

Caring for all
Australians.
All over Australia.



FINANCIAL REPORT

11/12

The furthest corner. The finest care.



Royal Flying Doctor Service
QUEENSLAND SECTION



About the Royal Flying Doctor Service

The Royal Flying Doctor Service (RFDS) is dedicated to providing vital health care to anyone travelling, working or living in Australia.

The iconic RFDS's emergency retrieval service operates 24 hours a day, seven days a week and has expanded to provide regular transfers of patients for life-saving surgery such as organ transplants and heart surgery, delivering critical support to those who live in rural and remote areas.

A broad range of essential health care services to rural and remote communities are also delivered by the RFDS. This comprehensive health care service includes general practice, Aboriginal and Torres Strait Islander health, child and family health, social and emotional wellbeing, women's health and health promotion.

Today, the RFDS provides the finest care to more than 270,000 Australians each year – that's one person every two minutes.

In Queensland, the RFDS operates from eight bases including Brisbane, Bundaberg, Rockhampton, Townsville, Cairns, Mount Isa, Charleville and Longreach. These bases form a strategic network and help deliver the finest health care to all Queenslanders situated in coastal, regional, rural and remote areas.

Although the RFDS receives some Federal and State Government funding, we rely on fundraising initiatives and donations from individuals, organisations and the community to help us raise \$7 million each year to purchase and aeromedically fit-out our aircraft, purchase vital medical equipment and enhance our operational facilities.

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The Directors present their report, together with the financial report, of the Royal Flying Doctor Service of Australia (Queensland Section) ("the Service") for the year ended 30 June 2012.

1. Directors

The Directors of the Service at any time during or since the end of the financial year are:

Mr Michael Burnett, BEcon, LLB, LLM, MBA

Michael Burnett joined the Board in September 2010 and is a member of the Finance and Audit Committee. Michael is a judicial officer with the Federal Magistrates Court of Australia. He was first admitted as a solicitor in 1982 before commencing practice as a barrister in 1984. He practiced as a barrister in Brisbane principally in areas of commercial law until appointed to the Court in 2006. He has also been a member of the Reserve Forces since 1985. In that capacity he has been involved in significant inquiries concerning aircraft and aviation issues for the Royal Australian Air Force. He currently holds the office of Deputy Judge Advocate General – Air Force for the Australian Defence Force.

Mr Richard (Dick) Conder, APM, Grad Cert. Legal and Justice, FAIM, GAICD

Dick Conder joined the Board in 2008 and is currently a member of the Risk and Compliance Committee and Chair of the Auxiliary Sub Committee. Dick was formerly Deputy Commissioner and Deputy Chief Executive (Operations) of Queensland Police Service. He retired in 2007 after 40 years service. During this time he served right across Queensland. For the past ten years he occupied senior executive positions involved in operational delivery and performance, major project management and leadership, strategic planning, best practice and corporate governance.

Mr Frank Dorrstein

Frank Dorrstein joined the Board in 1999 and served as Chairman from 2007 to 2009 and a member of the Remuneration and Appointments Committee. Frank founded Driveline Services in 1982 to service the needs of the local trucking community. The company has now grown to employ over 80 staff in seven branches, covering the eastern seaboard of Australia from Melbourne to Mackay and is recognised as a market leader in the driveline automotive industry. Frank has always maintained a keen interest in aviation and currently holds

a pilot's licence. He has been a member of Rotary for over 30 years.

Mr Dorrstein resigned from the Board on 25 February 2012.

Mr Peter Gartshore, BCom (Qld)

Peter Gartshore joined the Board in October 2008 and is a member of the Finance and Audit Committee and the Remuneration and Appointments Committee. Peter is a company director with 37 years of experience in private enterprise covering the building and construction, property development, automotive and agricultural industries. Peter co-founded IDEC, an anagram from Ideas, Design, Engineering and Construction. In property, Peter is active in the retail, industrial and commercial sectors across Queensland. Peter has a strong interest in rural areas and has a private pilot's licence.

Mr Mark Gray, BEcon (Hons), SF Fin, FAIM, GAICD

Mark Gray joined the Board in 2000 and is currently the Chairman. Mark is also Chairman of the Remuneration and Appointments Committee, a member of the Finance and Audit Committee and Queensland's representative on the National Board of the Royal Flying Doctors Service. Mark is currently the Chief Executive Officer of the Queensland Commission of Audit, whilst on leave of absence from his permanent position as Executive Director with BDO, where he specialises in corporate finance, strategic advisory services and financial management. Previously, Mark was the Office Head for the Macquarie Group in Brisbane and also a Divisional Director with Macquarie Capital Advisors for eight years. Mark has extensive experience in governance, having previously held senior positions in the Queensland treasury and earlier appointments with the Queensland Department of Primary Industries and the Commonwealth Government in Canberra. Mark has several corporate directorships, he is an Adjunct Professor of Economics at the University of Queensland, a member of the Griffith Council and a member of the Urban Futures Board Brisbane. He was awarded a Prime Minister's Centenary Medal in 2003 for services to banking and finance.

Mrs Pip Hacon, RN

Pip Hacon joined the Board in 1993 and served as a member of the Remuneration and Appointments Committee and the Health and Advisory Committee. Pip is a voice from the bush at board level representing the clients of the RFDS (Queensland Section) - Mount Isa region. Pip has lived on an isolated cattle station for 30 years and greatly appreciates the services that the RFDS (Queensland Section) offers their remote clients and is therefore passionate about securing a positive future for the RFDS. Pip enjoyed actively participating in the monthly board meetings, assisting in the determination of the direction and future of the RFDS across Queensland. Mrs Hacon resigned from the Board on 22 March 2012.

Mrs Julia Leeds (Dr Julia Fielding), MBBS (Qld) GAICD

Julia Leeds joined the Board in 2003 and served as Chairman from 2009 to 2011. She is a member of the Remuneration and Appointments Committee, the Health and Advisory Committee and the Risk and Compliance Committee. Julia worked for many years as a medical practitioner in Charleville at the Charleville Hospital, the Charleville Base of the Royal Flying Doctor Service, in general practice and at the Aboriginal Health Service (CWAATSICH). Julia has recommenced medical practice in Brisbane and Charleville. She serves as a director of the Darling Downs South West Queensland Medicare Local and as Chairman of the South West Hospital and Health Services. Julia lives on a cattle property in south-west Queensland.

Mr Ian Lovegrove

Ian Lovegrove joined the Board in 2000 and served as a member of the Remuneration and Appointments Committee. Ian was the Company Secretary with The Woorabinda Pastoral Company for 14 years. Woorabinda is an Aboriginal organisation with six properties. Ian finished his service there on 30 June 2009. Ian is also the North Australian Field Representative with the Australian Livestock Markets Association. Ian has previously worked for Dalgety Stock and Station Agents serving in nine country branches as well as Brisbane; had 12 months with the Lands Department as a Rural Valuer; worked as a rural veterinary supplies representative for five years; owned a charter boat and operated out of Cairns for two years; sold rural properties for 16 years with Savage Barker and Backhouse and had five years as Stud Stock Manager in central and northern

Queensland with Primac. Ian also served for six months in the navy for National Service. Ian commenced with the Acton Land and Cattle Company in April 2009, as Events Coordinator for the Paradise Lagoons Camp Draft facility on a part time basis. Mr Lovegrove resigned from the Board on 19 November 2011.

Dr Desley Marshall, OAM, MBBS, FRACGP, FACRRM, AAICD

Desley Marshall joined the Board in July 2009 and is Chairman of the Health Advisory Committee and a member of the Risk and Compliance Committee. In June 2011 she retired from rural general practice in St George where she has lived and practiced continually since 1979. She has been working in rural medical education as well as doing locum GP work in Southern Queensland since ceasing her full time general practice. Desley has been an experienced procedural rural GP and in the past provided Visiting Medical Officer services to the St George Hospital in anaesthetics, emergency and obstetrics. She is a member of the Rural Doctors Association of Queensland and is a member of the Care and Clinical Governance subcommittee of the Darling Downs and South West Medicare Local. She is a Quality Assurance examiner for the Royal Australian College of General Practitioners, a graduate of the Australian Institute of Company Directors, and a member of the Management Committee of the Rural Doctors Association of Queensland. She convened the 2012 annual conference for this organisation and is the conveyor for the 2013 conference also. Desley has in the past been a member of the Queensland Rural Health Ministerial Advisory Council and a GP representative on the Southern Queensland Maternal and Neonatal Clinical Network.

Mr William Mellor, DSC, AM, BA (Qld), Grad Dip Strat Studies, Dip App Sc, GAICD

Bill Mellor joined the Board in 2005 and is currently a member of the Finance and Audit Committee and the Chairman of the Risk and Compliance Committee. Bill retired from the military following a thirty five year career in Army Aviation. He is now the Principal of Due Vigilance Pty Ltd, offering consulting services predominantly in the aerospace sector, and a Director of IPS Securex Pty Ltd which markets security technologies to industry and government. He is also President of the Australian Army Aviation Association Inc., and a trustee of The General Douglas MacArthur Brisbane Memorial Trust.

Mr Russell Postle, CA, FTIA

Russell Postle served on the Board from 1987 to 1990 and was re-appointed to the Board in 1994 and is currently Chairman of the Finance and Audit Committee. Russell is a Partner at BDO and has experience providing audit, business advisory and specialist taxation consulting services to a wide range of clients and industries and to the not-for-profit sector.

Emeritus Professor Robert Stable, MBBS (Qld), MHP (NSW), DUniv (QUT), FRACGP, FRACMA, FAICD

Professor Stable joined the Board in 2012 and is currently a member of the Health and Advisory Committee. Professor Stable's former roles include Vice-Chancellor and President of Bond University, Director-General of Queensland Health, Chair of the Australian Health Ministers' Advisory Council, Hospital Medical Superintendent, General Practitioner and Flying Doctor.

He is a Fellow of the Royal Australian College of General Practitioners, the Royal Australian College of Medical Administrators and the Australian Institute of Company Directors. He has a Masters in Health Planning degree from the University of New South Wales and an undergraduate degree in Medicine from the University of Queensland. Professor Stable was awarded the title of Adjunct Professor by the University of Queensland in 1997, and by the James Cook University, Townsville in 2001. He was also awarded an Honorary Doctorate by the Queensland University of Technology in 2002. The Council of Bond University conferred the title of Emeritus Professor in December 2011.

Mrs Sally-Anne Witherspoon

Sally-Anne Witherspoon joined the Board in March 2010 and is currently a member of the Risk and Compliance Committee. Sally-Anne and her husband are self employed graziers operating properties in the Weipa, Richmond and Charters Towers districts. They are also involved in earthmoving operations in remote locations for the mining industry. Sally-Anne has had 30 years experience living and working with the people of Cape York.

Company Secretary, Mr Greg O'Toole, CPA, BBus (Charles Sturt)

Greg O'Toole was appointed to the position of Company Secretary in January 2005. Greg has previously held the role of Company Secretary with another public company and has over 20 years experience in financial management within the manufacturing, research and development, and health industries.

2. Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Service during the financial year are:

Director	Board Meetings		Finance and Audit Committee Meetings		Remuneration and Appointments Committee Meetings		Risk and Compliance Committee Meetings		Health and Advisory Committee Meetings	
	A	B	A	B	A	B	A	B	A	B
Mr M J Burnett	12	12	4	4						
Mr R P Conder	11	12					4	4		
Mr F R Dorrstein	6	8			4	5				
Mr P Gartshore	11	12	4	4	6	6				
Mr A M Gray	12	12	4	4	5	5				
Mrs P J Hacon	7	7			3	3			2	2
Mrs J E Leeds	11	12			4	4	3	4	2	3
Mr I B Lovegrove	1	2								
Dr D E Marshall	11	12					4	4	3	3
Mr W Mellor	12	12	4	4			4	4		
Mr R D Postle	10	12	4	4						
Prof R. Stable	4	4							1	1
Mrs S Witherspoon	10	12					3	4		

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

3. Corporate Governance

Board Responsibilities

The Board focuses on the strategy and values it has in place to ensure that funds are maximised on behalf of stakeholders. The Board maintains and ensures that management maintains the highest level of corporate ethics. It is comprised entirely of independent, non-executive Directors who have a broad range of skills in commercial activities bringing accountability and judgement to ensure maximum impact for stakeholders.

The Chief Executive Officer is responsible for operational management, with all powers, discretions and delegations authorised, from time to time, by the Board. The Board is responsible for regularly reviewing and ensuring that all necessary and appropriate delegations are in place to enable the Chief Executive Officer and the management team to meet their responsibilities.

Board Structure

The Board is comprised of a maximum of 12 non-executive Directors. No fees are paid for serving as a Director, however, the Directors may be paid reasonable travelling and other expenses incurred in connection with the business of the Service.

Board Meetings and Committees

The full Board normally meets 12 times per year, with additional meetings scheduled as required. The Board does not delegate major decisions to committees. The committees are responsible for considering detailed issues and making recommendations to the Board. Each committee has a formal charter.

Finance and Audit Committee

The purpose of this committee is to give the Board additional assurance regarding the quality and reliability of financial information used by the Board and financial statements issued by the Service.

The committee is comprised of a minimum of three Directors. The members of the committee have adequate qualifications to discharge their responsibilities. The committee is presently comprised of: Mr M Burnett, Mr P Gartshore, Mr A M Gray, Mr W Mellor and Mr R D Postle (Chairman).

Remuneration and Appointments Committee

The purpose of this committee is to review and make recommendations to the Board on remuneration packages and policies applicable to the Chief Executive Officer and Senior Managers; to advise the

Board on Directorship appointments; to ensure there is a regular review of Board performance and to review the Board size.

The committee is comprised of a minimum of three Directors. The members of the committee have adequate qualifications to discharge their responsibilities. The committee is presently comprised of: Mr P Gartshore, Mr M Gray (Chairman) and Mrs J Leeds.

Health Advisory Committee

The purpose of this committee is to provide advice to the Board on health matters and related issues.

The committee is comprised of a minimum of two Directors. The members of the committee have adequate qualifications to discharge their responsibilities. The committee is presently comprised of: Mrs J Leeds, Dr D Marshall (Chairman) and Prof R Stable.

Risk and Compliance Committee

The purpose of this committee is to assist the Board in the effective discharge of its responsibilities for internal controls, risk management and internal and external audit.

The committee is comprised of a minimum of three Directors. The members of the committee have adequate qualifications

to discharge their responsibilities. The committee is presently comprised of: Mr R Conder, Mrs J Leeds, Mr W Mellor (Chairman), Mrs S Witherspoon and Dr D Marshall.

4. Principal Activities

The principal activity of the Service during the course of the financial year was the provision of aeromedical and primary health care services.

There was no significant change in the nature of the activities of the Service during the year.

5. Objectives and Strategies

The Service's strategic plan, which is consistent with the RFDS National strategic plan, aims to ensure that the Service is delivering excellence in health care, whilst also working to diversify and expand its range of primary health care and aeromedical services.

The Service's strategic plan includes information about our vision, what the organisation would like to achieve, as well as an outline of both the immediate and long term programs of work that will allow us to reach this vision.

The Service's long term objectives are covered by the Services' vision that we will provide, advocate and facilitate equitable access to comprehensive quality health care for rural, remote and regional Queensland.

The Service aims to achieve this through:

- > Innovative services and methods of delivery which earn the Service a reputation for world class quality, safety and efficiency.
- > Continually developing our people within a culturally safe environment, so that their satisfaction in their roles is only exceeded by the community respect they have as Service employees.

- > Being the leading health organisation governments and non-government organisations rely on for the appropriate provision of comprehensive health care services to rural, remote and regional Queensland.

The Service's strategic objectives could not be achieved without the RFDS undertaking its principal activities of the provision of aeromedical and primary health care services.

The Service measures its performance via an analysis of the key patient, aviation and financial statistics contained in the back of this report (pages 23 to 24).

6. Members' Liability

The Royal Flying Doctor Service of Australia (Queensland Section) is incorporated under the Corporations Act 2001 as a company limited by guarantee. In the event of the Service being wound up, the liability of each of the Members is limited to two dollars. At 30 June 2012 the total liability for membership in the event that the Service is wound up would be \$100.

7. Operating Result and Review of Operations

The operating result for the year was a surplus of \$11,157,000 (2011: \$2,399,000). No income tax is payable as the Service is exempt under Australian taxation legislation.

During the past year, operations have been maintained, providing a Mantle of Safety across Queensland.

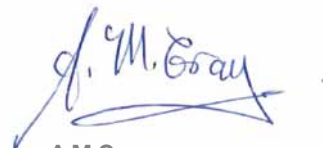
8. Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 22 and forms part of the Directors' report for the financial year ended 30 June 2012.

9. Rounding Off

The Service is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the Directors:



A M Gray
Chairman



R D Postle
Director

Dated at Brisbane this 25th day of September 2012.

Statement of comprehensive income

For the year ended 30 June 2012

In thousands of AUD	Note	2012	2011
Revenue	2	75,390	68,351
Other income	2	11,530	11,121
Health services expenses		(52,112)	(54,298)
Administration expenses		(7,472)	(6,903)
Fundraising expenses		(1,150)	(1,167)
Specific project operating expenses		(16,055)	(15,552)
Surplus before financing costs		10,131	1,552
Financial income	6	1,678	1,300
Financial expenses	6	(652)	(453)
Net financing income/(expense)		1,026	847
SURPLUS FOR THE YEAR	3	11,157	2,399
Other comprehensive income			
Net change in fair value of available for sale investments		(251)	124
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		10,906	2,523

The statement of comprehensive income is to be read in conjunction with the notes of the financial statements set out on pages 8 to 19.

Statement of changes in equity

For the year ended 30 June 2012

In thousands of AUD	Note	2012	2011
Retained surplus			
Opening accumulated funds		87,328	84,929
Total comprehensive income			
Net surplus for the year		11,157	2,399
Retained surplus at year end	16	98,485	87,328
Reserves			
Opening reserves		1,005	881
Total comprehensive income			
Other comprehensive income		(251)	124
Balance at the end of the year	16	754	1,005
Total equity at the end of the year	16	99,239	88,333

The statement of changes in equity is to be read in conjunction with the notes of the financial statements set out on pages 8 to 19.

Balance Sheet

As at 30 June 2012

In thousands of AUD	Note	2012	2011
Assets			
Cash and cash equivalents	7	27,747	34,380
Trade and other receivables	8	16,890	1,992
Inventories	9	75	63
Assets held for sale	22	1,112	0
Investments	10	3,739	3,279
Total current assets		49,563	39,714
Investments	10	632	883
Property, plant and equipment	11	70,236	69,606
Total non-current assets		70,868	70,489
Total assets		120,431	110,203
Liabilities			
Trade and other payables	12	5,384	4,111
Loans and borrowings	14	1,039	966
Employee benefits	13	5,130	4,509
Deferred government grants		4,030	5,881
Total current liabilities		15,583	15,467
Employee benefits	13	1,075	830
Loans and borrowings	14	4,534	5,573
Total non-current liabilities		5,609	6,403
Total liabilities		21,192	21,870
Net assets		99,239	88,333
Equity			
Reserves	16	754	1,005
Retained surplus	16	98,485	87,328
Total equity		99,239	88,333

The balance sheet is to be read in conjunction with the notes of the financial statements set out on pages 8 to 19.

Statement of cash flows

For the year ended 30 June 2012

In thousands of AUD	Note	2012	2011
Cash flows from operating activities			
Cash receipts from customers		79,413	93,493
Cash paid to suppliers and employees		(77,481)	(70,239)
Cash generated from operations		1,932	23,254
Interest received		1,234	1,024
Interest paid		(439)	(329)
Net cash from operating activities	19	2,727	23,949
Cash flows from investing activities			
Acquisition of property, plant and equipment		(8,747)	(22,452)
Dividend revenue		272	275
Net cash from investing activities		(8,475)	(22,177)
Cash flows from financing activities			
Funds borrowed		-	6,539
Repayment of borrowings		(966)	-
Net cash from financing activities		(966)	6,539
Net increase/(decrease) in cash and cash equivalents held		(6,714)	8,311
Cash and cash equivalents at 1 July		34,380	26,512
Effect of exchange rate fluctuation on cash held		81	(443)
Cash and cash equivalents at 30 June	7	27,747	34,380

The statement of cash flows is to be read in conjunction with the notes of the financial statements set out on pages 8 to 19.

Notes to the financial statements

1. Significant Accounting Policies

The Royal Flying Doctor Service of Australia (Queensland Section), ("the Service"), is a not for profit company limited by guarantee, incorporated and domiciled in Australia. The address of the Service's registered office is 12 Casuarina Street, Brisbane Airport, QLD, 4007.

The principal activity of the Service is the provision of aeromedical and primary health care services.

The financial report was authorised for issue by the Directors on 25th of September 2012.

a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs'), adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The Service cannot claim compliance with IFRS and interpretations adopted by the International Accounting Standards Board, as it is a not-for-profit entity.

b) Basis of preparation

The financial report is presented in Australian dollars.

The financial report has been prepared on the basis of historical costs, except for financial assets classified as available for sale and financial assets held for trading that are stated at fair value.

The Service is of a kind referred to in ASIC Class Order 98/100 dated July 1998 and in accordance with that Class order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make

judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

> Note 21 – Impairment of Assets

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

As the Service is a not-for-profit entity, the terms 'profit' and 'loss' do not correctly describe the nature of the Service's activities. Accordingly, the words 'operating surplus/(deficit)' have been substituted for the terms 'profit/(loss)' prescribed in Accounting Standard AASB 101.

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2011, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the service, except for AASB 9 Financial

Instruments, which becomes mandatory for the Service's 2016 financial statements and could change the classification and measurement of financial assets. The Service does not plan to adopt this standard early and the extent of the impact has not been determined.

c) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the surplus or deficit. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

d) Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs

The Service recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Service and the cost of the item can be measured reliably. All other costs are recognised in the surplus or deficit as incurred.

Depreciation rates used in the current and prior year are as follows:

Class of Fixed Asset	2012 Depreciation Rate	2011 Depreciation Rate	Depreciation Method
Buildings on freehold land	2.5%	2.5%	Straight Line
Leasehold property	2.5% - 12.5%	2.5% - 12.5%	Straight Line
Furniture and fittings	7.5% - 20%	7.5% - 20%	Straight Line
Computer equipment	20% - 33%	20% - 33%	Straight Line
Medical equipment	25%	25%	Straight Line
Radio equipment	25%	25%	Straight Line
Motor vehicles	15%	15%	Straight Line
Aircraft	15,000 – 25,000 hours	15,000 – 25,000 hours	Units of Use

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

Depreciation

With the exception of freehold land, depreciation is charged on a straight line or units of use method over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Expenditure on the major overhaul of aircraft engines is capitalised and depreciated over the estimated effective useful life of the engine.

e) Investments

Investments in equity securities

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in finance income or expense.

Other financial instruments held by the Service are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in surplus or deficit. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised as finance income.

The fair value of financial instruments classified as available-for-sale is their quoted bid price at the balance sheet date (Level 1 in the fair value hierarchy).

f) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses.

g) Inventories

Inventories are stated at the lower of cost and current replacement cost. Current replacement cost is the cost the Service would incur to acquire the asset on the reporting date.

Costs are assigned on a first-in first-out principle and include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Service's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

i) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognised in surplus or deficit. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in surplus or deficit. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in other comprehensive income.

Non-financial assets

The carrying amounts of the Service's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the depreciated replacement cost is used when the future economic benefits of the asset are not primarily dependant on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset replace its remaining future economic benefits. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates

cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in surplus or deficit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

j) Employee benefits

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense as incurred.

Long-term service benefits

The Service's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at reporting date which have maturity dates approximating to the terms of the Service's obligations.

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on wage and salary rates that the Service expects to pay as at reporting date including related on-costs, such as workers compensation insurance and superannuation.

Notes to the financial statements

k) Trade and other payables

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30 day terms.

l) Loans and borrowings

Loans and borrowings are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, the financial liabilities are measured at amortised cost using the effective interest rate method.

m) Revenue and income

Services rendered

Revenue from services rendered is recognised in proportion to the stage of completion of the transaction at the balance sheet date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the costs incurred or to be incurred cannot be measured reliably.

Goods sold

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Government grants

Government grants are recognised in the balance sheet initially as deferred income when there is reasonable assurance that it will be received and that the Service will comply with the conditions attaching to it. Grants that compensate the Service for expenses incurred are recognised as revenue on a systematic basis in the same periods in which the expenses are incurred.

Bequests and fundraising

Bequests and fundraising are credited directly to operating income in the year when they are received. Where bequests or donations carry with them specific conditions, these are adhered to.

Net financing income

Net financing income comprises interest receivable on funds invested, interest expense on borrowings, dividend income, changes in fair value of financial assets at fair value through the statement of comprehensive income and foreign exchange gains and losses.

Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date the Service's right to receive payment is established which in the case of quoted securities is ex-dividend date. Borrowing costs are recognised as an expense using the effective interest rate method.

n) Expenses

Operating lease payments

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term.

o) Income tax

The Royal Flying Doctor Service of Australia (Queensland Section), due to the nature of its activities, has been granted an exemption from the payment of income tax under Section 50 of the Income Tax Assessment Act 1997.

p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

q) Non-current assets held for sale

Non current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the measurement of the assets is brought up to date in accordance with applicable accounting standards. Then, on initial classification as held for sale, non-current assets are recognised at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in surplus or deficit, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement.

r) Members' liability

The Royal Flying Doctor Service of Australia (Queensland Section) is incorporated under the Corporations Act 2001 as a company limited by guarantee. In the event of the Service being wound up, the liability of each of the Members is limited to two dollars.

s) Risk management

Risk management framework

Identification, measurement and management of risk is a priority for the Service. The provision of aeromedical services carries a number of diverse risks which may have a material impact on the Service's financial position and performance. Consequently, the Board has established a framework covering accountability, oversight, measurement and reporting to maintain a high standard of risk management throughout the Service.

The Service allocates specific roles in the management of risk to executives and senior managers and to the Board and Executive Committees. This is undertaken within an overall framework and strategy established by the Board.

The Service has exposure to the following risks from its use of financial instruments:

- > Credit risk
- > Liquidity risk
- > Market risk

Maximum credit exposures for the Service's financial assets are analysed below:

	2012 \$'000	2011 \$'000
Cash at bank	6,678	5,240
Term deposits	21,065	29,140
Investments	4,371	4,162
Trade debtors	10,720	1,625
Other receivables	6,170	367
Total exposures	49,004	40,534

Trade receivables are analysed as follows:

	2012 \$'000	2011 \$'000
Not past due	8,922	-
Past due 0 to 30 days	1,176	1,463
Past due 31 to 60 days	622	82
Past due 61 to 90 days	-	33
Past due over 91 days	-	47
Total trade receivables	10,720	1,625
Less provision for credit note	-	-
Total exposures	10,720	1,625

Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of a client to meet their obligations to the Service on time and in full, as contracted. It arises principally from the Service's receivables from clients, cash held and investment securities.

Management of credit risk

The Service's exposure to credit risk is influenced mainly by individual characteristics of each client. Approximately 85% (2011: 85%) of the Service's total revenue is attributable to Government Grants with a further 10% (2011: 11%) attributable to bequests and donations. At year end 93% of trade receivables was due from government departments (2011: 62%). The Service is of the opinion the credit risk associated with government department receivables is minimal.

Impaired trade receivables

Given the nature of the Service's activities and that 93% of debtors are due from Commonwealth and State Government sources, it has been deemed appropriate that no impairment relating to trade receivables be booked for the 2012 financial year (2011: nil).

Investments

The Service limits its exposure to credit risk by only investing in accordance with its agreed investment strategy.

With the exception of investing in approved managed funds, all other investments must have a Standard and Poor's long term credit rating of BBB+ or better and short term credit rating of A-2 or better.

The Service's cash is held in high credit quality financial institutions.

Liquidity risk

Liquidity risk is the risk that the Service does not have sufficient financial resources to meet its obligations when they come due, or will have to do so at excessive cost.

Management of liquidity risk

The Service's liquidity policy is designed to ensure it has sufficient funds to meet its obligations as they fall due. The Service's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Service's reputation.

Exposure to liquidity risk

The Service ensures that it has sufficient cash on demand to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The Service's trade and other payables for the current and prior period are due and payable within six months (all trade and other payables are non-interest bearing). During the prior year the Service took out a five year loan with National Australia Bank to fund an aircraft. The contractual cash flows are shown in note 15.

Market risk

Market risk is the risk that movements in interest rates, foreign exchange rates or equity prices will affect the Service's profits. Market risk arises in both the Service's trading portfolio, cash investments and its acquisition of aircraft.

Management of market risks

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, whilst optimising the return.

All transactions associated with the Service's market risk investments are carried out within the Service's Investment Policy Guidelines set by the Finance and Audit Committee.

Interest rate risk

The Service invests surplus funds in various fixed and floating term interest bearing securities. Interest rate risk is the risk the Service faces in respect of those securities from changing interest rates. The Service minimises this risk by investing in fixed securities not usually exceeding three months in length. The majority of cash assets currently held by the Service matures within three months and are obtaining an effective interest rate at 30 June 2012 of 5.57% (2011: 6.11%).

An increase in interest rates of 100 basis points at reporting date, assuming all other variables remain constant, would increase the surplus by \$147,800 (2011: \$213,000).

A decrease in interest rates of 100 basis points at reporting date, assuming all other variables remain constant, would decrease the surplus by \$147,800 (2011: \$213,000).

Notes to the financial statements

The Service does not account for its fixed rate liability at fair value through profit and loss and therefore a change in interest rates at the reporting date would not effect surplus or deficit.

Foreign currency risk

The Service is exposed to foreign currency risk on purchases that are denominated in a currency other than AUD.

The currencies giving rise to this risk are primarily U.S. Dollars. The Service holds USD bank accounts and USD term deposits to hedge against this risk (2012: 1,783,446 USD, 2011: 1,617,597 USD).

The USD year end exchange rates during the current and prior year were: 2012; 1.0191 (2011; 1.0739).

A 10 percent strengthening in the AUD against the USD, all other variables remaining constant, would decrease the surplus by \$159,000 (2011; \$137,000).

A 10 percent weakening of the AUD against the USD, all other variables remaining constant, would increase the surplus by \$159,000 (2011; \$137,000).

Equity price risk

Equity price risk arises from available-for-sale and held for trading equity securities held by the Service. The Service uses an experienced fund manager (Macquarie Bank) in order to manage the market risk associated with movements in equity prices. The performance of the fund manager is reviewed regularly by the Board.

An increase in the equity market, all other variables remaining constant, of 10% would result in an increase in the surplus of \$301,000 (2011: \$307,000).

A decrease in the equity market, all other variables remaining constant, of 10% would result in a decrease in the surplus of \$301,000 (2011: \$307,000).

Fair values

The carrying values of the Service's financial assets and liabilities approximate their fair values.

Fair value hierarchy

The Service only holds level one fair value instruments.

2. Revenue

In thousands of AUD	Note	2012	2011
Revenue			
Commonwealth Government operating grants		17,545	12,549
Commonwealth Government capital grants		2,726	665
State Government fee for services		39,530	39,769
Specific Project operating grants		15,589	15,361
Visitor Centre sales and admissions		-	7
		75,390	68,351
Other Income			
Bequests		3,385	1,452
Donations		5,798	7,110
Net gain on disposal of property, plant and equipment		21	13
Other income		2,326	2,546
		11,530	11,121

3. Surplus for the Year

The RFDS (Queensland Section) provides services on behalf of the Commonwealth and State Governments generally on a cost recovery basis. To ensure a viable and sustainable business going forward,

the RFDS aims to generate a surplus from non-operational funding such as donations, legacies, financial income and capital grants. In addition to government grants, these surpluses enable the RFDS to maintain and acquire assets which are used

to enhance and extend the services the RFDS provides.

The surplus generated for the year end 2012 was \$11,157,000 (2011: \$2,399,000). The contributions to the surplus from non-operational funding are summarised in the following table:

In thousands of AUD	Note	2012	2011
Surplus		11,157	2,399
Non-operational Funding			
- Bequests	2	3,385	1,452
- Donations (net of fundraising expenses)	2	5,798	5,943
- Foreign exchange gain/(loss)	6	172	(79)
- Other financial income/(expense)	6	854	926
- Capital grants	2	2,726	665
Sub Total		12,935	8,907
Contribution from/(to) Operational Activities			
- Contribution from activities		-	-
- Contribution to activities		(1,778)	(6,508)
Total		11,157	2,399

4. Personnel Expenses

In thousands of AUD	Note	2012	2011
Wages and salaries		30,483	29,089
Other associated personnel expenses		1,299	1,484
Contributions to defined contribution superannuation funds		3,266	3,143
Increase/(decrease) in liability for annual leave		478	587
Increase/(decrease) in liability for long service leave		388	234
		35,914	34,537

Notes to the financial statements

5. Auditors' Remuneration

In AUD	Note	2012	2011
Audit services			
KPMG Australia:			
Audit of financial reports		40,900	39,500
Other regulatory audit services		56,100	50,425
		97,000	89,925
Other services*		-	32,606
Taxation Services		3,500	-
		3,500	32,606

*Other services in the prior year included assistance with building the corporate budget template and an IT security business case check.

6. Net Financing Income

In thousands of AUD	Note	2012	2011
Interest income		1,234	1,025
Dividend income		272	275
Net gain on re-measurement of investment at fair value through profit or loss		-	-
Net foreign exchange Gain		172	-
Financial income		1,678	1,300
Interest expense		(439)	(329)
Net foreign exchange loss		-	(79)
Net loss on re-measurement of investment at fair value through profit or loss		(213)	(45)
Financial expenses		(652)	(453)
Net financing income/(expense)		1,026	847

7. Cash and Cash Equivalents

In thousands of AUD	Note	2012	2011
Bank balances		6,678	5,236
Cash deposits		21,065	29,140
Cash on hand		4	4
Cash and cash equivalents in the statement of cash flows		27,747	34,380

The Service had \$1,151,000 in capital commitments at 30th June 2012 (30th June 2011: \$5,500,000) that had not been expended. These commitments relate to the construction of an oral health mobile trailer which is expected to be completed by November 2012 (\$757,000) and aircraft engine overhaul costs which will be completed in July 2012 (\$394,000).

Whilst not contractually committed, significant additional capital expenditure will be required to maintain the Service's aircraft and other operational assets. In accordance with the long term operational plans of the Service, over the next 12 years, these commitments have the potential to absorb the majority of these funds

8. Trade and Other Receivables

In thousands of AUD	Note	2012	2011
Trade receivables and other debtors		10,720	1,637
Other receivables and prepayments		6,170	355
		16,890	1,992

9. Inventories

In thousands of AUD	Note	2012	2011
Finished goods		75	63
		75	63

10. Investments

In thousands of AUD	Note	2012	2011
Current			
Other investments – managed portfolio designated at fair value through the statement of comprehensive income		3,739	3,279
		3,739	3,279
Non Current			
Listed equity securities available for sale		632	883
		632	883

11. Property, Plant and Equipment**Cost****In thousands of AUD**

	Freehold Land	Buildings on Freehold Land	Leasehold Property	Plant and Equipment	Aircraft and Related Equipment	Capital Works in Progress	Total
Balance at 1 July 2010	811	2,935	6,372	3,187	75,312	4,039	92,656
Acquisitions	-	-	40	586	20,104	1,722	22,452
Disposals	-	-	-	(283)	-	-	(283)
Transfers	-	-	-	302	3,548	(3,850)	-
Balance at 30 June 2011	811	2,935	6,412	3,792	98,964	1,911	114,825

	Freehold Land	Buildings on Freehold Land	Leasehold Property	Plant and Equipment	Aircraft and Related Equipment	Capital Works in Progress	Total
Balance at 1 July 2011	811	2,935	6,412	3,792	98,964	1,911	114,825
Acquisitions	-	-	-	187	1,427	7,133	8,747
Disposals	-	-	-	(83)	(1,788)	-	(1,871)
Transfers	130	1,189	6,718	199	-	(8,236)	-
Assets held for sale	(525)	(430)	-	-	(317)	-	(1,272)
Balance at 30 June 2012	416	3,694	13,130	4,095	98,286	808	120,429

Notes to the financial statements

11. Property, Plant and Equipment *continued*

Accumulated depreciation In thousands of AUD

	Freehold Land	Buildings on Freehold Land	Leasehold Property	Plant and Equipment	Aircraft and Related Equipment	Capital Works in Progress	Total
Balance at 1 July 2010	-	447	1,987	2,175	27,400	-	32,009
Depreciation Charge	-	73	213	394	6,202	-	6,882
Impairment Loss	-	-	-	-	6,609	-	6,609
Disposals	-	-	-	(283)	-	-	(283)
Balance at 30 June 2011	-	520	2,200	2,286	40,211	-	45,217

	Freehold Land	Buildings on Freehold Land	Leasehold Property	Plant and Equipment	Aircraft and Related Equipment	Capital Works in Progress	Total
Balance at 1 July 2011	-	520	2,200	2,286	40,211	-	45,217
Depreciation Charge	-	96	270	463	6,159	-	6,988
Assets held for sale	-	(160)	-	-	-	-	(160)
Disposals	-	-	-	(62)	(1,790)	-	(1,852)
Balance at 30 June 2012	-	456	2,470	2,687	44,580	-	50,193

* Refer note 21 for information on Impairment of \$6,609,000 in 2011

Carrying amounts In thousands of AUD

	Freehold Land	Buildings on Freehold Land	Leasehold Property	Plant and Equipment	Aircraft and Related Equipment	Capital Works in Progress	Total
Balance at 1 July 2010	811	2,488	4,385	1,012	47,912	4,039	60,647
Balance at 30 June 2011	811	2,415	4,212	1,504	58,753	1,911	69,606

	Freehold Land	Buildings on Freehold Land	Leasehold Property	Plant and Equipment	Aircraft and Related Equipment	Capital Works in Progress	Total
Balance at 1 July 2011	811	2,415	4,212	1,504	58,753	1,911	69,606
Balance at 30 June 2012	416	3,238	10,660	1,408	53,706	808	70,236

12 Trade and Other Payables

In thousands of AUD

	Note	2012	2011
Trade payables		1,936	3,029
Other payables and accrued expenses		3,448	1,082
		5,384	4,111

13. Employee Benefits**Current****In thousands of AUD**

	Note	2012	2011
Liability for long service leave		949	806
Liability for annual leave		4,181	3,703
		5,130	4,509

Non - current**In thousands of AUD**

	Note	2012	2011
Liability for long service leave		1,075	830
		1,075	830

14. Loans and Borrowings**Current****In thousands of AUD**

	Note	2012	2011
Secured bank loans		1,039	966
		1,039	966

Non - current**In thousands of AUD**

	Note	2012	2011
Secured bank loans		4,534	5,573
		4,534	5,573

The bank loans are secured by one aircraft with a carrying amount of \$5,779,000 in AUD at 30 June 2012 (2011: \$6,474,000)

In thousands of AUD	Currency	Nominal Interest Rate	Year of Maturity	30 June 2012		30 June 2011	
				Face Value	Carrying Amount	Face Value	Carrying Amount
Secured bank loans	AUD	7.18	2015	5,573	5,573	6,539	6,539
				5,573	5,573	6,539	6,539

15. Financial Asset and Liabilities

The following is the contractual maturity of the secured bank loan including estimated interest payments.

In thousands of AUD	Carrying Amount	Contractual Cash Flows	6 mths	6-12 mths	1-2 years	2-5 years	+5 years
2011 Secured bank loans	6,539	7,811	703	703	1,405	5,000	-
	6,539	7,811	703	703	1,405	5,000	-
2012 Secured bank loans	5,573	6,406	703	703	1,405	3,595	-
	5,573	6,406	703	703	1,405	3,595	-

Notes to the financial statements

16. Capital and Reserves

In thousands of AUD	Note	Specific Purpose Donations / Legacies	Unrealised Gain Reserve	Retained Surplus	Total equity
Balance at 1 July 2010		186	695	84,929	85,810
Total comprehensive income		-	124	2,399	2,523
Balance at 30 June 2011		186	819	87,328	88,333

Reconciliation of movement in capital and reserves

In thousands of AUD	Note	Specific Purpose Donations / Legacies	Unrealised Gain Reserve	Retained Surplus	Total equity
Balance at 1 July 2011		186	819	87,328	88,333
Total comprehensive income		-	(251)	11,157	10,906
Balance at 30 June 2012		186	568	98,485	99,239

Specific purpose donations/ legacies reserve

The Royal Flying Doctor Service of Australia (Queensland Section) holds all donations and legacies received with a specific purpose nominated, in separate bank accounts or investments until the funds are required for the nominated purpose.

Where specific purpose donations are received during the year, these amounts are transferred from accumulated funds to reserves. Where payments are made during the financial year from specific purpose donations received for nominated equipment, this amount is transferred from reserves to accumulated funds.

Unrealised gain reserve

The unrealised gain reserve includes the cumulative net change in the fair value of available for sale investments until the investment is de-recognised.

17. Operating Leases

Non – cancellable operating lease rentals are payable as follows:

In thousands of AUD	Note	2012	2011
Less than one year		966	673
Between one and five years		2,306	1,707
More than five years		1,441	1,483
		4,713	3,863

The Service leases a number of buildings and hangars under operating leases. The leases typically run for a period of 1 to 15 years, with an option to renew the lease after that date. None of these leases include contingent rentals.

During the financial year ended 30 June 2012, \$1,223,000 was recognised as an expense in the income statement in respect of operating leases (2011: \$1,066,201).

18. Commitments

The Service had \$1,151,000 in capital commitments at 30th June 2012 (30th June 2011: \$5,500,000) that had not been expended. These commitments relate to the construction of an oral health mobile trailer which is expected to be completed by November 2012 (\$757,000) and aircraft engine overhaul costs which will be completed in July 2012 (\$394,000).

19. Reconciliation of Cash Flows from Operating Activities

In thousands of AUD

	Note	2012	2011
Cash flows from operating activities			
Profit for the period		11,157	2,399
<i>Adjustments for:</i>			
Depreciation		6,718	6,669
Amortisation		270	213
Net gain on sale of assets		21	13
Other non cash items		(586)	171
Dividend Revenue		(272)	(275)
Write (up)/down to fair value – investments		213	45
Impairment loss – aircraft		-	6,609
Foreign exchange (gain)/loss		(172)	79
Operating profit before changes in working capital and provisions		17,349	15,923
(Increase)/decrease in trade and other receivables		(14,898)	5,522
(Increase)/decrease in inventories		(12)	(17)
Increase/(decrease) in trade and other payables		1,273	(556)
Increase/(decrease) in provisions and employee benefits		866	821
Increase/(decrease) in deferred government grants		(1,851)	2,256
Net cash from operating activities		2,727	23,949

20. Key management personnel disclosures

Key management personnel are employed under permanent contracts with indefinite terms. Salary packages are benchmarked against the market salary for each job description

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 4) are as follows:

In AUD	Note	2012	2011
Short-term employee benefits	1,758,225	1,797,865	
Long-term employee benefits	38,255	-	
Post-employment benefits	199,055	217,461	
		1,995,535	2,015,326

Director's remuneration

No income was paid or is payable to the Directors of the Service.

Other key management personnel transactions with the Service

A number of key management persons of the Service hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The terms and conditions of all investments are on a standard commercial basis.

21. Impairment of Assets

In thousands of AUD	Note	2012	2011
Impairment loss - aircraft		-	6,609
		-	6,609

At 30 June 2011 the Service recorded an impairment loss of \$6,609,000. The value in use of aircraft, which is determined on a depreciated replacement cost basis, is

calculated in U.S. dollars as this is the currency in which the aircraft are customarily traded. The Directors' determination of recoverable amount was based on an independent assessment of aircraft values at 30 June 2011. This impairment was due to the strength of the Australian Dollar at the end of the financial year. The AUD/USD exchange rate at 30 June 2011 was 1.0739 (30 June 2010: 0.8523). The impairment loss was recognised in the "Health services expenses" line in the statement of comprehensive income.

The Directors considered the impairment of assets as at 30th June 2012 and determined that the carrying value of the assets did not exceed their recoverable amount, therefore no impairment loss was recorded.

22. Assets Held For Sale

At 30 June 2012 the Service held for sale a property located at Edge Hill and an aircraft. These assets are expected to be disposed of by the end of October 2012.

Directors' declaration

For the year ended 30 June 2012

In the opinion of the Directors of the Royal Flying Doctor Service of Australia (Queensland Section) ('the Service'):

- a) the financial statements and notes, set out on pages 8 to 19, are in accordance with the Corporations Act 2001, including:
 - I. giving a true and fair view of the Service's financial position as at 30 June 2012, and of its performance for the financial year ended on that date; and
 - II. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Service will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 25th day of September 2012

Signed in accordance with a resolution of the Directors:



A.M. Gray
Chairman



R D Postle
Director



Independent audit report

to the members of Royal Flying Doctor Service of Australia (Queensland Section)

We have audited the accompanying financial report of Royal Flying Doctor Service of Australia (Queensland Section) (the Service), which comprises the balance sheet as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Service are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Service's financial position and of its performance.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion the financial report of Royal Flying Doctor Service of Australia (Queensland Section) is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Service's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.


KPMG


Simon Crane
Partner

Brisbane
22 September 2012



Auditor's independence declaration

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

To: the Directors of the Royal Flying Doctor Service of Australia (Queensland Section)

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

- > no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- > no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Simon Crane
Partner

Brisbane

25 September 2012

Patient and aviation statistics

Aviation Statistics

Location	No. of Aircraft	Number of Landings			Hours Flown			Kilometres Flown		
		RFDS	Charter	Total	RFDS	Charter	Total	RFDS	Charter	Total
Cairns	6	4,109	282	4,391	4,727	255	4,983	1,478,435	62,861	1,541,296
Mount Isa	4	2,845	-	2,845	2,428	-	2,428	769,752	-	769,752
Charleville	1	1,155	-	1,155	1,403	-	1,403	460,187	-	460,187
Brisbane	2	4,041	318	4,359	4,055	235	4,291	1,338,627	66,870	1,405,498
Bundaberg	1	2,747	-	2,747	2,244	-	2,244	686,309	-	686,309
Rockhampton	3	3,682	-	3,682	3,906	-	3,906	1,331,499	-	1,331,499
Roma	1	443	-	443	360	-	360	115,137	-	115,137
Townsville	2	3,382	94	3,476	4,231	76	4,306	1,540,220	16,490	1,556,710
Total	20	22,404	694	23,098	23,355	566	23,921	7,720,166	146,221	7,866,387

Aircraft

Registration	Description	Year of Manufacture	Date Acquired	Planned Withdrawal Date
VH-NQA	Beechcraft King Air B200C	1982	April 1991	2015
VH-FDO	Beechcraft B200	1982	February 1995	2013
VH-FFI	Beechcraft B200	1982	February 1995	2013
VH-FDD	Beechcraft Super King Air B200SE	2000	April 2000	2015
VH-FDF	Beechcraft Super King Air B200SE	2000	September 2000	2014
VH-FDC	Pilatus PC-12	2001	November 2001	2016
VH-NQB	Pilatus PC-12	2001	November 2001	2016
VH-FDP	Pilatus PC-12	2001	November 2001	2016
VH-FDR	Beechcraft King Air B200	2004	December 2004	2017
VH-FDW	Beechcraft King Air B200	2004	December 2004	2017
VH-FDZ	Beechcraft King Air B200	2004	December 2004	2017
VH-FDB	Beechcraft King Air B200	2007	May 2007	2019
VH-FDA	Beechcraft King Air B200	2007	August 2007	2020
VH-FDT	Beechcraft King Air B200	2007	October 2007	2020
VH-FDG	Beechcraft King Air B200	2009	July 2009	2029
VH-NQC	Cessna C208	2009	October 2009	2029
VH-NQD	Cessna C208	2009	October 2009	2029
VH-FDI	Beechcraft King Air B200C	2010	November 2010	2028
VH-FDS	Beechcraft King Air B200C	2010	September 2010	2028
VH-FDM	Beechcraft King Air B200C	2010	November 2010	2028

Patients Attended

Base	Medical Clinics	Other Clinics	Facilitated Clinics	Rural Women's GP Service	Total	Remote Consultation Calls	Tasking Calls	Immunisations
Cairns	11,996	15,518	63	2,002	29,579	8,264	1,139	2,361
Mount Isa	4,513	2,378	53	-	6,944	4,779	796	1,385
Charleville	2,808	1,737	107	-	4,652	1,547	508	924
Brisbane	-	-	215	2,853	3,068	-	6,337	-
Bundaberg	-	-	-	-	-	-	4,794	-
Rockhampton	-	-	-	-	-	-	6,270	-
Townsville	734	455	-	-	1,189	14	6,211	137
Longreach	-	760	-	-	760	423	-	-
Total	20,051	20,848	438	4,855	46,192	15,027	26,055	4,807

Number of Clinics Conducted

Base	Medical Clinics	Other Clinics	Facilitated Clinics	Rural Women's GP Service	Total
Cairns	1,076	1,523	12	236	2,847
Mount Isa	327	459	5	-	791
Charleville	262	297	24	-	583
Brisbane	-	-	15	216	231
Bundaberg	-	-	-	-	-
Rockhampton	-	-	-	-	-
Townsville	51	46	-	-	97
Longreach	-	459	-	-	459
Total	1,716	2,784	56	452	5,008

Number of Patients Transported

Base	Primary Evacuations	Inter-hospital Transfers	Transported from a Clinic	Repatriations	Total
Cairns	506	522	-	12	1,040
Mount Isa	423	501	46	3	973
Charleville	77	250	16	13	356
Brisbane	2	2,373	-	35	2,410
Bundaberg	6	1,789	-	7	1,802
Rockhampton	7	2,487	-	16	2,510
Townsville	20	2,336	1	9	2,366
Longreach	-	-	-	-	-
Total	1,041	10,258	63	95	11,457

Financial statistics

	2011/12	2010/11	2009/10	2008/9
OPERATIONAL COSTS				
Aeromedical services	61,358,394	62,366,982	52,723,274	47,597,181
Specific projects	15,429,787	15,552,794	14,508,820	13,341,012
Total operational costs	76,788,181	77,919,776	67,232,094	60,938,193
FUNDED BY:				
Commonwealth Government operating grants				
- Aeromedical activities	17,545,181	12,549,682	11,728,670	11,087,524
- Specific projects	11,277,687	11,565,532	10,431,232	7,462,892
- Medicare receipts	1,213,601	1,320,336	1,080,407	1,053,503
Queensland State Government operating grants				
- Aeromedical activities	39,529,655	39,769,118	31,442,236	33,505,800
- Specific projects	2,304,789	2,181,882	2,698,056	4,016,980
Other specific projects	1,564,891	2,741,799	509,782	617,212
Total grants	73,435,804	70,128,350	57,890,384	57,743,911
RFDS contribution	3,352,377	7,791,426	9,341,710	3,194,282
Total operational funding	76,788,181	77,919,776	67,232,094	60,938,193
DONATIONS, LEGACIES AND OTHER FUNDRAISING ACTIVITIES				
Donations and fundraising				
- General purpose	5,797,638	7,110,213	5,445,186	4,523,838
- Specific purpose	-	-	54,200	37,085
- Membership fees	1,960	1,600	1,720	1,840
- Legacies – general purpose	3,385,332	1,451,788	1,094,756	3,662,588
Total fundraising	9,184,930	8,563,602	6,595,862	8,225,351
CAPITAL GRANTS				
Commonwealth Government	2,725,973	663,478	2,821,467	2,210,240
Queensland State Government			-	-
Total capital grants	2,725,973	663,478	2,821,467	2,210,240
CONTRIBUTIONS TO OPERATING COSTS				
Operating grant funding				
- Commonwealth Government	39.12%	32.64%	34.57%	32.17%
- Queensland State Government	54.48%	53.84%	50.78%	61.58%
- Other specific project grants	2.04%	3.52%	0.76%	1.01%
- RFDS	4.37%	10.00%	13.89%	5.24%
	100%	100.0%	100.0%	100.0%



RFDS Bases >

RFDS Brisbane Base
12 Casuarina Street
Brisbane Airport QLD 4007
T 07 3860 1100
F 07 3860 1122
E rfd_bne@rfdsqld.com.au

RFDS Bundaberg Base
RFDS/QAS Hangar
Childers Road
Bundaberg Airport QLD 4670
T 07 4131 3000
F 07 4155 2372
E rfd_bdb@rfdsqld.com.au

RFDS Cairns Base
Royal Flying Doctor Street
General Aviation
Cairns Airport QLD 4870
T 07 4040 0444
F 07 4040 0199
E rfd_cns@rfdsqld.com.au

RFDS Charleville Base
Old Cunnamulla Road
Charleville QLD 4470
T 07 4654 1233
F 07 4654 1629
E rfd_cvl@rfdsqld.com.au

RFDS Longreach Base
137 B and C Eagle Street
Longreach QLD 4730
T 07 4652 5800
F 07 4652 5899
E rfd_lng@rfdsqld.com.au

RFDS Mount Isa Base
11 Barkly Highway
Mount Isa QLD 4825
T 07 4743 2800
F 07 4743 0521
E rfd_mtisa@rfdsqld.com.au

RFDS Rockhampton Base
Hangar 5, Canoona Road
Rockhampton QLD 4700
T 07 4921 2221
F 07 4921 2277
E rfd_rok@rfdsqld.com.au

RFDS Townsville Base
Hangar 117
Corner Gypsy Moth Court and
Viscount Drive
Townsville Airport QLD 4810
T 07 4775 3111
F 07 4775 3511
E rfd_tsv@rfdsqld.com.au



How you can help >

To help meet the costs associated with running a 24-hour emergency and comprehensive health care service, the RFDS relies on generous contributions from individuals, community groups, business and the corporate sector as well as funding provided by the Commonwealth, State and Territory Governments.

The money donated to the RFDS helps to:

- > buy vital medical equipment
- > purchase and medically fit out aircraft
- > develop a range of outback and rural health initiatives

To make a donation visit www.flyingdoctor.org.au or phone 1300 669 569.

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**Royal Flying
Doctor Service**

QUEENSLAND SECTION