

ACCOUNTING POLICIES (CONTINUED)

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.7 Provisions and contingencies

A provision for future maintenance is recognised, since the trust has an obligation to overhaul their fixed wing aircrafts after a predetermined number of flying hours. The amount of the provision is calculated based on the current cost of the overhaul and the portion of the hours flown to date. The provision is utilised against any engine overhaul costs incurred.

A provision for major components is recognised on rotor wing aircrafts based on a fixed amount per hour flown. This amount is determined by management based on past experience and current estimates of costs to repair the aircraft. The provision is utilised against any rotor wing maintenance expenditure incurred.

1.8 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the trust;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

Donations and dividends are recognised, in profit or loss, when the trust's right to receive payment has been established.

1.9 Turnover

Turnover comprises of revenue from air ambulance and clinic services delivered. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.10 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

ACCOUNTING POLICIES (CONTINUED)

1.11 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.



SPONSORED BY:



NOTES TO FINANCIAL STATEMENTS

Figures in Rand

2013

2012

2. New Standards and Interpretations

2.1 Standards and interpretations not yet effective

The trust has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the trust's accounting periods beginning on or after 01 March 2013 or later periods:

Amendment IAS 1 - Presentation of financial statements: New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity. Effective 1 July 2012. The impact of this standard is not reasonably known or estimated.

Amendment IAS16 - Property, Plant and Equipment: Amendments to the recognition and classification of servicing equipment - Effective date: 1 January 2013. The impact of this standard is not reasonably known or estimated.

IFRS 9 - Financial instruments: New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement: Effective 1 January 2015: The impact of this statement is not reasonably known or estimated.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the trust's financial statements.

3. Property, plant and equipment

	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Leasehold improvements	29,440,659	(5,643,546)	23,797,113	23,789,853	(3,570,139)	20,219,714
Aircraft	355,541,713	(124,005,009)	231,536,704	370,341,713	(98,057,393)	272,284,320
Furniture and fixtures	1,234,036	(396,860)	837,176	1,209,141	(271,238)	937,903
Motor vehicles	1,266,562	(285,611)	980,951	1,411,110	(317,621)	1,093,489
Office equipment	238,629	(153,113)	85,516	231,041	(115,399)	115,642
Computer equipment	793,780	(694,802)	98,978	805,849	(568,427)	237,422
Medical equipment	10,062,666	(5,177,022)	4,885,644	10,055,891	(3,746,476)	6,309,415
Hangar and communication	2,578,363	(1,306,317)	1,272,046	2,576,179	(953,852)	1,622,327
Total	401,156,408	(137,662,280)	263,494,128	410,420,777	(107,600,545)	302,820,232

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	20,219,714	5,701,297	-	(2,123,898)	23,797,113
Aircraft	272,284,320	-	(7,772,906)	(32,974,710)	231,536,704
Furniture and fixtures	937,903	31,691	(3,603)	(128,815)	837,176
Motor vehicles	1,093,489	311,660	(305,596)	(118,602)	980,951
Office equipment	115,642	17,608	(1,877)	(45,857)	85,516
Computer equipment	237,422	24,581	(3,995)	(159,030)	98,978
Medical equipment	6,309,415	45,940	(19,954)	(1,449,757)	4,885,644
Hangar and communication equipment	1,622,327	2,954	(666)	(352,569)	1,272,046
	302,820,232	6,135,731	(8,108,597)	(37,353,238)	263,494,128

NOTES TO FINANCIAL STATEMENTS

Figures in Rand 2013 2012

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	9,394,949	12,170,532	-	(1,345,767)	20,219,714
Aircraft	310,774,805	-	(5,280,356)	(33,210,129)	272,284,320
Furniture and fixtures	972,410	94,960	(9,943)	(119,524)	937,903
Motor vehicles	1,237,442	-	-	(143,953)	1,093,489
Office equipment	150,589	19,549	(979)	(53,517)	115,642
Computer equipment	374,041	91,454	(370)	(227,703)	237,422
Medical equipment	7,365,143	467,274	-	(1,523,002)	6,309,415
Hangar and communication equipment	1,846,949	123,772	-	(348,394)	1,622,327
	332,116,328	12,967,541	(5,291,648)	(36,971,989)	302,820,232

Assets subject to instalment sale agreement (Net carrying amount)

Aircraft	220,764,160	272,284,320
----------	-------------	-------------

4. Inventories

Fuel	39,042	122,736
Uniforms	121,626	131,484
Spare parts	3,864,802	3,974,215
	4,025,470	4,228,435

5. Trade and other receivables

Trade receivables	15,548,181	19,579,591
Prepayments	207,997	2,019,625
Deposits	39,700	33,200
Other receivable	6,277,345	-
	22,073,223	21,632,416

The carrying amount of trade and other receivables approximates its fair value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2013, R 60,886 (2012: R -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	60,886	-
------------------	--------	---

NOTES TO FINANCIAL STATEMENTS

Figures in Rand

2013

2012

5. Trade and other receivables (continued)

Trade and other receivables impaired

As of 28 February 2013, trade and other receivables of R 178,624 (2012: R 469,305) were impaired and provided for.

Reconciliation of provision for impairment of trade and other receivables

Opening balance	469,305	469,305
Unused amounts reversed	(290,681)	-
	178,624	469,305

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	43,450	29,406
Bank balances	415,263	6,563,400
	458,713	6,592,806

7. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2013

	Loans and receivables	Total
Trade and other receivables	21,865,226	21,865,226
Cash and cash equivalents	458,713	458,713
	22,323,939	22,323,939

2012

	Loans and receivables	Total
Trade and other receivables	19,612,791	19,612,791
Cash and cash equivalents	6,592,806	6,592,806
	26,205,597	26,205,597

NOTES TO FINANCIAL STATEMENTS

Figures in Rand	2013	2012
8. Other financial liabilities		
Held at amortised cost		
Instalment sales agreement	183,984,356	226,115,701
The instalment sales agreements are secured over aircrafts with a net book value of R231,536,704 (2012: R272,284,320).		
The liabilities bear interest from 1-2% below the prime bank overdraft rate (2012: 1-2% below the prime bank overdraft rate) and are repayable in monthly installments of approximately R4,375,961 (2012: R6,120,020) inclusive of finance charges.		
JR Stone	820,000	-
The loan is unsecured, bears interest at the prime bank overdraft rate and was repaid on the 25 March 2013.		
	184,804,356	226,115,701
Non-current liabilities		
At amortised cost	132,124,686	168,871,268
Current liabilities		
At amortised cost	52,679,670	57,244,433
	184,804,356	226,115,701

9. Provisions

Reconciliation of provisions - 2013

	Opening balance	Additions	Utilised during the year	Total
Provision for major components	19,350,765	3,536,372	(2,948,411)	19,938,726
Provision for engine overhaul	15,612,684	2,053,220	(2,943,360)	14,722,544
	34,963,449	5,589,592	(5,891,771)	34,661,270

Reconciliation of provisions - 2012

	Opening balance	Additions	Utilised during the year	Total
Provision for major components	16,281,899	4,258,830	(1,189,964)	19,350,765
Provision for engine overhaul	16,239,847	1,932,642	(2,559,805)	15,612,684
	32,521,746	6,191,472	(3,749,769)	34,963,449

The engine overhaul and major component are raised to offset expenses which will be incurred in future to repair or replace the aircrafts engines.

NOTES TO FINANCIAL STATEMENTS

Figures in Rand

2013

2012

10. Trade and other payables

Trade payables	7,346,152	3,212,041
Amounts received in advance	-	7,440,606
VAT	852,579	2,401,765
Accrued payroll	835,094	892,885
Accrued leave pay	2,272,920	2,390,216
Accrued subvention fees	200,000	100,000
Accrued expenses	384,782	289,853
	11,891,527	16,727,366

11. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

2013

	Financial liabilities at amortised cost	Total
Other financial liabilities	184,804,356	184,804,356
Trade and other payables	11,038,946	11,038,946
	195,843,302	195,843,302

2012

	Financial liabilities at amortised cost	Total
Other financial liabilities	226,115,701	226,115,701
Trade and other payables	6,884,995	6,884,995
	233,000,696	233,000,696

12. Revenue

Services rendered	120,358,781	129,182,119
Donations received	1,380,623	287,980
	121,739,404	129,470,099

13. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Loss on exchange difference	-	(257,089)
Write off of investment	-	10
Loss (profit) on sale of property, plant and equipment	2,805,300	(4,513,681)
Depreciation on property, plant and equipment	37,353,238	36,971,999
Employee costs	30,048,824	34,129,671

NOTES TO FINANCIAL STATEMENTS

Figures in Rand	2013	2012
14. Investment revenue		
Dividend revenue		
Dividend received	-	1,068,453
Interest revenue		
Bank	239,334	580,185
	<u>239,334</u>	<u>1,648,638</u>
15. Finance costs		
Bank	122,622	18,801
Late payment of tax	61,497	-
Instalment sale agreements	15,872,281	20,217,018
	<u>16,056,400</u>	<u>20,235,819</u>
16. Taxation		
No provision has been made for 2013 tax as the trust has no taxable income. The estimated tax loss available for set off against future taxable income is R30,692,843 (2012: R36,802,408).		
17. Cash generated from operations		
Profit before taxation	1,227,008	7,927,018
Adjustments for:		
Depreciation	37,357,607	36,971,999
Loss on sale of assets	2,805,300	(4,513,681)
(Gain)/Loss on foreign exchange	1,965	(257,089)
Dividends received	-	(1,068,453)
Interest received	(239,334)	(580,185)
Finance costs	16,056,400	20,235,819
Impairment loss	-	10
Movements in provisions	(302,179)	2,441,703
Changes in working capital:		
Inventories	202,965	213,456
Trade and other receivables	(440,807)	2,495,866
Trade and other payables	(4,837,806)	1,055,707
	<u>51,831,119</u>	<u>64,922,170</u>
18. Commitments		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	579,715	348,174
- in second to fifth year inclusive	1,913,754	1,820,169
	<u>2,493,469</u>	<u>2,168,343</u>

Operating lease payments represent hangar and office rentals payable by the trust for certain of its bases. Leases are negotiated for an average term of five years. No contingent rent is payable.

NOTES TO FINANCIAL STATEMENTS

Figures in Rand

2013

2012

19. Related parties

Relationships
Entities

Aero Medical Solutions Proprietary Limited
Beekay 147 Investments Proprietary Limited
Excelebrate Proprietary Limited
The Pilatus Trust

Members of key management

John Stone (Group CEO)
Dr Phillip Erasmus (CEO)

Related party balances

Loan accounts - Owing to related parties

John Stone

820,000

-

Amounts included in Trade receivables regarding related parties

Aero Medical Solutions Proprietary Limited

7,307,599

-

Related party transactions

Consulting fees

Excelebrate (Proprietary) Limited

1,664,685

1,530,000

Dividend received

Beekay 147 Investments (Proprietary) Limited

-

1,068,453

20. Change in estimate

Property, plant and equipment

The useful life of aircrafts was revised from 5 years to 9.1667 years and the residual value of the aircraft from 58% of the cost of the aircraft on average to 25% of the cost of the aircraft on average in the current year. The effect of this revision has decreased the depreciation charges for the current and future periods by R 6 539 479.

The impact on tax is zero as the trust is in an assessed loss position.

NOTES TO FINANCIAL STATEMENTS

Figures in Rand

2013

2012

21. Risk management

Liquidity risk

The trust's risk to liquidity is a result of the funds available to cover future commitments. The trust manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the trust's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 28 February 2013

	Within 12 months	Between 2 and 5 years
Trade and other payables	11,038,948	-
Other financial liabilities	52,679,670	132,124,686

At 29 February 2012

	Within 12 months	Between 2 and 5 years
Trade and other payables	14,325,602	-
Other financial liabilities	57,244,433	168,871,268

Interest rate risk

As the trust has no significant interest-bearing assets, the trust's income and operating cash flows are substantially independent of changes in market interest rates.

The trust finances its operations through a mixture of retained earnings, financing arrangements for certain items of property plants and equipment and long-term borrowings.

At 28 February 2013, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, surplus for the year would have been R1,839,844 (2012: R 2,261,157) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowing.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The trust only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2013	2012
Cash and cash equivalents - ABSA Bank Limited	65,490	1,181,665
Cash and cash equivalents - Investec Private Bank Limited	11,308	10,740
Cash and cash equivalents - Nedbank a division of Nedcor Limited	562,518	5,370,994



NOTES TO FINANCIAL STATEMENTS

Figures in Rand

2013

2012

21. Risk management (continued)

Foreign exchange risk

At 28 February 2013, if the currency had weakened/strengthened by 2%, (2012: 2%) (being the movement in the respective exchange rates during the year) against the Euro, Indian Rupees, US dollar and British Pound respectively with all other variables held constant, profit for the year would have been R 697 (2012: R 418) higher, mainly as a result of foreign exchange gains or losses on translation of Euro, Indian Rupees, US dollar and British Pound denominated cash and cash equivalent..

The following items are uncovered.

Foreign currency exposure at the end of the reporting period

Current assets

Cash and cash equivalents, USD 3 317 (2012: USD 1 976)	29,322	14,887
Cash and cash equivalents, EURO 59 (2012: EURO 165)	682	1,669
Cash and cash equivalents, GBP 340 (2012: GBP 340)	4,546	4,060
Cash and cash equivalents, INR 1 950 (2012: INR 1 950)	320	297
Cash and cash equivalents, AUD 350 (2012: AUD Nil)	3,159	-
Cash and cash equivalents, GHS 300 (2012: GHS Nil)	1,371	-

Exchange rates used for conversion of foreign items were:

USD	8.84	7.53
GBP	13.37	11.94
EURO	11.57	10.11
INR	0.16	0.15
AUD	9.0263	
GHS		
	4.5707	

22. Contingencies

A deferred tax liability of R33,173,856 (2012: R37,854,908) has not been raised as the trust is in the process of applying to be tax exempt on all income.

DETAILED INCOME STATEMENT

Figures in Rand	Notes	2013	2012
Revenue			
Sale of goods		120,358,781	129,182,119
Donations received		1,380,623	287,980
		121,739,404	129,470,099
Cost of sales			
Opening stock		(4,228,435)	(4,441,891)
Purchases		202,965	213,456
Closing stock		4,025,470	4,228,435
		-	-
Other income			
Discount received		-	8,910
Pledges received		1,023,684	913,457
Reversal of provision for maintenance		2,943,360	-
Reversal of provision for bad debts		290,681	-
Dividend revenue		-	1,068,453
Interest received		239,334	580,185
Gain on exchange differences		-	257,089
Gain on disposal of assets		-	4,513,681
		4,497,059	7,341,775
Expenses (Refer to page 26)		(112,537,755)	(116,171,326)
Operating surplus		13,698,708	20,640,548
Finance costs		(16,056,400)	(20,235,819)
Designated donation for specific capital projects		6,390,000	7,522,289
Loss on disposal of assets		(2,805,300)	-
		(12,471,700)	(12,713,530)
Surplus for the year		1,227,008	7,927,018

The supplementary information presented does not form part of the annual financial statements and is unaudited

DETAILED INCOME STATEMENT

Figures in Rand	Notes	2013	2012
Operating expenses			
Ambulance fees		(36,512)	(136,685)
Auditors remuneration		(131,114)	(121,095)
Bank charges		(52,560)	(77,689)
Cleaning		(25,133)	(50,469)
Computer expenses		(563,710)	(319,293)
Consulting fees		(1,744,195)	(1,736,570)
Consumables		(2,659)	(240,827)
Depreciation and impairments		(37,353,238)	(36,972,009)
Employee costs		(30,048,824)	(34,129,671)
Fines and penalties		(400)	(400)
Fuel		(10,653,023)	(10,711,808)
General expenses		(61,501)	(675,295)
Hire		(899,313)	(1,323,252)
Insurance		(10,076,296)	(9,821,645)
Land and navigation fees		(605,995)	(462,725)
Laundry and dry cleaning		(12,027)	(11,765)
Legal expenses		(3,458)	(28,869)
Licence fee		(111,186)	(98,701)
Loss on exchange differences		(1,965)	-
Maintenance provision		(5,628,479)	(6,153,337)
Motor vehicle expenses		(431,887)	(464,421)
Printing and stationery		(253,017)	(349,890)
Promotions		(1,581,149)	(357,042)
Repairs and maintenance		(9,160,200)	(8,168,042)
Staff welfare		(186,271)	(228,236)
Subscriptions		(367,555)	(369,525)
Subvention fees		(100,000)	(100,000)
Telemarketing		(6,920)	15,484
Telephone and fax		(531,850)	(714,842)
Training		(129,843)	(222,934)
Travel - local		(1,360,526)	(1,646,230)
Travel - overseas		(170,866)	(204,345)
Uniforms		(34,827)	(44,951)
Utilities		(211,256)	(244,247)
		(112,537,755)	(116,171,326)

The supplementary information presented does not form part of the annual financial statements and is unaudited

Real-time Aircraft Tracking and Fleet Management



Now in the cloud

Absolute knowledge of the whereabouts of your aircraft is essential for the safety of the passengers and crew
IndigoSat offers various hardware options to best suit your operation and budget

Introducing **MiTrac**



Access your fleet from any internet enabled PC / MAC ,
Tablet or Smartphone



Visit our website for more details on the portable tracking products now available:





Contact Us

National number: 086 11 MERCY (63729)

National emergency number: 0861 AMS AMS (267 267)

International number: +27 21 935 6900

Trust Reg. No: T3404/94, NPO reg. No. 017-180 NPO

Head office: P.O. Box 93, Cape Town International Airport, 7525

Tel: 086 11 MERCY (63729)

Email: info@ams.org.za

