

Otago Rescue Helicopter Trust Annual Report 2013-14





OTAGO
RESCUE
HELICOPTER

Ian Hickey
Advanced Paramedic

OTAGO

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Key Statistics

TOTAL FLYING HOURS	2013-14	Last Year	% Change
Accident	380	369	+3
Medical Emergency	381	250	+52
Hospital Transfers	145	218	-33
Other	53	40	+32
TOTAL	959	877	+9

TOTAL MISSIONS

Accident	252	249	+1
Medical Emergency	220	138	+59
Hospital Transfers	70	104	-33
Other	22	24	-8
TOTAL	564	515	+9

Operating Income (\$000's)	3,699	3,792	-2
Operating Expenses (\$000's)	4,533	4,171	+8
Trust Income (\$000's)	947	765	+24
Transfers from Trust to Company (\$000's)	833	378	+120
Reserves (\$000's)	2499	2526	-1



Chairman's Report

The Otago Rescue Helicopter Trust has had a busy and challenging 2013-14 year:

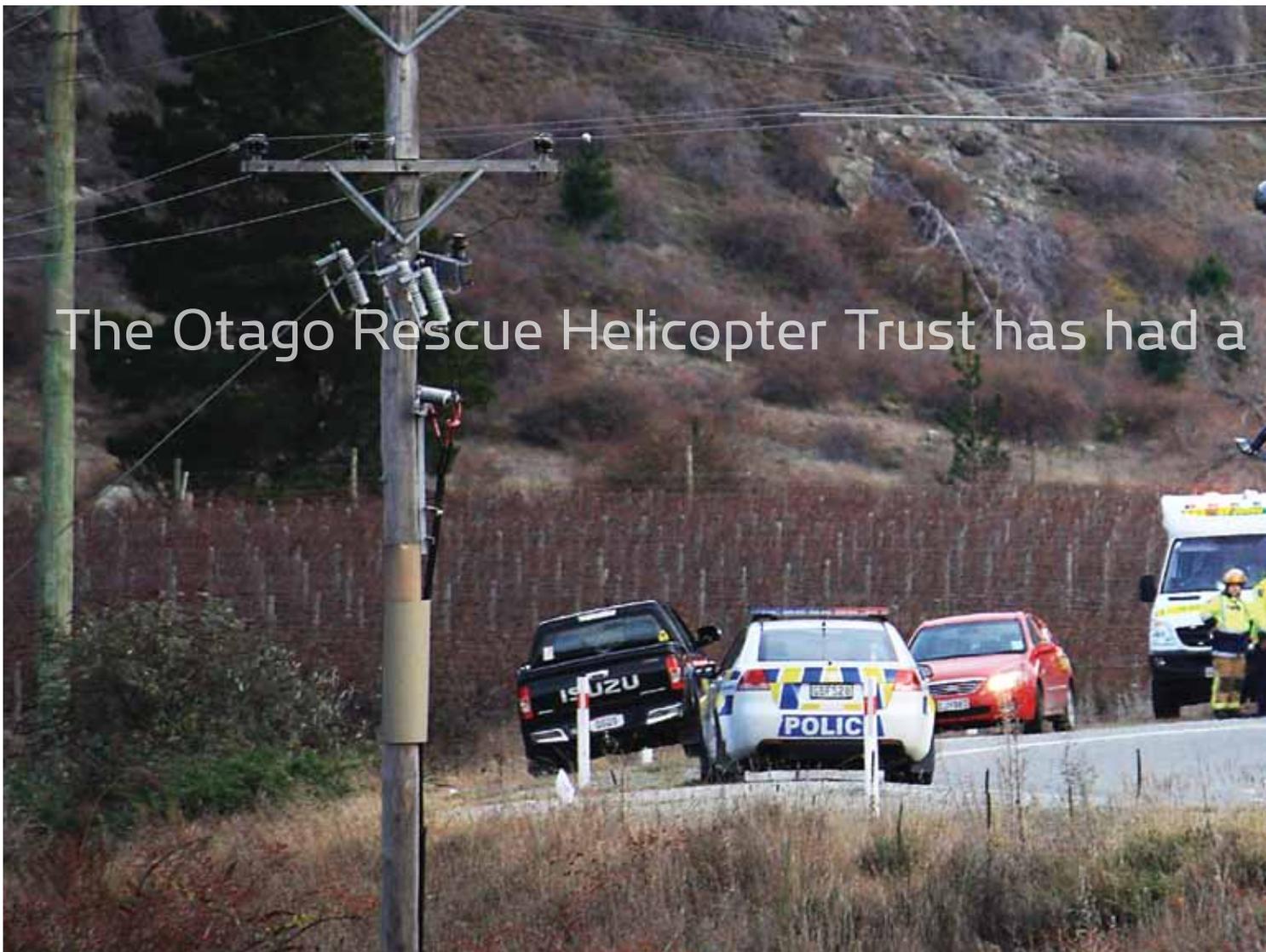
- 564 emergency missions requiring 959 flying hours – 9% increase on last year
- Strong Community donations \$856,000 – very encouraging 25% increase
- Community share of total rescue helicopter costs increased dramatically from \$379,000 to \$840,000 largely caused by an unexpected change in MOH use pattern under new contract
- Ken Franklin appointed Trust Manager in February 2014 – our first administrative employee

The Otago rescue helicopter has responded to 564 emergencies across the region, involving 959 mission hours flying which has kept our rescue helicopter and crews busy.

This was the first full year of the new contract with ACC & MOH. The contract contains a significant portion of Crown funding being fixed. A number of subsequent unexpected MOH initiated changes were largely responsible for a \$530,000 increased cost to the Trust for the year. Whilst the Trust accepts its commitment to increased community funding and was able to absorb this increase for the first year, Trustees have advised MOH their changed usage pattern is not anticipated in the contract and is not sustainable.

The Otago Regional Council's annual donation of \$350,000 continues as the Trust's valued major sponsor. We have also received very generous donations totalling \$506,000 from many communities, organisations and individuals across the greater region which is most encouraging for Trustees and Rescue Crew.

The Otago Rescue Helicopter Trust is one of the most efficient of the larger Trusts in the country but rescue helicopters are expensive to operate, maintain and equip and an even greater level of community support is essential to ensure the continuing success of the rescue service we have all come to value and depend upon.



Trustees appointed Ken Franklin as part time Trust Manager in February 2014 with a particular emphasis on fundraising and creating greater awareness in the wider region of the work the Trust undertakes. Ken has embraced his new role with enthusiasm and has quickly earned the respect of those he has had the opportunity of working with.

Ken will also be responsible for the Trust's key relationship with its operational partner, Helicopters Otago. Heli Otago has been a critical partner with the Trust in providing this rescue service since 1998. The exceptional quality of service they deliver, combined with the dedication they show to their work and to the people of this region ensure our community benefits from one of the best emergency air ambulance services in New Zealand. Trustees are deeply appreciative of the work that HeliOtago and the rescue Crew contribute and we congratulate them on their professionalism and performance.

Our seven long-serving Trustees provide enlightened and professional governance of the Trust. Despite increasing workloads, compliance requirements and increasing personal liabilities, our volunteer Trustees are fully committed to the task and continue to guide the organisation through the continuing

challenges. I wish to acknowledge and thank them for their contributions and commitment to the service we are all proud to serve.



Ross Black
Trust Chairman





152.08

Jet A-1



SAFETY INSTRUCTIONS
Read and understand the instructions before using the nozzle.
Do not use the nozzle if you are unable to understand the instructions.
Do not use the nozzle if you are unable to see the nozzle clearly.
Do not use the nozzle if you are unable to hear the nozzle clearly.
Do not use the nozzle if you are unable to feel the nozzle clearly.
Do not use the nozzle if you are unable to smell the nozzle clearly.
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Do not use the nozzle if you are unable to touch the nozzle clearly.

 NO Smoking
 NO Cellphones
Please STOP ENGINE



Manager's Report

The year in summary

The 2013-14 year signaled a dramatic shift in the Trust's operating environment. Combined effects of a new Ministry of Health contract and a significant 52% increase in the number of Ministry of Health (MOH) mission hours, effectively reduced the payments per mission that the Trust received from the Crown. In turn, this increased our reliance on donations and support from the community.

Coinciding with the impact of that new contract, the number of hours flown in hospital transfers reduced by some 33%. This actually increased financial pressure on the Trust by further reducing our average income per flying hour.

The Trust enjoyed a significant 25% increase in donations and sponsorship contributions from the community. Happily, that increase helped balance the loss of income accruing under the new contract. Even with this support, however a full year loss of almost \$32,000 was recorded. This deficit was funded from reserves.

Our longstanding and successful partnership with HeliOtago once again brought real benefit to the operational side of our service. HeliOtago kept a strict control on costs, delivered an extensive maintenance programme on our leased aircraft, provided the support flight and paramedical crew as required and again delivered some of the best performance statistics of any emergency air ambulance service in New Zealand.

The ACC and MOH work is governed by a contract for services

However, rescue missions are conducted on behalf of a number of different agencies including the Police for search and rescue, district health boards for hospital transfers and—the two biggest users—ACC and the Ministry of Health for accidents and medical emergencies respectively.

Payments for services from all agencies generally do not cover the full cost of those missions but rely upon local community contributions to make up the difference.

The Trust entered a new ACC MOH contract at the beginning of the 2013-14 year, the result of extensive negotiation undertaken by twelve rescue trusts operating throughout New Zealand. Those negotiations lasted almost a year. The complexity of helicopter operations, the unpredictable nature of demand for the service and the diversity of air rescue service (type of aircraft, type of operator, size of community, size of territory) made the task all the more difficult.

The new contract is complex

Moving from a fixed total cost per hour for flying these missions, the new arrangement established a two-part payment system.

The first part of that arrangement is an hourly-rate payment that addresses the variable costs of flying (programmed maintenance, fuel and oil) and is paid for every mission-hour flown. This is referred to as the variable payment.

The second part, paid on a fixed monthly basis, is designed to contribute to the less regular high costs of capital, depreciation, unanticipated maintenance, training, compliance and other long-term expenses associated with maintaining and operating a helicopter rescue service. This is referred to as the capacity payment, and it was agreed this payment would remain fixed for the five-year term of the contract.

In determining the amount of the capacity payment the parties to the negotiation considered the total ACC and MOH fees the service received during the 2012 year. Applying the newly calculated "variable" rate to the number of hours flown for 2012, the negotiators were able to deduct that sum from the total fees and arrive at a residual amount deemed to be the capacity payment.

In adopting this combination of variable fee (paid for each hour flown) and the capacity payment (paid monthly and fixed for the term of the contract) the parties to the contract reasonably assumed the demand on the service would continue to grow with only modest annual increases, similar to those experienced in the previous decade. This arrangement provided operators with some confidence the anticipated fees for 2013 would be at the same level as received in 2012.

However, in 2013, a rapidly escalating demand for MOH services—not anticipated by contract negotiators—had an immediate and unexpected impact on both crewing resources and operating costs borne by the rescue service.

There is no doubt the contract was agreed against a background of intentions of partnership, respect and transparency to provide a foundation for an agreement that would deliver efficient and effective air ambulance and rescue services to meet the needs of the community.

The Trust therefore assumed the commitment to such principles would protect this community from any unanticipated consequences of the contract by ensuring an ongoing and open dialogue with the Crown. At the time of writing this report that assumption is proving difficult to deliver. Despite the unpredicted and dramatic increase in medical emergencies, the Crown is seeking to interpret the contract as a fixed position, unable to be changed for its five-year term.

Such a stance, if taken to its ultimate conclusion (and assuming a continuation of the growth in MOH demand experienced over the last financial year) means the Trust will be unable to fund the increasing gap between income and expenses created under the new contract arrangements. This position has been regularly communicated directly to the Ministry since becoming apparent.

Community contributions

The Trust enjoyed significant growth in support through donations to the service throughout the year. The Otago Regional Council once again committed a substantial contribution, which helped underwrite the operation. The Lions clubs in Taieri, Clinton and Lawrence held both brassica growing competitions and a "Stars in Their Eyes" event, with associated

Continued over:



St John

auctions, that generated a lot of money for the Trust and a lot of fun for the community. Contributions from individual families, businesses, and charitable entities all helped deliver the increase in funding that financed the increasing costs that the Trust faced throughout the year.

Increasing pressure on operating costs for the Trust, caused through the continuing growth in demand for these services, will cause the Trust to be more vigilant in pursuing sponsorship from local industry. A new fundraising policy has been agreed that will hopefully result in an increase in the number of corporate business names added to the signage on our aircraft. And, we will be looking to attract more contributions from our communities in Southland in recognition that one third of our missions now come from that region.

Performance

The operation of the service once again delivered an impressive performance in comparison with other air ambulance services throughout New Zealand. Our response times (at close to six minutes for day time responses) are still better than other operators and our cost per flying hour sits at close to half the average cost per flying hour of all other trusts.

Our operator Helicopters Otago Limited provided a quality of rescue service that can only be described as outstanding. Their organisation received recognition in the year for the contribution that they have made to the safety standards of the air industry in New Zealand with the receipt of an award from the Civil Aviation Authority recognising them as being the best in the country.

The Trust congratulates Helicopters Otago for that award. We thank Graeme and Ros Gale for their work and for the dedication and contribution made by the flight crew, paramedics and all of the back-up personnel who contribute to our target of delivering the best quality service to the people of our region.



Ken Franklin
Trust Manager





Operator's Report

It has certainly been another busy and challenging year. We have seen a large increase in Ministry of Health transfers and these increases appear to be continuing. The increased hours brings a number of issues. The largest impact to the Operator is the aircraft maintenance checks (required at least every 50 hours). This creates more downtime and the increasing number of larger checks increases the number of times a second machine needs to be used.

There are a significant number of times when the two machines are now required and this year, on a number of occasions, we have had all three machines out at once.

Over the last 12 months, the other change we have noticed is the increase in missions for longer durations especially to some of the more outlying areas and often having to transport the patient away from Dunedin to Christchurch. The additional length and duration of these missions has been quite a noticeable change.

Night missions over the last three or four months requiring a second machine have also had a large increase. This can be a real challenge for us, especially after a steady day. Some days have seen us undertake up to eight hours flying. It can be quite challenging to make sure we stay within the legal requirements for rest periods for crew and we need to make sure that fatigue does not creep in and affect our ability. We are lucky we have a number of pilots who can assist and fill the gaps when needed.

One of the bigger issues going forward is ensuring we have sufficient numbers of qualified pilots and crew for the helicopter. We have recently employed an additional pilot and have begun his training for this specialized work. It will be at least another 6 months before he gains the appropriate ratings and is up to speed to be a co-pilot. Training a pilot to the level we are at now is a very complex and timely process. Daytime, nighttime, winching, Night Vision Goggles, offshore, Search and Rescue, Marine, and Hospital transfers all require their own aspects of training and this significantly impacts on the development time required for a pilot.

Another project we started around 12 months ago was to bring the Otago Regional Rescue Helicopter up to IFR (Instrument Flight Regulation) certification and also obtaining the pilots IFR certification. The aircraft has now been certified. This was a major project, as all the avionics (flight instrument panel and aircraft guidance system) plus the communications system was rebuilt and/or upgraded.

To assist with the training on the new avionics, we brought in a specialist from the USA who trained our trainer to allow him to undertake the necessary training for our pilots. Grant Withers is now the only pilot in New Zealand qualified to train on this particular system. And this aircraft is one of the only aircraft in the worlds of this type, equipped with this state of the art system.

The approvals of the Civil Aviation Authority posed a challenge during this certification process as the technology is so advanced, they did not have anyone who was able to provide

the required type of training. CAA have since authorised Grant to continue with the training and this is an excellent outcome.

The rescue helicopter has undertaken three IFR missions to Invercargill. IFR capability is going to bring some major advantages for safety when weather or light conditions restrict normal flying. It will be a huge advantage when getting in and out of the valley at night when the weather is less than average and we know it is fine in Central. It will be a long process to be fully certified and have our crew fully qualified but it will enhance our safety tenfold. We aim to have this process completed within the next six months.

In terms of paramedic crewing, we are still okay at this stage but when the second and third machines are called, we are actually using some of the HeliOtago staff to act as crewman as St John may not always have the available resources to release extra staff. This seems to be working and fills the gap.

The community support out there is huge and the number of people and groups visiting the airbase has certainly increased. Community service clubs, Probus clubs, Lions clubs all want to come to Taieri for a look at the operation, and for a chat. This is good; if people want to know about it, we are certainly keen to talk about it and tell them the story. We are still being seen in an extremely good light in the community for the operations we are doing.

Without doubt the biggest challenge going forward is the maintenance issue (both in down time for the aircraft and in cost). This is a real issue, and will need to be addressed.

The other aspect I should mention, was the fact that CAA awarded Helicopters Otago the Director's Safety Award. This was absolutely unexpected and we are certainly very grateful for the award and humbled and privileged to receive it.

Graeme Gale

Managing Director, HeliOtago





OTAGO RESCUE HELICOPTER TRUST
SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 30TH JUNE 2014

OTAGO RESCUE HELICOPTER TRUST

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

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OTAGO RESCUE HELICOPTER TRUST

DIRECTORY

AS AT 30TH JUNE 2014

PRINCIPAL ACTIVITY: To support and maintain the provision of an emergency rescue helicopter service in the greater Otago Region.

TRUSTEES: Ross Black - Chairman
Warwick Deuchrass
Martin Dippie
John Gallaher
Paul Moodie
Tony Sycamore
Philip Taylor

AUDITORS: Deloitte
P O Box 1245
DUNEDIN

ACCOUNTANTS: Crowe Horwath
P O Box 188
DUNEDIN
Paul Moodie

SOLICITORS: Anderson Lloyd Lawyers
Private Bag 1959
DUNEDIN
W Deuchrass

BANKERS: ANZ
P O Box 121
DUNEDIN

TRUST MANAGER: Ken Franklin

TRUST SECRETARY: Jill Cameron

OTAGO RESCUE HELICOPTER TRUST

INCOME AND EXPENDITURE

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

	This Year (12 months) (audited) \$	Last Year Comparative (12 months) (unaudited) \$	Last Year (15 months) (audited) \$
<u>OPERATIONAL INCOME</u>			
Operational Donations	856,292	682,297	835,174
Interest Received	90,708	83,056	102,903
	<u>947,000</u>	<u>765,353</u>	<u>938,077</u>
<u>LESS OPERATIONAL EXPENSES</u>			
Administration	73,363	35,190	40,469
Audit Fee	-	-	-
Depreciation of Motor Vehicles, Medical & Rescue Equipment	65,584	87,466	108,116
<u>TOTAL OPERATIONAL EXPENSES</u>	<u>138,947</u>	<u>122,656</u>	<u>148,585</u>
<u>LESS ALLOCATED AS FOLLOWS:</u>			
Funded to Otago Rescue Helicopter Limited (To support rescue helicopter operation)	839,818	378,963	529,924
	<u>(31,765)</u>	<u>\$263,734</u>	<u>\$259,568</u>
<u>OPERATING SURPLUS/(DEFICIT)</u>			
	<u>(31,765)</u>	<u>\$263,734</u>	<u>\$259,568</u>
<u>SURPLUS/(DEFICIT) TRANSFERRED TO GENERAL OPERATIONAL RESERVE</u>			
	<u>(31,765)</u>	<u>\$263,734</u>	<u>\$259,568</u>
<u>FUNDS APPLIED FOR THE PURCHASE OF NEW AND REPLACEMENT EMERGENCY MEDICAL EQUIPMENT FOR THE YEAR ENDED 30 JUNE 2014</u>			
	This Year (12 months) (audited) \$	Last Year Comparative (12 months) (unaudited) \$	Last Year (15 months) (audited) \$
	<u>\$57,660</u>	<u>\$16,954</u>	<u>\$33,884</u>

The accompanying notes on pages 5-7 form part of these financial statements.

OTAGO RESCUE HELICOPTER TRUST

STATEMENT OF MOVEMENTS IN TRUST EQUITY

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

	This Year (12 months)	Last Year (15 months)
	\$	\$
<u>TOTAL EQUITY AT BEGINNING OF YEAR</u>	2,526,943	2,267,455
Add Net Surplus/(Deficit)	(31,765)	259,488
Total recognised revenues and expenses	(31,765)	259,488
<u>TOTAL EQUITY AT END OF YEAR</u>	<u>\$2,495,178</u>	<u>\$2,526,943</u>
 <u>REPRESENTED BY:</u>		
General Operational Reserve		
Balance at beginning of year	1,526,943	1,267,455
Surplus/(Deficit) allocated	(31,765)	259,488
Balance at end of year	<u>1,495,178</u>	<u>1,526,943</u>
 Life Support & Ambulance Equipment Replacement Reserve		
Balance at beginning of year	<u>1,000,000</u>	<u>1,000,000</u>
Balance at end of year	<u>1,000,000</u>	<u>1,000,000</u>
 <u>TOTAL TRUST EQUITY</u>	 <u>\$2,495,178</u>	 <u>\$2,526,943</u>

The accompanying notes on pages 5-7 form part of these financial statements.

OTAGO RESCUE HELICOPTER TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

NOTE 1

SPECIAL PURPOSE FINANCIAL STATEMENTS

The financial statements of the Otago Rescue Helicopter Trust ("the Trust") for the 12 months ended 30 June 2014 are presented as a special purpose financial report.

This special purpose financial report has been prepared solely for the purpose of presenting the income and expenditure and the financial position of the Trust as a stand alone entity and should not be relied on for any other purpose.

The financial statements have been prepared as special purpose financial statements and are not fully in accordance with NZ GAAP. They are consistent with old NZ GAAP, as appropriate for entities that qualify for differential reporting, except that the financial statements do not reflect the consolidation of the Trusts interest in Otago Rescue Helicopter Limited.

The Trust has not consolidated its 100% owned subsidiary Otago Rescue Helicopter Limited, but rather presented a separate set of financial statements for Otago Rescue Helicopter Limited as an attachment to this report - as Trustees believe this provides a clearer understanding of the separate operations.

The Trust owns 100% of the shares in Otago Rescue Helicopter Limited ("the Company"). The Company holds the contract for the provision of emergency air ambulance services in the lower South Island. The financial statements of the company have not been consolidated into the Trust. The activities of each entity are distinct and neither entity carries external debt funding. The Trustees believe that the presentation of separate financial statements for each entity provides greater transparency of the financial performance and financial position of the Trust and the Company.

NOTE 2

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

The entity is a trust established by a trust deed dated 1st August 1997. Otago Rescue Helicopter Trust qualifies for income tax and duty exemptions due to its charitable status.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the entity.

Specific Accounting Policies

Depreciation

Depreciation has been charged in the financial statements using the following rates:

Medical & Rescue Equipment 12% - 60% Diminishing Value
Motor Vehicles 13% -36% Diminishing Value

OTAGO RESCUE HELICOPTER TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

Medical and Rescue Equipment

Medical and Rescue Equipment are recorded at cost less accumulated depreciation.

Motor Vehicles

Motor Vehicles are recorded at cost less accumulated depreciation.

Term Deposits

Term Deposits have been recorded at cost.

Accounts Receivable

Accounts Receivable are recorded at net realisable value.

Goods and Services Tax

The financial statements have been compiled stating all income and expenditure items exclusive of GST.

Consolidation

Consolidated financial statements have not been prepared for the reasons set out in Note 1. Separate financial statements for Otago Rescue Helicopter Limited are attached.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used last year.

Differential Reporting

Otago Rescue Helicopter Trust is a qualifying entity in terms of the Framework for Differential Reporting by virtue of the fact that it has no public accountability and the entity is not large per the size criteria.

All available differential reporting exemptions have been applied.

Comparatives

During the period the Trust changed its balance date and presented a 15 month period to 30 June 2013. In order to provide a meaningful comparative period for the 30 June 2014 financial statements the Trustees have included an "unaudited" Statement of Income and Expenditure for the year ended 30 June 2013. The unaudited comparative period covering the year ended 30 June 2013 is included for information purposes only.

OTAGO RESCUE HELICOPTER TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

NOTE 3

MOTOR VEHICLES, MEDICAL & RESCUE EQUIPMENT

	Original Cost \$	Deprn To Date \$	Closing Book Value \$
2014			
Medical & Rescue Equipment	1,022,227	865,304	156,923
Motor Vehicles	101,904	33,282	68,622
	<u>\$1,124,131</u>	<u>\$898,586</u>	<u>\$225,545</u>
2013			
Medical & Rescue Equipment	1,028,944	839,624	189,320
Motor Vehicles	68,194	24,044	44,150
	<u>\$1,097,138</u>	<u>\$863,668</u>	<u>\$233,470</u>

NOTE 4

OTAGO RESCUE HELICOPTER LIMITED

Otago Rescue Helicopter Trust owns 100% of the shares in Otago Rescue Helicopter Limited. Otago Rescue Helicopter Limited holds the contract for the provision of emergency air ambulance services in the lower South Island.

NOTE 5

RELATED PARTY TRANSACTION

Crowe Horwath have provided accounting and secretarial support and advice to the Trust/Company since the Trust/Company was formed. These services include monthly contract reporting and additional advisory services and are invoiced on an arms length basis as and when services are required. In November 2003 the Trust appointed Mr Paul Moodie, a Principal at Crowe Horwath as a Trustee and Director. Mr Moodie's potential conflict was addressed and formally noted.

Anderson Lloyd have provided legal support and advice to the Trust/Company since the Trust/Company was formed. These services are invoiced on an arms length basis as and when services are required. In October 2000 the Trust appointed Mr Warwick Deuchrass as a Trustee and Director. Mr Deuchrass's potential conflict has been addressed and formally noted.

As noted above, the Trust owns 100% of Otago Rescue Helicopter Limited (Company). The Trust provides funding support for the Company as required. At year end, \$59,220 was payable to the Company (2013: \$37,202 was receivable from the Company).

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF OTAGO RESCUE HELICOPTER TRUST

Report on the Special Purpose Financial Statements

We have audited the special purpose financial statements of Otago Rescue Helicopter Trust on pages 2 to 7, which comprise the statement of financial position as at 30 June 2014, the statement of income and expenditure for the year ended 30 June 2014, the statement of movements in equity for the year ended 30 June 2014, and a summary of significant accounting policies and other explanatory information.

The special purpose financial statements of Otago Rescue Helicopter Trust also include a restated comparative statement of income and expenditure for the year ended 30 June 2013 marked as "unaudited" as this information has not been the subject of our audit and is outside the scope of our audit opinion.

Board of Trustees' Responsibility for the Financial Statements

The Board of Trustees are responsible for the preparation and fair presentation of the special purpose financial statements, in accordance with generally accepted accounting practice in New Zealand, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of the special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free from material misstatement.

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

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

Other than in our capacity as auditor we have no relationship with or interests in Otago Rescue Helicopter Trust.

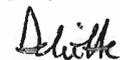
Opinion

In our opinion, the special purpose financial statements on pages 2 to 7 present fairly, in all material respects, the financial position of Otago Rescue Helicopter Trust as at 30 June 2014, and its financial performance for the year ended 30 June 2014 in accordance with generally accepted accounting practice in New Zealand.

As noted above, our opinion excludes the restated comparative statement of income and expenditure for the year ended 30 June 2013.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion we draw your attention to Note 1 of the special purpose financial statements which describes the basis of accounting. The special purpose financial statements are prepared to report to the Trustees the financial performance and financial position of Otago Rescue Helicopter Trust as a standalone entity and do not consolidate the results, assets and liabilities of the subsidiary company Otago Rescue Helicopter Limited. As a result the special purpose financial statements may not be suitable for another purpose. Our report is intended solely for Otago Rescue Helicopter Trust and should not be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. We accept or assume no duty, responsibility or liability to any other party in connection with the report or this engagement, including without limitation, liability for negligence.



Chartered Accountants
4 October 2014
Dunedin, New Zealand

Otago Rescue Helicopter Trust Board

Trustees



Ross Black
Trust Chairman



Warwick Deuchrass



Paul Moodie



Tony Sycamore



Phil Taylor



Martin Dippie



John Gallaher

OTAGO RESCUE HELICOPTER LIMITED

FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

OTAGO RESCUE HELICOPTER LIMITED

FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

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OTAGO RESCUE HELICOPTER LIMITED

DIRECTORY

AS AT 30TH JUNE 2014

PRINCIPAL ACTIVITY: Supporting the provision of emergency rescue helicopter services in the lower South Island.

REGISTERED OFFICE: 44 York Place
DUNEDIN

INCORPORATION NUMBER: DN/1093804

SHAREHOLDERS: Otago Rescue Helicopter Trust

DIRECTORS: Warwick Deuchrass - Chairman
Ross Black
Martin Dippie
John Gallaher
Paul Moodie
Tony Sycamore
Philip Taylor

AUDITORS: Deloitte
P O Box 1245
DUNEDIN

ACCOUNTANTS: Crowe Horwath
P O Box 188
DUNEDIN
Paul Moodie

SOLICITORS: Anderson Lloyd Lawyers
Private Bag 1959
DUNEDIN
W Deuchrass

BANKERS: ANZ
P O Box 121
DUNEDIN

OTAGO RESCUE HELICOPTER LIMITED

INCOME AND EXPENDITURE

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

	This Year (12 months) (audited) \$	Last Year Comparative (12 months) (unaudited) \$	Last Year (15 months) (audited) \$
<u>INCOME</u>			
Contract Income	3,688,805	3,785,090	4,556,995
Interest Received	4,483	7,031	8,017
Total Operational Income	<u>3,693,288</u>	<u>3,792,122</u>	<u>4,565,012</u>
<u>LESS EXPENSES</u>			
Administration	110,478	160,933	191,474
Audit Fee	4,990	5,500	7,415
Equipment Maintenance & Safety Training	56,276	71,043	83,311
Membership Fees - Ambulance NZ	11,000	11,000	13,750
Operational Expenses	3,980,239	3,537,152	4,325,413
Paramedic Crewing	370,123	385,458	473,573
<u>TOTAL EXPENSES</u>	<u>4,533,106</u>	<u>4,171,085</u>	<u>5,094,936</u>
<u>EXCESS EXPENDITURE OVER INCOME</u>	<u>(\$839,818)</u>	<u>(\$378,963)</u>	<u>(\$529,924)</u>
<u>FUNDED AS FOLLOWS:</u>			
Funding support from Otago Rescue Helicopter Trust	839,818	378,965	529,924
<u>NET SURPLUS</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes on pages 5-7 form part of these financial statements.

OTAGO RESCUE HELICOPTER LIMITED

STATEMENT OF MOVEMENTS IN EQUITY

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

	This Year (12 months) \$	Last Year (15 months) \$
<u>TOTAL EQUITY AT BEGINNING OF YEAR</u>	100,000	100,000
Add Net Surplus	-	-
Total recognised revenues and expenses	-	-
<u>TOTAL EQUITY AT END OF YEAR</u>	<u>\$100,000</u>	<u>\$100,000</u>

The accompanying notes on pages 5-7 form part of these financial statements.

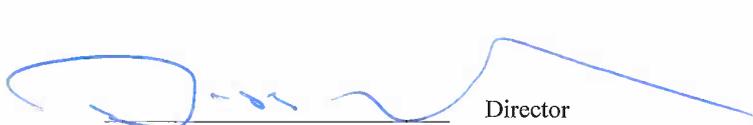
OTAGO RESCUE HELICOPTER LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30TH JUNE 2014

	Note	This Year \$	Last Year \$
<u>TOTAL EQUITY</u>	2	<u>\$100,000</u>	<u>\$100,000</u>
<u>REPRESENTED BY:</u>			
<u>CURRENT ASSETS</u>			
Accounts Receivable		255,737	245,030
Accounts Receivable - Otago Rescue Helicopter Trust		59,220	-
Funds at Bank		53,056	143,123
Goods and Services Tax Receivable		13,612	34,443
Prepaid Expenses		1,252	2,195
<u>TOTAL ASSETS</u>		<u>382,877</u>	<u>424,791</u>
<u>CURRENT LIABILITIES</u>			
Accounts Payable		282,877	287,589
Accounts Payable - Otago Rescue Helicopter Trust		-	37,202
<u>TOTAL LIABILITIES</u>		<u>282,877</u>	<u>324,791</u>
<u>NET ASSETS</u>		<u>\$100,000</u>	<u>\$100,000</u>

For and on behalf of the Board .


Director

Dated:

4/10/2014


Director

Dated:

4/10/2014

The accompanying notes on pages 5-7 form part of these financial statements.

OTAGO RESCUE HELICOPTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

NOTE 1

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Otago Rescue Helicopter Limited is a company registered under the Companies Act 1993 and is a reporting entity for the purposes of the Financial Reporting Act 1993. These financial statements have been compiled in accordance with the Financial Reporting Act 1993.

Measurement Base

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis are followed by the entity.

Specific Accounting Policies

Accounts Receivable

Accounts Receivable are recorded at net realisable value.

Goods and Services Tax

The financial statements have been compiled stating all income and expenditure items exclusive of GST.

Changes in Accounting Policies

There have been no changes in accounting policies. All policies have been applied on bases consistent with those used last year.

Differential Reporting

Otago Rescue Helicopter Limited is a qualifying entity in terms of the Framework for Differential Reporting by virtue of the fact that it has no public accountability and the entity is not large per the size criteria.

All available differential reporting exemptions have been applied.

Contingent Liabilities

There are no contingent liabilities at year end. Otago Rescue Helicopter Limited has not granted any securities nor given any guarantees in respect of liabilities payable by it or any other party.

Comparatives

During the period the Company changed its balance date and presented a 15 month period to 30 June 2013. In order to provide a meaningful comparative period for the 30 June 2014 financial statements the Directors have included an "unaudited" Statement of Income and Expenditure for the year ended 30 June 2013. The unaudited comparative period covering the year ended 30 June 2013 is included for information purposes only.

OTAGO RESCUE HELICOPTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

NOTE 2

EQUITY

Equity comprises the following:

100 ordinary shares	100,000
<u>TOTAL EQUITY</u>	<u>\$100,000</u>

NOTE 3

OTAGO RESCUE HELICOPTER TRUST

Otago Rescue Helicopter Trust owns 100% of the shares in Otago Rescue Helicopter Limited. Otago Rescue Helicopter Limited holds the contract for the provision of emergency air ambulance services in the lower South Island. Refer to Otago Rescue Helicopter Trust special purpose financial statements for funding details.

NOTE 4

EXECUTIVE DIRECTOR

In July 2003, the Directors determined that the administrative requirements of Otago Rescue Helicopter Limited, the management of the ACC Contract and coordination with operational sub-contractors were best served through the appointment of a part-time administrator. Mr Ross Black was subsequently appointed Executive Director and was paid a management fee of \$22,500 during the 12 month period (2012: \$37,500). In February 2014, a Trust Manager was appointed to replace this position.

NOTE 5

RELATED PARTY TRANSACTION

Crowe Horwath have provided accounting and secretarial support and advice to the Trust/Company since the Trust/Company was formed. These services include monthly contract reporting and additional advisory services and are invoiced on an arms length basis as and when services are required. In November 2003 the Trust appointed Mr Paul Moodie, a Principal at Crowe Horwath as a Trustee and Director. Mr Moodie's potential conflict was addressed and formally noted.

Anderson Lloyd have provided legal support and advice to the Trust/Company since the Trust/Company was formed. These services are invoiced on an arms length basis as and when services are required. In October 2000 the Trust appointed Mr Warwick Deuchrass as a Trustee and Director. Mr Deuchrass's potential conflict has been addressed and formally noted.

As noted above, the Company is 100% owned by the Otago Rescue Helicopter Trust (Trust). The Company receives funding support from the Trust as required. At year end, \$59,220 was receivable from the Trust (2013: \$37,202 was payable to the Trust).

OTAGO RESCUE HELICOPTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

NOTE 6

INCOME TAX EXEMPTION

Otago Rescue Helicopter Limited qualifies for income tax and duty exemptions due to its charitable purposes

OTAGO RESCUE HELICOPTER LIMITED

STATUTORY INFORMATION

FOR THE 12 MONTHS ENDED 30TH JUNE 2014

1 INTEREST REGISTERS

During the year the following entries were recorded in the Directors Interests Register of the Company:

Paul Moodie and Crowe Horwath - Refer to Note 5

Warwick Deuchrass and Anderson Lloyd Lawyers - Refer to Note 5

2 DIRECTORS' REMUNERATION

Mr Ross Black has been employed as Executive Director to Otago Rescue Helicopter Limited. Refer to Note 4 for further detail.

Directors of the Company during the year received no other remuneration or benefits.

3 DONATIONS

There were no donations made by Otago Rescue Helicopter Limited.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF OTAGO RESCUE HELICOPTER LIMITED

Report on the Financial Statements

We have audited the financial statements of Otago Rescue Helicopter Limited on pages 2 to 7, which comprise the statement of financial position as at 30 June 2014, the statement of income and expenditure for the year ended 30 June 2014 and statement of movements in equity for the year ended 30 June 2014, and a summary of significant accounting policies and other explanatory information.

The financial statements of Otago Rescue Helicopter Limited also include a restated comparative statement of income and expenditure for the year ended 30 June 2013 marked as "unaudited" as this information has not been the subject of our audit and is outside the scope of our audit opinion.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors are responsible for the preparation of financial statements, in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the Board of Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Other than in our capacity as auditor we have no relationship with or interests in Otago Rescue Helicopter Limited.

Opinion

In our opinion, the financial statements on pages 2 to 7:

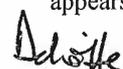
- comply with generally accepted accounting practice in New Zealand;
- give a true and fair view of the financial position of Otago Rescue Helicopter Limited as at 30 June 2014, and its financial performance for the year ended 30 June 2014

As noted above, our audit opinion excludes the restated comparative statement of income and expenditure for the year ended 30 June 2013.

Report on Other Legal and Regulatory Requirements

We also report in accordance with section 16 of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2014:

- we have obtained all the information and explanations we have required; and
- in our opinion proper accounting records have been kept by Otago Rescue Helicopter Limited as far as appears from our examination of those records.



Chartered Accountants
4 October 2014
Dunedin, New Zealand

Donors 2013/14

Otago Regional Council	350,000.00
Westpac Chopper Appeal	109,839.39
The TW Group Foundation	55,640.78
Bendigo Valley Sports & Charity	50,000.00
Estate Agnes Smail	50,000.00
Clinton Lions Club	37,000.00
Lawrence Stars in Your Eyes	32,100.00
Rotary Club of Taieri and Taieri Lions	30,000.00
The Warehouse (Alexandra)	26,597.07
Otago Master Builders Association	15,000.00
Judith Hinton	10,000.00
Special Rigs for Special Kids to purchase airway equip	8,009.75
Highlanders Rugby Collection	7,960.40
Wenita Forest Products Limited	5,780.00
Design Windows Central Otago Ltd	5,000.00
Valley Hunting and Fishing Competition	3,500.00
Anonymous	3,190.50
Becks Kids Hunting Competition	2,343.50
The Warehouse (Dunedin)	2,147.55
ANZ Commerical & Agri and Business Banking Teams	2,000.00
BRONZ (Otago) Inc	2,000.00
Mill Relines (NZ) Limited	2,000.00
Highlanders Franchise Limited	1,709.00
PGG Wrightson	1,559.00
Balfour Lions Club	1,500.00
Eastern Dunedin Charitable Club	1,500.00
Hawkins Watts Limited	1,500.00
Landcorp Farming Ltd (Waipori Station)	1,500.00
Lions Club of Alexandra-Dunstan	1,500.00
Lions Club of Ranfurly	1,200.00
Arthur Sykes (A & S Farm 1 Limited)	1,000.00
Christchurch Four Wheel Drive Club	1,000.00
Lions Club of North Otago	1,000.00
Mr and Mrs Morton	1,000.00
Roxburgh Thrift Shop	1,000.00
Stephen Conley - Freedom Wigs	1,000.00
The Late Brodie Paul Carroll	1,000.00
The Late Margaret Bettie	1,000.00
Plus 101 individual & group donations	26,214.73
Total	856,291.67

Image Index

Front Cover

Rescue helicopter ZK HUP heads into the darkness of a night mission.

Inside Front Cover

Ian Ridley, Intensive Care Paramedic

Page 1

ZK HUP safely delivers patient and paramedics to Dunedin Hospital's roof-top helipad.

Page 2

Winch clip and safety-locking pin.

Page 3

Some of the essentials: crew helmets, tethers and Life Pack 15 monitoring equipment.

Pages 4 & 5

ZK HUP joins other rescue services at a vehicle accident in remote Central Otago.

Page 6

HellOtago's jet fuel pump is a stark reminder of the logistics required to deliver a rescue service 24 hours a day, 365 days a year.

Page 8

Clayton Girvan, rescue pilot, prepares for another mission.

Page 9

A winchman retrieves an injured fisherman from the southern seas.

Page 10

Graeme Gale, Managing Director, Helicopters Otago Ltd

Page 12

Lauren Parker, Dunedin resident and novice boxer, puts her face on the line to raise funds for the rescue helicopter at this year's Southern Showdown.

Page 23

Trustees, Otago Rescue Helicopter Trust Board

Inside Back Cover

Doug Flett, Intensive Care Paramedic

Back Cover

Rescue helicopter hangar, Taieri airfield, Mosgiel

Main Photography: Dean McKenzie

Pages 4,5 & 9 Photography: Stephen Jaquier - ODT

Page 12 Photography: Chris Sullivan - Seen In Dunedin

Design: John Buchan www.buchandesign.co.nz





OTAGO
Rescue
HELICOPTER TRUST

PO Box 188 Dunedin www.otagorescue.co.nz