

**ROYAL ZOOLOGICAL SOCIETY  
OF SOUTH AUSTRALIA INC.**

**FINANCIAL STATEMENTS**

**YEAR ENDED 30 JUNE 2010**

**ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC.**

**STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 30 JUNE 2010**

	Note	2010 \$	2009 \$
<b>Revenue</b>			
Revenue	2(a)	32,394,133	22,529,651
<b>Total Revenue</b>		<u>32,394,133</u>	<u>22,529,651</u>
<b>Expenses</b>			
Salaries, Wages & On-Costs		(10,458,437)	(8,375,183)
Animal Care		(723,960)	(730,611)
Maintenance Consumables		(1,594,081)	(1,053,327)
Cost of Sales		(816,671)	(463,861)
Conservation & Research Projects		(1,350,077)	(553,851)
Utilities		(313,085)	(274,371)
Marketing & Promotion		(1,118,416)	(687,283)
Safari & Other Tour Costs		(975,730)	(658,765)
Depreciation		(1,738,886)	(971,099)
Loss on Disposal of Asset		-	(5,112)
Printing		(359,971)	(229,928)
Other Expenses		(1,626,593)	(1,537,123)
<b>Total Expenses</b>	2(a)	<u>(21,075,907)</u>	<u>(15,540,514)</u>
<b>Profit before Financing Income</b>		11,318,226	6,989,137
Finance Income		146,874	770,642
Finance Expenses		(1,148,166)	(78,270)
Net financing income	2(b)	<u>(1,001,292)</u>	<u>692,372</u>
<b>Profit for the Period</b>		<u>10,316,934</u>	<u>7,681,509</u>
<b>Other Comprehensive Income</b>			
Change in fair value of available-for-sale equity securities		2,377	(62,571)
<b>Total Other Comprehensive Income for period</b>		<u>2,377</u>	<u>(62,571)</u>
<b>Total Comprehensive Income for period</b>		10,319,311	7,618,938
<b>Attributable to:</b>			
Members		10,319,311	7,618,938
<b>Total recognised income and expense for the period</b>		<u>10,319,311</u>	<u>7,618,938</u>

*To be read in conjunction with the accompanying notes*

**ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC.**

**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2010**

	<b>Reserves</b>	<b>Retained funds</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2009</b>	-	18,030,033	18,030,033
Profit for the period	-	10,316,934	10,316,934
<b>Other Comprehensive Income</b>			
Change in fair value of available-for-sale equity securities	2,377	-	2,377
<b>Total Other Comprehensive Income for period</b>	<u>2,377</u>	<u>-</u>	<u>2,377</u>
<b>Total Comprehensive Income for period</b>	<u>2,377</u>	<u>10,316,934</u>	<u>10,319,311</u>
<b>Balance at 30 June 2010</b>	<u>2,377</u>	<u>28,346,967</u>	<u>28,349,344</u>
<b>Balance at 1 July 2008</b>	62,571	10,348,524	10,411,095
Profit for the period	-	7,681,509	7,681,509
<b>Other Comprehensive Income</b>			
Change in fair value of available-for-sale equity securities	(62,571)	-	(62,571)
<b>Total Other Comprehensive Income for period</b>	<u>(62,571)</u>	<u>-</u>	<u>(62,571)</u>
<b>Total Comprehensive Income for period</b>	<u>(62,571)</u>	<u>7,681,509</u>	<u>7,618,938</u>
<b>Balance at 30 June 2009</b>	<u>-</u>	<u>18,030,033</u>	<u>18,030,033</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 2010**

	Notes	2010 \$	2009 \$
<b>Current Assets</b>			
Cash and Cash Equivalents	16	406,952	373,621
Receivables and Prepayments	4	1,435,278	1,535,992
Inventories	7	824,910	246,229
<b>Total Current Assets</b>		<u>2,667,140</u>	<u>2,155,842</u>
<b>Non Current Assets</b>			
Available-for-sale Investments	5	110,448	545,188
Property, Plant and Equipment	6	58,346,203	36,330,318
<b>Total Non Current Assets</b>		<u>58,456,651</u>	<u>36,875,506</u>
<b>Total Assets</b>		<u>61,123,791</u>	<u>39,031,348</u>
<b>Current Liabilities</b>			
Loans and Borrowings	10	24,841,548	101,436
Sundry Creditors	11	5,500,618	13,998,468
Other Loans – Unsecured		150,000	25,000
Employee Benefits	8	1,628,690	1,327,951
<b>Total Current Liabilities</b>		<u>32,120,856</u>	<u>15,452,855</u>
<b>Non Current Liabilities</b>			
Loans and Borrowings	10	315,593	5,210,501
Employee Benefits	8	337,998	337,959
<b>Total Non Current Liabilities</b>		<u>653,591</u>	<u>5,548,460</u>
<b>Total Liabilities</b>		<u>32,774,447</u>	<u>21,001,315</u>
<b>Net Assets</b>		<u>28,349,344</u>	<u>18,030,033</u>
Reserves		2,377	-
Retained Funds		28,346,967	18,030,033
<b>Accumulated Funds</b>		<u>28,349,344</u>	<u>18,030,033</u>

*To be read in conjunction with the accompanying notes*

STATEMENT OF CASH FLOWS  
YEAR ENDED 30 JUNE 2010

	Note	2010 \$ Inflows (Outflows)	2009 \$ Inflows (Outflows)
<b>Cash Flows from Operating Activities</b>			
Receipts			
User Charges		13,670,821	8,249,275
Donations, Bequests and Sponsorships		3,234,801	891,183
Payments			
Wages and Salaries		(10,264,433)	(8,067,592)
Suppliers		(6,270,345)	(6,184,734)
Other		(350,077)	(553,851)
<b>Net Cash Provided by/(Used in) Operating Activities</b>	16	<b>20,767</b>	<b>(5,665,719)</b>
<b>Cash Flows from Capital and Investing Activities</b>			
Purchase of available-for-sale investments		(41,501)	(182,859)
Purchase of Property, Plant and Equipment		(23,754,771)	(21,060,065)
Proceeds from sale of available-for-sale investments		516,750	119,981
Interest and dividends received		49,175	791,168
<b>Net Cash Provided by/(Used in) Capital and Investing Activities</b>		<b>(23,230,347)</b>	<b>(20,331,775)</b>
<b>Cash Flows from Financing Activities</b>			
Net Government Grants Received		3,996,382	3,117,135
Net Other Grants Received		424,491	671,223
Proceeds from Borrowings		19,995,204	3,429,327
Repayment of Borrowings		(25,000)	-
Payment of Interest		(1,148,166)	(46,940)
<b>Net Cash Provided by Financing Activities</b>		<b>23,242,911</b>	<b>7,170,745</b>
<b>Net (Decrease)/Increase in Cash Held</b>		<b>33,331</b>	<b>(18,826,749)</b>
<b>Cash at the Beginning of the Year</b>		<b>373,621</b>	<b>19,200,370</b>
<b>Cash at the End of the Year</b>	16	<b>406,952</b>	<b>373,621</b>

*To be read in conjunction with the accompanying notes*

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The Royal Zoological Society of South Australia Incorporated (the "Society") is an incorporated association domiciled in South Australia. The address of the Society's registered office is Frome Road, Adelaide, South Australia. The Society is involved in the operation of the Adelaide Zoo and Monarto Zoo and is involved in a wide range of Conservation Programs both in Australia and internationally.

This financial report was authorised for issue by the Board on 23 December, 2010.

**(a) Statement of compliance**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, (including Australian Interpretation) adopted by the Australian Accounting Standards Board ("AASB") and the Associations Incorporation Act 1985 (as amended).

**(b) Basis of Preparation**

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

The financial report is prepared on the historical cost basis except that available for sale investments are stated at their fair value. Other non-current assets are stated at the lower of carrying amount and depreciated replacement cost.

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 policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 2(a) – Revenues and Expenses
- Note 2(b) – Net Financing Income
- Note 4 – Receivables and Prepayments
- Note 5 – Available-for-sale Investments
- Note 6 – Property, Plant and Equipment
- Note 11 – Sundry Creditors
- Note 13 – Commitments

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

***Going concern***

In December 2010 RZZSA renewed its Finance Facility Agreement with its principal banker, Westpac Banking Corporation. This Agreement extended current working capital facilities including the Bank Overdraft and the Term Debt Facility for a further 12 months to December 2011. These facilities are subject to quarterly review including measurement of the banking covenants guidelines set out in the Agreement. Under the terms of Finance Facility Agreement in place for the year to 30 June 2010 the Interest Cover covenant as defined in the Agreement was a minimum of 1.5. At 31 March 2010, and 30 June 2010 this was not met. Westpac Banking Corporation has confirmed its support with the Facility Agreement renewed in December 2010.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2010

Over the past 2 years RZZSA has invested significantly in bringing Pandas to the Adelaide Zoo, the exhibit for Pandas and the upgrade to key facilities at Adelaide Zoo including the front entrance. This investment was funded partly through Government Grants and debt funding and was predicated on a business plan prepared by RZZSA that indicated the organisation could support this level of debt through increased admissions income and other revenue opportunities. The upgrade programme was completed on time and to budget.

Since completing these works and the arrival of the Pandas income has increased significantly.

Projected forecasts prepared by management of RZZSA from July 2010 to December 2011 indicate that it can service the debt levels shown in the Balance Sheet in accordance with the terms of the Finance Facility Agreement signed with Westpac, together with the ongoing operating cash flow requirements of the Zoos.

### (c) Revenue

#### (i) Donations, Bequests & Sponsorship

Donations, bequests and sponsorship made to the Society, including those made for specific purposes, are treated as income in the year received. Notwithstanding this, the Society applies specific purpose donations, bequests and sponsorship in accordance with the terms of the bequest and or the wishes of the donors/sponsor.

#### (ii) Membership Subscriptions

Membership subscriptions are recognised as revenue when earned rather than when the cash is received. Prepaid subscriptions are recorded as unearned revenue and are included in Sundry Creditors.

#### (iii) Interest & Dividends

Interest is recognised on an accruals basis. Dividends are brought to account as they are received.

#### (iv) Sales Revenue

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

#### (v) 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 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.

### (d) 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))

### (e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

### (f) Investments

The Society has a portfolio of investments ranging from cash at call to interest bearing or dividend yielding securities. The Investment Committee manages the portfolio to minimise the exposure to significant risk because of changes in yields or market values.

Investments in equity securities are held directly, classified as being available-for-sale, and stated at fair value. Any resultant gain or loss is recognised directly in equity, except for impairment losses.

The fair value of investments held as available-for-sale is their quoted bid price at the balance sheet date.

If the cumulative loss recognised directly in equity in relation to any investment is considered to be due to impairment, that cumulative loss is recognised in the income statement. When investments are derecognised, as a result of sale, the cumulative gain or loss previously recognised directly in equity is transferred to the income statement.

Investments are recognised/derecognised by the Society on the date it commits to purchase/sell the investments.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 30 JUNE 2010

**(g) Life Members Fund**

The Society has established a Life Members Fund consisting of subscriptions received for life membership. The purpose of the fund is to allow the life members subscriptions to be used to fund specific capital projects at either Adelaide Zoo or Monarto Zoo. The Fund holds a portfolio of share investments. The Investment Committee manages the portfolio to minimise the exposure to significant risk because of changes in yields or market values.

Investments in shares purchased by the Fund are carried at fair value (see accounting policy (f)).

**(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 (h)) are reviewed at each balance sheet 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 income statement, 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**

When a decline in the fair value of an available-for-sale financial asset, being the investment assets, has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the profit or loss.

**(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.

The recoverable amount of other assets is the greater of their net selling price and value in use. In the case of non-current asset of a not-for-profit entity, "value in use" means "depreciated replacement cost" of an asset when the future economic benefits of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**(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.

Impairment losses recognised in the profit or loss for an investment in an equity instrument classified as available-for-sale, shall not be reversed through the profit or loss.

**(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.

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 cost 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 income statement on a straight line basis based on the following depreciation rates:

Buildings	2.5%
Exhibits	3.3% - 5.0%
Plant & Equipment	20.0% - 30.0%
Motor Vehicles	20.0%

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**(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 government bonds that have maturity dates approximating the terms of the Society's obligations.

**(ii) Wages, salaries and annual leave**

Liabilities for wages, salaries and annual 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.

**(m) 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 Note 1(j).

**(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.

**(o) Operating lease payments**

Payments made under operating leases are recognised in the income statement on a straightline basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

**(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 and Monarto Zoos and in future Warrawong Sanctuary.

**(r) Segment Information**

The Society is involved in maintaining three zoological parks, being Adelaide and Monarto Zoos and in future Warrawong Sanctuary.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

**2(a) REVENUES AND EXPENSES**

	Note	2010					2009	
		Adelaide Zoo	Monarto Zoo	Warrawong	Society	Future Zoo Foundation	Total	
		\$	\$		\$	\$	\$	\$
<b>REVENUE</b>								
Admissions	1(c)	5,975,674	1,286,727	-	-	-	7,262,401	4,725,562
Education	1(c)	560,521	186,914	-	-	-	747,435	563,110
Sponsorship		-	-	-	-	1,118,640	1,118,640	285,300
Bequests	1(c)	-	-	-	-	796,856	796,856	430,195
Donations	1(c)	90,839	15,454	-	1,164,162	48,850	1,319,305	175,688
Membership	1(c)	-	-	-	2,089,929	-	2,089,929	1,483,179
Retail Sales	1(c)	1,793,038	249,389	-	-	-	2,042,427	860,174
Catering Sales	1(c)	316,341	53,646	-	-	-	369,987	303,582
Tours Income		295,008	154,254	-	9,348	-	458,610	301,077
Events		288,235	-	-	20,060	69,074	377,369	613,544
Sundry Sales/Income		105,618	33,504	-	41,047	-	180,169	322,235
Grants	1(c), 3	-	5,845	-	15,625,160	-	15,631,005	12,466,005
<b>Total Revenue</b>		<b>9,425,274</b>	<b>1,985,733</b>	<b>-</b>	<b>18,949,706</b>	<b>2,033,420</b>	<b>32,394,133</b>	<b>22,529,651</b>
<b>EXPENSES</b>								
Salaries, Wages & On-Costs		5,347,127	2,082,292	-	2,906,358	122,660	10,458,437	8,375,183
Animal Care		287,888	303,405	-	132,667	-	723,960	730,611
Maintenance Consumables		1,170,597	359,655	-	63,829	-	1,594,081	1,053,327
Cost of Sales		704,633	112,038	-	-	-	816,671	463,861
Conservation & Research Projects		-	5,185	-	344,892	-	350,077	553,851
Utilities		191,074	122,011	-	-	-	313,085	274,371
Marketing & Promotion		847,386	122,211	-	148,819	-	1,118,416	687,283
Safari & Other Tour Costs		335,925	639,805	-	-	-	975,730	658,765
Depreciation		1,225,434	405,452	-	108,000	-	1,738,886	971,099
Loss on Sale of Assets		-	-	-	-	-	-	5,112
Printing/Postage/Stationery		90,850	24,247	-	235,362	9,512	359,971	229,928
Other Expenses		410,832	87,393	140	2,045,912	82,316	2,626,593	1,537,123
<b>Total Expenses</b>		<b>10,611,746</b>	<b>4,263,694</b>	<b>140</b>	<b>5,985,839</b>	<b>214,488</b>	<b>21,075,907</b>	<b>15,540,514</b>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**2(b) NET FINANCING INCOME**

	2010			2009	
	Society	Future Zoo Foundation	Life Members Fund	Total	
	\$	\$	\$	\$	\$
Interest income	12,881	198	158	13,237	715,700
Dividends, Distributions and Franking Credits	-	15,230	20,708	35,938	75,468
Gain on Foreign Currency Transactions	59,567	-	-	59,567	-
Net Gain/(loss) on disposal of available-for-sale Investments	-	27,035	11,097	38,132	(20,526)
<b>Finance Income</b>	<b>72,448</b>	<b>42,463</b>	<b>31,963</b>	<b>146,874</b>	<b>770,642</b>
Interest Expense	1,148,166	-	-	1,148,166	46,940
Impairment of available-for-sale Investments	-	-	-	-	31,330
<b>Finance Expenses</b>	<b>1,148,166</b>	<b>-</b>	<b>-</b>	<b>1,148,166</b>	<b>78,270</b>
<b>Net Finance Income</b>	<b>(1,075,718)</b>	<b>42,463</b>	<b>31,963</b>	<b>(1,001,292)</b>	<b>692,372</b>

**3. GOVERNMENT GRANTS**

The South Australian Government provided general funding of \$3,126,000 (2009: \$3,126,000) during the year for capital and operating purposes. Other Government Grants totalling \$1,304,005 received are provided for specific projects carried out by the Society. During the year all general funding received has been recognised as income. The remaining specific purpose funding has been recognised in accordance with the various funding agreements. At 30 June 2010, the remaining \$11,201,000 of the \$18,900,000 grant from the South Australian Government for the predominant purpose of constructing a new Adelaide Zoo entrance has been recognised as income. The recognition reflects the completion of the project.

**4. RECEIVABLES AND PREPAYMENTS**

	2010	2009
	\$	\$
Sundry Debtors	1,176,257	667,280
Prepaid Expenses	250,160	137,718
GST Debtor	8,861	730,994
	<u>1,435,278</u>	<u>1,535,992</u>

**5. AVAILABLE FOR SALE INVESTMENTS**

Investments in listed corporations – at fair value

- Future Zoo Foundation	-	263,618
- Life Members Fund	110,448	281,570
	<u>110,448</u>	<u>545,188</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

**6. PROPERTY, PLANT & EQUIPMENT**

	2010	2009
	\$	\$
Land and Buildings at cost	49,413,107	14,835,369
Less: Accumulated Depreciation	(2,814,785)	(2,045,604)
	<hr/> 46,598,322	<hr/> 12,789,765
Exhibits at cost	16,195,241	13,137,544
Less: Accumulated Depreciation	(6,353,550)	(5,766,988)
	<hr/> 9,841,691	<hr/> 7,370,556
Plant & Equipment at cost	2,933,937	1,875,809
Less: Accumulated Depreciation	(1,593,133)	(1,363,349)
	<hr/> 1,340,804	<hr/> 512,460
Motor Vehicles at cost	1,516,012	1,368,038
Less: Accumulated Depreciation	(1,031,785)	(878,426)
	<hr/> 484,227	<hr/> 489,612
Construction in Progress		
- Adelaide	9,804	12,621,269
- Monarto	71,355	2,546,656
	<hr/> 81,159	<hr/> 15,167,925
Total Property, Plant & Equipment – net book value	<hr/> 58,346,203	<hr/> 36,330,318

Movement in the carrying amounts of Property Plant & Equipment between the beginning and end of the current financial year:

2009	Buildings	Exhibits	Plant & Equipment	Motor Vehicles	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	5,278,774	7,143,662	428,787	337,049	3,058,192	16,246,464
Additions	3,135,589	-	248,356	139,949	17,536,170	21,060,064
Transfers from CIP	4,582,232	714,101	-	130,105	-	5,426,438
Transfers to PPE	-	-	-	-	(5,426,437)	(5,426,437)
Disposals	(1,759)	-	(3,353)	-	-	(5,112)
Depreciation	(205,071)	(487,206)	(161,331)	(117,491)	-	(971,099)
Carrying Amount at the end of the year	<hr/> 12,789,765	<hr/> 7,370,557	<hr/> 512,459	<hr/> 489,612	<hr/> 15,167,925	<hr/> 36,330,318

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

2010	Land & Buildings \$	Exhibits \$	Plant & Equipment \$	Motor Vehicles \$	Construction in Progress \$	Total \$
Balance at beginning of year	12,789,765	7,370,557	512,459	489,612	15,167,925	36,330,318
Additions	22,131,851	396,496	1,036,629	147,974	41,821	23,754,771
Transfers from CIP	12,445,887	2,661,200	21,500	-	-	15,128,587
Transfers to PPE	-	-	-	-	(15,128,587)	(15,128,587)
Disposals	-	-	-	-	-	-
Depreciation	(769,181)	(586,562)	(229,784)	(153,359)	-	(1,738,886)
Carrying Amount at the end of the year	46,598,322	9,841,691	1,340,804	484,227	81,159	58,346,203

**Construction in Progress**

During the year ended 30 June 2010, the Society completed a major animal enclosure at Monarto, and a major project comprising animal enclosures, a new front entrance building and a new perimeter fence.

**7. INVENTORIES**

	2010 \$	2009 \$
Raw Materials	10,388	-
Work in Progress	-	-
Finished Goods	814,522	246,229
	<u>824,910</u>	<u>246,229</u>

**8. EMPLOYEE BENEFITS**

	2010 \$	2009 \$
<u>Current Liabilities</u>		
Annual Leave	971,872	799,784
Long Service Leave	656,818	528,167
	<u>1,628,690</u>	<u>1,327,951</u>
<u>Non-Current Liabilities</u>		
Long Service Leave	337,998	337,959
	<u>337,998</u>	<u>337,959</u>
Total	<u>1,966,688</u>	<u>1,665,910</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

**9. AUDITORS' REMUNERATION**

The Auditor of the Society received the following remuneration:	2010	2009
	\$	\$
Audit Services	14,800	15,600
Other Services	-	7,095
Total Remuneration	<u>14,800</u>	<u>22,695</u>

**10. LOANS AND BORROWINGS**

	2010	2009
<b>Financial arrangements</b>	\$	\$

The Society has access to the following lines of credit:

Total facilities available:

Bank Overdraft	100,000	100,000
Commercial Bills Facility	17,000,000	-
Fully Drawn Advance/ Business Loan	7,680,000	5,000,000
	<u>24,780,000</u>	<u>5,100,000</u>

Facilities utilised at reporting date:

**Current**

Bank overdraft	-	-
Hire Purchase	151,295	101,436
Commercial Bills	17,010,253	-
Fully Drawn Advance/ Business Loan	7,680,000	-
	<u>24,841,548</u>	<u>101,436</u>

**Non Current**

Hire Purchase	315,593	310,501
Fully Drawn Advance/ Business Loan	-	4,900,000
	<u>315,593</u>	<u>5,210,501</u>

**Total**

	<u>25,157,141</u>	<u>5,311,937</u>
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Facilities not utilised at reporting date:

Bank overdraft	100,000	100,000
Interchangeable Facility	-	100,000
	<u>100,000</u>	<u>200,000</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

The bank overdraft and interchangeable facility are secured by a First Registered Charge (Mortgage Debenture) over all the assets and undertakings of the Society. The facility is subject to an annual review. The loans and overdraft bear interest at the Banks reference rate plus margin, plus 4% p.a. payable monthly. The Commercial Bills drawn at 30 June 2010, include \$10,253 of GST financed by and repayable to Westpac on lodgement of the September quarter Business Activity Statement.

At 30 June 2010, the Finance Facility with Westpac was due to be repaid to Westpac Banking Corporation on 30<sup>th</sup> November 2010.

Subsequent to year end RZSSA has entered into a new Finance Facility Agreement with its principal banker, Westpac Banking Corporation. This Agreement extended current working capital facilities including the Bank Overdraft and the Term Debt Facility for a further 12 months to December 2011.

**11. SUNDRY CREDITORS**

	2010	2009
	\$	\$
Sundry Creditors	2,983,737	1,213,618
Government Grants in Advance	747,232	11,672,850
Other Grants in Advance	186,587	141,131
Accruals	346,914	343,029
Income Received in Advance	410,607	227,388
Member Fees Received in Advance	825,541	400,452
	5,500,618	13,998,468

**12. ACQUISITION OF BUSINESS COMBINATION**

On 30 June 2010, the Society obtained control of the Warrawong Sanctuary business, which is primarily focussed on native species conservation, but also includes café/restaurant, overnight accommodation and retail operations.

The acquisition specifically related to purchase of the business and did not include the purchase of the land. The Society has entered into a long term leasing arrangement with the owner of the land.

Taking control of Warrawong will enable the Society to diversify its native species conservation and also apply its proven business practices to enhance the financial viability of the operation.

Given the acquisition on the last day of the financial year, the only items charged to the Statement of Comprehensive Income Statement were minor charges associated with the settlement as no trading occurred until 1 July 2010.

Consideration was in the form of a cash settlement of \$219,216, with \$150,000 in vendor finance being extended, payable as \$100,000 in November 2010 and \$50,000 in March 2011, as disclosed separately as Other Loans – Secured on the Statement of Financial Position.

	Note	\$
<b>Identifiable assets acquired and liabilities assumed</b>		
Property, plant and equipment		365,200
Prepayments		4,198
Inventories		23,174
Deposits Collected		(10,123)
Employee Entitlements		(13,233)
<b>Total net identifiable assets</b>		369,216



**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2010**

**13. COMMITMENTS**

**Superannuation Commitments**

The Society contributes to an employee defined contribution superannuation fund for employees at an amount of 9% (2009: 9%) of gross salary. All employees are entitled to the accumulated benefits on retirement.

**Capital Expenditure Commitments**

Amounts contracted but not provided for and payable not later than one year:

	2010	2009
	\$	\$
<b>Adelaide Zoo</b>		
- Total Capital Commitments	300,000	23,181,431
<b>Monarto Zoological Park</b>		
- Total Capital Commitments	307,550	-
<b>Warrawong Sanctuary</b>		
- Total Capital Commitments	-	-
Total Capital Commitments	<u>607,550</u>	<u>23,181,431</u>

**Non-Cancellable Operating Lease Expense Commitments**

Future operating lease commitments not provided for in the financial statements and payable:

- Within one year	214,050	82,254
- One year or later and no later than five years	665,723	185,347
- Later than five years	1,193,500	-
Total	<u>2,073,273</u>	<u>267,601</u>
Charged to Statement of Comprehensive Income for year	93,107	88,712

**14. FAIR VALUE RESERVE**

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments until the investment is derecognised through sale. Impairment losses are transferred to the income statement.

**15. RELATED PARTIES**

**Board**

The names of each person holding the position of Board member of the Royal Zoological Society of SA Inc during the year are as follows:

- Whole of the financial year - Mrs H Caddick, Ms M Toscano, Dr C Litchfield, Ms V Linton, Mr N Newland, Mr R Hobbs, Mr C Watts, Mr W Yorath, Mr S Daniell.
- Until November 2009 – Dr D Kelly.
- From November 2009 – Mr K McGuinness.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

The Board members did not receive any emoluments from the Society during the financial year.

Under the Society's Constitution, one Board member is elected by and from amongst the employees of the Society and as such receives remuneration appropriate to the position held.

**Key management personnel disclosures**

The following were key management of the Society at any time during the reporting period, unless otherwise indicated held office for the entire period:

*Executive Staff*

Dr C West	Chief Executive
Mr K Evans	Director, Life Sciences & Conservation (until January 2010)
Mr S Habel	Director, Conservation Ark (from October 2009)
Mr G Holland	Director, Living Collections (from May 2010)
Mr J Grenfell	Director, Business & Administration
Ms B Redman	Director, Communications & Partnerships (until May 2010)
Ms R Hall	Education Manager – Employed by D.E.C.S
Ms Vicky Whiteway	Human Resources Manager
Ms Sarah Brown	Director, Visitor Services

*Transactions with key management personnel*

The key management personnel compensation included in salaries, wages and on-costs in the Income Statement is as follows:

	2010	2009
	\$	\$
Short Term Employee Benefits	812,750	692,354
Other Long Term Benefits	14,059	22,889
	826,809	715,243
Comprising:		
Directors	-	-
Executives	8	6
	8	6

**16. NOTES TO THE STATEMENT OF CASHFLOWS**

**Reconciliation of Cash**

For the purposes of the statement of cash flows, the Society considers cash to include cash on hand and in banks less bank overdraft. Cash at the end of the year as shown in the statement of cash flows reflects the related items in the statement of financial position as follows:

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

	2010	2009
	\$	\$
Cash on Hand and at Bank	406,952	373,621
Bank Overdraft	-	-
	406,952	373,621

**Reconciliation of Cash flows from Operating Activities**

Profit/(Loss) for the period	10,316,934	7,681,509
Depreciation	1,738,886	971,099
Loss on Disposal of Property, Plant & Equipment	-	5,112
Grants	(15,631,005)	(12,466,005)
Net (Profit)/Loss on Sale of available-for-sale investments & other assets	(38,132)	20,526
Impairment of available-for-sale investments	-	31,330
Interest and dividend income	(49,175)	(791,168)
Interest expense	1,148,166	46,940
Operating (Deficit)/Surplus before changes in working capital and employee entitlements	(2,514,326)	(4,500,657)

**Change in Assets and Liabilities**

(Increase)/Decrease in Receivables and Prepayments	100,714	(923,188)
(Increase)/Decrease in Inventories	(578,681)	(77,657)
Increase/(Decrease) in Sundry Creditors	2,712,282	(425,896)
Increase/(Decrease) in Employee Entitlements	300,778	261,679
Net Cash From/ (Used in) Operating Activities	20,767	(5,665,719)

**17. Financial Risk Management Objectives and Policies**

The Society's activities expose it primarily to the financial risks in credit, liquidity and interest rates. The Society holds a relatively minor parcel of financial instruments for long term investment and is therefore subject to market risks.

The Society's financial assets consist mainly of cash and short term bank secured investments, trade and other receivables and some investments in listed Corporations. The Society's financial liabilities comprise trade and other payables. The main purpose of these financial instruments is to invest surplus Society funds in order to maximise returns prior to further capital development, while not exposing the Society to a high level of risk.

The Board has established policies and procedures designed to establish controls and monitor these risks which require cash to be invested with banks to hold investments in blue chip stocks only. The Society's Finance Committee oversees how management monitors compliance with these policies.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**a. Credit Risk Exposure**

Credit Risk is the potential risk of financial loss resulting from the failure of a customer to meet their obligations to the Society on time and in full as contracted. It arises principally from the Society's receivables from clients. The Society predominantly trades in cash, and therefore receivables forms a relatively small proportion of transactions.

The ageing of the Trade Receivables at the reporting date was

	2010 \$ Gross	2010 \$ Impairment provision	2009 \$ Gross	2009 \$ Impairment provision
Not Past Due	922,578	-	522,917	-
Past Due 0-30 days	53,602	-	44,025	-
Past Due 31-60 days	15,446	-	23,201	-
More than 61 days	184,631	-	77,137	-
	1,176,257	-	667,280	-

There was no movement in the allowance for impairment in respect of trade receivables during the year.

Management has established a credit policy under which new customers are analysed individually for credit worthiness before being offered standard credit terms, however the majority of debtors pay prior to delivery of service.

The Board limits its portfolio of available-for-sale investments exposure to credit risk by only investing in blue chip stocks and limits the extent of trading taking advantage of market opportunities and selling or purchasing in line with capital requirements.

**b. Liquidity Risk**

Liquidity Risk is the risk that the Society does not have sufficient resources to meet its obligations when they become due and payable, or will have to do so at excessive cost. The Society's policy is designed to ensure that there are sufficient funds to meet its obligations when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Society's reputation.

In addition, the Society has access to the banking facilities in Note 10.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Non derivative financial liabilities	Carrying amount	Contractual Cash Flows	Contractual Commitments			
			12 months or less	1-2 years	2-5 years	More than 5 years
Trade and other payables	3,330,651	(3,330,651)	(3,330,651)	-	-	-
Other Loans – Secured	466,888	(525,992)	(184,928)	(175,854)	(165,209)	-
Other Loans – Unsecured	150,000	(150,000)	(150,000)	-	-	-
Secured bank loans	24,690,253	(26,184,422)	(26,184,422)	-	-	-
Total	28,637,792	(30,191,065)	(29,850,001)	(175,854)	(165,209)	-

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

**c. Market risk**

Market risk is the risk that movements in interest rates or equity prices will affect the Society's profits. Market risk arises in both the Society's trading portfolio and its core banking business. The Society manages its market risk by retaining a conservative portfolio in accordance with its policies.

**d. Interest Rate Risk**

The Society's exposure to interest rate risk, which is the risk that the interest income, from financial instruments, value will fluctuate as a result of changes in market interest rates. The Society holds both interest bearing financial assets and liabilities.

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Fixed rate instruments</b>		
Financial assets		
Financial liabilities	466,888	411,937
<b>Variable rate instruments</b>		
Financial assets	406,952	373,621
Financial liabilities	(24,690,253)	(4,900,000)

**e. Sensitivity analysis – Investment Price Risk**

The following table summarises the sensitivity of the Society to investment price risk. The analysis is based on the assumption of a 10% increase or decrease in market value at year end, with all other variables being held constant.

	<b>2010</b>			<b>2009</b>		
	Carrying amount \$	-10%	+10%	Carrying amount \$	-10%	+10%
Listed Equities	110,488	(11,049)	11,049	545,188	(54,519)	54,519
<b>Total increase/(decrease) in equity</b>		<b>(11,049)</b>	<b>11,049</b>		<b>(54,519)</b>	<b>54,519</b>

**f. Sensitivity Analysis – Interest Rate Risk**

The following table summarises the sensitivity of the Society's profit to movements in the values of interest rates. The analysis is based on the assumption of a 1% increase or decrease in interest rates at year end, with all other variables being held constant.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

	2010			2009		
	Carrying amount \$	-1%	+1%	Carrying amount \$	-1%	+1%
Cash	406,952	132	(132)	373,621	(3,736)	3,736
Fully Drawn Advance	(7,680,000)	(3,672)	3,672	(4,900,000)	49,000	(49,000)
Commercial Bills	(17,010,253)	(4,895)	4,895			
<b>Total increase/(decrease) in profit</b>		<b>8,435</b>	<b>(8,435)</b>		<b>45,264</b>	<b>(45,264)</b>

**g. Net Fair Values**

Methods and assumptions used in determining net fair value.

For financial assets and financial liabilities the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments. Financial assets where the carrying amount exceeds net fair values have not been written down as the Society intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the notes to the financial statements.

**Fair Values**

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2010 \$ Carrying Value	2010 \$ Fair Value
Available-for-Sale-Financial Assets	110,448	110,448
Trade and Other Receivables	1,176,257	1,176,257
Cash and Cash Equivalent	406,952	406,952
Trade and Other Payables	(3,330,651)	(3,330,651)

The carrying value of the Company's available for sale financial assets measured at fair value is determined using a Level one valuation method and is based on quoted prices in active markets for identical assets and liabilities.

**18. SUBSEQUENT EVENTS**

Subsequent to year-end RZSSA has entered into a new Finance Facility Agreement with its principal banker, Westpac Banking Corporation. This Agreement extended current working capital facilities including the Bank overdraft and the Term Debt Facility for a further 12 months to December 2011. With the exception of this matter, the Board is not aware of any material events subsequent to balance date that in the opinion of the Board would significantly affected or will affect the future operations of the Society.

STATEMENT BY THE BOARD OF MANAGEMENT

We, Kevin McGuinness, President and Carla Litchfield, Vice President, of the Royal Zoological Society of South Australia Incorporated, state that in our opinion:

- 1 (a) the financial statements, set out on pages 2 to 22 are drawn up so as to present fairly the results and cash flows for the financial year ended 30 June 2010, and the state of affairs at 30 June 2010;
  - (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due; and
  - (c) the financial statements have been made out in accordance with the Australian Accounting Standards, the provisions of the Associations Incorporation Act, the Society's Constitution and Rules and the requirements of law.
- 2 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.
  - 3 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.

Dated at Adelaide this *23<sup>rd</sup>* day of *DECEMBER* 2010

  
K. McGuinness  
President

  
C Litchfield  
Vice President

Signed in accordance with a resolution of the Board of Management

