



The last twelve months have seen some fantastic outcomes for Zoos SA and we are very pleased to report that we have generated a \$29,355 surplus for the year. Despite a tough budget and challenging revenue targets we have improved our base financial standing. This was driven by strong visitation across both sites with Monarto Zoo achieving its highest ever attendance figures and both sites increasing by more than 13% compared to last year. This translated into higher income across all visitor service lines including admissions, retail and tours and animal experiences with these increasing by more than \$700,000 compared to last financial year.

The year also saw the receipt of some one-off items which helped to drive the strong result. This included bequests totalling \$328,910, a historical GST and fuel tax credit refund of \$561,000 and a revision of our depreciation rates to ensure they remain reasonable and appropriate for the use of our assets. Other significant income streams including membership, fundraising and sponsorship did not meet growth targets but all increased from last financial year. It remains a difficult market for corporate sponsorship and corporate venue hire.

With an improved financial standing we were able to increase capital expenditure during the year and even with this, the strong operating result drove an increase in cash held by almost \$400,000.

The audited extract of the financial statements included in the Zoos SA 2013-14 Annual Report has had the final sign off by the directors and auditors. We are pleased that a clean audit opinion has been issued for the second time in a row, which followed a period of significant uncertainty. The Zoos SA 2013-14 Annual Report, complete statutory Financial Statement and Audit Opinion is available on our website.

**1. How did a deficit of \$2.9m in 2012-13 turn into a profit of \$29k in 2013-14?**

Note 2 of the financial statements provides a detailed breakdown of income and expenditure items. As described above, visitor services income increased by more than \$700k compared to 2012-13 and some one-off items were received including a historical GST and fuel tax credit refund of \$561k and a \$330k bequest. This contributed to a \$1.5m increase in revenue. Expenditure was tightly controlled and came in under budget with opportunities taken to drive efficiencies. To achieve revenue, visitation and membership growth while tightly controlling expenditure is a clear measure of improved productivity. Improved Work, Health and Safety practices also resulted in a significant WorkCover refund for 2013-14. An onerous lease was also provided for in 2012-13 which worsened the operating results by \$1.2m, which is described further in question four.

**2. Why was Sundry Sales/Income in 2013-14 (\$865k) \$464k higher than the previous (2012-13) financial year (\$401k)?**

This included the one-off historical GFT and fuel tax credit refund of \$561k. The GST and fuel tax credit refund was due to resubmitting prior year Business Activity Statements to correct a historical error.



**3. Why has the marketing and promotion expenses increased by \$288k from 2012-13?**

A deliberate decision was made to invest more in growing visitation, membership and fundraising with marketing campaigns developed including television, cinema and radio. The society's website was also reviewed and significant work undertaken to enhance it with a new version due to go live over summer 2014-15. This has had an immediate flow on to visitor numbers and income as described above.

**4. What is the onerous lease expense of \$38k? Why is there a \$1.1m difference from 2012-13?**

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 the accounting standards required the full amount of the future lease payments of \$1.2m to be provided for in 2012-13. During 2013-14 there was \$112k cash outlaid as annual payment for the leave which offset the amount in the balance sheet to bring the onerous liability to \$1.1m. This balance included a net present value adjustment of \$38k which was expensed during 2013-14. Further information on this can be found within Note 14 of the financial statements.

**5. Why has depreciation decreased by \$373k from 2013-14?**

Depreciation rates were reviewed during 2013-14 with some revised to ensure they remain reasonable and appropriate for the society's use of its assets. It was determined that the depreciation rates were too high and a lower rate would be more appropriate. The impact of the review was to reduce the depreciation expense by \$288k.

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

This is the freehold land owned by the society adjacent to Monarto Zoo. There was a commitment in place for the society to sell this land in 2014 and apply the proceeds against the loan with Westpac, however it was agreed with Westpac, and the State Government was advised, that the land would not be sold in the 2013-14 year and the timing of the sale will be discussed further with Westpac and the State Government later this year.

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

This increase is primarily due to the inclusion of the amount owing (\$1.1m) for 2013-14 from the Australian Government in relation to the funding of the agreement with China with respect to the Giant 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'. This is in addition to the \$1.1m recognised in 2012-13.

**8. Why have 'total non-current assets' in the Statement of Financial Position decreased?**

The main reason for this is the depreciation of the property, plant and equipment items, which have reduced in value by a net \$1.4m. We were able to invest more than \$1m in much needed capital



maintenance and upgrades during the year. This compares to only \$370k the prior year, however what is clear is that there is no capacity to reduce the investment level as it is still below what we are depreciating and the bulk of this expenditure is on maintenance and compliance issues rather than significant new exhibits or upgrades. Further information on this can be found within Note 8 of the Financial Statements.

**9. 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 \$2.2m with the South Australian Government. Further information on these loans and a detailed breakdown is provided under Note 11 of the financial statements.

**10. What is the non-current liability 'income in advance' amount of \$1m?**

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. Two years of this amount (\$1m) is included as a non-current liability and one year (\$500k) has been included as a current liability in 'income in advance'.

**11. Why has the amount in the 'key management personnel disclosures' (Note 17) reduced by \$59k?**

Continual review and restructuring of the management team to drive efficiencies has resulted in a reduction in the number of key management personnel.