

**ROYAL ZOOLOGICAL SOCIETY
OF SOUTH AUSTRALIA INC**

ABN: 38 750 470 952

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2019

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
Revenue			
Admissions, Membership and Other Revenue		19,524,686	19,168,735
Grants	3	7,813,028	8,320,307
Sundry Sales/Income		320,735	343,332
Bequests		559,865	42,586
Total Revenue	2	<u>28,218,314</u>	<u>27,874,960</u>
Expenses			
Salaries, Wages & On-Costs		(15,318,222)	(14,398,107)
Animal Care		(1,031,761)	(958,444)
Maintenance Consumables		(1,602,946)	(1,509,964)
Cost of Sales		(744,389)	(686,924)
Conservation & Research Projects		(1,950,031)	(1,831,375)
Utilities		(675,837)	(682,107)
Marketing & Promotion		(807,653)	(821,998)
Tours & Experiences		(1,531,075)	(1,216,492)
Depreciation		(2,687,165)	(2,567,531)
Other Expenses		(1,682,154)	(1,563,031)
Total Expenses	2	<u>(28,031,233)</u>	<u>(26,235,973)</u>
Surplus from operating activities		<u>187,081</u>	<u>1,638,987</u>
Finance Income		64,517	67,753
Finance Expenses		(204,562)	(354,956)
Net Financing Expense		(140,045)	(287,203)
Surplus for the Year		<u>47,036</u>	<u>1,351,784</u>
Other Comprehensive Income/Expense			
Items that will never be reclassified to profit or loss			
Change in fair value of financial assets at fair value through other comprehensive income		285	(5,500)
Total Other Comprehensive Income / (Loss) for the year		<u>285</u>	<u>(5,500)</u>
Total Comprehensive Income for the year attributable to members		<u>47,321</u>	<u>1,346,284</u>

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019**

	Note	2019 \$	2018 \$
Current Assets			
Cash and Cash Equivalents	4	1,355,322	1,103,629
Receivables and Prepayments	5	753,080	1,100,824
Inventories	8	469,429	477,715
Total Current Assets		2,577,831	2,682,168
Non Current Assets			
Financial Assets at Fair Value	6	421,492	471,101
Property, Plant and Equipment	7	47,138,393	47,346,999
Total Non Current Assets		47,559,885	47,818,100
Total Assets		50,137,716	50,500,268
Current Liabilities			
Sundry Creditors	11	1,983,447	1,598,603
Income in Advance	12	3,383,457	3,202,036
Loans and Borrowings	10	4,586,695	1,124,061
Employee Benefits	9	3,317,134	3,270,316
Total Current Liabilities		13,270,733	9,195,016
Non Current Liabilities			
Loans and Borrowings	10	773,592	5,358,553
Income in Advance	12	100,474	-
Employee Benefits	9	287,879	288,982
Total Non Current Liabilities		1,161,945	5,647,535
Total Liabilities		14,432,678	14,842,551
Net Assets		35,705,038	35,657,717
 Reserves		3,136	2,851
Retained Funds		35,701,902	35,654,866
Total Equity		35,705,038	35,657,717

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Fair Value Reserves	Retained Funds	Total Equity
	\$	\$	\$
Balance at 1 July 2017	8,351	34,303,082	34,311,433
Profit/(Loss) for the year	-	1,351,784	1,351,784
Other Comprehensive Income			
Change in fair value of financial assets at fair value through other comprehensive income	(5,500)	-	(5,500)
Total Other Comprehensive Income/(Loss) for the year	(5,500)	-	(5,500)
Total Comprehensive Income/(Loss) for the year	(5,500)	1,351,784	1,346,284
Balance at 30 June 2018	2,851	35,654,866	35,657,717
 Balance at 1 July 2018	 2,851	 35,654,866	 35,657,717
Profit/(Loss) for the year	-	47,036	47,036
Other Comprehensive Income			
Change in fair value of financial assets at fair value through other comprehensive income	285	-	285
Total Other Comprehensive Income/(Loss) for the year	285	-	285
Total Comprehensive Income/(Loss) for the year	285	47,036	47,321
Balance at 30 June 2019	3,136	35,701,902	35,705,038

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019**

	Note	2019 \$	2018 \$
		Inflows (Outflows)	Inflows (Outflows)
Cash Flows from Operating Activities			
Receipts			
Receipts from customers		18,225,937	16,958,638
Donations, Bequests and Sponsorships		2,914,461	3,022,830
Payments			
Wages and Salaries		(14,990,852)	(14,150,727)
Suppliers		(7,721,904)	(7,675,271)
Conservation & Research Projects		(1,950,031)	(4,431,479)
Net Cash Provided by/(Used in) Operating Activities		(3,522,389)	(6,276,009)
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(2,478,559)	(2,993,065)
Sale/(Purchase) of Shares and Investments		49,894	-
Interest and dividends received		64,517	67,753
Net Cash Provided by/(Used in) Capital and Investing Activities		(2,364,148)	(2,925,312)
Cash Flows from Financing Activities			
Net State Government Grants Received		5,815,453	5,708,608
Net Other Grants Received		1,649,666	2,129,161
Net Repayment of Borrowings		(1,122,327)	(1,061,200)
Payment of Interest		(204,562)	(354,956)
Net Cash Provided by Financing Activities		6,138,230	6,421,613
Net (Decrease)/Increase in Cash Held		251,693	(2,779,708)
Cash at the Beginning of the Year		1,103,629	3,883,337
Cash at the End of the Year	4	1,355,322	1,103,629

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Royal Zoological Society of South Australia Incorporated (the "Society") is a not for profit incorporated association domiciled in South Australia. The address of the Society's registered office is Frome Road, Adelaide, South Australia. The Society during the year was involved in the operation of the Adelaide Zoo and Monarto Zoo. The Society is also involved in a wide range of Conservation Programs both in Australia and internationally.

This financial report was authorised for issue by the Board on 29th October 2019.

(a) Basis of Preparation

In the opinion of the directors, the Society is not publicly accountable. The Society applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), the Australian Charities and Not-for-profits Commission Act 2012 (ACNC) and the Associations Incorporation Act 1985 (as amended). The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial report is presented in Australian dollars, which is the functional currency of the Society.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

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

- Note 7 – Property, Plant and Equipment
- Note 9 – Employee Benefits

The Society has derived a surplus for the year of \$47,000 (2018: \$1.35m). As at 30 June 2019, the Society has net assets of \$35.71m (2018: \$35.66m) however has a working capital deficiency of \$10.69m as current liabilities of \$13.27m exceed the current assets of \$2.58m. This deficiency has increased on the prior year due to the ANZ bank loan being classified as current as a result of a breach of a facility covenant (detailed in Note 10). ANZ has subsequently confirmed that it has waived its rights with respect to the covenant breach. The Society is required to repay \$850,000 of this facility during the year ended 30 June 2020 in line with the facility repayment schedule. Also included in current liabilities is \$3.38m of income received in advance which is not expected to require repayment and employee provisions of \$3.32m, the majority of which are not anticipated to be settled within the next 12 months.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In the year ended 30 June 2019 the Society generated net operating cash in-flows of \$3.94m (including State and Federal Government operating grants) and is forecast to generate positive operating cash flows in the 2020 financial year. It is anticipated by the Board that the State and Federal Governments will continue to provide grants and funding support to the Society in order to ensure that it remains in operation. Historically, the Society has received significant donation income, including \$997,000 in the current year. It is also anticipated that donations will not materially decrease in the next financial year.

The Board has prepared a forecast cash flow of the Society which indicates that it will be able to meet its obligations as and when they fall due. The cash flow forecast anticipates that the level of grant funding, admissions income, membership income, and donations will be maintained at levels similar to FY 2019, underpinned by the assumption that there is no expected change in the Society's operations or exhibits that would see a drop in attendance and that there will be no significant increase in expenses or change in pattern of staff taking annual leave. Whilst the cash flows are based on future estimates, the Board is confident that the cash in-flows of the Society will be sufficient to meet its ongoing cash out-flow needs.

Accordingly, the financial statements continue to be prepared on a going concern basis.

The accounting policies set out below have been applied consistently to all periods presented in the financial report. There are no new accounting standards, amendments to standards or interpretations identified as having a significant impact on the Society.

The Society elected to early adopt AASB 9 Financial Instruments with a date of initial application of 1 July 2014.

(b) **Revenue**

(i) **Sales Revenue**

Income from Admissions, Education, Catering and Retail are recognised as revenue when earned rather than when received.

(ii) **Grants**

Grants received from government and other bodies are brought to account as income in the year in which they are received, unless they are for a specific purpose where costs have not yet been incurred. Grants in relation to which the Society is required to repay unutilised funding are treated as reciprocal transfers and income is recognised by reference to the stage of completion.

(iii) **Interest & Dividends**

Interest revenue is recognised as it accrues on a daily basis, using the effective interest method. Dividend revenue is recognised in the statement of profit and loss and comprehensive income on the date the right to receive payments is established, which in the case of quoted securities is normally the ex-dividend date.

(iv) **Membership Subscriptions**

Membership subscriptions are recognised as revenue when earned over the period of the subscription rather than when the cash is received. Prepaid subscriptions are recorded as unearned revenue and are included in Income in Advance.

(v) **Donations, Bequests & Sponsorship**

Donations, bequests and sponsorship made to the Society, including those made for specific purposes, are treated as income on receipt or under the terms on which they are made. The Society applies specific purpose donations, bequests and sponsorship in accordance with the terms of each bequest and/or the wishes of the donors/sponsor.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Receivables

Receivables to be settled within 60 days are carried at amortised cost. The Society is not materially exposed to any individual customer. The collectability of debts is assessed at year-end (see accounting policy (g)).

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and at call deposits.

(e) Financial Assets at Fair Value Through Other Comprehensive Income

The Society has a portfolio of investments including interest bearing or dividend yielding securities. The Finance and Audit Committee manages the portfolio to minimise the exposure to significant risk due to changes in yields or market values.

When financial assets are recognised initially, they are measured at fair value. Financial assets other than those subsequently measured at amortised cost are subsequently measured at fair value. Investments in equity instruments that are not held for trading are measured at fair value through other comprehensive income. Fair value is determined based on fair value (being the redemption value) of all investments.

For investments in equity instruments that are not held for trading, the Society has elected at initial recognition to present gains and losses in other comprehensive income. For instruments measured at fair value through other comprehensive income, gains and losses are not reclassified to profit or loss and no impairments are recognised in profit or loss.

Dividends earned are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Financial assets are recognised/de-recognised by the Society on the date it commits to purchase/sell the investments.

(f) Inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories is based on the first in first out principle, and includes the expenditure incurred in acquiring the inventories, and bringing them into their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

(g) Impairment

Non-Financial Assets

The carrying amounts of the Society's assets other than inventories (see accounting policy (f)) are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see accountancy policy (g)(i)).

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 profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Financial Assets

(i) Calculation of recoverable amount

The recoverable amount of the Society's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(ii) **Reversals of impairment**

An impairment loss in respect of receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, 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.

(h) **Property, Plant and Equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (g)). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Borrowing costs related to the acquisition and construction of qualifying assets are capitalised as part of the cost of the asset.

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.

Assets donated to the Society are initially valued at fair value, being the amount for which the assets would be exchanged in an arm's length transaction. The asset value is determined by an independent valuation.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised on a net basis in profit or loss.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Society and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is charged to profit or loss on a straight line basis based on the following depreciation rates:

Buildings	2.0% - 3.5%
Exhibits	3.3% - 5.0%
Plant & Equipment	10.0%
Computers & IT	25.0% - 30.0%
Motor Vehicles	10.0%

These rates were applied for the entire financial year. Land is not depreciated.

(i) **Creditors**

Liabilities are recognised for amounts to be paid in future for goods or services received up to balance date. Creditors are normally settled within 30 days.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Employee Benefits

(i) Long-term service benefits

The Society'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 discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Society's obligations.

(ii) Wages, salaries and leave

Liabilities for wages, salaries and leave that are expected to be settled within 12 months of reporting date, represent present obligations resulting from employees' services provided to reporting date and are measured as the undiscounted amounts based on wage and salary rates that the Society expects to pay as at reporting date including related on-costs.

(k) Exhibit Acquisition and Transfer

Management of animal populations and a strong commitment to captive breeding of endangered species requires the Society to regularly interchange specimens with other approved zoos around the world. While threatened species and species subject to cooperative management plans are given freely for the benefit of conservation, the Society bears the cost of importing such species.

As the acquisitions improve the quality of the exhibits, major costs are capitalised to property, plant and equipment in accordance with accounting policy (h).

(l) Taxation

The Society is exempt from income tax under the current provisions of the Income Tax Assessment Act. Accordingly there is no income tax expense or income tax payable.

(m) Leases

(i) Leased assets

Leases under which the Society assumes substantially all the risks and benefits of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to or lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of 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 statement of financial position.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

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 Australian Taxation Office are classified as operating cash flows.

(o) Application of Surplus

Any surplus generated by the Society is applied to the development of Adelaide and Monarto Zoos and/or repayment of debt.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: REVENUES AND EXPENSES

	Note	2019			2018
		Adelaide Zoo	Monarto Zoo	Society	Total
		\$	\$	\$	\$
REVENUE	1(b)				
Admissions		5,688,510	2,521,075	-	8,209,585
Education		851,472	244,345	-	1,095,817
Sponsorship		238,958	65,325	999,830	1,304,113
Bequests		-	-	559,865	559,865
Donations		-	-	996,636	996,636
Membership		-	-	3,525,865	3,525,865
Retail Sales		1,111,110	447,778	-	1,558,888
Catering Sales		630,198	104,288	-	734,486
Tours Income		351,204	1,153,555	-	1,504,759
Events		479,788	-	114,749	594,537
Sundry Sales/Income		156,693	44,217	119,825	320,735
Grants	3	10,000	45,246	7,757,782	7,813,028
Total Revenue		9,517,933	4,625,829	14,074,552	28,218,314
EXPENSES					
Salaries, Wages & On-Costs		6,258,908	3,637,026	5,422,288	15,318,222
Animal Care		360,104	532,682	138,975	1,031,761
Maintenance Consumables		945,906	526,240	130,800	1,602,946
Cost of Sales		542,257	202,132	-	744,389
Conservation & Research Projects		-	-	1,950,031	1,950,031
Utilities		517,593	158,244	-	675,837
Marketing & Promotion		62,593	-	745,060	807,653
Tours & Experiences		378,498	1,149,846	2,731	1,531,075
Depreciation		-	-	2,687,165	2,687,165
Other Expenses		457,682	121,057	1,103,415	1,682,154
Total Expenses		9,523,541	6,327,227	12,180,465	28,031,233

NOTE 3: GOVERNMENT AND OTHER GRANTS

The South Australian Government provided general funding of \$5,815,453 (2018: \$5,708,608) during the year for operating purposes. Other Grants (Government and non-Government) totalling \$1,997,575 (2018: \$2,611,699) were recognised as income and are provided for specific projects carried out by the Society. During the year all general funding received has been recognised as income. Specific purpose funding has been recognised in accordance with the various funding agreements.

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 4: CASH AND CASH EQUIVALENTS

	Note	2019	2018
		\$	\$
Cash on hand		152,965	89,662
Cash at bank		1,164,919	976,731
Short-term investments – bank deposits		37,438	37,236
		<u>1,355,322</u>	<u>1,103,629</u>

NOTE 5: RECEIVABLES AND PREPAYMENTS

	Note	2019	2018
		\$	\$
Sundry Debtors		414,369	712,168
Prepaid Expenses		143,017	239,437
GST Receivable		195,694	149,219
		<u>753,080</u>	<u>1,100,824</u>

The Society's exposure to credit and market risks, and impairment losses related to trade receivables are disclosed in Note 16.

NOTE 6: FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Note	2019	2018
		\$	\$
Investments in listed corporations – at fair value			
- shares in listed corporations		421,492	471,101
- during the year, the Society received dividends of \$25,271 (2018: \$30,863) which have been recognised within finance income		<u>421,492</u>	<u>471,101</u>

NOTE 7: PROPERTY, PLANT & EQUIPMENT

	Note	2019	2018
		\$	\$
Land and Buildings at cost		49,774,566	49,421,247
Less: Accumulated Depreciation		(15,951,291)	(14,571,102)
		<u>33,823,275</u>	<u>34,850,145</u>
Exhibits at cost		19,286,761	18,963,864
Less: Accumulated Depreciation		(11,443,717)	(10,776,370)
		<u>7,843,044</u>	<u>8,187,494</u>
Plant & Equipment at cost		5,691,323	5,353,582
Less: Accumulated Depreciation		(3,483,728)	(2,943,180)
		<u>2,207,595</u>	<u>2,410,402</u>
Motor Vehicles at cost		2,097,432	2,043,844
Less: Accumulated Depreciation		(1,342,726)	(1,369,067)
		<u>754,706</u>	<u>674,777</u>

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 7: PROPERTY, PLANT & EQUIPMENT (Continued)

	Note	2019	2018
		\$	\$
Construction in Progress			
- Adelaide		684,094	109,047
- Monarto		1,726,694	1,053,434
- Society		98,985	61,700
		<u>2,509,773</u>	<u>1,224,181</u>
Total Property, Plant & Equipment – net book value		<u>47,138,393</u>	<u>47,346,999</u>

Movement in the carrying amounts of Property Plant & Equipment:

	Land & Buildings	Exhibits	Plant & Equipment	Motor Vehicles	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	34,850,145	8,187,494	2,410,402	674,777	1,224,181	47,346,999
Additions/(Transfers)	353,320	322,897	337,741	179,009	1,285,592	2,603,980
Disposals	-	-	-	-	-	(125,421)
Depreciation	(1,380,190)	(667,347)	(540,548)	(99,080)	-	(2,687,165)
Carrying Amount at the end of the year	<u>33,823,275</u>	<u>7,843,044</u>	<u>2,207,595</u>	<u>754,706</u>	<u>2,509,773</u>	<u>47,138,393</u>

NOTE 8: INVENTORIES

	Note	2019	2018
		\$	\$
Finished Goods		469,429	477,715
		<u>469,429</u>	<u>477,715</u>

During the period ended 30 June 2019, no inventories were considered non-recoverable and written off (30 June 2018: \$Nil) and no inventories were provided for as potentially impaired (30 June 2018: \$Nil).

NOTE 9: EMPLOYEE BENEFITS

	Note	2019	2018
		\$	\$
Current Liabilities			
Annual Leave		1,239,405	1,296,789
Sick Leave Bonus		213,734	223,560
Long Service Leave		1,863,995	1,749,967
		<u>3,317,134</u>	<u>3,270,316</u>
Non Current Liabilities			
Long Service Leave		287,879	288,982
		<u>287,879</u>	<u>288,982</u>
Total		<u>3,605,013</u>	<u>3,559,298</u>

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: LOANS AND BORROWINGS

This note provides information about the contractual terms of the Society's interest-bearing loans and borrowings, which are measured at amortised cost.

	Note	2019 \$	2018 \$
Total facilities available:			
Fully Drawn Advance ¹		903,093	1,177,922
Secured Business Loan ²		4,250,000	5,050,000
Hire Purchase ³		207,194	254,692
		<u>5,360,287</u>	<u>6,482,614</u>
Facilities utilised at reporting date:			
Current			
Fully Drawn Advance ¹		287,463	274,829
Secured Business Loan ²		4,250,000	800,000
Hire Purchase ³		49,232	49,232
		<u>4,586,695</u>	<u>1,124,061</u>
Non Current			
Fully Drawn Advance ¹		615,630	903,093
Secured Business Loan ²		-	4,250,000
Hire Purchase ³		157,962	205,460
		<u>773,592</u>	<u>5,358,553</u>
Total		<u>5,360,287</u>	<u>6,482,614</u>

1. The Fully Drawn Advance is held with the South Australian Government. The facility is unsecured, matures in May 2022 and is subject to an interest rate of 4.55% pa.
2. The secured business loan facility is held with Australia and New Zealand Banking Group (ANZ). The facility is secured by mortgage over freehold land held by the Society at Monarto that matures in July 2022 and is subject to an interest rate of 5.32% p.a. The freehold land securing the loan has a carrying value of \$1,500,000. The facility contains an Interest Cover Ratio covenant that was not met for the year ended 30 June 2019. The full value of the facility has been classified as current as the breach technically results in the loan being payable on demand at 30 June 2019. Subsequent to year end, ANZ confirmed that it has waived its rights in relation to the covenant breach. The Society will repay \$850,000 of this facility during the year ended 30 June 2020 in line with the facility repayment schedule.
3. Hire purchase liabilities are effectively secured as rights to the leased assets. These revert to the lessor in the event of default.

NOTE 11: SUNDRY CREDITORS

	Note	2019 \$	2018 \$
Sundry Creditors		1,260,600	924,208
Accruals		722,847	674,395
		<u>1,983,447</u>	<u>1,598,603</u>

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 12: INCOME IN ADVANCE

	Note	2019	2018
		\$	\$
Current Income in Advance			
Grants in Advance		179,467	463,894
Income Received in Advance		1,751,907	1,275,742
Member Fees Received in Advance		1,452,083	1,462,400
		<u>3,383,457</u>	<u>3,202,036</u>
Non Current Income in Advance			
Member Fees Received in Advance		100,474	-
		<u>100,474</u>	<u>-</u>

NOTE 13: COMMITMENTS

	Note	2019	2018
		\$	\$
Capital Expenditure Commitments			
Significant capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements.			
- Property, Plant & Equipment ¹		536,852	-
Total		<u>536,852</u>	<u>-</u>

1. Contracted expenditure for the construction of The Variety Children's Zoo expected to be completed by October 2019.

	Note	2019	2018
		\$	\$
Operating Lease Expense Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements.			
Payable – minimum lease payments:			
- Within one year		55,938	80,242
- One year or later and no later than five years		-	55,938
- Later than five years		-	-
Total		<u>55,938</u>	<u>136,180</u>

NOTE 14: LOAN COVENANT WAIVER

The ANZ debt facility contains an Interest Cover Ratio covenant that was not met for the year ended 30 June 2019. Prior to the signing of these financial statements, ANZ confirmed that it has waived its rights to demand repayment of this facility following the covenant breach.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: FAIR VALUE RESERVE

The fair value reserve includes the cumulative net change in the fair value of equity instruments that are not held for trading. Gains and losses on these financial assets are not transferred to profit and loss.

NOTE 16: RELATED PARTIES

Board

The names of each person holding the position of Board member of the Royal Zoological Society of SA Inc during the financial year and up until the date of this report are as follows. Board members were in office for the entire year unless otherwise stated.

Mr D Sanders	President
Ms J Riedstra	Vice President
Prof K Helgen	Elected Member (Commenced 22 November 2018)
Mr G Crook	Elected Member (Resigned 22 November 2018)
Prof C Tilt	Elected Member
Mr D Mutton	Elected Member
Dr S Robinson	Elected Member
Ms K Thiele	Board Appointed Member
Mr T Jarvis AM	Board Appointed Member (Resigned 28 August 2018)
Mr R Buchecker	Board Appointed Member
Mr B Spurr AO	Board Appointed Member (Commenced 25 September 2018)

The Board members did not receive Directors fees or other compensation from the Society during the financial year.

Key management personnel disclosures

	2019	2018
	\$	\$
The totals of remuneration paid to key management personnel (KMP) of the association during the year are as follows:		
Key management personnel compensation	1,198,806	1,081,560

Key management personnel includes:

- Chief Executive
- Director of Community Engagement
- Director of Corporate Services
- Director of Life Sciences
- Director of Monarto Safari Park
- Director of People & Performance
- Director of Property & Development

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019 \$	2018 \$
Financial Assets			
Cash and cash equivalents	4	1,355,322	1,103,629
Receivables	5	610,063	861,387
Financial Assets at Fair Value	6	421,492	471,101
Total Financial Assets		2,386,877	2,436,117
Financial Liabilities			
Sundry Creditors	11	1,983,447	1,598,603
Loans and borrowings	10	5,360,287	6,482,614
Total Financial Liabilities		7,343,734	8,081,217

Refer to Note 14 for detailed disclosures regarding the fair value measurement of the association's financial assets.

NOTE 18: EVENTS AFTER BALANCE DATE

The ANZ debt facility contains an Interest Cover Ratio covenant that was not met for the year ended 30 June 2019. Subsequent to year end, ANZ confirmed that it has waived its rights in relation to the covenant breach.

In September 2019 the Society announced a rebranding of Monarto Zoo to Monarto Safari Park. It has also been announced that the Society will build a new Visitor Centre on the Monarto site (Government funded) and sell land to a third party who will build accommodation facilities to service the Safari Park. The Society has yet to formally sign agreements with either the proposed accommodation provider or the Government, however Management anticipates that this will likely occur in late 2019.

Other than the above, 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, to affect significantly the operations of the Society, the results of those operations, or the state of affairs of the Society as at the date of this report.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

STATEMENT BY THE BOARD OF DIRECTORS

In the opinion of the directors of the Royal Zoological Society of South Australia Incorporated ('the Society'):

- (a) the Society is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 2 to 18 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, and the Associations Incorporation Act 1985 (as amended), including:
 - (i) presents fairly in all material respects of the financial position of the Society as at 30 June 2019 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.
- (d) Since the end of the previous financial year no Officer of the Society, no firm of which an Officer is a member, and no body corporate in which an Officer has a substantial financial interest, has received or become entitled to receive any benefit as a result of a contract between the Officer, firm or body corporate and the Society.
- (e) Since the end of the previous financial year no Officer of the Society has received directly or indirectly any payment or other benefit of a pecuniary value, other than in the case of officers employed by the Society, approved salaries which have been determined in accordance with general market conditions.

Signed in accordance with a resolution of the directors:

Dated at Adelaide this 29th day of October 2019.



Ms J Riedstra
Vice-President



Mr D Mutton
Director



Independent Auditor's Report

To the Members of the Royal Zoological Society of South Australia Incorporated

Opinion

We have audited the **Financial Report**, of the Royal Zoological Society of South Australia Incorporated (the Society).

In our opinion, the accompanying Financial Report of the Society 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 Society's financial position as at 30 June 2019, 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. Statement of financial position as at 30 June 2019;
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- iii. Notes including a summary of significant accounting policies; and
- iv. Statement by the Board of Directors.

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 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 Society 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 the Royal Zoological Society of South Australia Incorporated'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 an audit opinion or any form of assurance conclusion thereon.

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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

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 and is free from material misstatement, whether due to fraud or error; and
- iii. Assessing the Society'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 Society 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 judgement and maintain professional scepticism throughout the audit.

We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, 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;
- ii. 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 the effectiveness of the registered Society's internal control;
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- iv. 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 Society'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 Society to cease to continue as a going concern; and



- v. 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.

We communicate with the Directors of the registered Society regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'S. Edwards', with a long horizontal flourish extending to the right.

Sheenagh Edwards

Partner

Adelaide

29 October 2019



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 Zoological Society of South Australia Incorporated

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2019 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

KPMG

Sheenagh Edwards

Partner

Adelaide

29 October 2019