



Royal Flying Doctor Service
SOUTH EASTERN SECTION

Financial Report

2021/22

SNAPSHOT OF OUR YEAR

4,195,619

kilometres flown

More than

85,000

occasions of care provided

694

COVID-19 respiratory and
vaccination clinics delivered

32,623

COVID-19 vaccinations administered

3,775

dental patient visits

3,441

face-to-face Mental Health and Alcohol
and Other Drugs consultations

**New primary health
outreach clinics**

provided to communities in Western NSW

New Older Persons

Mental Health program introduced



Contents

04	Director's Report	10	Notes to and forming part of the Financial Statements
05	Lead auditor's independence declaration	22	Directors' Declaration
06	Statement of Comprehensive Income	23	Declaration in Respect of Fundraising Appeals
07	Statement of Changes in Equity	24	Independent auditor's report
08	Statement of Financial Position	26	Government and Corporate Supporters
09	Statement of Cash Flows		

Director's Report

For the year ended 30 June 2022

1. The Directors present their report together with the financial report of the Royal Flying Doctor Service of Australia (South Eastern Section) ("the Service"), for the financial year ended 30 June 2022 and the auditor's report thereon.

The names of Board members holding office at any time during or since the end of the financial year were: Mr Alexander Scamps (resigned 08/04/2022), Professor David Lyle, Mrs Elaine (Ruth) Sandow, Dr Saranne Cooke, Mr Anthony (Tony) MacRae, Ms Elizabeth Johnstone (resigned 05/05/2022), Mr Andrew Monaghan (appointed 16/08/2022), Mr David Ryan, Mrs Sanchia Treloar, Mrs Joan Treweeke.

2. The principal activity of the Service during the financial year was the provision of aeromedical and health services. There were no changes in the nature of the activities during the period.
3. The total deficit for the year was \$2,880,086 (2021 was a deficit of \$2,008,013).
4. The Service is a company not for gain, limited by guarantee.
5. The Service is subject to environmental regulation. The National Greenhouse and Energy Reporting Act 2007 requires the Service to report its annual greenhouse gas emissions and energy use. The Service has implemented systems and processes for the collection and calculation of the data required and submitted its 2020/21 report to the Greenhouse and Energy Data Officer on 1 November 2021.
6. Since the end of the financial year the Directors are not aware of any matter or circumstances, not otherwise dealt with in this report or the accounts, that has significantly affected or may significantly affect the operations of the Service, the results of those operations or the state of affairs of the Service in subsequent financial years.
7. No Director of the Service since the end of the previous financial year has received or become entitled to receive a benefit by reason of a contract made by the Service or by a related corporation with the Director or with a firm of which they are a member or with a company in which they have a substantial financial interest.
8. A review of the operations of the Service is contained in the Annual Report.

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:

	Board of Directors	
	Held	Attended
Mr Alexander Scamps	5	5
Mrs Elaine (Ruth) Sandow	9	9
Mr Anthony (Tony) MacRae	9	9
Mrs Joan Treweeke	9	9
Dr Saranne Cooke	9	9
Ms Elizabeth Johnstone	6	4
Professor David Lyle	9	8
Mrs Sanchia Treloar	9	8
Mr David Ryan	1	1

	Audit & Risk Committee	
	Held	Attended
Mrs Elaine (Ruth) Sandow	4	2
Mr Anthony (Tony) MacRae	4	4
Dr Saranne Cooke	4	4
Ms Elizabeth Johnstone	3	3

9. The Service is incorporated under the Corporations Act 2001 and is a company limited by guarantee. In the event the Service is wound up, the Constitution states that each constitutional member is required to contribute a maximum of \$2.00 each towards meeting any outstanding obligations of the Service. At 30 June 2022, the number of constitutional members was 111 (2021: 117).
10. Company Secretary - Mr. Greg Sam was appointed to the position of company secretary in 2014. Mr Greg Sam has over twenty years of experience in corporate governance and health services management.
11. During the financial year, the Service paid a premium to insure the directors and officers of the Service and its Australian based subsidiaries and the general managers of the Service. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Service, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Service.
12. The Lead Auditor's Independence Declaration is set out on page 5 and forms part of the directors' report for the financial year ended 30 June 2022.

For and on behalf of the Board in accordance with a resolution of the Board.

Professor David Lyle
President
30 August 2022

Mr Anthony (Tony) MacRae
Treasurer
30 August 2022

Lead auditor's independence declaration



Auditor's Independence Declaration

As lead auditor for the audit of Royal Flying Doctor Service of Australia (South Eastern Section) for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'M. T. Lojszczyk'.

M. T. Lojszczyk
Partner
PricewaterhouseCoopers

Adelaide
30 August 2022

PricewaterhouseCoopers, ABN 52 780 433 757
Level 11, 70 Franklin Street, ADELAIDE SA 5000, GPO Box 418, ADELAIDE SA 5001
T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Statement of Comprehensive Income

For the year ended 30 June 2022

	Notes	2022	2021
		\$	\$
Revenue	2	53,097,606	62,844,266
Other revenue	2	29,851,657	25,477,825
		82,949,263	88,322,091
Administration		10,768,099	8,776,582
Aviation costs		14,322,894	13,786,300
Amortisation of engines	8	2,054,307	2,558,546
Depreciation	8	10,343,006	12,417,241
Depreciation right-of-use of assets		738,475	804,182
Employment costs	3	44,024,807	45,153,607
Facilities costs		1,591,495	2,095,903
Marketing expenses		3,450,072	4,683,298
Other expenses		262,600	260,000
Surplus/(deficit) from operating activities		(4,606,492)	(2,213,568)
Net financial income	4	1,726,406	205,555
DEFICIT FOR THE YEAR BEFORE INCOME TAX		(2,880,086)	(2,008,013)
Income tax expense	1(f)	-	-
DEFICIT FOR THE YEAR		(2,880,086)	(2,008,013)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Change in fair value of property, plant and equipment		2,917,393	(3,147,822)
<i>Items that will not be reclassified to profit or loss</i>			
Change in fair value of financial assets through other comprehensive income		(5,091,330)	4,805,487
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(5,054,023)	(350,348)

A planned operational budget deficit was approved for 2021-22 to enable investment to be made in primary healthcare service development, whilst recognising the continuing impact of COVID 19 on cost inflation, supply chain disruption and decreased activity-based revenues.

Responding to community need, this investment supported the provision of primary healthcare clinics, dental services and expansion into the Northwest of NSW. A further operational budget deficit is projected for the 2022-23 financial year which will enable the continuation of this strategic growth in healthcare delivery.

Statement of Changes in Equity

For the year ended 30 June 2022

	Notes	Asset Revaluation Reserve	Investment Fair value Reserve	Total Reserves	Retained Earnings	Total
		\$	\$	\$	\$	\$
Balances at 1 July, 2020		7,002,015	2,831,921	9,833,936	182,532,118	192,366,054
Other comprehensive income		(3,147,822)	4,805,487	1,657,665	-	1,657,665
Deficit for the year		-	-	-	(2,008,013)	(2,008,013)
Balances at 30 June, 2021		3,854,193	7,637,408	11,491,601	180,524,105	192,015,706
Balances at 1 July, 2021		3,854,193	7,637,408	11,491,601	180,524,105	192,015,706
Other comprehensive income		2,917,393	(5,091,330)	(2,173,937)	-	(2,173,937)
Deficit for the year			-	-	(2,880,086)	(2,880,086)
Assets disposed during the year		(177,053)	-	(177,053)	177,053	-
Balances at 30 June, 2022	11,12	6,594,533	2,546,078	9,140,611	177,821,072	186,961,683

Statement of Financial Position

For the year ended 30 June 2022

	Notes	2022	2021
		\$	\$
Assets			
Cash and cash equivalents	5	15,434,203	17,657,928
Term deposits (greater than 90 days) and fixed interest funds		7,923,936	2,734,889
Trade and other receivables	6	8,819,300	5,618,051
Inventories	7	6,376,166	6,775,028
Total current assets		38,553,605	32,785,896
Property, plant and equipment	8	131,043,403	141,253,119
Right-of-use assets	9	5,842,664	6,581,139
Financial assets at fair value through other comprehensive income		16,857,941	26,659,977
Fixed interest funds		27,344,156	19,623,927
Total non current assets		181,088,164	194,118,162
TOTAL ASSETS		219,641,769	226,904,058
Liabilities			
Trade and other payables		5,828,247	5,411,190
Employee benefits	10	6,162,418	8,191,162
Unearned income		3,900,842	1,867,322
Financial liabilities		2,207,302	2,131,268
Lease liability		594,209	565,746
Total current liabilities		18,693,018	18,166,688
Employee benefits	10	488,137	419,781
Financial liabilities		7,825,986	10,033,288
Lease liability		5,672,945	6,268,595
Total non current liabilities		13,987,068	16,721,664
TOTAL LIABILITIES		32,680,086	34,888,352
NET ASSETS		186,961,683	192,015,706
Equity			
Reserves	11	9,140,611	11,491,601
Retained earnings	12	177,821,072	180,524,105
TOTAL EQUITY		186,961,683	192,015,706

Statement of Cash Flows

For the year ended 30 June 2022

	Notes	2022	2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from government grants (inclusive of GST)		28,376,829	30,047,196
Receipts from contracts (inclusive of GST)		27,283,327	32,624,597
Receipts from fundraising		22,541,732	19,643,535
Receipts from customers (inclusive of GST)		1,888,741	2,150,140
Payments to employees and suppliers (inclusive of GST)		(80,964,203)	(81,056,236)
NET CASH FLOWS FROM OPERATING ACTIVITIES		(873,574)	3,409,232
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts from capital grants (inclusive of GST)		1,133,357	986,428
Proceeds from sale of property, plant and equipment		9,503,173	7,584,617
Payments for property, plant and equipment	8	(6,292,673)	(7,274,689)
Interest received	4	6,205	126,556
Dividends received		2,299,959	1,408,794
Transfers from / (to) term deposits		(5,189,047)	479,784
Transfers from / (to) investment portfolio		(3,009,524)	(3,746,553)
Settlement of foreign exchange contracts		52,678	(13,371)
Bequest of Investments		3,476,612	1,052,684
NET CASH FLOWS FROM INVESTING ACTIVITIES		1,980,740	604,250
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(400,181)	(1,059,676)
Lease payment of principal		(799,442)	(824,590)
Repayment of borrowings		(2,131,268)	(11,585,660)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(3,330,891)	(13,469,926)
NET INCREASE/(DECREASE) IN CASH HELD		(2,223,725)	(9,456,444)
Cash and cash equivalents at the beginning of the year		17,657,928	27,114,372
Cash and cash equivalents at the end of the year	5	15,434,203	17,657,928

Notes to and forming part of the Financial Statements

1. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Reporting entity

The Royal Flying Doctor Service of Australia (South Eastern Section), ("the Service"), is domiciled in Australia. The address of the Service's registered office is Broken Hill Airport, Broken Hill NSW 2880. The financial report of the Service is for the financial year ended 30 June 2022. The Service is a company not for gain, limited by guarantee.

(b) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the ACNC Act 2012. The Service is a not-for-profit entity for the purpose of preparing the financial statements. The financial statements were approved by the Board of Directors on 30 August 2022.

(i) Compliance with Australian Accounting Standards – Simplified Disclosures

The financial statements of the Service comply with Australian Accounting Standards - Simplified Disclosures as issued by the AASB.

(ii) Historical cost convention

The financial statements have been prepared on the historical cost basis except for the following which are stated at their fair value:

- financial instruments classified as fair value through other comprehensive income and foreign exchange contracts; and
- freehold land and buildings.

(iii) Accounting estimates

The service makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- valuation of property, plant and equipment, refer to note 8 for further details
- depreciation and amortisation of property, plant and equipment, refer to note 8 for further details
- employee benefits, refer to note 10 for further details

(iv) Reclassification

When the presentation or classification of items in the financial report is amended, comparative amounts are reclassified to ensure comparability.

(c) New and amended standards and interpretations

New and amended standards and interpretations adopted by the Service

The Service has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2021:

- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*

While a number of other amendments to the Accounting Standards became effective in the current period, they did not have a material impact on the financial statements of the Service.

New and amended standards and interpretations not yet adopted

Certain new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Service have not been early adopted by the Service. These standards are not expected to have a material impact on the financial statements of the Service.

(d) 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 taxation authority. 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 statement of financial position. 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.

(e) Foreign currency translation

(i) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Service's functional currency and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(f) Income Tax

The Service is exempt from Income Tax.

(g) Investments and other financial assets

(i) Classification From 1 July 2018, the Service classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Service's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Service has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Service commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Service has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Service measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

The Service subsequently measures all equity investments at fair value. Where the Service's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Service's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value. The valuation and key assumptions used in measuring the fair value of financial assets measured at FVOCI are as follows:

- Debt securities: Valued based on last reported market price or latest available estimate. Valuations of Fixed Interest

Securities may be based on information provided by third parties. All yield information on Fixed Interest Securities may be provided by third parties. Market value for assets are "ex-distribution".

- Equity securities: Quoted market prices in active markets. Market value for assets are "ex-distribution".

(iv) Impairment

From 1 July 2018, the Service assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Significant Accounting Policies (continued)

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Service prior to the end of the financial year which are unpaid. Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 30 day terms. Trade and other payables are unsecured.

(i) Interest bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Borrowings are classified as current liabilities unless the Service has an unconditional right to defer settlement of the liability for at least 12 months.

The bank loans are secured by the rights to the aircraft asset of MSZ recognised in the financial statements, that revert to the lender in the event of default.

(j) Impairment

(i) Testing for impairment

The carrying amounts of the Service's assets, other than inventories (see note 7) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income unless an asset has previously been valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation in equity with any excess recognised through the Statement of Comprehensive Income.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in the profit and loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit and loss.

(ii) Reversals of impairment

Impairment losses are reversed where there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss in respect of a receivable carried at after the impairment loss was recognised. An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. 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.

(iii) Derecognition of financial assets and liabilities

A financial asset is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Service retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full to a third party; or
- the Service has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset or has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit and loss.

(k) Leases

The Service recognises lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at date of initial measurement. Each lease payment is allocated between the liability and finance cost. The finance cost (Note 4) is charged to the statement of comprehensive income over the lease period so as to produce a constant rate of interest on the remaining balance of the liability at each period.

The associated right-of-use assets for leases are measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate as at date of initial measurement. Right-of-use assets are depreciated over the shorter of assets useful life and the lease term on a straight-line basis. Leases with a duration of less than 12 months or a net present value of less than \$5,000 are treated as rental payments with no lease obligation or associated right to use asset recognised.

2. Revenue

	2022	2021
	\$	\$
Revenue		
Government grants - commonwealth	12,661,810	13,400,723
Government grants - state	12,770,668	13,826,713
Government contracts - services	22,193,753	30,151,672
Other health contracts - services	2,486,211	2,104,914
Cost recoveries - services	1,390,101	1,561,068
Merchandising	1,595,063	1,799,176
	53,097,606	62,844,266
Other revenue		
Capital grants - state	1,132,228	970,193
Capital grants - commonwealth	1,129	16,235
Bequests	9,828,760	6,109,888
Donations	16,189,584	14,586,331
Profit on disposal/retirement of property, plant & equipment	2,577,982	3,639,681
Other income	121,974	155,497
	29,851,657	25,477,825
TOTAL REVENUE	82,949,263	88,322,091

(i) Services rendered

Revenue from services rendered is recognised in the Statement of Comprehensive Income when the performance obligations have been satisfied.

(ii) Grants

Government and capital grants from funding bodies are recognised over time as revenue when the performance obligations attached to the grants have been fulfilled. In the cases where the performance obligations are not filled, the grant received is recognised as unearned income. Grants that compensate the Service for expenses incurred are recognised as revenue in the Statement of Comprehensive Income on a systematic basis in the same periods in which the expenses are incurred.

(iii) Donations & bequests

Donations without contractual obligations represents monies received into the Service's bank account. Donations with contractual obligations are recognised over time when the performance obligations attached to the donation have been fulfilled. In the cases where the performance obligations are not filled, the donation received is recognised as unearned income. Bequests and gifts received in the form of properties or investments are taken into account when received at their market value.

(iv) Merchandising

Revenue from merchandising is recognised in the Statement of Comprehensive Income on sale of goods.

3. Expenses

	2022	2021
	\$	\$
Employment expenses		
Wages and salaries	37,782,483	38,349,348
Other associated personnel expenses	4,740,464	3,328,875
Contributions to defined superannuation funds	3,462,248	3,459,660
Increase in provisions for employee leave entitlements	(1,960,388)	15,724
TOTAL	44,024,807	45,153,607
AUDIT EXPENSES	62,700	58,600

4. Net financial income / (expense)

	2022	2021
	\$	\$
Interest income	6,205	126,556
Dividend income	2,109,287	1,215,319
Imputation credits	190,672	193,475
Realised gain on foreign exchange	52,678	-
Financial income	2,358,842	1,535,350
Interest expense	400,181	1,059,676
Interest unwinding on lease liabilities	232,255	256,748
Realised loss on foreign exchange	-	13,371
Financial expense	632,436	1,329,795
NET FINANCIAL INCOME	1,726,406	205,555

Interest income is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method. Dividend income is recognised in the Statement of Comprehensive Income on the date the Service's right to receive payments is established which in the case of quoted securities is the ex-dividend date. The Service uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from predominately aircraft purchases. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

5. Cash and cash equivalents

	2022	2021
	\$	\$
Cash on hand	3,250	3,250
Cash at bank	15,430,953	17,654,678
TOTAL	15,434,203	17,657,928

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits with original maturities of greater than three months are classified as term deposits on the face of the Statement of Financial Position.

6. Trade and other receivables

	2022	2021
	\$	\$
Trade receivables	3,848,261	2,987,226
Prepayments - note 8 (vi)	561,280	1,903,870
Other receivables	4,409,759	726,955
TOTAL	8,819,300	5,618,051

Trade and other receivables are stated at their amortised cost less impairment losses. The recoverable amount of the Service's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted and collectibility of trade receivables is reviewed on an ongoing basis. The Service applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. No impairment for trade receivable is carried.

7. Inventories

	2022	2021
	\$	\$
Aviation stores, at cost	6,358,181	6,719,509
Provision for obsolete aviation stores	(422,673)	(422,673)
Marketing stores, at cost	440,658	478,192
TOTAL	6,376,166	6,775,028

Inventories include aircraft spare parts and souvenirs. Inventories are valued at the lower of cost and current replacement cost. Inventory identified as obsolete is written off in the Statement of Comprehensive Income.

8. Property, plant and equipment

	PROPERTY			AIRCRAFT	
	Freehold land and buildings	Leasehold land and buildings	WIP	Aircraft hulls	Aircraft engines
	\$	\$	\$	\$	\$
Year ended 30 June 2022					
Cost	20,430,551	20,442,883	820,450	94,573,760	25,547,300
Accumulated depreciation	(869,863)	(2,401,331)	-	(38,972,716)	(9,173,402)
Net carrying amount	19,560,688	18,041,552	820,450	55,601,044	16,373,898
Movement					
Opening net carrying amount	17,300,933	18,625,732	184,639	63,728,769	16,670,585
Additions	12,509	40,041	635,811	-	3,759,007
Disposals	(200,419)	(24,160)	-	(3,213,707)	(2,001,387)
Depreciation and amortisation	(469,728)	(600,061)	-	(4,914,018)	(2,054,307)
Revaluation	2,917,393	-	-	-	-
Transfers between classes	-	-	-	-	-
Closing net carrying amount	19,560,688	18,041,552	820,450	55,601,044	16,373,898
Year ended 30 June 2021					
Cost	18,773,562	20,594,413	184,639	130,818,506	28,227,727
Accumulated depreciation	(1,472,629)	(1,968,681)	-	(67,089,737)	(11,557,142)
Net carrying amount	17,300,933	18,625,732	184,639	63,728,769	16,670,585

(i) Measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, with the exception of freehold land and buildings, which are stated at fair value less subsequent depreciation for buildings.

Management engage external independent valuers every five years to value the Service's freehold land and buildings. On 30 June 2022, the Service's freehold land and buildings was independently valued by Smith & Hickey Valuation Services and Herron Todd White Pty Ltd to determine the fair value. The Broken Hill hangars are excluded from the valuations as they are measured under depreciable replacement value. A revaluation surplus is credited to other reserves in equity. For years when independent valuations are not completed the directors prepare director valuations.

(ii) Depreciation

With the exception of land, depreciation is calculated using the straight-line method to allocate the cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold buildings, the shorter lease term as follows:

- Buildings 40 to 60 years
- Plant, equipment, furniture and intangibles 3 to 15 years
- Aircraft and related equipment 10 to 20 years
- Aircraft rotables 5 to 10 years
- Motor Vehicles 3 to 10 years

Management estimates the useful lives and residual values of property, plant and equipment based on the expected period of time over which economic benefits from use of the asset will be derived. Management reviews useful life assumptions on an annual basis having consideration to variables, including historical and forecast usage rates, technological advancements and changes in legal and economic conditions.

AIRCRAFT			PLANT & EQUIPMENT		TOTAL
Aircraft fit outs	Aircraft rotables	WIP	Plant and equipment	WIP	
\$	\$	\$	\$	\$	\$
29,994,130	2,167,637	3,982,854	20,461,306	319,603	218,740,474
(25,065,674)	(1,828,382)	-	(9,385,703)	-	(87,697,071)
4,928,456	339,255	3,982,854	11,075,603	319,603	131,043,403
8,040,840	550,180	3,251,789	11,152,564	1,747,088	141,253,119
550,026	197,913	731,065	193,869	172,432	6,292,673
(1,360,292)	(17)	-	(222,487)	-	(7,022,469)
(2,302,118)	(408,821)	-	(1,648,260)	-	(12,397,313)
-	-	-	-	-	2,917,393
-	-	-	1,599,917	(1,599,917)	-
4,928,456	339,255	3,982,854	11,075,603	319,603	131,043,403
35,470,176	2,016,363	3,251,789	20,018,285	1,747,088	261,102,548
(27,429,336)	(1,466,183)	-	(8,865,721)	-	(119,849,429)
8,040,840	550,180	3,251,789	11,152,564	1,747,088	141,253,119

(iii) Amortisation

Aircraft engines are amortised using the unit-of-production method. Unit-of-production method rates are based on TBO (time between overhaul) hours, which are the minimum performance standard for specified materials, parts and appliances used on civil aircraft.

(iv) Qualifying assets

The Service capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

(v) Deposits paid on aircraft purchased

Cash deposits paid in the previous financial year by the Service when purchasing an aircraft are recorded as a prepayment until the transfer of the aircraft occurs at which time the aircraft is classified as property, plant and equipment at cost.

(vi) Assets disposed of during the current financial year

During 2021/22 the Service disposed of five aircraft, call signs MVJ, MVP, MVS, MWV and MSH. The cash value of these disposals have been recognised in the cash flow with profit on sale recognised in Note 2.

9. Right-of-use asset

	2022
	\$
Year ended 30 June 2022	
Cost	7,621,364
Accumulated depreciation	(1,778,700)
NET CARRYING AMOUNT	5,842,664
Movement	
Opening net carrying amount	6,581,139
Additions	-
Disposals	-
Depreciation	(738,475)
CLOSING NET CARRYING AMOUNT	5,842,664
Year ended 30 June 2021	
Cost	7,621,364
Accumulated depreciation	(1,040,225)
NET CARRYING AMOUNT	6,581,139

10. Employee benefits

	2022	2021
	\$	\$
CURRENT		
Salaries and wages accrued	1,106,852	2,053,062
Liability for long service leave	1,417,540	1,953,859
Liability for annual leave	3,638,026	4,184,241
	6,162,418	8,191,162
NON-CURRENT		
Liability for long service leave	488,137	419,781
TOTAL	6,650,555	8,610,943

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of the expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting future cash flows.

The obligations are presented as current liabilities in the statement of financial position if the Service does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

11. Reserves

Asset Revaluation reserve

The revaluation reserve relates to land and buildings measured at fair value in accordance with applicable Australian Accounting Standards.

Investment Fair Value reserve

The fair value reserve includes the cumulative net change of investments at fair value through other comprehensive income until the investment is derecognised through sale. Impairment losses are recognised in the statement of comprehensive income.

12. Retained Earnings

The Service retains earnings in order to provide the necessary funds to support the net assets required to meet its strategic objectives as well as to fund program enhancements such as Oral Health and Mental programs. These net assets include cash retained in order to provide for future capital requirements. Details of capital commitments at 30 June 2022 are set out in note 13.

13. Commitments for expenditure

	2022	2021
	\$	\$
CAPITAL COMMITMENTS		
Budgeted and expected to be incurred within 12 months:		
Land and buildings	6,535,000	622,000
Aircraft	3,535,000	4,861,000
Plant and equipment	2,005,000	2,017,000
Total capital commitments	12,075,000	7,500,000
INTEREST COMMITMENTS		
Interest current	324,147	400,181
Interest non current	95,345	419,492
Total interest commitment	419,492	819,673
LEASE COMMITMENTS		
Lease commitments payable in less than 1 year	809,550	784,689
Lease commitments payable in 2-5 year	4,164,769	4,055,629
Lease commitments payable in more than 5 years	2,447,939	3,366,629
Total lease commitments	7,422,258	8,206,947

14. Related parties

Transactions with key management personnel

In addition to its salaries, the Service also provides non-cash benefits to key management personnel, and contributes to a post-employment defined contribution superannuation fund on their behalf.

	2021	2020
	\$	\$
Total remuneration to related parties	1,859,094	2,788,730

Other key management personnel transactions

The terms and conditions of the transactions with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

15. Controlled entities

	Country of Incorporation	Ownership Interest	
		2022	2021
		%	%
Parent entity			
Royal Flying Doctor Service of Australia (SE Section)			
Subsidiary			
Royal Flying Doctor Service of Australia (South Eastern Section) New South Wales Operations	Australia	100	100
Royal Flying Doctor Service of Australia (South Eastern Section) Tasmanian Operations	Australia	100	100
Royal Flying Doctor Service of Australia (South Eastern Section) Victorian Operations	Australia	100	100
Royal Flying Doctor Service of Australia (Eastern Operations) ¹	Australia	50	0

¹ Royal Flying Doctor Service of Australia (Eastern Operations) was incorporated on 16 June 2022 and is yet to commence trading.

Principals of consolidation

Consolidated financial statements comprising the Service and the controlled entities are not prepared as the controlled entities' results, assets and liabilities are not material.

16. Information on charitable fundraising activity

	Notes	2022	2021
		\$	\$
Source of fundraising revenue			
Gross income from bequests	2	9,828,760	6,109,888
Gross income from fundraising	2	16,189,584	14,586,331
Gross income all sources		26,018,344	20,696,219
Gross cost of fundraising		5,958,048	6,684,407
Gross cost of marketing		885,028	1,062,616
Gross cost marketing & fundraising		6,843,076	7,747,023
Surplus of gross income all sources after deducting gross cost of marketing & fundraising		19,175,268	12,949,196

17. Members' guarantee

The Service is incorporated under the Corporations Act 2001 and is a company limited by guarantee. In the event the Service is wound up, the Constitution states that each constitutional member is required to contribute a maximum of \$2.00 each towards meeting any outstanding obligations of the Service.

At 30 June 2022, the number of constitutional members was 111 (2021: 117).

18. Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets as at 30 June 2022.

19. Events occurring after balance date

There have been no events after balance date affecting this financial report.

Directors' Declaration

1. In the opinion of the Directors of the Royal Flying Doctor Service of Australia (South Eastern Section)

- (a) the financial statements and notes set out on pages 6 to 21, are in accordance with the Division 60 of the Australian Charities and Not-For-Profits Commission (ACNC) Act 2012, including:
 - (i) giving a true and fair view of the financial position of the Service as at 30 June 2022 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards including the Australian Accounting Interpretation and Division 60 of the ACNC Regulation 2013
- (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.

Signed in accordance with a resolution of the Directors



Mr David Lyle, President
30 August 2022



Mr Anthony (Tony) MacRae, Treasurer
30 August 2022



Declaration in Respect of Fundraising Appeals

I, David Lyle Chairman of the Board of Directors of the Royal Flying Doctor Service of Australia (South Eastern Section) declare that in my opinion:

- (a) the financial report gives a true and fair view of the state of affairs with respect to fundraising appeals;
- (b) the provisions of the NSW Charitable Fundraising Act 1991 and the NSW Charitable Fundraising Regulations 2008 and the conditions attached to the authority have been complied with; and
- (c) the internal controls exercised by the Royal Flying Doctor Service of Australia (South Eastern Section) are appropriate and effective in accounting for all income received.



Mr David Lyle, President
30 August 2022



To the members of Royal Flying Doctor Service of Australia (South Eastern Section)

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Royal Flying Doctor Service of Australia (South Eastern Section) (the Service) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- (a) giving a true and fair view of the Service's financial position as at 30 June 2022 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards - Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

What we have audited

The financial report comprises:

- the statement of financial position as at 30 June 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to and forming part of the financial statements, which include significant accounting policies and other explanatory information
- the declaration of the directors.

Basis for opinion

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

Independence

We are independent of the Service in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Service to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors 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 objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on other legal and regulatory requirements on Charitable Fundraising Act 1991 (NSW) and the NSW Charitable Fundraising Regulations 2008


We have audited the financial report as required by Section 24(2) of the NSW Charitable Fundraising Act 1991. The directors of the Service are responsible for the preparation and presentation of the financial report in accordance with the Charitable Fundraising Act 1991 (NSW) and NSW Charitable Fundraising Regulations 2008. Our responsibility is to express an opinion on the financial report based on our audit.

Auditor's opinion

2

In our opinion:

- (a) The financial report and associated records have been properly kept, during the financial year ended 30 June 2022, in accordance with:
 - (i) Sections 20 (1), 22 (1-2) and 24 (1-3) of the Charitable Fundraising Act 1991 (NSW); and
 - (ii) Sections 9 (6) and 10 of the NSW Charitable Fundraising Regulations 2008.
- (b) Money received as a result of fundraising appeal activities conducted by the Service during the financial year ended 30 June 2022 have been properly accounted for and applied in accordance with the above mentioned Act and Regulations.


PricewaterhouseCoopers


M. T. Łojarczyk
Partner

Adelaide
30 August 2022

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We would also like to thank the following businesses for their assistance this year:





How you can help

Our work is not possible without the generosity of individuals, corporations, the government and the community. We thank all the kind supporters of the Royal Flying Doctor Service of Australia (South Eastern Section). With your contributions we have proudly served outback Australians for more than 90 years. Help us continue this vital work well into the future by making a donation.

Send your donation to:

Royal Flying Doctor Service of Australia
(South Eastern Section)
Reply Paid 3537
SYDNEY NSW 2001

Phone: 1300 669 569

Email: supporter@rfdsse.org.au

Donate: flyingdoctor.org.au to make your donation online.



Royal Flying Doctor Service
SOUTH EASTERN SECTION

Connect with us

Bankstown Base

Hangar 276, Airport Ave
Bankstown Airport NSW 2200
T: 02 9941 8880

Broken Hill Base and Visitors' Centre

Hangar 2, Airport
Broken Hill NSW 2088
T: 08 8080 3777

Dubbo Base

RFDS Dubbo Hangar
9R Cooreena Road (Judy Jakins Drive)
Dubbo NSW 2830
T: 02 6841 2555

Dubbo RFDS Visitor Experience

21 Judy Jakins Drive
Dubbo NSW 2830
T: 1800 847 487

Sydney Office

Level 5, 418A Elizabeth Street,
Surry Hills NSW 2010
T: 02 9941 8859
E: enquiries@rfdsse.org.au



1300 669 569



GPO Box 3537 Sydney NSW 2001



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