship with its Trustees and other key management personnel.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier relationship on terms and conditions no more or less favourable than those that it is reasonable to expect the Trust would have adopted in dealing with the party at arm's length in the same circumstances.

Transactions with related parties

The following transactions were carried out with related parties:

(a) Related party transactions

During the year Crowe Horwath have provided accounting and secretarial support and advice to the Group, Mr Paul Moodie a Trustee of the Trust is a Principal of Crowe Horwath. During the year Anderson Lloyd have provided legal support and advice to the Trust, Mr Warwick Deuchrass is a Trustee of the Trust and Partner of Anderson Lloyd

(b) Key management compensation

The Trust has a related party relationship with its key management personnel. Key management personnel include the Executive Chairman, trustees and senior management of the Trust. The only payment to Trustees in 2016 and 2017 was to the Executive

	2017			
	Executive Chairman	Trustees	Snr mgmt	Total
	\$	\$	\$	\$
Salaries and other short-term employee benefits	30,000	-	75,224	105,224
Termination benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Total remuneration	30,000	-	75,224	105,224
Number of persons recognised as key management personnel	1	6	1	8

	2016			
	Executive Chairman	Trustees	Snr mgmt	Total
	\$	\$	\$	\$
Salaries and other short-term employee benefits	30,000	-	99,770	129,770
Termination benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Total remuneration	30,000	-	99,770	129,770
Number of persons recognised as key management personnel	1	6	1	8

18 Contingent assets and contingent liabilities

The Trust has no contingent assets or contingent liabilities (2016: None).

19 Commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2017	2016
	\$	\$
IFP GPS Route Mapping	-	45,902
Total	-	45,902

20 Events after the reporting period

There were no significant events after the balance date.

Independent Auditor's Report

To the Trustees of Otago Rescue Helicopter Trust

Opinion	<p>We have audited the financial statements of Otago Rescue Helicopter Trust (the 'entity') and its subsidiaries ('the group'), which comprise the consolidated statement of financial position as at 30 June 2017, and the consolidated statement of comprehensive revenue and expense, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.</p> <p>In our opinion, the accompanying consolidated financial statements, on pages 2 to 16, present fairly, in all material respects, the consolidated financial position of the group as at 30 June 2017, and its consolidated financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime.</p>
Basis for opinion	<p>We conducted our audit in accordance with International Standards on Auditing ('ISAs') and International Standards on Auditing (New Zealand) ('ISAs (NZ)'). Our responsibilities under those standards are further described in the <i>Auditor's Responsibilities for the Audit of the Consolidated Financial Statements</i> section of our report.</p> <p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.</p> <p>We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) <i>Code of Ethics for Assurance Practitioners</i> issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' <i>Code of Ethics for Professional Accountants</i>, and we have fulfilled our other ethical responsibilities in accordance with these requirements.</p> <p>Other than in our capacity as auditor, we have no relationship with or interests in the entity or any of its subsidiaries, except that partners and employees of our firm deal with the entity and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the entity and its subsidiaries.</p>
Other information	<p>The Trustees are responsible on behalf of the group for the other information. The other information comprises the information in the Annual Report that accompanies the consolidated financial statements and the audit report.</p> <p>Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.</p> <p>Our responsibility is to read the other information obtained prior to the date of our audit report, and consider whether it is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If so, we are required to report that fact. We have nothing to report in this regard.</p>
Trustees's responsibilities for the consolidated financial statements	<p>The Trustees are responsible on behalf of the group for the preparation and fair presentation of the consolidated financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.</p> <p>In preparing the consolidated financial statements, the Trustees are responsible on behalf of the group for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so.</p>

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are 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 ISAs and ISAs (NZ) 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 these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on at the External Reporting Board's website at:

<https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7>

This description forms part of our auditor's report.

Restriction on use

This report is made solely to the Trustees, as a body, in accordance with the Trust Deed. Our audit has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Electronic publishing

This audit report relates to the consolidated financial statements of Otago Rescue Helicopter Trust (the 'entity') and its subsidiaries (the 'group') for the year ended 30 June 2017 included on the entity's website. The Trustees are responsible for the maintenance and integrity of the entity's website. We have not been engaged to report on the integrity of the entity's website. We accept no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. The audit report refers only to the consolidated financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these consolidated financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited consolidated financial statements and related audit report dated date to confirm the information included in the audited consolidated financial statements presented on this website.

Deloitte Limited

Dunedin, New Zealand
7 September 2017

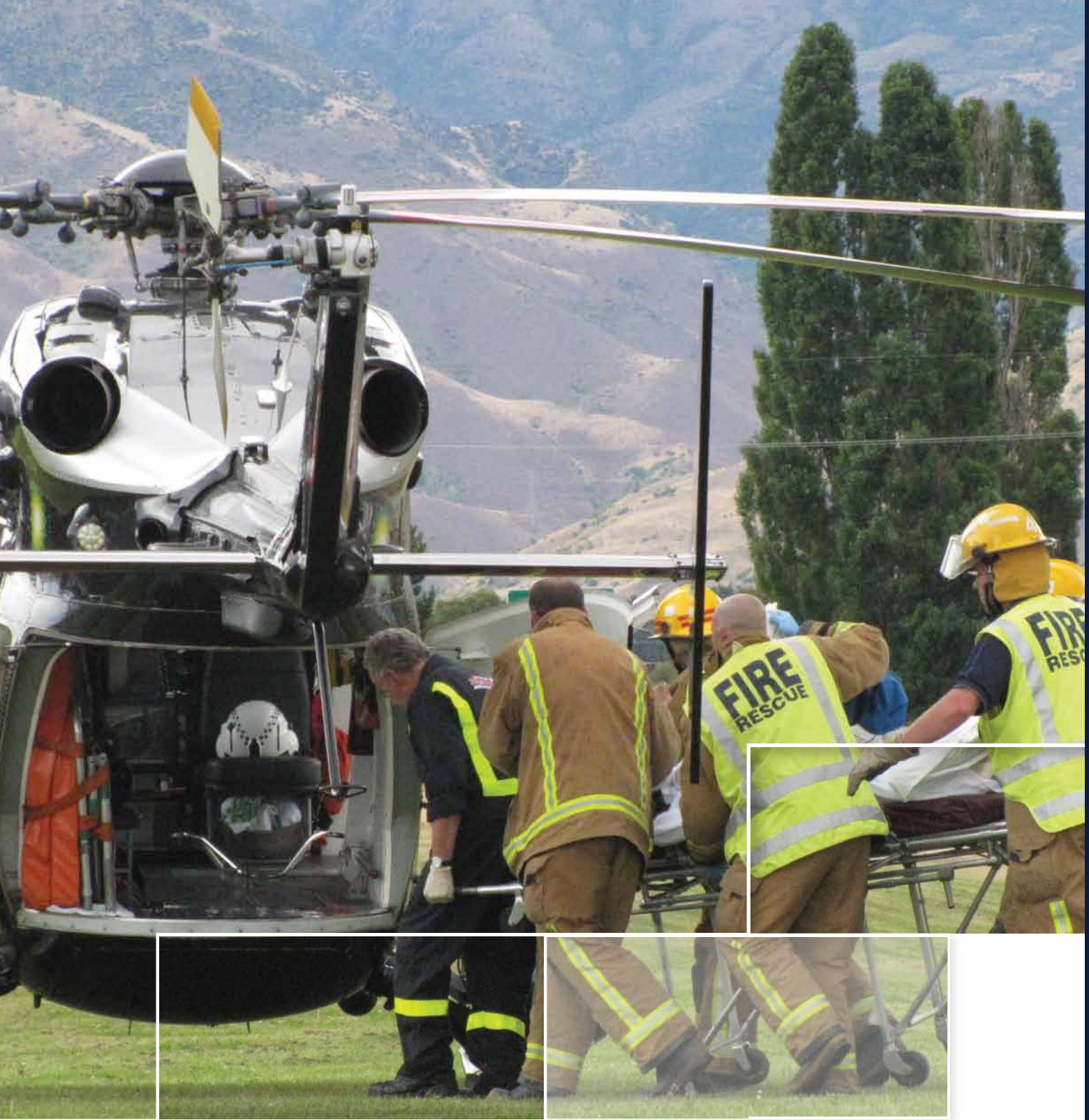


Photo:
Otago Regional Rescue
Helicopter and
Central Otago fire crews

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OTAGO
Rescue
HELICOPTER TRUST