

**ROYAL ZOOLOGICAL SOCIETY
OF SOUTH AUSTRALIA INC**

ABN: 38 750 470 952

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2020

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019* \$
Revenue			
Admissions, Membership and Other Revenue		15,128,895	19,524,686
Grants	3	10,546,570	7,813,028
Gain on Sale of Land		1,950,288	-
Insurance Recoveries		1,300,000	-
Sundry Sales/Income		279,895	320,735
Bequests		269,283	559,865
Total Revenue	2	29,474,931	28,218,314
Expenses			
Salaries, Wages & On-Costs		(16,180,351)	(15,318,222)
Animal Care		(1,142,167)	(1,031,761)
Maintenance Consumables		(1,559,265)	(1,602,946)
Cost of Sales		(560,863)	(744,389)
Conservation & Research Projects		(1,450,959)	(1,950,031)
Utilities		(856,738)	(675,837)
Marketing & Promotion		(732,290)	(807,653)
Tours & Experiences		(992,860)	(1,531,075)
Depreciation		(2,810,581)	(2,687,165)
Other Expenses		(1,755,389)	(1,682,154)
Total Expenses	2	(28,041,463)	(28,031,233)
Surplus from operating activities		1,433,468	187,081
Finance Income		46,486	64,517
Finance Expenses		(178,836)	(204,562)
Net Financing Expense		(132,350)	(140,045)
Surplus for the Year		1,301,118	47,036
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		(12,077)	285
Total Other Comprehensive Income / (Loss) for the year		(12,077)	285
Total Comprehensive Income for the year attributable to members		1,289,041	47,321

*See Note 1 the Society has initially applied AASB 1058, AASB 15 and AASB 16 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020**

	Note	2020 \$	2019* \$
Current Assets			
Cash and Cash Equivalents	4	2,272,263	1,355,322
Receivables and Prepayments	5	2,096,293	753,080
Inventories	8	553,724	469,429
Total Current Assets		4,922,280	2,577,831
Non Current Assets			
Financial Assets at Fair Value	6	378,093	421,492
Property, Plant and Equipment	7	48,775,213	47,138,393
Total Non Current Assets		49,153,306	47,559,885
Total Assets		54,075,586	50,137,716
Current Liabilities			
Sundry Creditors	11	3,358,726	1,983,447
Income in Advance	12	5,097,301	3,383,457
Loans and Borrowings	10	1,299,181	4,586,695
Employee Benefits	9	3,601,895	3,317,134
Total Current Liabilities		13,357,103	13,270,733
Non Current Liabilities			
Loans and Borrowings	10	3,359,019	773,592
Income in Advance	12	3,258,452	100,474
Employee Benefits	9	356,048	287,879
Total Non Current Liabilities		6,973,519	1,161,945
Total Liabilities		20,330,622	14,432,678
Net Assets		33,744,964	35,705,038
Reserves	15	(8,941)	3,136
Retained Funds		33,753,905	35,701,902
Total Equity		33,744,964	35,705,038

*See Note 1 the Society has initially applied AASB 1058, AASB 15 and AASB 16 at 1 July 2019. Under the transition method chosen, comparative information has not been restated.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Fair Value Reserves	Retained Funds	Total Equity
	\$	\$	\$
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	(5,500)	47,036	47,321
Balance at 30 June 2019	3,136	35,701,902	35,705,038
 Balance at 30 June 2019 as previously reported	 3,136	 35,701,902	 35,705,038
Adjustment on application of AASB 1058 and AASB 15	-	(3,249,115)	(3,249,115)
Adjusted Balance at 1 July 2019	3,136	32,452,787	32,455,923
Profit/(Loss) for the year	-	1,301,118	1,301,118
Other Comprehensive Income			
Change in fair value of financial assets at fair value through other comprehensive income	(12,077)	-	(12,077)
Total Other Comprehensive Income/(Loss) for the year	(12,077)	-	(12,077)
Total Comprehensive Income/(Loss) for the year	(12,077)	1,301,118	1,289,041
Balance at 30 June 2020	(8,941)	33,753,905	33,744,964

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 2020**

	Note	2020 \$	2019 \$
		Inflows (Outflows)	Inflows (Outflows)
Cash Flows from Operating Activities			
Receipts			
Receipts from customers		17,476,172	18,225,937
Donations, Bequests and Sponsorships		3,000,922	2,914,461
Payments			
Wages and Salaries		(15,909,658)	(14,990,852)
Suppliers		(8,090,720)	(7,721,904)
Conservation & Research Projects		(1,450,959)	(1,950,031)
Net Cash Provided by/(Used in) Operating Activities		(4,974,243)	(3,522,389)
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(4,447,401)	(2,478,559)
Proceeds from Sale of Land		1,950,288	-
Sale/(Purchase) of Shares and Investments		31,322	49,894
Interest and dividends received		46,486	64,517
Net Cash Provided by/(Used in) Capital and Investing Activities		(2,419,305)	(2,364,148)
Cash Flows from Financing Activities			
Net State Government Grants Received		5,928,767	5,815,453
Net Other Grants Received		3,262,645	1,649,666
Net Repayment of Borrowings		(702,087)	(1,122,327)
Payment of Interest		(178,836)	(204,562)
Net Cash Provided by Financing Activities		8,310,489	6,138,230
Net (Decrease)/Increase in Cash Held		916,941	251,693
Cash at the Beginning of the Year		1,355,322	1,103,629
Cash at the End of the Year	4	2,272,263	1,355,322

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 2020

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 Safari Park. 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 27th October 2020.

(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
- Note 12 – Income in Advance

This is the first set of Society's annual financial statements in which AASB 16 Leases, AASB 15 Revenue from Contracts with Customers and AASB 1058 Income for Not-for-Profit Entities has been applied. Changes to significant accounting policies are described in Note 1 (c) and (n).

The financial statements have been prepared on a going concern basis. Further detail about the assessment of going concern is set out in Note 1 (b).

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

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Going Concern

The financial statements have been prepared on the going concern basis which assumes the Society will be able to pay its debts as and when they become payable and in the ordinary course of business for a period of at least 12 months from the date the financial report is authorised by Directors for issue.

The Society has derived a surplus for the year of \$1.30m (2019: \$47k). As at 30 June 2020, the Society has net assets of \$33.75m (2019: \$35.71m) however has a working capital deficiency of \$8.43m. Included in current liabilities is \$6.80m of income received in advance which is not expected to require repayment and employee provisions of \$3.60m, the majority of which are not anticipated to be settled within the next 12 months.

On 11 March 2020 the World Health Organisation declared a global pandemic due to the outbreak of a novel corona virus responsible for the spread of COVID-19. Adelaide Zoo and Monarto Safari Park, the operating sites of the Society, were closed on the 25 March 2020 following a direction from the South Australian Government. The immediate focus was on safeguarding the Society's core operations by securing funding to ensure the longer-term financial viability of Society. Due to the largely fixed nature of costs in maintaining sites and ensuring the welfare of the animal collections there was and continues to be limited opportunity to significantly reduce operating costs.

Since reopening in late June, Adelaide Zoo and Monarto Safari Park both operate under a COVID Management Plan approved by SA Health. This plan requires measures to be put in place to ensure appropriate social distancing, daily capacity limits for visitation, and limits on large gatherings, functions, some animal experiences and events. Ongoing restrictions on international and domestic travel, and potential for a decline in discretionary spending due to economic conditions may impact visitation and revenue for at least the remainder of the financial year ended 30 June 2021.

The Board has prepared a cash flow forecast of the Society to October 2021 which indicates that it will be able to meet its obligations as and when they fall due. The cash flow forecast includes estimated revenue in line with current visitation numbers until at least 30 June 2021 and a focus on containing employee and operating expenses to current levels. The following key assumptions have been used in formulating the cash flow forecast:

- No further operating restrictions will be placed on the Society's operations and that current COVID-19 restrictions will remain in place for the rest of the 2020-21 year;
- The activities and interactions to be made available are influenced by the current COVID-19 Management Plan restrictions;
- Visitation will not benefit from international travel or from significant interstate travel;
- Current COVID-19 specific funding provided by the State Government will remain in place until March 2021; and
- Beyond 30 June 2021, operations will return to near pre COVID-19 longer term trading conditions.

The cash flow forecast is particularly sensitive to the Society's achieving its visitation and revenue forecast. A decrease in visitation and revenue forecast will result in the Society needing to seek additional funding from the State Government. At this time, no formal arrangements are in place beyond March 2021 in relation to the State Government support currently in place.

In addition, Directors anticipate that the Society will be able to meet financial covenants contained in its financing facilities with ANZ or otherwise ANZ will not enforce its legal rights in relation to any arising covenant breaches. Whilst directors anticipate continuing support from ANZ in this regard, no formal undertakings from ANZ exist at this time.

Whilst Directors anticipate the on-going support of the State Government and ANZ, in the event that the cash flows of the Society are more adversely impacted than anticipated by visitation restrictions arising from COVID-19 and the Society is unable to obtain additional funding from the State Government and/or restructure its debt arrangements, there exists a material uncertainty which may cast significant doubt as to whether the Society can continue as a going concern and therefore realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in the financial report.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in Accounting Policy

The Society has adopted the following new or amended standards in preparing these financial statements.

Revenue Recognition

(i) AASB 15 Revenue from Contracts with Customers

AASB 15 sets out a new framework for revenue recognition, replacing the principles under the former standards AASB 118 Revenue and AASB 111 Construction Contracts. It requires identification of performance obligations within a contract and an associated transaction price that is allocated to these performance obligations. Revenue is recognised upon satisfaction of these performance obligations, which occurs when a customer obtains control of the goods or services. The control may be transferred at a point in time or over a period of time.

(ii) AASB 1058 Income for Not-for-Profit Entities

AASB 1058 replaces the income recognition requirements relating to private sector and majority of public sector not-for-profit (NFP) entities in AASB 1004 Contributions. AASB 1058 simplifies the income recognition requirements applicable to NFP entities and is applied in conjunction with AASB 15.

The Society adopted AASB 1058 and AASB 15 with a transition date of 1 July 2019. As permitted by AASB 15 and AASB 1058, the Society has not restated its comparative financial statements. The Society has utilised the practical expedient of applying the requirements of AASB 15 to portfolios of individual contracts with similar characteristics. The Society's revenue from contracts with customers primarily consists of other income presented on the Statement of Profit or Loss and other Comprehensive Income.

The following table summarises the impact of AASB 15 and AASB 1058 on Retained Earnings and on the Statement of Financial Position at 1 July 2019:

Retained Earnings	35,705,038
Life Membership Income Deferral	(3,113,943)
Sponsorship Income	(135,172)
Impact at 1 July 2019	(3,249,115)
Retained Earnings Restated	32,455,923

Policy until 30 June 2019

Revenue from 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.

Revenue from membership: Annual 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. Life Membership subscriptions are recognised as revenue upon cash receipt.

Revenue from 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 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Policy from 1 July 2019

Revenue from Fundraising: Revenue from fundraising events is accrued until such time as the particular event occurs, at which time the revenue is recognised in the Statement of Profit or Loss and other Comprehensive Income.

Revenue from Membership: Revenue from membership are recognised as revenue when earned over the period of the subscription rather than when the cash is received. Life membership revenue is recognised through the usage life amortisation (15 years).

Revenue from Bequests & Donations: Revenue from bequests and donations are recognised in the Statement of Profit or Loss and other Comprehensive Income when the funds have been received by the Society.

Sponsorship: Revenue is recognised where the society has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by the society and there is a liability to provide benefits to the customers which the excess of initial carrying amount of asset over liability amount is recognised as income.

Grant Income: Grant income arising from an agreement which contains enforceable and sufficiently specific performance obligations is recognised when control of each performance obligations is satisfied. The performance obligations are varied based on the agreement but may include management of events. Within grant agreements there may be some performance obligations where control transfers at a point in time and others which have continuous transfer of control over the life of the contract. Where control is transferred over time, generally the revenue is recognition based on either cost or time incurred which best reflects the transfer of control.

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Society at significantly below its fair value. Once the asset has been recognised, the Society recognises any related liability amounts (e.g. provisions, financial liabilities). Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Capital grants: Capital grants received under an enforceable agreement to enable the Society to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the Society (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed. For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Society..

Donations: Donations collected, including cash and goods for resale, are recognised as revenue when the Society gains control of the asset.

AASB 16 Leases

The Society initially applied AASB 16 from 1 July 2019. The Society has applied AASB 16 using the modified retrospective approach on transition with practical expedients as permitted by the new standard. The modified retrospective approach does not require comparative financial information to be restated. Thus, the comparative period balances have not been restated and are assessed under AASB 117.

The Society has elected to apply the following practical expedients as permitted by AASB16:

- Short-term and low value leases are not recognised on the statement of financial position but are expensed on a straight line basis;
- The lease assessment under AASB 117 is 'grandfathered' and applied on implementation of AASB 16. The Society did not have any leases classified as finance leases under AASB 117;
- Reliance on historical impairment assessments in determining whether leases are onerous. The Society has recognised nil impairment loss on the application of AASB 16.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

AASB 16 determines that a lease exists if a contract conveys the right to control the use of the identified asset for a period of time in exchange for consideration. In assessing whether a contract conveys a lease, the Society assessed whether it has:

- the right to obtain substantially all of the economic benefits from use of the identified asset; and
- the right to direct the use of the identified asset.

The initial application of AASB 16 on the Society's statement of financial position as at 1 July 2019 did not generate any material impact adjustment.

Policy until 30 June 2019

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

Leases in terms of which the Society assumes substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases and are not recognised on the Society's Statement of Financial Position.

Policy from 1 July 2019

(i) Leased assets

At commencement or on modification of a contract that contains a lease component, the Society allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Society has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Society recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, adjusted for certain measurements of the lease liability.

The Society is not required to fair value the right-of-use asset relating to its Monarto Safari Park peppercorn land lease. The Society has elected to measure the right-of-use asset at cost.

(ii) As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Society's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Society's estimate of the amount expected to be payable under a residual value guarantee, if the Society changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

There are no other new accounting standards, amendments to standards or interpretations identified as having a significant impact on the Society.

(d) 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) Annual Membership Subscriptions

Annual 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) Life Membership Subscriptions

Life Membership subscriptions are recognised as revenue when earned over the period of the subscription rather than when the cash is received. Subscriptions are recorded as unearned revenue and are included in Income in Advance. The value of the Life Membership is amortised on a straight line basis over a 15 year period, which represents the expected period over which the member will use the membership.

(vi) 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. Where the Society has received assets (including cash) to acquire or construct a non-financial asset, the asset is to be controlled by the Society and there is a refund liability if the terms and conditions of the grant are not met then the asset is recognised as a contract liability on receipt and recorded as revenue as the performance obligation to acquire or construct the asset is completed.

(e) 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 (i)).

(f) Cash and Cash Equivalents

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

(g) 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.

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 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(h) 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.

(i) Impairment

Non-Financial Assets

The carrying amounts of the Society's assets other than inventories (see accounting policy (g)) 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 (i)(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.

(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.

(j) 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 (i)). 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.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(k) 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.

(l) 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. Superannuation obligations for contributions to superannuation plans are expensed as the related service is provided.

(m) Animal 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. No carrying value is attributed to the animals that are either transferred from other Zoological organisations or bred by the Society.

(n) 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.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases

(i) Leased assets

At commencement or on modification of a contract that contains a lease component, the Society allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Society has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Society recognises a right-of-use asset and a lease liability at the commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, adjusted for certain measurements of the lease liability.

The Society is not required to fair value the right-of-use asset relating to its Monarto Safari Park peppercorn land lease. The Society has elected to measure the right-of-use asset at cost.

(ii) As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Society's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Society's estimate of the amount expected to be payable under a residual value guarantee, if the Society changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

(p) 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.

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.

(q) Application of Surplus

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

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

NOTE 2: REVENUES AND EXPENSES

	Note	2020			2019
		Adelaide Zoo	Monarto Safari Park	Society	Total
		\$	\$	\$	\$
REVENUE	1(b)				
Admissions		4,144,738	2,080,760	-	6,225,498
Education		595,448	150,975	-	746,423
Sponsorship		177,707	120,896	1,319,635	1,618,238
Bequests		-	-	269,283	269,283
Donations		-	250	678,722	678,972
Membership		-	-	2,562,925	2,562,925
Retail Sales		890,767	408,726	-	1,299,493
Catering Sales		448,082	75,306	-	523,388
Tours Income		236,928	795,409	-	1,032,337
Events		347,593	-	94,028	441,621
Sundry Sales/Income		117,853	36,234	125,808	279,895
Gain on Sale of Land		-	-	1,950,288	1,950,288
Insurance Recoveries		-	-	1,300,000	1,300,000
Grants	3	2,000	43,050	10,501,520	10,546,570
Total Revenue		6,961,116	3,711,606	18,802,209	29,474,931
EXPENSES					
Salaries, Wages & On-Costs		6,632,281	3,785,015	5,763,055	16,180,351
Animal Care		423,191	599,182	119,794	1,142,167
Maintenance Consumables		921,993	518,384	118,888	1,559,265
Cost of Sales		372,024	188,839	-	560,863
Conservation & Research Projects		-	-	1,450,959	1,450,959
Utilities		558,441	298,297	-	856,738
Marketing & Promotion		55,833	139	676,318	732,290
Tours & Experiences		158,866	832,501	1,493	992,860
Depreciation		-	-	2,810,581	2,810,581
Other Expenses		241,749	143,639	1,370,001	1,755,389
Total Expenses		9,364,378	6,365,996	12,311,089	28,041,463

NOTE 3: GOVERNMENT AND OTHER GRANTS

The South Australian Government provided general funding of \$5,928,767 (2019: \$5,815,453) during the year for operating purposes. The Society received JobKeeper Federal Government funding of \$2,085,000 (2019: \$Nil) and AusTrade Federal Government funding of \$702,532 (2019: \$Nil). Other Grants (Government and non-Government) totalling \$1,830,271 (2019: \$1,997,575) 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 2020**

NOTE 4: CASH AND CASH EQUIVALENTS

	Note	2020 \$	2019 \$
Cash on hand		42,828	152,965
Cash at bank		2,229,435	1,164,919
Short-term investments – bank deposits		-	37,438
		<u>2,272,263</u>	<u>1,355,322</u>

NOTE 5: RECEIVABLES AND PREPAYMENTS

	Note	2020 \$	2019 \$
Sundry Debtors		1,971,947	414,369
Prepaid Expenses		106,453	143,017
GST Receivable		17,893	195,694
		<u>2,096,293</u>	<u>753,080</u>

The Society's exposure to credit and market risks, and impairment losses related to trade receivables are disclosed in Note 17.

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

	Note	2020 \$	2019 \$
Investments in listed corporations – at fair value			
- shares in listed corporations		378,093	421,492
		<u>378,093</u>	<u>421,492</u>

During the year, the Society received dividends of \$21,606 (2019: \$25,271) which have been recognised within finance income.

NOTE 7: PROPERTY, PLANT & EQUIPMENT

	Note	2020 \$	2019 \$
Land and Buildings at cost		49,986,087	49,774,566
Less: Accumulated Depreciation		(17,446,600)	(15,951,291)
		<u>32,539,487</u>	<u>33,823,275</u>
Exhibits at cost		21,137,144	19,286,761
Less: Accumulated Depreciation		(12,145,947)	(11,443,717)
		<u>8,991,197</u>	<u>7,843,044</u>
Plant & Equipment at cost		6,124,974	5,691,323
Less: Accumulated Depreciation		(3,970,348)	(3,483,728)
		<u>2,154,626</u>	<u>2,207,595</u>
Motor Vehicles at cost		2,649,373	2,097,432
Less: Accumulated Depreciation		(1,457,747)	(1,342,726)
		<u>1,191,626</u>	<u>754,706</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 2020**

NOTE 7: PROPERTY, PLANT & EQUIPMENT (Continued)

	Note	2020	2019
		\$	\$
Construction in Progress			
- Adelaide		303,459	684,094
- Monarto		3,594,818	1,726,694
- Society		-	98,985
		<u>3,898,277</u>	<u>2,509,773</u>
Total Property, Plant & Equipment – net book value		<u>48,775,213</u>	<u>47,138,393</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	33,823,275	7,843,044	2,207,595	754,706	2,509,773	47,138,393
Additions	264,097	1,850,384	433,650	567,324	2,031,808	5,147,263
Transfers	-	-	-	-	(643,304)	(643,304)
Disposals	(52,577)	-	-	(3,981)	-	(56,558)
Depreciation	(1,495,308)	(702,231)	(486,619)	(126,423)	-	(2,810,581)
Carrying Amount at the end of the year	<u>32,539,487</u>	<u>8,991,197</u>	<u>2,154,626</u>	<u>1,191,626</u>	<u>3,898,277</u>	<u>48,775,213</u>

NOTE 8: INVENTORIES

	Note	2020	2019
		\$	\$
Finished Goods		553,724	469,429
		<u>553,724</u>	<u>469,429</u>

During the period ended 30 June 2020, no inventories were considered non-recoverable and written off (30 June 2019: \$Nil) and no inventories were provided for as potentially impaired (30 June 2019: \$Nil).

NOTE 9: EMPLOYEE BENEFITS

	Note	2020	2019
		\$	\$
Current Liabilities			
Annual Leave		1,392,515	1,239,405
Sick Leave Bonus		223,998	213,734
Long Service Leave		1,985,382	1,863,995
		<u>3,601,895</u>	<u>3,317,134</u>
Non Current Liabilities			
Long Service Leave		356,048	287,879
		<u>356,048</u>	<u>287,879</u>
Total		<u>3,957,943</u>	<u>3,605,013</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 2020**

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	2020 \$	2019 \$
Total facilities available:		
Fully Drawn Advance ¹	615,630	903,093
Secured Business Loan ²	3,400,000	4,250,000
Hire Purchase ³	642,570	207,194
Overdraft ⁴	-	-
	<u>4,658,200</u>	<u>5,360,287</u>
Facilities utilised at reporting date:		
Current		
Fully Drawn Advance ¹	300,853	287,463
Secured Business Loan ²	850,000	4,250,000
Hire Purchase ³	148,328	49,232
Overdraft ⁴	-	-
	<u>1,299,181</u>	<u>4,586,695</u>
Non Current		
Fully Drawn Advance ¹	314,777	615,630
Secured Business Loan ²	2,550,000	-
Hire Purchase ³	494,242	157,962
	<u>3,359,019</u>	<u>773,592</u>
Total	<u>4,658,200</u>	<u>5,360,287</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 \$1,447,423. The facility contains an Interest Cover Ratio covenant that was not met for the year ended 30 June 2020, however prior to 30 June 2020 ANZ confirmed that it had waived its rights in relation to the covenant breach. The Society will repay \$850,000 of this facility during the year ended 30 June 2021 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.
4. An unsecured overdraft facility of \$600,000 is held with ANZ. This facility was not utilised during 2020.

NOTE 11: SUNDRY CREDITORS

Note	2020 \$	2019 \$
Trade and Other Payables	503,136	1,260,600
Insurance Recoveries	1,700,000	-
Accruals	1,155,590	722,847
	<u>3,358,726</u>	<u>1,983,447</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 2020**

NOTE 12: INCOME IN ADVANCE

	Note	2020	2019
		\$	\$
Current Income in Advance			
Grants in Advance		653,800	179,467
Income Received in Advance		2,093,188	1,751,907
Member Fees Received in Advance		1,982,391	1,452,083
Life Member Fees Received in Advance*		367,922	-
		<u>5,097,301</u>	<u>3,383,457</u>
Non Current Income in Advance			
Member Fees Received in Advance		185,797	100,474
Life Member Fees Received in Advance*		3,072,655	-
		<u>3,258,452</u>	<u>100,474</u>

* Life Membership fees have been recognised as income in advance in 2020 due to the adoption of AASB 1058 refer Note 1 (b).

NOTE 13: COMMITMENTS

	Note	2020	2019
		\$	\$
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>-</u>	<u>536,852</u>

1. Contracted expenditure for the construction of The Variety Children's Zoo which was completed in October 2019.

	Note	2020	2019
		\$	\$
Operating Lease Expense Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements.			
Payable – minimum lease payments:			
- Within one year		45,110	55,938
- One year or later and no later than five years		146,609	-
- Later than five years		-	-
Total		<u>191,719</u>	<u>55,938</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 2020

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 2020. Prior to 30 June 2020 ANZ confirmed that it has waived its rights to demand repayment of this facility as a result of the covenant breach. Due to receiving this waiver prior to 30 June 2020 a portion of the debt has been reclassified as non current (all classified as current in 2019 as a result of not receiving the waiver prior to 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.

Ms J Riedstra	President (Vice President up to 21 November 2019)
Mr D Mutton	Vice President
Mr D Sanders	Elected Member (President up to 21 November 2019)
Prof K Helgen	Elected Member
Prof C Tilt	Elected Member
Dr S Robinson	Elected Member
Ms K Thiele	Board Appointed Member
Mr R Buchecker	Board Appointed Member
Mr B Spurr AO	Board Appointed Member

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

Key management personnel disclosures

	2020	2019
	\$	\$
The totals of remuneration paid to key management personnel (KMP) of the association during the year are as follows:		
Key management personnel compensation	1,279,798	1,198,806

Key management personnel includes:

Chief Executive and Directors of Community Engagement, Corporate Services, Adelaide Zoo Life Sciences, Monarto Safari Park, People & Performance and Property & Development.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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	2020 \$	2019 \$
Financial Assets			
Cash and cash equivalents	4	2,272,263	1,355,322
Receivables	5	1,989,840	610,063
Financial Assets at Fair Value	6	378,093	421,492
Total Financial Assets		4,640,196	2,386,877
Financial Liabilities			
Sundry Creditors	11	3,358,726	1,983,447
Loans and borrowings	10	4,658,200	5,360,287
Total Financial Liabilities		8,016,926	7,343,734

Refer to Note 15 for detailed disclosures regarding the fair value measurement of the association's financial assets.

NOTE 18: EVENTS AFTER BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, 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

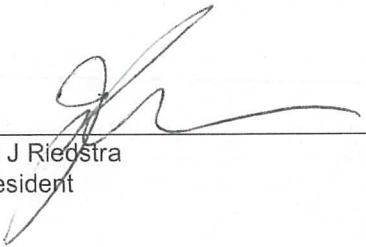
STATEMENT BY THE BOARD OF DIRECTORS

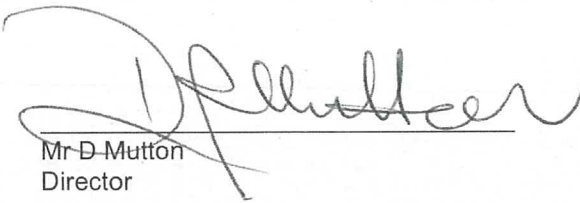
In the opinion of the directors of the Royal Zoological Society of South Australia Incorporated ('the Society'):

- (a) the Society is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 2 to 21 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 2020 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 27th day of October 2020.



Ms J Riedstra
President

Mr D Mutton
Director



Independent Auditor's Report

To the Members of Royal Zoological Society of South Australia Inc

Opinion

We have audited the **Financial Report**, of the Royal Zoological Society of South Australia Inc (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 2020, 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:

- Statement of financial position as at 30 June 2020.
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- Notes including a summary of significant accounting policies.
- 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 Australian Charities and Not-for-profits Commission (ACNC) Act 2012 and the ethical requirements of the Accounting Professional and 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 fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(b), "Going Concern" in the Financial Report. The conditions disclosed in Note 1(b) indicate that a material uncertainty exists that may cast significant doubt on the Society's ability to continue as a going concern and therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Financial Report. Our opinion is not modified in respect of this matter.



Other information

Other Information is financial and non-financial information in the Royal Zoological Society of South Australia Inc's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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

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 Act 2012.
- 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.
- 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 skepticism throughout the audit.



We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, 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.
- 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

Sheenagh Edwards
Partner

Adelaide

27 October 2020



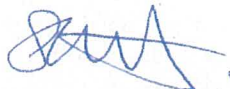
Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of the Royal Zoological Society of South Australia Inc

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2020 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



Sheenagh Edwards
Partner

Adelaide

27 October 2020