



The 2012-13 financial year has been positive for Zoos SA with increases experienced in visitation, membership and key revenue streams. These encouraging trends indicate future growth for the organisation over the coming years. Operating under a five-year business plan has also seen the organisation meet key expenditure reduction targets, ensuring financial stability and future growth opportunities for the organisation.

The financials also show strong cost management with salaries, wages & on-costs down by 5% from 2011-12 and other expenses (excluding unusual items – impairment of assets and onerous lease expense) down by 1% from 2011-12.

It is important to note the financial figures for the 2012-13 year include a special accounting treatment for the closure of Warrawong Wildlife Sanctuary, bringing the entire monetary lease agreement into account this financial year. The organisation will continue with yearly lease payments until the future of the site is determined by the legal owners of the land, at which time the remaining monetary requirements may be adjusted.

The audited extract of the financial statements included in the Zoos SA 2012-13 Annual Report has had the final signoff by the directors and auditors. We are pleased that a clean audit opinion has been issued for the first time in three years, which followed a period of significant uncertainty. The Zoos SA 2012-13 Annual Report and complete statutory financial statements and audit opinions is available on our [website](#).

1. Why was the total revenue in 2012-13 (\$21.1m) lower than the previous (2011-12) financial year (\$22.1m)?

The reason that revenue was lower was due to the receipt of a large amount (\$1.1m) of bequest revenue in 2011-12 and also because grant revenue decreased by \$180k in 2012-13. In 2012-13 only \$22k of bequest revenue was received. This revenue stream is outside of the direct control of Zoos SA in terms of both timing and amount and varies significantly from year to year. These factors aside, total revenue for 2012-13 increased by 2% compared to 2011-12.

2. What is the 'onerous lease expense' of \$1.2m?

During the 2012-13 year, the society ceased operations at Warrawong Wildlife Sanctuary. The society has a lease for the property at Warrawong through to 2024-25. The society is in discussions with the owners of the land to determine the future of this lease but in the meantime the accounting standards require the full amount of the future lease payments to be provided for in 2012-13. There has been no cash outlay for the \$1.2m disclosed and it has been brought in through an accounting entry only. At the same time a 'provision for onerous lease' has been recognised as a liability in the Statement of Financial Position. We are hopeful this lease position can be resolved in the coming months.

3. How does the 'true' operating result for 2012-13 compare to 2011-12?

The 'true' operating result (excluding financing income/expense) for 2012-13 can be calculated by removing the effect of the onerous lease expense (as mentioned above), to arrive at a \$1.5m loss. When the similar non-operating factors (bequest income, impairment of assets expense, debt



forgiveness expense) are removed from the 2011-12 result, the net loss was \$2.3m. Thus there has been an \$800k 'true' operating improvement in the result between the two years.

4. What was the effect of the result on the society's cash position?

One of the key financial aims of the society is the careful management of its cash and in the twelve months to 30 June 2013, cash reserves increased by \$7k. This is despite the net operating loss and after the society was able to reduce its borrowings by \$300k and fund \$400k in new capital investments. Effective cash management will continue to be a priority going forward.

5. What is the 'held for sale property' as mentioned in the Statement of Financial Position?

This is the freehold land owned by Zoos SA adjacent to Monarto. There is a commitment in place for the society to sell this land in 2013-14 and apply the proceeds against the loan with Westpac.

6. Why has the 'receivables and prepayments' balance in the Statement of Financial Position increased?

This increase (\$1.1m) is due to the inclusion of the amount owing for 2012-13 from the Australian Government in relation to the funding of the agreement with China with respect to the pandas. Once received, the funds are then to be forwarded to the China Wildlife Conservation Association and as such, a corresponding liability amount has been included in 'sundry creditors'.

7. Why have 'total assets' in the Statement of Financial Position decreased?

The main reason for this is the depreciation of the property, plant & equipment items, which have reduced in value by a net \$2.4m. Due to the need for short-term financial constraint, the purchase of additional capital expenditure items was purposely slowed in 2012-13.

8. What are the 'loans and borrowings' as mentioned in the Statement of Financial Position?

The majority of this is a business loan facility of \$7.5m with Westpac. The other major component is a fully drawn advance of \$2.4m with the South Australian Government. Further information on these loans and a detailed breakdown is provided under Note 12 of the financial statements.

9. What is the non-current liability 'income in advance' amount of \$1.5m?

As part of the Westpac renegotiations and debt forgiveness in 2011-12, Zoos SA entered into a five-year partnering agreement with Westpac as its principal sponsoring partner. This sponsorship was valued at \$2.5m over five years. Three years of this amount (\$1.5m) is included as a non-current liability and one year (\$500k) has been included as a current liability in 'income in advance'.

10. Why have 'total liabilities' in the Statement of Financial Position increased by \$1.3m from 2011-12?

The main reason for this is the inclusion of the 'provision for onerous lease' of \$1.1m as discussed in the question (2) above.



11. Why has there been a 'sick leave bonus' amount (\$184k) included in 'employee benefits' as a current liability?

This has been accrued for the first time in 2012-13 and reflects the requirement for paying out a component of sick leave to staff that leave the employment of the society, as per the Collective Agreement 2012-2015.

12. In the 'key management personnel disclosures' note (note 18), why is there a credit in 'other long term benefits'?

This is as a result of long service leave adjustments for senior personnel who left the society during 2012-13. Long service leave is provided for on a probability basis and for staff that leave prior to being entitled to this leave (eg; less than seven years service), an adjustment is required to reverse the liability.