

Otago Rescue Helicopter Trust

ANNUAL REPORT 2015-16

Highlights in this report

- Dramatic increase in mission numbers challenges resources and finances (see page 5)
- Trust records net loss for the full year (Details in Financial Report pages 16 to 33)
- Crown contracts up for review in 2018, significant change is on the horizon (see page 5)
- Otago community steps up with increase in donations (Front cover and page 11)
- Helicopters Otago makes big commitment to new technology and resources and new aircraft (page 9)



FUNDING CONSTRAINTS under the existing contract with Crown agencies, combined with a dramatic 30% increase in demand for the service, seriously stretched resources for both the Trust and the Operator over the past year.

Thankfully, work undertaken in the previous year to recruit and train additional staff, in conjunction with the decision to dedicate a second fulltime aircraft helped ensure each of the more than 700 missions requested, was able to be responded to. Funding of the service remained a significant challenge throughout the full year, with some continuing uncertainty confronting Trustees as we

enter the final twenty-one months of current contract arrangements.

The Crown has signalled a new approach to the way it procures air ambulance and air rescue services in 2018 and so far due to the lack of detail on that process Trustees are unable to comment on the benefits that change might bring to the people of Otago and Southland.

See more detail in the Chairman's Review, page 5.



DONATIONS FROM OTAGO businesses, service clubs and individuals provided essential support to the Otago Rescue Helicopter throughout the last year.

Significant donations from Mitre 10 Mega, Certified Builders, Harbour Fish, the Lion's Clubs of Wainakarua, Alexandra, Lawrence, Gore, Clutha Valley and Clinton, along with Taieri Rotary and numerous

families and individuals confirmed the generosity of this community toward a service they deem to be essential.

For full details of donations see page 11.

NO ORDINARY AIRCRAFT
an engineering first here in Otago (see page 12 for details)

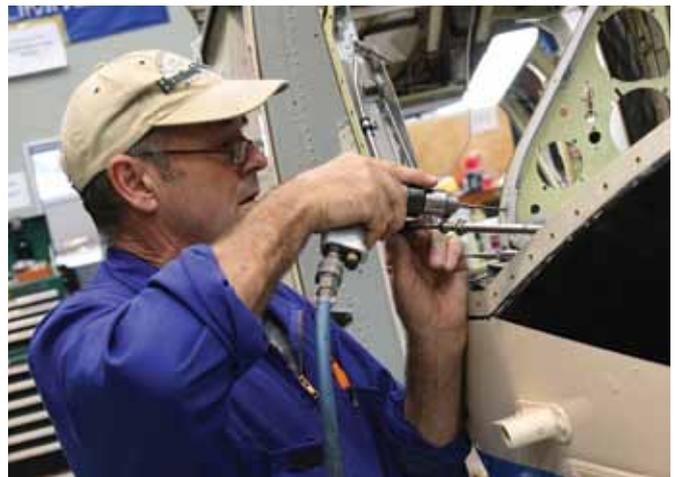


Thanks to Stephen Jaquery, Otago Daily Times for the majority of photos used in this report.



Contents

	Page
Key Statistics	3
Otago Rescue Helicopter Trust Board	3
Chairman's Review	5
Trust Manager's Report	7
Operator and Chief Pilot's Report	9
Donors 2015-16	11
No ordinary aircraft	12
Otago Rescue Helicopter Trust Consolidated Financial Statements and Audit Report	16-33
Image Index	Back Cover





Key Statistics 2015-16

	2015-16	2014-15	% INCREASE
FLYING HOURS			
Accident	500	393	27.23
Medical Emergency	543	393	38.17
Hospital Transfers	203	186	9.14
Search and Rescue	64	37	72.97
TOTAL	1310	1009	29.83
MISSIONS			
Accident	296	249	18.88
Medical Emergency	317	238	33.19
Hospital Transfers	105	91	15.38
Search and Rescue	32	20	60.00
TOTAL	750	598	25.42
OPERATING INCOME	\$5,395,826	\$4,026,542	34.00
OPERATING EXPENSES	\$6,698,609	\$4,849,207	38.13
TRUST INCOME	\$1,245,992	\$818,041	52.31
RESERVES	\$2,433,763	\$2,490,554	-2.28

Commentary

- Increases in both number and length of missions brings dramatic increase to operating expenses
No obvious single reason for increase in demand
- Increase observed across all users except the DHB and across the entire Otago Southland region
- Decision to commission second dedicated aircraft and crew last year ensures capable response to demand

Otago Rescue Helicopter Trust Board



Ross Black
Trust Chairman



Warwick Deuchrass



Paul Moodie



Tony Sycamore



Phil Taylor



Martin Dippie



John Gallaher

- The Otago Rescue Helicopter Trust has had a very busy year to 30 June 2016.
- Mission hours flown increased by 30% to a total of 1,310 hours.
- Record Community donations of \$1.1 million received – 63% above 2014-15.
- Financial loss of \$57,000 for year, funded from operating reserve.

Mission Hours Growth of 30% to 1,310 hours for year

Continuing dramatic growth of 30% in demand for response to medical emergencies and accidents across the region has kept our rescue crews and helicopters very busy flying a total of 1,310 mission hours during the year.

This increased level of activity has challenged our crew and financial resources as our Manager and Chief Pilot refer to in their reports.

Financial Loss for Year of \$57,000

Despite record community donations and increased Crown funding, the growth in demand resulted in costs marginally exceeding revenue by \$57,000. This loss was funded from Trust operating reserves.

Operating revenue and interest totalled \$6.64 million whilst operating costs were \$6.70 million.

Donations and Funding:

Record donations totalling \$1.1 million represent a very encouraging level of community endorsement and support for the service. A number of truly outstanding fundraising initiatives across the region have contributed to this total as have a large number of generous individual donations.

The Trust is hopeful this level of support can be maintained over the last two years of the present contract, however, Trustees are mindful that some fundraising events are biannual and achieving this level of donations in future will require a major effort from many in the community.

People in our communities are clearly benefitting from the increased use of the rescue helicopters which have become a critical component of health and accident emergency delivery across our region. However, the continuing dramatic rate of growth creates financial uncertainty for the Trust, which is a challenge.

The Ministry of Health (MOH) and ACC recognised the need for the second dedicated helicopter and increased their fixed funding contributions for the 2015/16 year. The Trust is relying on good-faith indications from those agencies for this funding to continue for the remaining twenty one months of the present contract, but as at the time of this report, two and a half months into the new financial year, we do not have funding certainty.

This funding uncertainty, coupled with the ongoing unpredictability of future MOH and ACC demand growth, represents a serious challenge to Trustees and to the continuing viability of the Trust.

New Procurement Process – beyond 1 April 2018

The Ministry of Health has just commenced a new national process of procurement for supply of rescue helicopter services beyond 2018 on behalf of MOH, ACC and possibly other agencies.

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

The process also signals a significant shift from the present service structure to a new structure effectively controlled and contracted by MOH & ACC.



The current service was established and funded approximately twenty years ago by the Otago Rescue Helicopter Trust and HeliOtago, without Government support, to provide a rescue helicopter service for our communities. Community donations also funded the design and build of the rooftop helipad on Dunedin Hospital.

The Ministry of Health has signalled it is hopeful the new arrangements will have continuing community support. This Crown aspiration will provide an opportunity for discussion with the Trust as to the appropriate levels of Crown / Community funding responsibility.

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

Community Appreciation and Thanks

Our long serving and dedicated crew of pilots, paramedics and HeliOtago management loyally maintain the rescue service on 24 hour standby 365 days of the year. They have responded without hesitation to the massive increased demand - showing true commitment to the task to bring advanced medical capability and hospital transfers to those in need.

The Trust receives many expressions of thanks and appreciation especially from patients and some of the more isolated communities across the largest geographical region in NZ.

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



On behalf of Trustees

Ross Black
Chairman of Trustees







It has been said "forecasting future events is like looking for a black cat in an unlit room, that may not even be there". In that context, against our best predictions, the

service was certainly taken by surprise with the 30% increase in demand for flight hours that was experienced last year for the Ministry of Health and ACC missions.

While it is difficult to identify any single factor as cause for the increase it is reasonable to assume that the ongoing endorsement of revised clinical pathways is having a significant influence. These pathways utilise the increasing specialisation of hospitals to determine the destination of patients once their condition or status is clearly understood. Increasingly, this determination occurs following arrival of qualified medics to professionally assess the patient.

On-site assessment of the patient means that the helicopter can bring specialised intensive care treatment to the scene, and then transport the patient to the most appropriate hospital for their condition.

This system is very beneficial in terms of improving patient outcomes, but it does mean that the average flight time for missions is being extended.

However, mission numbers are also up and that partially reflects the increasing difficulty St John Ambulance are experiencing in maintaining crew numbers in more remote areas. As a result of the lack of road transport options in these areas the helicopter is increasingly being used as the next best option, or, in some instances due to resource constraints, the only option.

In discussions with the Ministry of Health it seems that there is continuing investment being made in specialised technology and staff for certain hospitals, along with a reduction in funding for, and reliance on, other hospitals. Likewise, the trend of reducing numbers of St John volunteers in remote areas does not appear likely to change. So, a continuing endorsement of the revised clinical pathways can be anticipated, along with

an increased use of helicopters for remote areas. Accordingly, the current number and length of missions is expected to continue at similar or greater levels than we are presently experiencing.

For the operation of the service, these trends put severe pressure on our ability to provide adequate, qualified resource, particularly in respect of paramedic crew. While the service is (jointly with St John) looking to recruit well-qualified paramedics, we recognise that our search may need to extend outside the Otago Southland region.

Throughout the 2015-16 year the service has worked increasingly closely with the Intensive Care Unit team at Dunedin Hospital. This collaboration is bringing benefits of efficiency and effectiveness to patient treatment and helping both parties achieve better patient outcomes.

Closely linked to that improved collaboration is the increasing number and significance of organ donor transport missions. This programme relies upon time-critical coordination of specialised medical teams often working in different parts of New Zealand and sometimes in different countries. The Otago Rescue helicopter, in conjunction with those medical teams, is playing an essential role in enabling what is a truly remarkable and life-giving service. To be able to contribute to such an important and very sensitive service that relies on the ultimate generosity of the donor is a true privilege.

The Otago Southland region is a large and challenging territory when considering the impact of climate, terrain, marine conditions and sparsity of population. The distribution of missions, while geographically concentrated more in some areas than others, tends to follow population density quite closely and accordingly around one third of all our missions are initiated in the Southland territory. The regional significance of the service is increasingly being recognised and as rationalisation continues in the health sector the importance of the helicopter as a life-link across the lower south island becomes critical.

With the government signalling changes on the horizon for the way that air rescue and air ambulance services are purchased, communities throughout the lower South Island region are encouraged to keep a watch on any proposed changes from the

Crown, and to support the service they believe will best serve their community.

Continuing pressure on the way the service is funded means that the Trust must do everything within its power to seek assistance through sponsorship to bridge the gap between Crown agency funding, community donations and the cost of providing the service.

With two aircraft (and associated crew) permanently on call, and a third helicopter available to us as required, the Trust is looking to increase the number of parties who are prepared to provide ongoing financial support to the service, and have their contribution recognised through signage on the helicopter.

The Trust also recognises and thanks the long-term loyal support that it receives from many rural communities, businesses and service clubs who dedicate many hours to raising funds for the helicopter and raising awareness of the invaluable work that it does.

Administration costs for the service remain small but as the service has grown to be the largest single-base operation in the country, the requirement to support the service with committed sponsorship is now essential.

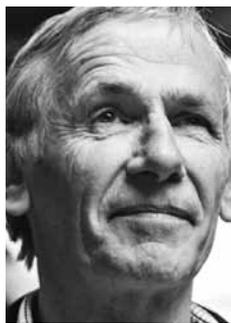
Also essential is the need to recognise the contribution Helicopters Otago have brought to the service. Their commitment to safety, improving technology, improving training and quality of crew and the massive and often unrecognised contribution of manpower at times of extreme growth in demand for our service is typical of the values they represent.

On behalf of the Trust, the patients, Crown agencies that use the service and on behalf of the people of Otago Southland we offer thanks to Ros and Graeme Gale and their team, who jointly with St John bring our community a service it can truly be proud of.

Ken Franklin
Trust Manager



Operator and Chief Pilot's Report



Well, we have completed another year and it has been extremely busy with an increase of 30% in flying hours and 25% in missions.

The summer season, in particular, pushed everyone (pilots and paramedics) to the limit. It was a challenge to manage crew fatigue as some months got up to more than 130 hours of flying, meaning additional crew needed to be brought in to ensure adequate rest for staff was incorporated in the roster.

One of the biggest challenges we face is to source paramedic staff from road ambulance for a second callout. This is the first year that I have experienced the operational challenge of managing multiple missions, having two or sometimes three aircraft operating at the same time and

fortunate that I have had helicopters available, which I could shuffle to make it all work.

The black helicopter (HUP) has been the number one aircraft used this last year, due to the enhanced safety awareness



generated by the Electronic Flight Instrument System (EFIS), which was upgraded two years ago. One of the major benefits of this upgrade has been the reduced down time due to improved serviceability of this instrumentation. More importantly, though, the new solid-state navigational tool has eliminated the majority of avionics problems that can occur with the original equipment.

worldwide. This aircraft is a first in the world (see details in the article No Ordinary Aircraft, reprinted later in this report). What does this mean in real terms for us here in Otago Southland? – It means we can fly more often in conditions that might have stopped us flying previously, and we can do that with greater safety. The real benefit is to patients who are sick and need transporting with a high level of care to a destination hospital for their rehabilitation. This upgrade is about safety and capability. We can now give extra hope to those patients who we previously were not able to reach because of weather conditions. This helicopter has the very latest terrain awareness system in it. It carries the highest level of navigation capability you can get.

Operating this new aircraft (IWG) in conjunction with the new GPS routes we have had certified (giving us exclusive air corridors) will begin to show real benefit in the next few months. These GPS routes allow us to fly to Invercargill Hospital, for example, at 1200ft above sea level, in cloud, day or night. Previously this has not been possible. The GPS routes also provide a number of optional routes hospital to hospital to cater for different weather conditions that might exist at the time of a mission.

We now, however, have a major training programme ahead of us to familiarise our flight crew with both the aircraft and the certified flight paths.

Overall our investment in people and equipment this past year has been huge. The support of our staff and the help and assistance from the many advisors throughout the country and from the United States has been truly remarkable and we appreciate the commitment each one of them has made to enabling these projects to become a reality.

At HeliOtago we are not just increasing the capability of our service, we believe that in fact we are setting the standard.

Graeme Gale
Managing Director
Helicopters Otago Limited



keeping those helicopters crewed with staff who are well trained and well rested.

Some of this growth has been brought about by the new Clinical Pathways. And, a percentage of growth comes from situations where outlying areas have not had road ambulance support and have been unable to transport patients out of their region to a destination hospital.

The increased amount of flying, however, comes with extra aircraft maintenance requirements and at one stage the two main helicopters were undergoing maintenance checks every two weeks. This is unheard of within the New Zealand air ambulance sector. We have been

The other technology investment for our future is the late model BK117 helicopter we purchased in mid 2015 (IWG). IWG (also black) is a single-pilot Instrument Flight Rules (IFR) capable helicopter, which means it has an auto-pilot and will fly with "pilot hands off". The aircraft has, over recent months, been fitted with the latest navigational equipment, requiring the design and construction of specialised engineering to adapt and fit the technology (one of the biggest helicopter upgrades in New Zealand's history). The aircraft was certified as fit to fly by the Civil Aviation Authority this week, and a Special Type Certificate approved. This STC allows this modification to be installed in other aircraft



Donors 2015-16

Otago Regional Council	\$350,000.00	BRONZ (Otago)	\$2,000.00
Westpac Public Appeal - Westp Chopper Appeal	\$157,247.23	Catlins Boar Hunt Committee	\$2,000.00
Jacks Hardware & Timber Limited	\$103,379.04	Criterion Sports and Culture Club	\$2,000.00
St Clair Womens Club	\$58,678.04	Wendekreisen Travel Ltd	\$2,000.00
Estate Stephen James Kollat	\$57,332.59	West Otago Town & Country Club	\$1,861.40
The Rotary Club of Taieri	\$48,000.00	Hawkins Watts	\$1,500.00
Clinton Lions Club	\$45,000.00	Mosgiel Pakeke Club	\$1,500.00
Gore Hokonui Lions Club	\$40,500.00	Oamaru Hobbies Inc	\$1,500.00
Estate Selina Boyd	\$37,536.44	Top Hut Bar and Bistro	\$1,500.00
Lawrence Lions Club	\$35,335.00	PGG Wrightson	\$1,481.00
Harbour Fish	\$24,000.00	Spark Foundation - Givealittle	\$1,325.00
Wainakarua Lions	\$22,000.00	The Late Shirley Murcott	\$1,308.80
Judith Hinton	\$20,000.00	Lions Club of Dunedin Central	\$1,300.00
JBW McKenzie Trust	\$15,000.00	Becks Kids Hunting Competition	\$1,163.60
Callis Trust - Callis Trust	\$10,000.00	100689 -	\$1,000.00
Clutha Valley Lions	\$10,000.00	AM & MJ Simson	\$1,000.00
Farmlands Co-Op	\$10,000.00	Ballance Agri-Nut	\$1,000.00
Lions Club of Alexandra	\$10,000.00	EB & S Morris	\$1,000.00
Road Transport Logistics	\$10,000.00	Lions Club of Port Chalmers	\$1,000.00
Valley Roar Hunting and Fishing	\$7,000.00	Melissa Kelly (Tokarahi bal)	\$1,000.00
Citibus Newton Employees Sick Benefit	\$6,658.60	Mrs P M Swetz	\$1,000.00
King Edward Tech	\$5,455.00	Otago BSA Motorcycle Club	\$1,000.00
Chris Adam Charity Golf Day at Hindon	\$5,152.00	Roxburgh Thrift Shop	\$1,000.00
Breen Construction	\$5,000.00	Ruthfd Probus	\$1,000.00
J G Darby	\$5,000.00	Ulysses Club of Otago	\$1,000.00
Lions Club of Milton	\$4,000.00	WS & IM Campbell	\$1,000.00
In Memory of the Late Shirley Murcott	\$3,000.00	Plus 101 individual & group donations	\$28,065.94
Mackies Hotel Staff	\$2,645.00		
Comercial Fishermans Charity Golf Tournament	\$2,500.00		
		Total	\$1,172,924.68



No ordinary aircraft

The Otago Rescue Helicopter Service is a lifeline in Otago and Southland. A unique engineering project will see an upgraded Kawasaki BK 117 helicopter added to the fleet. It's a world-first. And it's going to allow the Service to meet increased demand and save more lives.

Writer Jennie Clarke

Six minutes. That's all. From the 111 call coming in to the Otago Rescue Helicopter leaving its hangar. With some of the most highly qualified paramedics in the country on board and equipped with the latest emergency medical paraphernalia, it's like delivering an intensive care facility straight to the heart of some of the worst accidents and medical emergencies imaginable. For the people of Otago and Southland – scattered as they are across 25 per cent of New Zealand's land mass with mountainous terrain and climatic conditions that, at times, can challenge even the most experienced pilot – it's a lifeline.

A new chopper is being added to the rescue fleet; in part to meet an extraordinary increase in demand for its services, which are up 40 per cent this year on last year, and in part to ensure currency of assets. This is no ordinary aircraft; no off-the-shelf, one-size-fits-all solution. In a world-first, a twin-engine Kawasaki BK 117 helicopter, previously owned by the Japanese government and used for civil defence, is being upgraded to meet the demands of its new role. So extensive and groundbreaking is the re-fit, it qualifies as bespoke aeronautical engineering at its finest.

And it's all down to the vision and tenacity of Graeme Gale, chief pilot and CEO of Taieri-based Helicopters Otago Ltd (HeliOtago). Seven months in and with 6,000 man-hours already on the clock, it's a project he describes as being bigger than Ben Hur. "This is right out there, the first of its kind in New Zealand," he says. "It's the old story: once it starts rolling, you can't stop. You've got to keep going to the end. But the result is going to be fantastic. This will be the most advanced machine of its kind in the country and the bottom line is we'll be delivering a level of service to the patient that we haven't been able to deliver before."

Dismantle, reassemble, upgrade

So, what's actually been done since last August, when the partially disassembled chopper arrived in a container on the Taieri airfield tarmac? Involved with the project from the beginning, aircraft engineer and HeliOtago's maintenance controller Andy Craig takes up the story. "The first thing we did was re-assemble the aircraft," he says. "By the end of day two, we were test flying, making sure we'd actually received what had been advertised, that all the gear was in it and working properly – a benchmark if you like."

"This will be the most advanced machine of its kind in the country and the bottom line is we'll be delivering a level of service to the patient that we haven't been able to deliver before."

Next, the aircraft was quite literally stripped: major components including engines, transmission, hydPROFILEndscreens. "Absolutely everything was pulled off that could be," says Andy, "down to the smallest bracket. The airframe looked as it would have immediately after manufacture."

Then the upgrades began, including a long-range fuel system – skid-mounted non-factory-fit supplementary tanks plus associated wiring and fuel transfer control system. A new oxygen supply required modifications to the airframe structure – new rear doors to accommodate the oxygen bottle, and a supply route to the patient. Communications upgrades included the onboard intercom system between crew and pilot, and the aircraft communications addressing and reporting system (aircraft to aircraft, aircraft to tower). The aircraft is

lit by new streamlined fibreglass panels to house landing lights, lights that illuminate the winch cable and others that provide light for paramedics working on the ground.

But the most significant upgrade was the installation of the electronic flight instrument system (EFIS). The team removed the existing flight instrument panel. A new panel was made to accommodate Chelton Aerosystems' Genesys Integrated Display Unit (IDU) 450 EFIS. Where once an array of dials, gauges and gyroscopes provided flight and navigation information to the pilot, now a state-of-the-art flight management

system uses four electronic screens to display, via 3D synthetic vision, all that the former system did, and more. Andy explains: "It's similar to smart-phone technology, if you like, but obviously certified and approved for aircraft. From an engineering perspective, the big advantage is increased accuracy and reliability. The largely mechanical nature of the older system, combined with its complexity, always presented opportunity for failures."

This is where the rubber hits the road in terms of engineering innovation: creating a fail-safe interface between the newly-installed EFIS and the aircraft's analogue-driven autopilot. Andy explains: "This was our big conundrum. We had to find a way to convert technologically advanced digital-based information back to analogue information that the autopilot could read."



PROFILE

The Otago Rescue Helicopter Service

For more than 20 years, Helicopters Otago Ltd (HeliOtago) and the Otago Rescue Helicopter Trust (ORHT) have worked in partnership to provide air rescue and air ambulance services across the Otago and Southland regions. ORHT holds the contract for services with the Ministry of Health, Accident Compensation Corporation and the local District Health Board. It sub-contracts its operational responsibilities to HeliOtago, which provides the aircraft, crew and aviation expertise to make the service the success it is. The Trust also negotiates formal sponsorship arrangements and gathers community funds to supplement the part-service payments received from Crown agencies.

Missions cover recreational injuries, motor vehicle accidents, hospital transfers, accidents, farm and workplace injuries, medical emergencies, search and rescue, marine accidents and specialist police and fire fighting operations.

In 2015, the service flew in excess of 1,000 hours, ranking it as flying the greatest number of flight hours in the country, alongside the Auckland and Northland air rescue services. The largest air rescue area in New Zealand, challenging terrain and climatic conditions, large and difficult coastal area and main hospital location in the north east corner (Dunedin) all contribute to an average mission time of 1 hour 42 minutes.

ORHT Manager Ken Franklin says "This project is a massive step forward in the capability of the service we offer to the people of Otago and Southland, particularly in terms of certainty, reliability, resilience and safety. And it's all being done within an overall budget that is incredibly modest when compared to buying the equivalent capability in a brand new aircraft. It's a big win for the patients, the health providers and our community."

In numbers: the Kawasaki BK 117

Manufactured between 1979 and 2004, the twin-engine Kawasaki BK 117 is a medium-sized utility transport helicopter. Just over 440 aircraft were ever produced, with the first put into service in 1982. It's a proven air ambulance and search and rescue aircraft; globally, most BK 117s are operated by emergency service and civil defence providers.

Length:

9.91 m
(excl tail rotor)

Height:

3.85 m

Empty weight

2,000 kg

Maximum take-off weight:

3,350 kg

Engines:

**Lycoming
LTS101**

Main rotor diameter:

11 m

Maximum speed:

250 km/hr
at sea level

Range:

**Over
800 km**

Maximum certified altitude:

4,575 m
(15,010 ft)

Hover ceiling:

3,565 m
(11,700 ft)

Rate of climb:

11 m/s
(2,165 ft/min)

Standard fuel capacity:

557 L

Seating capacity:

6 people
plus pilot

Project partners:

Helicopters Otago Ltd

The Otago Rescue
Helicopter Trust

Avionics specialist:

James Avionics and
Electronics Ltd

Engineering design:

Airwork NZ Ltd

TechAir Ltd

Government Regulator:

Civil Aviation Authority

Below left: Fresh off the water – the HeliOtago team removes the helicopter from the shipping container.



Below middle: Nearing completion – the instrument panel and systems are installed, awaiting the custom final panels from Aerovally Technologies AU.



Below right: Installation of wiring for the EFIS harness



Flying new missions

Dunedin-based avionics engineer, Keith James, provided the solution by designing and building a converter –

a circuit board based on binary code – which does just that. According to Graeme, this was a critical step forward. "It's been huge because we don't know of anyone else in the world who's done this before and to be honest, failing on this could've killed the project," he says. "In terms of safety analysis, I've never seen so many words for a little box three times the size of a cigarette packet – if this fails, what happens, and if that doesn't work, what then, and if this goes full scale, what happens? Will it handle the heat, the cold, the vibrations? We'd installed EFIS in other helicopters before but we'd never had an autopilot to consider. This was a first."

"This will be the most advanced machine of its kind in the country and the bottom line is we'll be delivering a level of service to the patient that we haven't been able to deliver before."

So, what difference will all of this make? Graeme says: "We'll be flying missions we haven't been able to before. The aircraft's increased capabilities combined with our ability to fly on Instrument Flight Rules when visibility is bad will make sure of that. The autopilot combined with EFIS will reduce pilot fatigue. We've got some of the longest distances in the country to cover and the extra fuel capacity means we can go further. The aircraft's weight has been reduced – not everything that came out went back in. Exterior fixtures and fittings have been streamlined. This aircraft is absolutely built to go further and faster, more safely. And reaching the patient faster will make a very real difference."

Countering bad weather days

Concurrently, HeliOtago have invested in Required Navigation Performance (RNP)

technology, allowing precision lower altitude flying, which is critical when the biggest constraints on flying are the region's inclement weather conditions and the extreme terrain. "Down here we have lots of occasions when freezing levels prevent us from flying," says Graeme, "but flying lower with RNP will mean we'll fly more often on bad weather days, on more exact and efficient routes." It's an initiative that's right up there: last February, Air New Zealand announced the instalment of RNP across its 68-strong turboprop fleet. Meanwhile, RNP in helicopters is another New Zealand-first.

In fact, so unique is this project, HeliOtago and the Civil Aviation Authority (CAA) are working hand-in-hand to assign the aircraft a Supplemental Type Certificate (STC). It's a lengthy and convoluted process. Issued by regulatory bodies, type certificates confirm the airworthiness of aircraft design and manufacture and cannot be altered, ever. Andy explains: "The CAA has to prove this aircraft meets or exceeds the standards it was designed to meet in its original type certificate. It's a huge job. Every component, even down to the smallest bracket, is scrutinised." The result? An enormous folder of information – a handbook that will give BK 117 operators around the world the opportunity to make the same changes more quickly, more easily and at less cost.

At press time, the new BK 117 was expected to have been commissioned by the end of May. "This is going to be one hell of an aircraft," Graeme says. "But in the end it's about getting the best outcome for the patients: doing the job in the right time with the right people and the right machine, and taking them to the right place for care. That's all it is."



Below left: A prototype instrument panel is installed and will become the holding fixture during the production of the wiring looms.



Below right: New looms are installed in the rear cabin for an improved lighting system.

Otago Rescue Helicopter Trust

Consolidated Financial Statements For the year ended 30 June 2016

Otago Rescue Helicopter Trust

Contents

	Page
Directory	18
Consolidated Statement of Comprehensive Revenue and Expense	19
Consolidated Statement of Financial Position	20
Consolidated Statement of Changes in Net Assets	21
Consolidated Statement of Cash Flows	22
Notes to the Consolidated Financial Statements	23
Independent Auditor's Report	33

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 (Chairperson) Warwick Deuchrass Martin Dippie John Gallaher Paul Moodie Tony Sycamore Philip Taylor
Solicitor	Anderson Lloyd Lawyers Dunedin
Bankers	ANZ
Accountant	Crowe Horwath (NZ) Limited Dunedin
Auditor	Deloitte Dunedin
Trust Manager	Ken Franklin

Otago Rescue Helicopter Trust

Consolidated Statement of Comprehensive Revenue and Expense For the year ended 30 June 2016

	Notes	Consolidated	
		2016	2015
		\$	\$
REVENUE			
Contract Income	6	5,368,341	4,026,542
Fundraising and donations	6	1,172,925	719,021
Interest income	6	73,067	99,020
Other income	6	27,485	-
TOTAL REVENUE		6,641,818	4,844,583
EXPENSES			
Wages, salaries and other employee costs	7	99,770	89,132
Service delivery expenses	8	6,309,362	4,456,166
Other overhead and administration expenses	8	208,883	242,217
Depreciation, amortisation and impairment expenses	9	80,595	61,692
Loss on disposal			
TOTAL EXPENSES		6,698,609	4,849,207
OTHER COMPREHENSIVE REVENUE AND EXPENSES			
Total other comprehensive revenue and expense		-	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSES FOR THE YEAR		(56,791)	(4,624)

Otago Rescue Helicopter Trust

Consolidated Statement of Financial Position As at 30 June 2016

	Notes	Consolidated	
		2016	2015
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	10	418,017	588,959
Bank deposits		920,000	1,250,000
Receivables from exchange transactions	11	991,573	379,519
Prepayments		29,654	5,195
Total current assets		2,359,243	2,223,673
Non-current			
Bank deposits		100,000	450,000
Plant and equipment	14	247,862	323,750
Total non-current assets		347,862	773,750
TOTAL ASSETS		2,707,105	2,997,423
LIABILITIES			
Current			
Payables under exchange transactions	12	273,342	371,778
Deferred Revenue	13	-	135,091
Total current liabilities		273,342	506,869
TOTAL LIABILITIES		273,342	506,869
NET ASSETS		2,433,763	2,490,554
TRUST FUNDS			
Trust capital		-	-
Life support & Ambulance Equipment Replacement Reserve		1,000,000	1,000,000
General Operating Reserve		1,433,763	1,490,554
TOTAL TRUST FUNDS		2,433,763	2,490,554

These financial statements have been authorised for issue by the trustees on 16 August 2016.


Chairperson

16 August 2016
Date


Trustee

16 August 2016
Date

Otago Rescue Helicopter Trust

Consolidated Statement of Changes in Net Assets For the year ended 30 June 2016

	Trust Capital	General Operating Reserve	Life Support & Ambulance Equipment Replacement Reserve	Total
	\$	\$	\$	\$
Balance 1 July 2015	-	1,490,554	1,000,000	2,490,554
Changes in accounting policy		-		
Restated opening balance	-	1,490,554	1,000,000	2,490,554
Surplus/ (deficit) for the year		(56,791)		(56,791)
Total comprehensive revenue and expense	-	(56,791)	-	(56,791)
Transfer to/ (from) equity reserves in the year	-	-	-	-
Balance 30 June 2016	-	1,433,763	1,000,000	2,433,763
Balance 1 July 2014	-	1,495,178	1,000,000	2,495,178
Surplus/ (deficit) for the year		(4,624)	-	(4,624)
Total comprehensive revenue and expense	-	1,490,554	1,000,000	2,490,554
Transfer to/ (from) equity reserves in the year				-
Balance 30 June 2015	-	1,490,554	1,000,000	2,490,554

Otago Rescue Helicopter Trust

Consolidated Statement of Cash Flows For the year ended 30 June 2016

	Notes	Consolidated	
		2016	2015
		\$	\$
Cash flow from operating activities			
<i>Cash was provided from/(applied to):</i>			
Receipts from exchange transactions		4,845,500	3,995,518
Receipts from non-exchange transactions		1,172,925	719,021
Payments to suppliers		(6,836,376)	(4,444,152)
Payments to employees		(99,770)	(89,132)
Net movement in GST		(21,207)	(17,278)
Net cash from/(used in) operating activities		(938,928)	163,977
Cash flow from investing activities			
<i>Cash was provided from/(applied to):</i>			
Acquisition of plant and equipment		(5,903)	(159,897)
Receipts from term deposits drawn		680,000	-
Disposal of plant and equipment		-	-
Net cash from/(used in) investing activities		674,097	(159,897)
Cash flow from financing activities			
<i>Cash was provided from/(applied to):</i>			
Interest received		93,889	83,813
Interest paid		-	-
Net cash from/(used in) financing activities		93,889	83,813
Net increase/(decrease) in cash and cash equivalents		(170,942)	87,893
Cash and cash equivalents, beginning of the year		588,959	501,066
Cash and cash equivalents at end of the year	10	418,017	588,959

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

Otago Rescue Helicopter Trust

Notes to the consolidated financial statements for the year ended 30 June 2016

1 Reporting entity

These financial statements comprise the consolidated financial statements of Otago Rescue Helicopter Trust (the "Trust") for the year ended 30 June 2016.

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

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

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

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

2 Basis of preparation

(a) Statement of compliance

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

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

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

(i) Effect of first-time adoption of PBE standards (NFP) on accounting policies and disclosures

This is the first set of financial statements of the Trust that is presented in accordance with these standards.

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard (NFP) are different to requirements under NZ IFRS (PBE) as outlined below.

The changes to accounting policies and disclosure caused by the first time application of PBE (NFP) accounting standards are as follows:

PBE IPSAS 1: Presentation of Financial Statements

There are minor differences between PBE IPSAS 1 and Old NZ GAAP. These differences have an effect on disclosure only. The main changes in disclosure resulting from the application of PBE IPSAS 1 are the following:

- Receivables from exchange and non-exchange transactions

In the financial statements of the previous financial year, receivables were presented as a single total in the statement of financial position. However, PBE IPSAS 1 requires receivables from non-exchange transactions and receivables from exchange transactions to be presented separately. This requirement affected the presentation of both current and comparative receivables figures.

- PBE IPSAS 9: Revenue from exchange transactions and PBE IPSAS 23: Revenue from non-exchange transactions

In the financial statements of the previous financial year, revenue types were presented as a single total in the statement of comprehensive revenue and expense. However, PBE IPSAS 9 requires revenue from exchange transactions and revenue from non-exchange transactions to be presented separately. This requirement affected the presentation of both current and comparative revenue figures.

- PBE IPSAS 2: Cash Flow Statements

In the financial statements of the previous financial year, cash flow statements were not presented. However, PBE IPSAS 2 requires a Cash Flow Statement to be presented. This Cash Flow Statement has been presented for both the current and comparative year.

(b) Basis of measurement

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

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

(c) Presentation currency

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

(d) Comparatives

The comparative financial period is 12 months.

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

(e) Changes in accounting policies

Other than as described in 2(a)(i) the accounting policies adopted are consistent with those of the previous financial year, the impact of new and amended standards and interpretations applied in the year was limited to additional note disclosures.

Otago Rescue Helicopter Trust

Notes to the consolidated financial statements for the year ended 30 June 2016

3 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 % 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 2016

(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) 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.

(h) 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.

(i) 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.

(j) 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:

Otago Rescue Helicopter Trust

Notes to the consolidated financial statements for the year ended 30 June 2016

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.

(k) 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.

(l) Income tax

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

(m) 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.

(n) 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).

The Trust has not yet assessed the impact of the following new standards and interpretations on issue which have yet to be adopted:

- 2015 omnibus amendments to PBE standards

The Trustees expect to adopt the above Standards in the period in which they become mandatory. The Trustees anticipate that the above Standards are not expected to have a material impact on the financial statements in the period of initial application, however a detailed assessment of the impact has yet to be performed.

Otago Rescue Helicopter Trust

Notes to the consolidated financial statements for the year ended 30 June 2016

4 Significant accounting judgements, estimates and assumptions

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

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

5 Capital Management Policy

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

6 Income

	2016 \$	2015 \$
REVENUE FROM EXCHANGE TRANSACTIONS		
Contract income		
ACC	2,091,853	1,598,418
MOH	2,171,037	1,518,843
DHB	812,800	743,600
Other - Police / SAR / Overseas Patients	292,651	165,681
Total contract income	5,368,341	4,026,542
Other exchange income		
Overseas patient debt recovery	26,842	-
ACC accomodation allowance	643	-
Total other exchange income	27,485	-
Total Revenue from exchange transactions	5,395,826	4,026,542
REVENUE FROM NON-EXCHANGE TRANSACTIONS		
Fundraising and donations	1,172,925	719,021
Interest	73,067	99,020
Total Revenue from non-exchange transactions	1,245,992	818,041
TOTAL REVENUE	6,641,818	4,844,583

7 Wages, salaries and other employee costs

	2016 \$	2015 \$
Wages & Salaries	99,770	89,132
Total	99,770	89,132

Otago Rescue Helicopter Trust

Notes to the consolidated financial statements for the year ended 30 June 2016

8 Expenses

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

	2016	2015
	\$	\$
Service Delivery Expenses		
ACC Missions Stopped	41,743	32,130
Helicopter lease	1,951,790	935,892
Helicopter operating costs	2,268,988	1,489,545
Helicopter rental - extra machines	309,039	711,582
Helicopter pilots standby & ground charges	1,290,299	813,881
Maintenance - equipment	5,315	7,944
Paramedic crewing - permanent	362,832	362,832
Paramedic crewing - per mission	9,906	884
Safety training - crew & services	69,452	101,476
Total	6,309,362	4,456,166
Other Overhead and Administration Expenses		
Audit fees	6,500	6,835
Accountancy & administration	52,058	48,001
Legal Fees	23,778	5,973
Loss on disposal of property, plant and equipment	1,196	-
Bad debts - overseas patients written off	30,496	73,282
Trust board expenses	4,683	6,031
Other	90,171	102,095
Net foreign exchange losses	-	-
Total	208,883	242,217

9 Depreciation, amortisation and impairment expenses

	2016	2015
	\$	\$
Depreciation of property, plant and equipment	80,595	61,692
Impairment losses on trade receivables	-	-
Impairment loss - plant and machinery	-	-
Total	80,595	61,692

10 Cash and cash equivalents

	2016	2015
	\$	\$
ANZ Cheque Account	294,771	149,872
ANZ Call Account 25	74,772	378,882
ANZ Call Account 26	27,920	27,465
ANZ NPO Current Account	23	15,338
Westpac Account	19,448	16,871
Paypal Account	1,083	530
Total cash and cash equivalents	418,017	588,959

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 2016

11 Receivables from exchange transactions

	2016	2015
	\$	\$
Trade debtors	956,390	323,515
Accrued interest	35,182	56,004
Related party receivables	-	-
Less allowance for doubtful debts	-	-
Total	991,573	379,519
<i>Classified as:</i>		
Current assets	991,573	379,519
Non-current assets	-	-
Total	991,573	379,519

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 2015 and 2016, 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:

	2016	2015
	\$	\$
Opening balance	-	-
Amounts written off	-	-
Impairment losses recognised in the year	-	-
Impairment losses reversed in the year	-	-
Closing balance	-	-

12 Payables under exchange transactions

	2016	2015
	\$	\$
Current		
Trade creditors	224,992	437,706
Non trade payables and accrued expenses	6,000	
GST payable/(receivable)	32,776	(72,796)
Related party payables	9,574	6,868
Total current	273,342	371,778
Total payables under exchange transactions	273,342	371,778

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

13 Deferred revenue

	2016	2015
	\$	\$
Other income received in advance	-	135,091
Total income in advance	-	135,091

Otago Rescue Helicopter Trust

Notes to the consolidated financial statements for the year ended 30 June 2016

14 Plant and equipment

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

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

2015	Medical & Rescue Equipment	Motor vehicles	Total
	\$	\$	\$
Gross carrying amount			
Opening balance	1,022,227	101,904	1,124,131
Additions	159,897	-	159,897
Disposals	-	-	-
Closing balance	1,182,124	101,904	1,284,028
Accumulated depreciation and impairment			
Opening balance	865,304	33,282	898,586
Current year depreciation	47,538	14,154	61,692
Impairment charge for the year	-	-	-
Closing balance	912,842	47,436	960,278
Carrying amount 30 June 2015	269,282	54,468	323,750

Otago Rescue Helicopter Trust

Notes to the consolidated financial statements for the year ended 30 June 2016

15 Financial instruments

(a) Carrying value of financial instruments

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

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

(b) Classification of financial instruments

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

Classification of financial instruments

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

2016	Financial assets at fair value through surplus or deficit	Loans and receivables	Liabilities at amortised cost	Total carrying amount	Fair value
Financial assets					
Other receivables	-	-	-	-	-
Other investments	-	100,000	-	100,000	100,000
Total non-current assets	-	100,000	-	100,000	100,000
<i>Other investments</i>					
Trade and other receivables	-	991,573	-	991,573	991,573
Cash and cash equivalents	-	418,017	-	418,017	418,017
Other investments	-	920,000	-	920,000	920,000
Total current assets	-	2,329,589	-	2,329,589	2,329,589
Total assets	-	2,429,589	-	2,429,589	2,429,589
Financial liabilities					
Trade and other payables	-	-	273,342	273,342	273,342
Total current liabilities	-	-	273,342	273,342	273,342
Total liabilities	-	-	273,342	273,342	273,342

2015	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	-	450,000	-	450,000	450,000
Total non-current assets	-	450,000	-	450,000	450,000
<i>Other investments</i>					
Trade and other receivables	-	379,519	-	379,519	379,519
Cash and cash equivalents	-	588,959	-	588,959	588,959
Other investments	-	1,250,000	-	1,250,000	1,250,000
Total current assets	-	2,218,478	-	2,218,478	2,218,478
Total assets	-	2,668,478	-	2,668,478	2,668,478
Financial liabilities					
Trade and other payables	-	-	371,778	-	-
Total current liabilities	-	-	371,778	-	-
Total liabilities	-	-	371,778	-	-

Otago Rescue Helicopter Trust

Notes to the consolidated financial statements for the year ended 30 June 2016

16 Operating leases

	2016	2015
	\$	\$
<i>Non-cancellable operating leases are payable as follows:</i>		
Less than one year	1,951,790	1,951,790
Between one and five years	-	-
More than five years	-	-
Total	1,951,790	1,951,790

17 Related party transactions

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

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

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

Transactions with related parties

The following transactions were carried out with related parties:

(a) Related party transactions

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

(b) Key management compensation

The Trust has a related party relationship with its key management personnel. Key management personnel include the trustees and senior management of the Trust.

	2016		
	Trustees	Snr mgmt	Total
	\$	\$	\$
Salaries and other short-term employee benefits	30,000	99,770	129,770
Termination benefits	-	-	-
Post-employment benefits	-	-	-
Other long-term benefits	-	-	-
Total remuneration	30,000	99,770	129,770
Number of persons recognised as key management personnel	7	1	8

	2015		
	Trustees	Snr mgmt	Total
	\$	\$	\$
Salaries and other short-term employee benefits	30,000	89,132	119,132
Termination benefits	-	-	-
Post-employment benefits	-	-	-
Other long-term benefits	-	-	-
Total remuneration	30,000	89,132	119,132
Number of persons recognised as key management personnel	7	1	8

18 Contingent assets and contingent liabilities

The Trust has no contingent assets or contingent liabilities (2015: None).

19 Commitments

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

	2016	2015
	\$	\$
IFP GPS Route Mapping	45,902	-
Total	45,902	-

20 Events after the reporting period

There were no significant events after the balance date.

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Otago Rescue Helicopter Trust and its subsidiaries ('the Group') on pages 19 to 32, which comprise the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of comprehensive income, statement of changes in net assets and statement of cash flows the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Trustees Responsibility for the Consolidated Financial Statements

The Board of Trustees are responsible on behalf of the entity for the preparation and fair presentation of these consolidated financial statements, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime and for such internal control as the Board of Trustees determine is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 or any of its subsidiaries.

Opinion

In our opinion, the consolidated financial statements on pages 19 to 32 present fairly, in all material respects, the financial position of Otago Rescue Helicopter Trust and its subsidiaries as at 30 June 2016, and their financial performance and cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime



Chartered Accountants
16 August 2016
Auckland, New Zealand

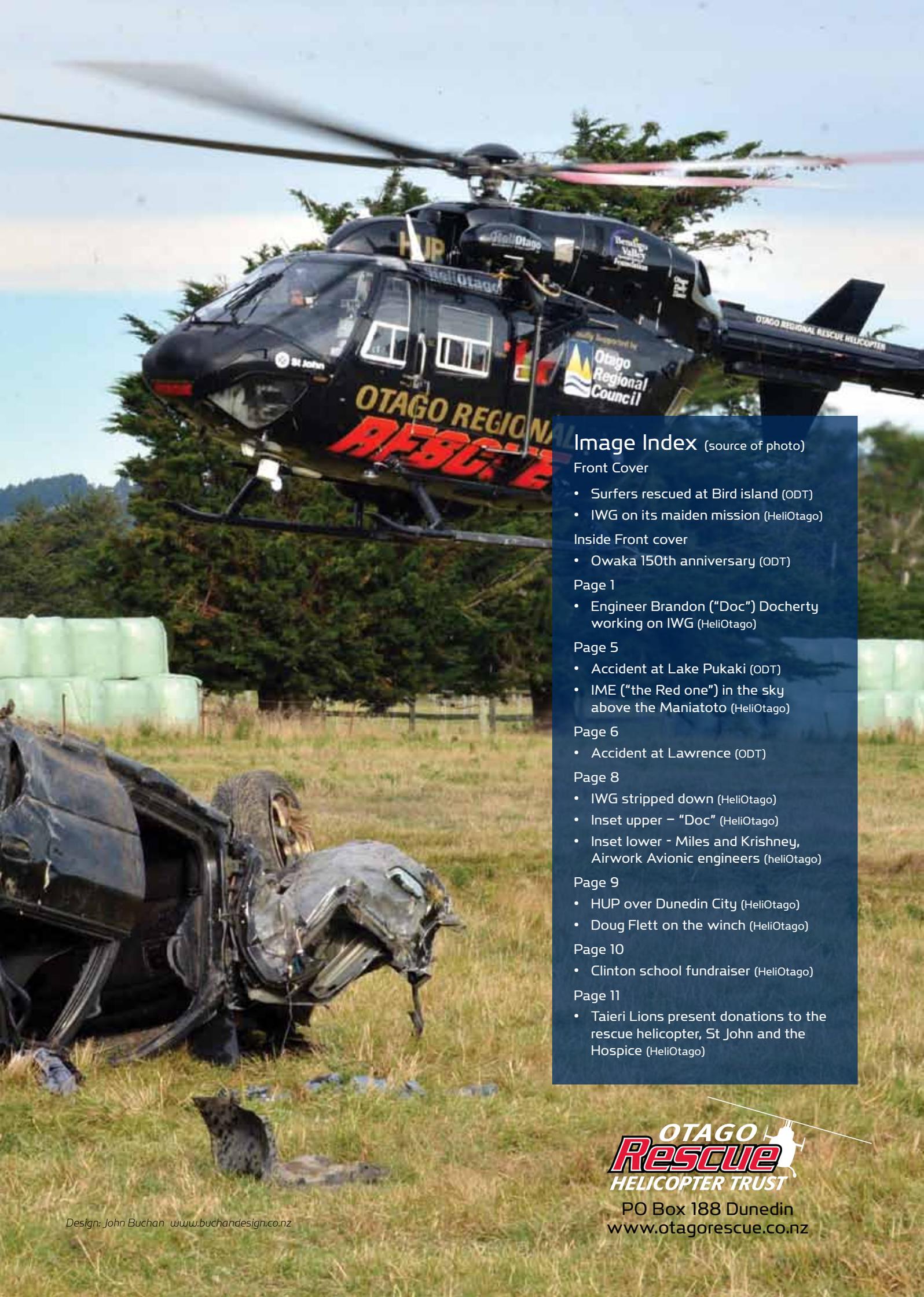


Image Index (source of photo)

Front Cover

- Surfers rescued at Bird island (ODT)
- IWG on its maiden mission (HeliOtago)

Inside Front cover

- Owaka 150th anniversary (ODT)

Page 1

- Engineer Brandon ("Doc") Docherty working on IWG (HeliOtago)

Page 5

- Accident at Lake Pukaki (ODT)
- IME ("the Red one") in the sky above the Maniatoto (HeliOtago)

Page 6

- Accident at Lawrence (ODT)

Page 8

- IWG stripped down (HeliOtago)
- Inset upper - "Doc" (HeliOtago)
- Inset lower - Miles and Krishney, Airwork Avionic engineers (HeliOtago)

Page 9

- HUP over Dunedin City (HeliOtago)
- Doug Flett on the winch (HeliOtago)

Page 10

- Clinton school fundraiser (HeliOtago)

Page 11

- Taieri Lions present donations to the rescue helicopter, St John and the Hospice (HeliOtago)

OTAGO
Rescue
HELICOPTER TRUST

PO Box 188 Dunedin
www.otagorescue.co.nz