

# Financial Report 2017/18



Royal Flying Doctor Service  
QUEENSLAND SECTION

*The furthest corner. The finest care.*



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Our mission is to provide excellence in, and access to, primary health care and aeromedical services across Queensland.

## 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 and to allow access to a higher level of health care, 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, Indigenous health, child and family health, social and emotional wellbeing, women's health, men's health, health promotion and dental services.

The RFDS provides over 330,000 episodes of care to Australians each year – that's one person every two minutes.

In Queensland, the RFDS operates from nine bases including Brisbane, Bundaberg, Rockhampton, Townsville, Cairns, Mount Isa, Charleville, Roma 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.

The RFDS receives substantial State and Federal Government funding for its services. We rely on fundraising initiatives and donations from individuals, organisations and the community to provide significant funding to meet operational costs as well as to purchase and aeromedically fit-out our aircraft, purchase vital medical equipment and enhance our operational facilities. In the year ended 30th June 2018 donations and bequests to RFDS amounted to \$15.6 million.







## 1. Board of Directors

The directors present their report together with the financial report of The Royal Flying Doctor Service of Australia (Queensland Section) and its controlled entities, RFDS (QLD) Services Limited and RFDS Foundation Limited (the Consolidated Service), for the financial year ended 30 June 2018 and the auditor's report thereon.

The directors of the Company at any time during or since the end of the financial year are:

Directors	Appointed date
<b>Mr Mark Gray (Chairman)</b> BEcon (Hons), SF Fin, FAICD	Appointed August 2015
<b>Mr Russell Postle (Deputy Chairman)</b> FCA, FTIA, MAICD	Appointed October 1994
<b>Mr Michael Burnett</b> BEcon, LLB, LLM, MBA, GAICD	Appointed September 2010
<b>Mr Peter Gartshore</b> BCom (Qld)	Appointed October 2008
<b>Mrs Julia Leeds</b> MBBS (Qld) GAICD	Appointed January 2003
<b>Dr Desley Marshall</b> OAM, MBBS, FRACGP, GAICD	Appointed July 2009
<b>Hon. Bruce Scott</b>	Appointed June 2016
<b>Mrs Georgie Somerset</b>	Appointed July 2016
<b>Emeritus Professor Robert Stable</b> AM, MBBS (Qld), MHP (NSW), DUniv (QUT), FRACGP, FAICD	Appointed November 2012
<b>Professor Cindy Shannon</b> BA, Grad DipEd, MBA, Dr SocSC, GAICD	Appointed January 2018
<b>Mrs Sally-Anne Witherspoon</b>	Appointed March 2010
<b>Mr Greg O'Toole (Company Secretary)</b> CPA, BBus (Charles Sturt)	Appointed January 2005

## 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 Consolidated 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 Services Committee Meeting		Auxiliary Committee Meeting	
	A	B	A	B	A	B	A	B	A	B	A	B
Mr M Gray	12	12	8	8	1	1	-	-	-	-	-	-
Mr R Postle	11	12	8	8	-	-	-	-	4	5	-	-
Mr M Burnett	11	12	6	8	-	1	-	-	-	-	-	-
Mr P Gartshore	11	12	8	8	1	1	4	4	-	-	-	-
Mrs J Leeds	9	12	-	-	-	-	3	4	3	5	-	-
Dr D Marshall	12	12	-	-	1	1	-	-	5	5	-	-
Hon. B Scott	12	12	-	-	-	-	4	4	-	-	4	4
Mrs G Somerset	12	12	-	-	-	-	-	-	5	5	4	4
Prof R Stable	12	12	-	-	-	-	-	-	5	5	-	-
Mrs S Witherspoon	12	12	-	-	1	1	4	4	-	-	4	4
Mrs C Shannon	5	6	-	-	-	-	-	-	-	-	-	-

**A** – Number of meetings attended

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



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### 3. Principal activities

The principal activity of the Consolidated Service during the course of this financial year was the provision of health care services, primarily to rural, regional and remote parts of Queensland.

There were no other significant changes in the nature of the activities of the Consolidated Service during the year.

#### Objectives

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

The 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 Consolidated Service's long term objectives are covered by the Consolidated Service's vision that we will provide, advocate and facilitate equitable access to comprehensive quality health care for rural, remote and regional Queensland. During the past year, operations have been maintained, providing a Mantle of Safety across Queensland.

The Consolidated Service aims to achieve this through:

- > Innovative services and methods of delivery which earn the Consolidated 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 Consolidated Service's strategic objectives could not be achieved without the RFDS undertaking its principal activities of the provision of aeromedical primary health care and dental services.

The Consolidated Service measures its performance via an analysis of the key patient, aviation and financial statistics contained in the back of this report.

The operating result for the year was an operating deficit of \$11,553,000 (2017: deficit \$9,595,000). The overall surplus for year was \$2,569,000 (2017: surplus \$4,171,000) after accounting for non-operational funding. No income tax is payable as the Consolidated Service is exempt under Australian taxation legislation.

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### 4. Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Consolidated Service that occurred during the financial year under review. During the year, a new controlled entity, RFDS Foundation Limited was established to hold the long term financial assets and investments of the Consolidated Service. This new controlled entity is focused on long-term investment strategies designed to improve financial income generated from bequested funds.

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### 5. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Consolidated Service, to affect significantly the operations of the Consolidated Service, the results of those operations, or the state of affairs of the Consolidated Service, in future financial years.

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### 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 Consolidated Service being wound up, the liability of each of the Members is limited to two dollars. As at 30 June 2018 the total liability for membership in the event that the Consolidated Service is wound up would be \$100.

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### 7. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 30 and forms part of the directors' report for the financial year ended 30 June 2018.

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### 8. Rounding off

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Instrument, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made out in accordance with a resolution of the directors:



**Mr M Gray**  
Chairman



**Mr R Postle**  
Chairman Finance  
and Audit Committee

Dated at Brisbane this 27<sup>th</sup> day of September 2018.

# Consolidated statement of financial position

FOR THE YEAR ENDED 30 JUNE 2018

In thousands of dollars	Note	2018		2017	
		Consolidated	Parent Entity	Consolidated	Parent Entity
Assets					
Cash and cash equivalents	12	10,807	10,780	15,632	15,461
Trade and other receivables	11	7,485	6,741	5,611	5,395
Inventories	10	142	142	75	75
Term deposits		3,096	3,096	4,032	4,032
Assets held for sale	15	670	670	1,118	1,118
Total current assets		22,200	21,429	26,468	26,081
Capital investments	13	28,064	17,777	18,957	18,957
Property, plant and equipment	14	100,291	100,245	99,455	99,393
Total non-current assets		128,355	118,022	118,412	118,350
Total assets		150,555	139,451	144,880	144,431
Liabilities					
Trade and other payables	17	8,073	7,938	5,661	5,554
Employee benefits	18	6,627	6,577	5,876	5,836
Deferred government grants		2,400	2,284	2,925	2,923
TOTAL CURRENT LIABILITIES		17,100	16,799	14,462	14,313
Employee benefits	18	903	893	1,006	999
Total non-current liabilities		903	893	1,006	999
TOTAL LIABILITIES		18,003	17,692	15,468	15,312
Net assets		132,552	121,759	129,412	129,119
Equity					
Reserves		402	402	2,669	2,669
Retained surplus		132,150	121,357	126,743	126,450
TOTAL EQUITY	16	132,552	121,759	129,412	129,119

The Notes on pages 9 to 20 are an integral part of these financial statements.

# Consolidated statement of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2018

In thousands of dollars	Note	2018		2017	
		Consolidated	Parent Entity	Consolidated	Parent Entity
Operating Revenue	5	77,713	75,205	83,184	81,347
Less: Operating expenses	7	(89,266)	(86,967)	(92,779)	(90,327)
<b>OPERATING DEFICIT</b>	6	<b>(11,553)</b>	<b>(11,762)</b>	<b>(9,595)</b>	<b>(8,980)</b>
<b>Add non-operational funding</b>					
Bequests		5,222	5,222	5,489	5,489
Donations		10,345	10,344	9,250	8,461
Fundraising expenses		(3,471)	(3,471)	(3,049)	(3,049)
Net financing income	9	1,735	1,725	423	421
<b>Subtotal</b>		<b>13,831</b>	<b>13,820</b>	<b>12,113</b>	<b>11,322</b>
<b>Other non-operational items</b>					
Net gain on disposal of property, plant & equipment		291	291	1,653	1,653
<b>SURPLUS FOR THE YEAR</b>	6	<b>2,569</b>	<b>2,349</b>	<b>4,171</b>	<b>3,995</b>
Other comprehensive income		-	-	-	-
Items that may be reclassified subsequent to profit and loss		-	-	-	-
Net change in fair value of available-for-sale-investments		571	571	1,027	1,027
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>3,140</b>	<b>2,920</b>	<b>5,198</b>	<b>5,022</b>

The Notes on pages 9 to 20 are an integral part of these financial statements.

# Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2018

## CONSOLIDATED

CONSOLIDATED		Attributable to owners of the Company			
In thousands of dollars	Note	Unrealised Gain Reserve	Specific purpose donations/legacies	Retained earnings	Total equity
<b>Retained Surplus</b>					
Balance at 1 July 2016		-	-	122,572	122,572
<b>Total comprehensive income</b>					
Net surplus for the year		-	-	4,171	4,171
<b>Reserves</b>					
Opening Reserves		1,456	186	-	1,642
Other comprehensive income		1,027	-	-	1,027
BALANCE AT 30 JUNE 2017	16	2,483	186	126,743	129,412
<b>Balance at 1 July 2017</b>					
		-	-	126,743	126,743
<b>Total Comprehensive Income</b>					
Net surplus (deficit) for the year		-	-	2,569	2,569
<b>Reserves</b>					
Opening Reserves		2,483	186	-	2,669
Gains realised on transfer of investments		(2,838)	-	2,838	-
Other comprehensive income		571	-	-	571
BALANCE AT 30 JUNE 2018	16	216	186	132,150	132,552

The Notes on pages 9 to 20 are an integral part of these financial statements.

# Consolidated statement of changes in equity

FOR THE YEAR ENDED 30 JUNE 2018

## PARENT ENTITY

PARENT ENTITY		Attributable to owners of the Company			
In thousands of dollars	Note	Unrealised Gain Reserve	Specific purpose donations/legacies	Retained earnings	Total equity
<b>Retained Surplus</b>					
Balance at 1 July 2016		-	-	122,455	122,455
<b>Total comprehensive income</b>					
Net surplus for the year		-	-	3,995	3,995
<b>Reserves</b>					
Opening Reserves		1,456	186	-	1,642
Other comprehensive income		1,027	-	-	1,027
<b>BALANCE AT 30 JUNE 2017</b>	16	<b>2,483</b>	<b>186</b>	<b>126,450</b>	<b>129,119</b>
<b>Balance at 1 July 2017</b>					
Balance at 1 July 2017		-	-	126,450	126,450
<b>Total Comprehensive Income</b>					
Net surplus (deficit) for the year		-	-	2,349	2,349
Transfer of investments to controlled entity				(10,280)	(10,280)
<b>Reserves</b>					
Opening Reserves		2,483	186	-	2,669
Gains realised on transfer of investments		(2,838)	-	2,838	-
Other comprehensive income		571	-	-	571
<b>BALANCE AT 30 JUNE 2018</b>	16	<b>216</b>	<b>186</b>	<b>121,357</b>	<b>121,759</b>

The Notes on pages 9 to 20 are an integral part of these financial statements.

# Consolidated statement of cash flows

FOR THE YEAR ENDED 30 JUNE 2018

In thousands of dollars	Note	2018		2017	
		Consolidated	Parent Entity	Consolidated	Parent Entity
Cash flows from operating activities					
Cash receipts from customers		108,666	104,159	110,357	106,011
Cash paid to suppliers and employees		(93,658)	(89,004)	(93,652)	(89,491)
Cash generated from operations		15,008	15,155	16,705	16,520
Interest received		38	35	258	256
NET CASH FROM OPERATING ACTIVITIES	21	15,046	15,190	16,963	16,776
Cash flows from investing activities					
Acquisition of property, plant and equipment		(13,738)	(13,738)	(21,284)	(21,248)
Proceeds on sale of property, plant and equipment		469	469	3,544	3,544
Dividend and distribution revenue		42	42	61	61
(Increase) Decrease in term deposits		(6,644)	(6,644)	(12,203)	(12,203)
NET CASH FROM INVESTING ACTIVITIES		(19,871)	(19,871)	(29,882)	(29,846)
Net increase/(decrease) in cash and cash equivalents held					
Net increase/(decrease) in cash and cash equivalents held		(4,825)	(4,681)	(12,919)	(13,070)
Cash and cash equivalents at 1 July 2017		15,632	15,461	28,551	28,531
Effect of exchange rate fluctuation on cash held		-	-	-	-
CASH AND CASH EQUIVALENTS AT 30 JUNE 2018	12	10,807	10,780	15,632	15,461

The Notes on pages 9 to 20 are an integral part of these financial statements.



# Notes to the Financial Statements

## 1. Reporting entity

The Royal Flying Doctor Service of Australia (Queensland Section) ("the Service") is a not-for-profit company limited by guarantee. The consolidated financial statements of the Service is at and for the year ended 30 June 2018 comprise the Service and its controlled entities (together referred to as the Consolidated Service).

## 2. Basis of accounting

The consolidated financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-For Profit Commission Act 2012. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

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

They were authorised for issue by the Board of Directors on 27th of September 2018. Details of the Service's accounting policies, including changes during the year, are included in Note 25.

## 3. Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Service's functional currency.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

## 4. Use of judgements and estimates

In preparing these financial statements in conformity with Australian Accounting Standards – Reduced Disclosure Requirements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

### (a) Judgements

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- > Note 25(d) Property, plant and equipment – depreciation of aircraft and aircraft engines
- > Note 25 (i) Impairment
- > Note 25 (m) Revenue and income

## 5. Revenue

In thousands of dollars	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
<b>Revenue</b>				
Commonwealth Government operating grants	21,087	19,714	23,533	23,261
State Government fee for services	46,772	46,772	44,593	44,593
Specific Project operating grants	8,228	7,190	12,832	11,903
Visitor Centre sales and admissions	343	343	304	304
Other income	1,283	1,186	1,922	1,286
	<b>77,713</b>	<b>75,205</b>	<b>83,184</b>	<b>81,347</b>

# Notes to the Financial Statements > *cont.*

## 6. Operating Deficit

The RFDS (Queensland Section) provides services under contract with the Commonwealth and State Governments generally. There was a consolidated operating deficit for the year end 2018 of \$11,553,000 (2017: \$9,595,000), parent entity operating deficit of \$11,762,000 (\$8,980,000). This deficit has been funded via non-operational capital funding such as General Donations, Bequests and Financial Revenue. The balance of those funds are used to enhance and acquire assets for service delivery.

The consolidated surplus generated for the year end 2018 was \$2,569,000 (2017: surplus \$4,171,000). Parent Entity \$2,349,000 (2017: \$3,995,000)

## 7. Operating Expenses

The following are included in operating expenses:

In thousands of dollars	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
Operating rental and leasing costs	1,290	1,136	1,325	1,080
Depreciation	11,475	11,461	10,499	10,465
Impairment of assets	449	449	3,554	3,554
Aircraft related expenses	10,867	10,867	10,754	10,754
Aircraft fuel and oil	9,022	9,022	8,393	8,393
Health related costs	36,655	35,327	35,428	32,976
Administration Expenses	10,816	10,816	9,501	9,501
Specific project operating expenses	7,698	7,698	12,849	12,849
Other	994	191	476	755
<b>TOTAL OPERATING EXPENSES</b>	<b>89,266</b>	<b>86,967</b>	<b>92,779</b>	<b>90,327</b>

\*One-off expenditure

## 8. Personnel Expenses

In thousands of dollars	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
Wages and salaries	34,276	33,151	36,781	35,671
Other associated personnel expenses	860	852	972	964
Contributions to defined contribution superannuation funds	3,714	3,615	4,036	3,930
(Decrease) Increase in liability for annual leave	436	426	(442)	(445)
Increase in liability for long service leave	212	209	(87)	(89)
	<b>39,498</b>	<b>38,253</b>	<b>41,260</b>	<b>40,031</b>

Personnel expenses are included in health, admin and fundraising expenses.

## 9. Net financing income

In thousands of dollars	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
Interest income	522	519	286	284
Dividend and distribution income	582	409	224	224
Net gain on investment	486	652	278	278
Net foreign exchange gain	145	145	-	-
<b>FINANCE INCOME</b>	<b>1,735</b>	<b>1,725</b>	<b>788</b>	<b>786</b>
Net Foreign Exchange Loss	-	-	(365)	(365)
<b>FINANCE COSTS</b>	<b>1,735</b>	<b>1,725</b>	<b>(365)</b>	<b>(365)</b>
<b>NET FINANCE INCOME RECOGNISED IN PROFIT OR LOSS</b>	<b>1,735</b>	<b>1,725</b>	<b>423</b>	<b>421</b>

## 10. Inventories

In thousands of dollars

	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
Finished goods	142	142	75	75
<b>INVENTORIES</b>	<b>142</b>	<b>142</b>	<b>75</b>	<b>75</b>

## 11. Trade and other receivables

In thousands of dollars

	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
Trade and other receivables	5,147	4,594	2,922	2,591
Other receivables and prepayments	2,338	2,147	2,689	2,804
	<b>7,485</b>	<b>6,741</b>	<b>5,611</b>	<b>5,395</b>
<b>Trade receivables are analysed as follows:</b>				
Not past due	4,849	4,500	2,566	2,235
Past due 1 to 30 days	239	36	356	356
Past due 31 to 60 days	34	33	-	-
Past due 61 to 90 days	25	25	-	-
<b>TOTAL TRADE RECEIVABLES</b>	<b>5,147</b>	<b>4,594</b>	<b>2,922</b>	<b>2,591</b>

## 12. Cash and Cash Equivalents

In thousands of dollars

	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
Bank balances	8,001	7,974	8,317	8,146
Call deposits	2,801	2,801	7,310	7,310
Cash on hand	5	5	5	5
<b>CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS</b>	<b>10,807</b>	<b>10,780</b>	<b>15,632</b>	<b>15,461</b>

The Consolidated Service aims to maintain a cash reserve of approximately \$10.0 million to cover working capital commitments. In addition to this, the Service had \$3,903,000 in capital commitments at 30 June 2018 (2017:\$9,664,000) that had not been expended. These commitments relate to base redevelopment costs and medical equipment acquisitions. These commitments are expected to be fulfilled during the 2018/2019 financial year.



# Notes to the Financial Statements > *cont.*

## 13. Capital Investments

In thousands of dollars

	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
<b>Non-Current</b>				
Equities and managed funds	11,606	1,319	10,079	10,079
Term deposits	16,458	16,458	8,878	8,878
	<b>28,064</b>	<b>17,777</b>	<b>18,957</b>	<b>18,957</b>

Capital investments represents long term investments held by the Consolidated Service to assist in funding long term capital expenditure programs. Whilst not contractually committed, significant capital expenditure will be required in future years to maintain the Consolidated Service's aircraft and other operational assets. In accordance with the long term operational plans of the Consolidated Service, over the next five years, the income earned from these investments will be used to assist in meeting these capital expenditure requirements and to provide an income stream to fund health services.

### Equity price risk

Equity price risk arises from equity securities held by the Consolidated Service in listed equity investments and managed investment schemes. The Consolidated Service uses experienced fund managers 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.

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

## 14. Property, Plant and Equipment

Reconciliation of carrying amount

<b>CONSOLIDATED</b> In thousands of dollars	<b>Freehold Land</b>	<b>Buildings on Freehold Land</b>	<b>Leasehold Property</b>	<b>Plant and Equipment</b>	<b>Aircraft and Related Equipment</b>	<b>Capital Works in Progress</b>	<b>Total</b>
<b>Cost</b>							
Balance at 1 July 2017	835	10,214	14,620	8,102	120,822	530	<b>155,123</b>
Additions	-	-	451	1,227	10,291	520	<b>12,489</b>
Disposals	-	(268)	-	-	(1,019)	-	<b>(1,287)</b>
Transfers	-	-	-	-	-	-	<b>-</b>
Assets held for sale	-	-	-	-	-	-	<b>-</b>
<b>BALANCE AT 30 JUNE 2018</b>	<b>835</b>	<b>9,946</b>	<b>15,071</b>	<b>9,329</b>	<b>130,094</b>	<b>1,050</b>	<b>166,325</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance at 1 July 2017	-	1,450	4,410	5,818	43,990	-	<b>55,668</b>
Depreciation	-	57	410	1,029	9,979	-	<b>11,475</b>
Impairment	-	-	-	-	449	-	<b>449</b>
Disposals	-	(91)	-	-	(1,018)	-	<b>(1,109)</b>
Assets held for sale	-	-	-	-	(449)	-	<b>(449)</b>
<b>BALANCE AT 30 JUNE 2018</b>	<b>-</b>	<b>1,416</b>	<b>4,820</b>	<b>6,847</b>	<b>52,951</b>	<b>-</b>	<b>66,034</b>
<b>Carrying amounts</b>							
At 1 July 2017	835	8,764	10,210	2,284	76,832	530	99,455
<b>AT 30 JUNE 2018</b>	<b>835</b>	<b>8,530</b>	<b>10,251</b>	<b>2,482</b>	<b>77,143</b>	<b>1,050</b>	<b>100,291</b>

<b>PARENT ENTITY</b> In thousands of dollars	<b>Freehold Land</b>	<b>Buildings on Freehold Land</b>	<b>Leasehold Property</b>	<b>Plant and Equipment</b>	<b>Aircraft and Related Equipment</b>	<b>Capital Works in Progress</b>	<b>Total</b>
<b>Cost</b>							
Balance at 1 July 2017	835	10,214	14,582	8,057	120,822	530	155,040
Additions	-	-	451	1,227	10,291	520	12,489
Disposals	-	(266)	-	-	(1,017)	-	(1,285)
Transfers	-	-	-	-	-	-	-
Assets held for sale	-	-	-	-	-	-	-
<b>BALANCE AT 30 JUNE 2018</b>	<b>835</b>	<b>9,948</b>	<b>15,033</b>	<b>9,284</b>	<b>130,094</b>	<b>1,050</b>	<b>166,244</b>
<b>Accumulated depreciation and impairment losses</b>							
Balance at 1 July 2017	-	1,450	4,406	5,801	43,990	-	55,647
Depreciation	-	57	410	1,015	9,979	-	11,461
Impairment	-	-	-	-	449	-	449
Disposals	-	(91)	-	-	(1,018)	-	(1,109)
Assets held for sale	-	-	-	-	(449)	-	(449)
<b>BALANCE AT 30 JUNE 2018</b>	<b>-</b>	<b>1,416</b>	<b>4,816</b>	<b>6,816</b>	<b>52,951</b>	<b>-</b>	<b>65,999</b>
<b>Carrying amounts</b>							
At 1 July 2017	835	8,764	10,176	2,256	76,832	530	99,393
<b>AT 30 JUNE 2018</b>	<b>835</b>	<b>8,532</b>	<b>10,217</b>	<b>2,468</b>	<b>77,143</b>	<b>1,050</b>	<b>100,245</b>

## 15. Assets held for sale

Consolidated and parent entity

At 30 June 2018 there were 3 aircraft held for sale with a fair value less cost of sale of \$670,000 (2017: \$1,118,000) after accounting for an impairment loss of \$449,000. At the date of signing, one aircraft had been sold.

## 16. Capital and Reserves

Reconciliation of movement in capital and reserves

<b>CONSOLIDATED</b> In thousands of dollars	<b>Specific Purpose Donations / Legacies</b>	<b>Unrealised Gain Reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at 1 July 2016</b>	186	1,456	122,572	124,214
Total comprehensive income	-	1,027	4,171	5,198
<b>BALANCE AT 30 JUNE 2017</b>	<b>186</b>	<b>2,483</b>	<b>126,743</b>	<b>129,412</b>
<b>Balance at 1 July 2017</b>	186	2,483	126,743	129,412
Total comprehensive income	-	571	2,569	3,140
Gains realised on transfer of investments	-	(2,838)	2,838	-
<b>BALANCE AT 30 JUNE 2018</b>	<b>186</b>	<b>216</b>	<b>132,150</b>	<b>132,552</b>

# Notes to the Financial Statements > *cont.*

<b>PARENT ENTITY</b> In thousands of dollars	<b>Specific Purpose Donations / Legacies</b>	<b>Unrealised Gain Reserve</b>	<b>Retained earnings</b>	<b>Total equity</b>
<b>Balance at 1 July 2016</b>	186	1,456	122,455	124,097
Total comprehensive income	-	1,027	3,995	5,022
<b>BALANCE AT 30 JUNE 2017</b>	<b>186</b>	<b>2,483</b>	<b>126,450</b>	<b>129,119</b>
<b>Balance at 1 July 2017</b>	186	2,483	126,450	129,119
Total comprehensive income	-	571	2,349	2,920
Transfer to controlled entity			(10,280)	(10,280)
Gains realised on transfer of investments	-	(2,838)	2,838	-
<b>BALANCE AT 30 JUNE 2018</b>	<b>186</b>	<b>216</b>	<b>121,357</b>	<b>121,759</b>

## 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 from specific purpose donations received for a nominated purpose, 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. Trade and other payables

In thousands of dollars	<b>2018</b>		<b>2017</b>	
	Consolidated	Parent Entity	Consolidated	Parent Entity
<b>Current</b>				
Trade payables	1,490	1,419	1,418	1,360
Other payables and accrued expenses	6,583	6,519	4,243	4,194
	<b>8,073</b>	<b>7,938</b>	<b>5,661</b>	<b>5,554</b>

## 18. Employee Benefits

In thousands of dollars	<b>2018</b>		<b>2017</b>	
	Consolidated	Parent Entity	Consolidated	Parent Entity
<b>Current</b>				
Liability for long service leave	2,115	2,115	1,800	1,800
Liability for annual leave	4,512	4,462	4,076	4,036
	<b>6,627</b>	<b>6,577</b>	<b>5,876</b>	<b>5,836</b>
<b>Non Current</b>				
Liability for long service leave	903	893	1,006	999
	<b>903</b>	<b>893</b>	<b>1,006</b>	<b>999</b>



## 19. Operating Leases

Non-cancellable operating lease rentals are payable as follows:

In thousands of dollars	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
Less than one year	779	639	887	887
Between one and five years	2,427	2,383	2,090	2,090
More than five years	2,347	2,347	1,790	1,790
	<b>5,553</b>	<b>5,369</b>	<b>4,767</b>	<b>4,767</b>

The Consolidated Services leases a number of buildings and hangars under operating leases. The leases 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 2018, \$1,290,000 was recognised as an expense in the income statement in respect of operating leases (2017: \$1,325,000).

## 20. Commitments

The Consolidated Service had \$3,903,000 in capital commitments at 30 June 2018 (2017: \$9,664,000) that had not been expended. These commitments relate to base redevelopment costs and medical equipment acquisitions. These commitments are expected to be fulfilled during the 2018/2019 financial year.

## 21. Reconciliation of Cash Flows from Operating Activities

In thousands of dollars	2018		2017	
	Consolidated	Parent Entity	Consolidated	Parent Entity
<b>Cash flows from operating activities</b>				
Surplus / (deficit) for the period	2,569	2,349	4,171	3,995
<b>Adjustments for:</b>				
Depreciation	11,475	11,461	10,499	10,465
Impairment	449	449	3,554	3,554
Gain (Loss) on sale of assets	291	291	1,653	1,653
Realised gain on investments	(486)	(652)	(278)	(278)
Interest revenue	(342)	(340)	(28)	(31)
Dividend and distribution revenue	(540)	(409)	(165)	(165)
Foreign exchange (gain)/loss	(145)	(145)	365	365
<b>Operating Profit Before Changes in Working Capital and Provisions</b>	<b>13,271</b>	<b>13,004</b>	<b>19,771</b>	<b>19,558</b>
(Increase)/decrease in trade and other receivables	(1,874)	(1,346)	(1,548)	(1,702)
(Increase)/decrease in inventories	(67)	(67)	(19)	(19)
Increase/(decrease) in trade and other payables	2,412	2,384	850	1,123
Increase/(decrease) in provisions and employee benefits	648	635	(529)	(533)
Increase/(decrease) in deferred government grants	656	580	(1,562)	(1,651)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>15,046</b>	<b>15,190</b>	<b>16,963</b>	<b>16,776</b>

## 22. Related Party Disclosures

### a) Parent Entity

The parent entity within the group is Royal Flying Doctor Service of Australia (Queensland Section)

### b) Controlled Entities

Ownership interest in controlled entities are set out in note 24

### c) Key management personnel compensation

The key management personnel compensation was \$2,137,120 for the year ended 30 June 2018 (2017: \$1,991,713).

### d) Transactions with related parties

#### (i) Controlled Entities

In thousands of dollars

	2018	2017
Rental charges for the year in relation to RFDS (QLD) Services Limited renting the Mobile Dental Unit	208	180
Balance outstanding at year end in relation to intercompany loan to RFDS (QLD) Services Limited	145	220
Transfer of capital investments on 28 June 2018 from Royal Flying Doctor Service of Australia (Queensland Section) to RFDS Foundation Limited	10,280	-

#### (ii) Transactions with Director related entities

During the year, \$173,000 was paid to BDO a firm of which Russell Postle is a consultant. Fees were charged on an arms' length basis for providing of consulting and corporate advisory services.

## 23. Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature, likely in the opinion of the directors to affect significantly the operations of the Consolidated Service, the results of those operations or the state of affairs of the Consolidated Service in future financial years.

## 24. Group Entities

Significant controlled entities	Country of incorporation	Ownership interest 2018	Ownership interest 2017
RFDS (Qld) Services Limited	Australia	100%	100%
RFDS Foundation Ltd	Australia	100%	-

## 25. Significant accounting policies

The significant accounting policies set out below have been consistently applied by the Consolidated Service to all periods presented in these Consolidated Financial Statements.

The Group did not voluntarily change any of its accounting policies during the year. In addition, no Australian Accounting Standards have been early adopted in the current period.

### a) Basis of Measurement

The Consolidated Financial Statements have been prepared on the historical cost basis except for investments available for sale and derivative financial instruments which are measured at fair value through profit or loss.

### b) Basis of consolidation

#### Subsidiaries

The Consolidated Service controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Controlled Entities are consolidated from the date on which control commences until the date control ceases.

Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are eliminated in preparing the consolidated financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Service.

### 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 Consolidated 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 Consolidated Service and the cost of the item can be measured reliably. All other costs are recognised in the surplus or deficit as incurred.

#### 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.

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

Class of Fixed Asset	2018 Depreciation Rate	2017 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 and related equipment	6,500 - 25,000 hours	6,500 - 25,000 hours	WDV Units of Use based on number of hours flown



# Notes to the Financial Statements > *cont.*

## e) Investments

### Investments in equity securities

Investments held by the Consolidated Service are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in other comprehensive income, except for impairment losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income 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 Consolidated 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 held for less than three months. Bank overdrafts that are repayable on demand and form an integral part of the Consolidated 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 Consolidated 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 fair value, the current 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 Consolidated 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 Corporate Bonds at reporting date which have maturity dates approximating to the terms of the Consolidated 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 Consolidated Service expects to pay as at reporting date including related on-costs, such as workers compensation insurance and superannuation.

## **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 Consolidated Service will comply with the conditions attaching to it, with revenue recognised as the services are performed or conditions are fulfilled. Grants that compensate the Consolidated 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 and distribution income, changes in fair value of financial assets at fair value through profit or loss income and foreign exchange gains and losses.

Interest income is recognised as it accrues, using the effective interest method. Dividend and distribution income is recognised on the date the Consolidated 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.

# Notes to the Financial Statements > *cont.*

## **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) Foreign currency risk and derivative financial instruments**

The Consolidated Service uses derivative financial instruments such as forward foreign currency contracts to hedge its risks associated with the forward purchase of aircraft in USD. Derivative financial instruments are recognised initially at fair value and remeasured at each balance date. The gain or loss on re-measurement to fair value is recognised in profit or loss.

The Consolidated Service also holds USD bank accounts and USD term deposits to hedge against this risk totalling USD 908,551 at 30 June 2018 (2017: USD 4,798,618).

The USD year end exchange rates at the current and prior year were: 2018: 0.7391 (2017: 0.7692).

## **s) 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 Consolidated Service being wound up, the liability of each of the Members is limited to two dollars.

## **t) New standards and interpretations issued**

Australian Accounting Standards and Interpretations with commencement dates in the current period are either not applicable to the Group's activities, or have no material impact.

## **u) New standards and interpretations issued but not yet effective**

The Australian Accounting Standards Board (AASB) has issued a number of new and revised Accounting Standards and Interpretations that are effective in future reporting periods and earlier application is permitted, however the Consolidated Service has not early adopted these new or amended standards in preparing the Consolidated financial statements. The expected impact of these Standards are set out below:

*AASB 1058 Income from Not-for-Profit Entities* and *AASB 15 Revenue from Contracts with Customers* will become effective from the reporting period beginning 1 July 2019. The Group has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

- Under the new standards, other grants presently recognised as revenue upfront may be eligible to be recognised as revenue progressively as the associated performance obligations are satisfied, but only if the associated performance obligations are enforceable and sufficiently specific. The Group is yet to evaluate the existing grant arrangements to determine whether revenue from those grants could be deferred under the new requirements;



- Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled;
- Depending on the respective contractual terms, the new requirements may potentially result in a change to the timing of the Groups revenue such that some revenue may need to be deferred to a later reporting period to the extent that the Group has received cash but has not met its associated obligations (such amounts would be reported as a liability in the meantime). The Group is yet to complete its analysis of existing arrangements but at this stage does not expect a significant impact on its present accounting practices; and
- A range of new disclosures will also be required by the new standards in respect of the Groups revenue.

*AASB 9 Financial Instruments* will become effective from the reporting period beginning 1 July 2018. The main impacts of these standards on the Group are that they will change the requirements for the classification, measurement, impairment and disclosures associated with financial assets. The Group has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances at that date, conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Group enters into, investments are expected to be required to be measured at fair value through profit or loss, which will be a change from the current measurement of investments.

Another impact of AASB 9 relates to calculating impairment losses for receivables. Assuming no substantial change in the nature of the Groups receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of the lifetime expected credit losses. On initial adoption of AASB 9, the Group will need to determine the expected credit losses for its receivables comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

*AASB 16 Leases* will become effective from reporting periods beginning on or after 1 January 2019. When applied, the Standard supersedes *AASB 117 Leases*. Unlike *AASB 117 Leases*, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the Statement of Financial Position under AASB 16. As a result, it is likely that there will be an increase in assets and liabilities for the Group. The impact of the reported assets and liabilities would be largely in proportion to the scale of the Groups leasing activities. The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to depreciation expense. The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Profit or Loss and Other Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. If the Group chooses to apply the 'cumulative approach', it does not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus at the date of initial application. The Group has not yet quantified the impact on the Statement of Profit or Loss and Other Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure required.

# Directors' Declaration

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

- a) the financial statements and notes that are set out on pages 7 to 25 are in accordance with the Australian Charities and Not-for-Profits Commission Act 2012, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Dated at Brisbane this 27th day of September 2018.



**Mr M Gray**

Chairman



**Mr R Postle**

Chairman Finance  
and Audit Committee

## Independent auditor's report to the members of Royal Flying Doctor Service of Australia (Queensland Section)

### Report on the financial report

#### Opinion

We have audited the **Financial Report**, of the Royal Flying Doctor Service of Australia (Queensland Section) (*the Service*).

In our opinion, the accompanying **Financial Report** of the Royal Flying Doctor Service of Australia (Queensland Section) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the **Consolidated Service's** financial position as at 30 June 2018, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Consolidated Statement of financial position as at 30 June 2018.
- ii. Consolidated Statement of profit or loss and other comprehensive income, Consolidated Statement of changes in equity, and Consolidated Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration of the Consolidated Service.

The **Consolidated Service** consists of the Service and the entities it controller at the year-end or from time to time during the financial year.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the **Consolidated Service** in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

#### Other information

Other Information is financial and non-financial information in Royal Flying Doctor Service of Australia (Queensland Section)'s annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

#### Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosures Requirements and the ACNC.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view/is presented fairly and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Consolidated Service's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Service or to cease operations, or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error.
- ii. Design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- iii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on its effectiveness.
- iv. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- v. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Consolidated Service's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Service to cease to continue as a going concern.
- vi. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.



KPMG



**Jillian Richards**

Partner

Brisbane

27 September 2018

## Auditor's Independence Declaration under subdivision 60-C section 60-40 of *Australian Charities and Not-for-profits Commission Act 2012*

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 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

  
KPMG



**Jillian Richards**

Partner

Brisbane

27 September 2018

# Financial Statistics

## FINANCIAL STATISTICS

	2017/18	2016/17	2015/16	2014/15
<b>Operational costs</b>				
Aeromedical services	81,568,196	80,045,480	81,562,502	72,427,430
Specific projects	7,697,896	12,733,767	15,551,319	15,882,934
<b>TOTAL OPERATIONAL COSTS</b>	<b>89,266,092</b>	<b>92,779,247</b>	<b>97,113,821</b>	<b>88,310,364</b>
<b>Funded by:</b>				
<b>Commonwealth Government operating grants</b>				
- Aeromedical activities	21,087,347	23,533,119	20,703,838	18,757,733
- Specific projects	4,801,967	9,372,298	11,305,067	12,820,083
- Medicare receipts	626,985	658,363	979,636	1,535,479
<b>Queensland State Government operating grants</b>				
- Aeromedical activities	46,771,992	44,593,350	43,476,174	44,335,229
- Specific projects	2,758,595	2,738,911	2,216,176	3,286,947
<b>Other specific projects</b>	667,850	809,811	1,528,094	932,097
<b>TOTAL GRANTS</b>	<b>76,714,736</b>	<b>81,705,852</b>	<b>80,208,985</b>	<b>81,667,568</b>
RFDS contribution	12,551,356	11,073,395	16,904,836	6,642,796
<b>TOTAL OPERATIONAL FUNDING</b>	<b>89,266,092</b>	<b>92,779,247</b>	<b>97,113,821</b>	<b>88,310,364</b>
<b>Donations, legacies and other fundraising activities</b>				
<b>Donations and fundraising</b>				
- General purpose	9,870,294	9,360,689	7,459,716	7,392,379
- Specific purpose	-	-	-	-
- Membership fees	1,280	1,016	1,500	1,200
- Legacies – general purpose	5,695,603	5,682,490	2,633,367	2,092,175
<b>TOTAL FUNDRAISING</b>	<b>15,567,177</b>	<b>15,044,195</b>	<b>10,094,583</b>	<b>9,485,754</b>
<b>Capital grants</b>				
Commonwealth Government	-	-	-	2,846,992
Queensland State Government	-	-	-	-
<b>TOTAL CAPITAL GRANTS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,846,992</b>
<b>Contributions to operating costs</b>				
<b>Operating grant funding</b>				
- Commonwealth Government	29.70%	36.17%	33.96%	37.49%
- Queensland State Government	55.49%	51.03%	47.05%	53.94%
- Other specific project grants	0.75%	0.87%	1.57%	1.05%
- RFDS	14.06%	11.93%	17.42%	7.52%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Patient and Aviation Statistics

## NUMBER OF PATIENT CONSULTATIONS

Base	GP Clinics	Other Clinics	Facilitated Clinics	Dental Clinics	Mental Health Service	Total	Telehealth		Immunisations
							Remote Consultation Calls	Tasking Calls	
Brisbane	-	-	-	-	-	-	-	5,557	-
Bundaberg	-	-	-	-	-	-	-	4,803	-
Cairns	8,949	7,657	-	-	4,717	21,323	7,738	1,128	2,482
Charleville	2,539	1,509	29	-	-	4,077	1,534	729	707
Longreach	-	-	-	-	3,061	3,061	-	-	-
Mount Isa	3,146	1,093	-	-	-	4,239	4,066	1,616	482
Rockhampton	-	-	-	-	-	-	-	6,092	-
Townsville	-	-	-	-	-	-	-	4,456	-
<b>SUBTOTAL</b>	<b>14,634</b>	<b>10,259</b>	<b>29</b>	<b>-</b>	<b>7,778</b>	<b>32,700</b>	<b>13,338</b>	<b>24,381</b>	<b>3,671</b>
Dental Clinic Patients	-	-	-	1,192	-	1,192	-	-	-
Drought Wellbeing Service	-	-	-	-	572	572	-	-	-
<b>TOTAL</b>	<b>14,634</b>	<b>10,259</b>	<b>29</b>	<b>1,192</b>	<b>8,350</b>	<b>34,464</b>	<b>13,338</b>	<b>24,381</b>	<b>3,671</b>

## NUMBER OF CLINICS CONDUCTED

Base	GP Clinics	Nursing Clinics	Facilitated Clinics	Dental	Mental Health Clinic	Total
Brisbane	-	-	-	-	-	-
Bundaberg	-	-	-	-	-	-
Cairns	993	1,231	-	-	700	2,924
Charleville	249	264	4	-	-	517
Longreach	-	-	-	-	434	434
Mount Isa	343	196	-	-	-	539
Rockhampton	-	-	-	-	-	-
Townsville	-	-	-	-	-	-
<b>SUBTOTAL</b>	<b>1,585</b>	<b>1,691</b>	<b>4</b>	<b>-</b>	<b>1,134</b>	<b>4,414</b>
RFDS Dental Service	-	-	-	192	-	192
Drought Wellbeing Service	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,585</b>	<b>1,691</b>	<b>4</b>	<b>192</b>	<b>1,134</b>	<b>4,606</b>

## NUMBER OF PATIENTS TRANSPORTED

Base	Transported from a clinic	Clinic Primary Response	Inter-Hospital Transfer	Primary Response	Repatriation	Total
Brisbane	-	-	2,424	6	13	2,443
Bundaberg	-	-	1,876	2	15	1,893
Cairns	-	-	571	452	11	1,034
Charleville	21	21	479	95	3	619
Longreach	-	-	-	-	-	-
Mount Isa	19	16	487	410	2	934
Rockhampton	-	-	2,530	11	20	2,561
Townsville	-	-	1,951	39	5	1,995
<b>TOTAL</b>	<b>40</b>	<b>37</b>	<b>10,318</b>	<b>1,015</b>	<b>69</b>	<b>11,479</b>

## AVIATION STATISTICS

Base	No. of Aircraft	Number of Landings			Kilometres Flown			Hours Flown		
		RFDS	Charter	Total	RFDS	Charter	Total	RFDS	Charter	Total
Brisbane	3	3,904	-	3,904	1,435,644	-	1,435,644	4,127	-	4,127
Bundaberg	1	2,980	-	2,980	798,525	-	798,525	2,586	-	2,586
Cairns	4	2,393	108	2,501	961,357	27,887	989,244	2,919	125	3,044
Charleville	1	1,697	4	1,701	645,633	1,026	646,659	1,841	4	1,845
Longreach	-	-	-	-	-	-	-	-	-	-
Mount Isa	2	1,790	452	2,242	624,870	95,641	720,511	1,858	398	2,256
Rockhampton	3	3,760	-	3,760	1,461,691	-	1,461,691	4,229	-	4,229
Roma	1	764	-	764	188,915	-	188,915	633	-	633
Townsville	3	3,214	-	3,214	1,502,415	-	1,502,415	4,057	-	4,057
<b>TOTAL</b>	<b>18</b>	<b>20,502</b>	<b>564</b>	<b>21,066</b>	<b>7,619,050</b>	<b>124,554</b>	<b>7,743,604</b>	<b>22,250</b>	<b>527</b>	<b>22,777</b>

## AIRCRAFT

Registration	Description	Year of Manufacture	Date Acquired	Registration	Description	Year of Manufacture	Date Acquired
VH-FFI	Beechcraft King Air B200	1982	1982	VH-NQD	Cessna C208	2009	October 2009
VH-EEL	Beechcraft King Air B200	2000	2000	VH-FDI	Beechcraft King Air B200C	2010	November 2010
VH-NQF	Beechcraft King Air B200	2000	2000	VH-FDS	Beechcraft King Air B200C	2010	September 2010
VH-FDR	Beechcraft King Air B200	2004	December 2004	VH-FDM	Beechcraft King Air B200C	2010	November 2010
VH-FDW	Beechcraft King Air B200	2004	December 2004	VH-FDL	Beechcraft King Air B200	2014	July 2014
VH-FDZ	Beechcraft King Air B200	2004	December 2004	VH-FDO	Beechcraft King Air B200	2014	July 2014
VH-FDB	Beechcraft King Air B200	2007	May 2007	VH-FDN	Beechcraft King Air B350	2015	December 2016
VH-FDA	Beechcraft King Air B200	2007	August 2007	VH-FDC	Beechcraft King Air B350	2015	April 2017
VH-FDT	Beechcraft King Air B200	2007	October 2007	VH-FDF	Beechcraft King Air B350	2016	March 2017
VH-FDG	Beechcraft King Air B200	2009	July 2009	VH-FDD	Beechcraft King Air B350	2016	July 2017
VH-NQC	Cessna C208	2009	October 2009				



## 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 the generosity of 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

### Please donate today:

- > Mail to 12 Casuarina Street, Brisbane Airport QLD 4008
- > Call us on 1300 669 569
- > Visit our website [www.flyingdoctor.org.au/qld](http://www.flyingdoctor.org.au/qld)

 [flyingdoctor.org.au](http://flyingdoctor.org.au)  [royalflyingdoctorservice](https://www.facebook.com/royalflyingdoctorservice)  [@RoyalFlyingDoc](https://twitter.com/RoyalFlyingDoc)



## RFDS Bases >

### RFDS Brisbane Base

12 Casuarina Street  
Brisbane Airport QLD 4008  
T 07 3860 1100  
F 07 3860 1122  
E [rfd\\_bne@rfdsqld.com.au](mailto:rfd_bne@rfdsqld.com.au)

### RFDS Bundaberg Base

Aeromedical Hangar  
Hinkler Airport  
Childers Road  
Bundaberg QLD 4670  
T 07 4131 3000  
F 07 4155 2372  
E [rfd\\_bdb@rfdsqld.com.au](mailto: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](mailto:rfd_cns@rfdsqld.com.au)

### RFDS Charleville Base

John Flynn Way  
Charleville QLD 4470  
T 07 4654 1233  
F 07 4654 1629  
E [rfd\\_cvl@rfdsqld.com.au](mailto: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](mailto: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](mailto:rfd_mtisa@rfdsqld.com.au)

### RFDS Rockhampton Base

Hangar 5, Aviation Drive  
Rockhampton QLD 4700  
T 07 4921 2221  
F 07 4921 2277  
E [rfd\\_rok@rfdsqld.com.au](mailto:rfd_rok@rfdsqld.com.au)

### RFDS Roma Base

RFDS Hangar  
Roma Airport QLD 4055  
T 07 4624 4500  
F 07 4624 4504  
E [rfd\\_roma@rfdsqld.com.au](mailto:rfd_roma@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](mailto:rfd_tsv@rfdsqld.com.au)



Royal Flying Doctor Service

QUEENSLAND SECTION

ABN 80 009 663 478