

ANNUAL REPORT 2018



OTAGO
Rescue
HELICOPTER TRUST



Otago Rescue Helicopter Trust Board



Ross Black
Trust Chairman



Martin Dippie
Deputy Chairman



Warwick Deuchrass



Paul Moodie



Tony Sycamore



John Gallaher

Key Statistics 2017-18

1023 Emergency Patient Retrievals up 34% on last year

MISSIONS HOURS FLOWN DURING YEAR

	2017-18	2016-17	%Change
Accident	622	499	25%
Medical Emergency	679	471	44%
Hospital Transfers	281	245	15%
Search and Rescue	105	117	-10%
TOTAL	1,687	1,332	27%

(*Note: 2017-18 hours include those flown directly by HeliOtago from 1 April 2018)

OPERATING INCOME \$5,636,028 \$6,220,233

OPERATING EXPENSES \$6,208,809 \$7,039,385

SHORTFALL -\$572,781 -\$819,152

DONATIONS \$718,016 \$761,777

BEQUESTS - \$897,805

INTEREST \$81,146 \$47,280

NET DONATIONS AVAILABLE FOR RESCUE EQUIPMENT

\$226,381 \$887,710

Planned Rescue Equipment Upgrade 2018/19 \$413,200





Highlights - Year to 30 June 2018

- **1,023 Emergency Patient Retrievals - 34% above last year.**
- **5 year rescue contract with MOH / ACC concluded March 2018.**
- **HeliOtago contracts directly with MOH / ACC April to November 2018**
- **Trust surplus \$226,000 - towards upgraded medical fitout in 3 helicopters.**

Dramatic 34% Rescue Mission Growth

Otago's rescue helicopters have experienced a dramatic 34% increase in demand during the year - responding to 1,023 emergency patient missions, involving 1,688 helicopter hours flown. This contrasts with the previous year of 765 patients and 1,332 hours flown.

The scale of the increased levels of emergency calls was not expected and placed significant pressures on our dedicated rescue crews and helicopters to maintain their impressive response record to every emergency call they were tasked with. HeliOtago responded brilliantly in managing to allocate extra crews and helicopters to respond promptly every time they were tasked at all hours of the day and night. Flying 1,688 mission hours is very close to the total practical capacity of our two dedicated machines and crews. On occasions when multiple missions overlap, we are fortunate to be able to hire a third, and occasionally a fourth, similarly equipped back-up machine and crew from the HeliOtago fleet.

Ministry of Health (MOH) / ACC Contract Termination

The latest MOH and ACC 5 year contract with the Trust to provide rescue helicopter services across the lower South Island, terminated on 31 March 2018.

As Trustees advised in their 2017 report, the new MOH-led tender process clearly signalled a significant shift from the former regional rescue helicopter services operated by community trusts to a new centralised service model – designed, run and controlled by MOH.

Otago Trustees therefore determined that the Trust would not be a future contracted party, at considerable financial risk, between MOH and the helicopter operator – rather we believed MOH should contract directly with HeliOtago - the proven regional specialist provider.

Trustees pledged to continue to represent our community's interests in the service and provide appropriate financial support on a best endeavours basis.

MOH subsequently sought a 5 month extension of the old contract to allow further time

for them to complete their new tender process. The Trust assisted MOH and HeliOtago to agree the basis for HeliOtago to provide the service directly during this extension period. At the same time, HeliOtago is also participating in the tender process for the new contract to operate from 1 November 2018, without any certainty of the tender outcome.

MOH Tender Seeks Committed Community Donations

Trustees were advised that the MOH tender process states that MOH wishes to retain Community donation support for provision of the service and requires tenderers to nominate committed sponsorship and community donations.

Trustees recognised that given the 20 year history of community support, MOH could reasonably anticipate a continuation of support. Subject to a tender outcome acceptable to the Community, Trustees have given an undertaking of a level of continuing support towards the costs of providing the service for the 3 years of the current tendered contract.

The Trust has also agreed to replace the advanced medical monitoring and life-support equipment in 3 helicopters – also conditional on the tender outcome being acceptable to the Community.

Trustees have advised MOH that Trust financial support towards the cost of providing the service, beyond the new 3 year contract, is dependent on MOH making the case for continuing community support and agreeing with Trustees the role the community will have in future decisions relating to service delivery across our region.

Helicopter Medical Equipment Replacement and Upgrade

The Trust has received a recommendation from its expert medical advisers on the replacement and upgrade of the critical monitoring and life-support equipment in the helicopters.

The expert working group advising the Trust, comprises two senior Dunedin Hospital Intensive Care specialists Dr Marcus Renner and Dr Hans Weibel, Senior Flight Nurse Toni Johnston and the Trust's two senior Paramedics – Doug Flett and Ian Ridley. The recommendation and final equipment selection is being overseen by Dr Mike Hunter - the Trusts Medical Adviser.

The group also recommended that critical equipment be standardised in the two main rescue helicopters plus the standby machine to minimise the potential for any confusion between different equipment set-ups in an emergency.

The replacement advice is timely as the existing equipment is ageing and although professionally maintained to high standards, the new equipment has some upgraded capability that will potentially benefit emergency patients.

Trustees have therefore committed to replacing the 3 sets of equipment at an estimated total cost of \$350,000 upon a satisfactory resolution of the tender process.

Donations and Bequests:

The Trust received generous community donations totalling \$718,000. This is in line with recent years donations, which is encouraging as some community groups have expressed anxiety around the uncertainties of the future service being tendered.

Many community groups 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 has also been advised it is the beneficiary of two further generous bequests - pending probate and future distribution of the Estates.

Operational Performance

Operational revenue for the 9 months to contract termination was \$5.6 million, whilst operational costs of \$6.2 million resulted in a funding shortfall of \$573,000.

Donations and interest received of \$799,000, offset the funding shortfall to provide a surplus for the year of \$226,000 which Trustees have allocated towards the replacement medical equipment.

Major Transformation of Trust Role

The contract termination and MOH now contracting directly with HeliOtago marks a major transformation in the role of the Trust.

For the past 20 years, the Trust has held the contract and been at financial risk to provide rescue helicopter services for ACC, MOH and DHB's across the lower half of the South Island. For this entire time, the Trust has subcontracted the actual provision of the service to its operational partner, HeliOtago.

The partnership between the Trust and HeliOtago has been outstandingly successful in delivering vital rescue helicopter operations to the comparatively isolated communities across our large region. Key to this success has been the enduring mutual respect, trust and teamwork between Trustees and Mr Graeme Gale / HeliOtago – all the more remarkable given the necessary financial tension required between a charitable community trust and a commercial business.

The demands of emergency rescue helicopter services are uniquely challenging requiring them to operate safely and with urgency - 24 hours a day, 365 days a year, in all weathers day and night. Further, the rugged mountain ranges and the lower freezing levels in our areas of operation, add to the challenge of maintaining that vital emergency link to Dunedin Hospital in a life threatening emergency.



MOH Tender Outcome – Service Delivery from 1 November 2018

The tender outcome was not known at time of finalising this report. The process has taken longer than scheduled which has created increased uncertainty for rescue staff and HeliOtago.

Community Appreciation and Thanks

Our long serving and dedicated crew of pilots, paramedics and HeliOtago management loyally maintain Otago's 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 Otago Rescue Helicopter has consistently delivered performance and reassurance for our communities that in a time of need and vulnerability, one of the most competent, capable and responsive rescue services in the industry will be there for you.

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 2017 to 30 June 2018

Otago Regional Council	\$350,000
Westpac Chopper Appeal	\$60,691
Clinton Lions Club	\$50,000
Anonymous Donor	\$30,000
Waiareka Lions Club	\$27,075
Waianakarua Lions Club	\$22,750
JBW McKenzie Trust	\$15,000
Gore Pakeke Lions Club	\$10,000
McConnell Dowell Constructors Ltd	\$10,000
Road Transport Logistics	\$8,000
Greg Simmons	\$6,000
Lions Club of Oamaru NZ	\$5,500
The Valley Roar Hunting and Fishing	\$5,500
E M M Haynes Charitable Trust	\$5,000
Estate of Patricia Ritchie	\$5,000
Estate Wilma Grace Matheson	\$5,000
Farmlands Co-Op	\$5,000
Plunket Electrical Oamaru	\$5,000
Fossil Creek Angus Limited	\$4,500
Motor Trade Finance	\$4,121
Highlanders Home Games	\$3,574
Strath Taieri Young Farmers Club	\$3,000
In Memory of the Late Angus McCutcheon	\$2,338
West Otago Town & Country Club	\$2,337
Great Naseby Water Race	\$2,272
John McGlashan Presbyterian College Board (Inc)	\$2,130
BRONZ (Otago) Inc	\$2,000
In Memory of the Late Toby Hope	\$1,746
Glen Lyon Station Jane Wrigley	\$1,540
Estate Stephen James Kollat	\$1,508
Dunstan Eco Action Group	\$1,500
Hawkins Watts Ltd	\$1,500
Lions Club of Mosgiel Districts	\$1,500
R & K Tweedie	\$1,500
Becks Kids Hunting Competition	\$1,356
Wanaka Bridge Club	\$1,250
BP & DG Racz	\$1,200
Mr and Mrs Bevan Wilson	\$1,200
In Memory of the Late Robbie Hodge	\$1,109
In Memory of the Late Mr Murray Barrington	\$1,048
Adrienne Petrie	\$1,000
Alexandra District Club Inc	\$1,000
ANZ BANK	\$1,000
BM Conley	\$1,000
Christine Rose	\$1,000
E B Morris	\$1,000
Lions Club of Clyde & Districts Inc Charitable Trust	\$1,000
Liquigas Ltd Head Office	\$1,000
Myles Gazley	\$1,000
Peter Nees	\$1,000
Roxburgh Thrift Shop	\$1,000
S & SA Cosmatos	\$1,000
Temuka Transport (1967) Ltd	\$1,000
Windsor Brass Ltd	\$1,000

Plus 134 generous group and individual donations \$34,272

Total **\$718,016**

Otago Rescue Helicopter Trust

Consolidated Financial Statements For the year ended 30 June 2018

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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) Martin Dippie (Deputy Chairman) Warwick Deuchrass John Gallaher Paul Moodie Tony Sycamore
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 2018

	Notes	Consolidated	
		2018	2017
		\$	\$
RESCUE OPERATIONS			
REVENUE			
Rescue mission income (2018: 9-Mths to contract end; 2017: 12-Mths)	7	5,608,463	6,204,119
Other income	7	27,565	16,114
TOTAL REVENUE		5,636,028	6,220,233
EXPENSES			
Rescue mission delivery expenses (2018: 9-Mths to contract end; 2017: 12-Mths)	9	5,971,238	6,674,819
Other overhead and administration expenses	9	189,638	228,539
Depreciation, amortisation and impairment expenses	10	47,933	60,803
Wages, salaries and other employee costs	8	-	75,224
TOTAL EXPENSES		6,208,809	7,039,385
NET (DEFICIT) - RESCUE OPERATIONS		(572,781)	(819,152)
COMMUNITY FUNDRAISING, DONATIONS AND INTEREST			
REVENUE			
Community Fundraising and donations	7	718,016	761,777
Interest income	7	81,146	47,280
Total Community Fundraising, Donations and Interest		799,162	809,057
Bequests		-	897,805
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		226,381	887,710

NOTE

During the year the Trust ceased its rescue operations upon termination of the MOH/ACC contract with the effect from 31 March 2018. Refer Note 2.

The Trust made capital purchases of rescue and medical equipment totaling \$60,125 for the year. Further, pending a satisfactory outcome to the MOH-led Tender, Trustees have committed \$413,200 to update medical equipment in 3 helicopters and extend low-level GPS flight routes to Dunstan and Oamaru Hospitals.

The community fundraising and resulting surplus presented above are important to the Trust's ongoing maintenance of the services rescue and medical capabilities.

CAPITAL FUNDS CONDITIONALLY COMMITTED FOR THE 2018/19 YEAR

Intensive-care medical equipment replacement/upgrade - 3 Helicopters
Low-level GPS flight routes - Dunstan and Oamaru hospitals

2019
\$
350,000
63,200
413,200



Otago Rescue Helicopter Trust


Consolidated Statement of Financial Position As at 30 June 2018

	Notes	Consolidated	
		2018	2017
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	11	375,459	1,323,364
Bank deposits		2,860,000	810,000
Receivables from exchange transactions	12	156,130	1,214,990
Prepayments		4,730	3,292
Total current assets		3,396,319	3,351,645
Non-current			
Bank deposits		-	100,000
Intangible Assets	15	71,283	58,703
Plant and equipment	14	180,188	187,840
Total non-current assets		251,471	346,543
TOTAL ASSETS		3,647,790	3,698,188
LIABILITIES			
Current			
Payables under exchange transactions	13	99,937	376,717
Total current liabilities		99,937	376,717
TOTAL LIABILITIES		99,937	376,717
NET ASSETS		3,547,853	3,321,471
TRUST FUNDS			
Life support & Ambulance Equipment Replacement Reserve		1,000,000	1,000,000
Endowment Capital Reserve		897,805	897,805
General Operating Reserve		1,650,048	1,423,667
TOTAL TRUST FUNDS		3,547,853	3,321,472

These financial statements have been authorised for issue by the trustees on 15 August 2018.


Chairperson

15 August 2018
Date


Trustee

15 August 2018
Date



The notes on pages 6 to 16 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 2018

	Trust Capital	General Operating Reserve	Undistributed donations reserve	Endowment Fund Reserve	Life Support & Ambulance Equipment Replacement Reserve	Total
	\$	\$	\$		\$	\$
Balance 1 July 2017	-	1,423,667	-	897,805	1,000,000	3,321,472
Surplus/ (deficit) for the year	226,381	-	-	-	-	226,381
Total comprehensive revenue and expense	226,381	-	-	-	-	226,381
Transfer to/ (from) equity reserves in the year	(226,381)	226,381	-	-	-	-
Balance 30 June 2018	-	1,650,048	-	897,805	1,000,000	3,547,853
Balance 1 July 2016	-	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	-	1,423,667	-	897,805	1,000,000	3,321,472

The notes on pages 6 to 16 are an integral part of these financial statements.



Otago Rescue Helicopter Trust

Consolidated Statement of Cash Flows For the year ended 30 June 2018

Notes	Consolidated	
	2018	2017
	\$	\$
Cash flow from operating activities		
<i>Cash was provided from/(applied to):</i>		
Receipts from exchange transactions	6,565,669	6,002,034
Receipts from non-exchange transactions	718,016	1,659,582
Payments to suppliers	(6,382,959)	(6,781,353)
Payments to employees	-	(75,224)
Interest paid	-	-
Interest received	70,919	74,792
Net movement in GST	83,312	(25,001)
Net cash from/(used in) operating activities	1,054,957	854,830
Cash flow from investing activities		
<i>Cash was provided from/(applied to):</i>		
Acquisition of plant and equipment	(52,862)	(59,483)
Receipts from term deposits drawn	-	110,000
Receipts from term deposits invested	(1,950,000)	-
Net cash from/(used in) investing activities	(2,002,862)	50,517
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	(947,905)	905,347
Cash and cash equivalents, beginning of the year	1,323,364	418,017
Cash and cash equivalents at end of the year	11	375,459
	1,323,364	1,323,364

Otago Rescue Helicopter Trust

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

1 Reporting entity

These financial statements comprise the consolidated financial statements of Otago Rescue Helicopter Trust (the "Trust") for the year ended 30 June 2018.

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 Discontinued Operations

The latest MOH and ACC five year contract with the Trust to provide rescue helicopter services across the lower South Island, terminated on 31 March 2018.

As Trustees advised in their 2017 report, the new MOH-led tender process clearly signalled a significant shift from the former regional rescue helicopter services operated by community Trusts to a new centralised service model - designed, run and controlled by MOH. Trustees therefore determined that the Trust would not be a future contracted party, at a considerable financial risk, between MOH and the helicopter operator - rather the Trustees believed MOH should contract directly with HeliOtago - the proven regional specialist provider.

The end of the contract represents a discontinued operation for financial reporting purposes, the financial results of which are presented below:

	2018	2017
	\$	\$
A. Results of discontinued operation		
Revenue	5,637,302	6,221,677
Expenses	(6,134,335)	(6,924,077)
Net deficit from discontinued operations	(497,033)	(702,400)

	2018	2017
	\$	\$
B. Cash flows from discontinued operation		
Net cash used in operating activities	(551,112)	(864,957)
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Net cash flows used for the year by discontinued operations	(551,112)	(864,957)

3 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.



Otago Rescue Helicopter Trust

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

(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.

4 Summary of significant accounting policies

The accounting policies of the Trust 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.

(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.

Otago Rescue Helicopter Trust

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

(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.

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.



Otago Rescue Helicopter Trust

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

(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.

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.

Otago Rescue Helicopter Trust

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

5 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.

6 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.

7 Income

	2018	2017
	\$	\$
REVENUE FROM EXCHANGE TRANSACTIONS		
Rescue mission income		
ACC	2,167,935	2,463,606
MOH	2,026,238	2,142,223
DHB	884,400	980,800
Other - Police / SAR / Overseas Patients	529,890	617,490
Total rescue mission income	5,608,463	6,204,119
Other income		
Overseas patient debt recovery	-	12,745
Kaikourai earthquake debt recovery	26,615	-
ACC crew accommodation allowance	950	3,369
Total other income	27,565	16,114
Total Revenue from exchange transactions	5,636,028	6,220,233
REVENUE FROM NON-EXCHANGE TRANSACTIONS		
Community fundraising and donations	718,016	761,777
Interest	81,146	47,280
Total Revenue from non-exchange transactions	799,162	809,057
TOTAL REVENUE	6,435,190	7,029,290

8 Wages, salaries and other employee costs

	2018	2017
	\$	\$
Wages & Salaries	-	75,224
Total	-	75,224



Otago Rescue Helicopter Trust

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

9 Expenses

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

	2018	2017
	\$	\$
Service Delivery Expenses		
ACC Missions Stopped	21,097	45,290
Helicopter leases	1,556,690	2,054,953
Helicopter operating costs	2,233,188	2,459,809
Helicopter rental - extra machines	569,566	199,479
Helicopter pilots standby & ground charges	1,080,224	1,365,299
Maintenance - equipment	10,078	4,936
Paramedic crewing - permanent	459,324	461,632
Paramedic crewing - per mission	-	-
Safety training - crew & services	41,071	83,422
Total	5,971,238	6,674,819
	2018	2017
	\$	\$
Other Overhead and Administration Expenses		
Audit fees	7,060	6,810
Accountancy & administration	58,179	65,274
Legal Fees	2,477	24,668
Loss on disposal of property, plant and equipment	7,263	-
Bad debts - overseas patients written off	48,600	17,296
Bad debts - Kaikoura earthquake missions written off	-	26,775
Trust board expenses	7,706	6,574
Other	58,353	81,142
Net foreign exchange losses	-	-
Total	189,638	228,539

10 Depreciation, amortisation and impairment expenses

	2018	2017
	\$	\$
Depreciation of property, plant and equipment	47,933	60,803
Impairment losses on trade receivables	-	-
Impairment loss - plant and machinery	-	-
Total	47,933	60,803

11 Cash and cash equivalents

	2018	2017
	\$	\$
Anderson Lloyd Trust Account	-	883,654
ANZ Cheque Account	110,364	164,443
ANZ Call Account 25	224,017	177,900
ANZ Call Account 26	28,540	28,441
ANZ NPO Current Account	33	24
Westpac Account	9,005	66,653
Paypal Account	3,500	2,250
Total cash and cash equivalents	375,459	1,323,364

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 2018

12 Receivables from exchange transactions

	2018	2017
	\$	\$
Trade debtors	138,233	1,207,320
Accrued interest	17,897	7,670
Related party receivables	-	-
Less allowance for doubtful debts	-	-
Total	156,130	1,214,990

Classified as:

Current assets	156,130	1,214,990
Non-current assets	-	-
Total	156,130	1,214,990

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 2017 and 2018, 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:

	2018	2017
	\$	\$
Opening balance	-	-
Amounts written off	-	-
Impairment losses recognised in the year	-	-
Impairment losses reversed in the year	-	-
Closing balance	-	-

13 Payables under exchange transactions

	2018	2017
	\$	\$
Current		
Trade creditors	86,674	337,478
Non trade payables and accrued expenses	6,824	6,825
GST payable/(receivable)	3,121	26,159
Related party payables	3,318	6,256
Total current	99,937	376,717
Total payables under exchange transactions	99,937	376,717

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 2018

14 Plant and equipment

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

2018	Medical & Rescue Equipment	Motor vehicles	Total
	\$	\$	\$
Gross carrying amount			
Opening balance	1,187,612	101,904	1,289,516
Additions	47,545	-	47,545
Disposals	(7,264)	-	(7,264)
Closing balance	1,227,893	101,904	1,329,797
Accumulated depreciation and impairment			
Opening balance	1,035,257	66,419	1,101,676
Depreciation for the year	41,531	6,402	47,933
Impairment charge for the year	-	-	-
Closing balance	1,076,788	72,821	1,149,609
Carrying amount 30 June 2018	151,105	29,083	180,188

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
Current year depreciation	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

Otago Rescue Helicopter Trust

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

15 Intangible assets

Movements for each class of intangible assets are as follows:

2018	IFR GPS Route Mapping - Indefinite Life	Other	Total
	\$	\$	\$
Gross carrying amount			
Opening balance	58,703	-	58,703
Additions	12,580	-	12,580
Disposals	-	-	-
Closing balance	71,283	-	71,283
Accumulated depreciation and impairment			
Opening balance	-	-	-
Current year amortisation	-	-	-
Amortisation written back on disposal	-	-	-
Closing balance	-	-	-
Carrying amount 30 June 2018	71,283	-	71,283

2017	IFR 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 30 June 2017	58,703	-	58,703



Otago Rescue Helicopter Trust

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

16 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.

2018	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	-	-	-	-	-
Total non-current assets	-	-	-	-	-
<i>Other investments</i>					
Trade and other receivables	-	156,130	-	156,130	156,130
Cash and cash equivalents	-	375,459	-	375,459	375,459
Other investments	-	2,860,000	-	2,860,000	2,860,000
Total current assets	-	3,391,591	-	3,391,591	3,391,591
Total assets	-	3,391,591	-	3,391,591	3,391,591
Financial liabilities					
Trade and other payables	-	-	99,937	99,937	99,937
Total current liabilities	-	-	99,937	99,937	99,937
Total liabilities	-	-	99,937	99,937	99,937

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

Otago Rescue Helicopter Trust

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

17 Operating leases

	2018	2017
	\$	\$
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	-	1,556,690
Between one and five years	-	-
More than five years	-	-
Total	-	1,556,690

18 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 2017 and 2018 was to the Executive Chairman.

	2018			
	Executive Chairman	Trustees	Snr mgmt	Total
	\$	\$	\$	\$
Salaries and other short-term employee benefits	30,000	-	-	30,000
Termination benefits	-	-	-	-
Post-employment benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Total remuneration	30,000	-	-	30,000
Number of persons recognised as key management personnel	1	6	-	7

	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

19 Contingent assets and contingent liabilities

The Trust has no contingent assets or contingent liabilities (2017: None).

20 Capital funds conditionally committed

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

	2018	2017
	\$	\$
Intensive-care medical equipment replacement/upgrade - 3 Helicopters	350,000	-
Low-level GPS flight routes - Dunstan and Oamaru hospitals	63,200	-
Total	413,200	-

21 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	<p>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.</p> <p>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</p> <p>This description forms part of our auditor's report.</p>
Restriction on use	<p>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.</p>
Electronic publishing	<p>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.</p>

Deloitte Limited

Dunedin, New Zealand
7 September 2017



OTAGO
Rescue
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