

**ROYAL ZOOLOGICAL SOCIETY
OF SOUTH AUSTRALIA INC**

ABN: 38 750 470 952

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2013

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME - YEAR ENDED 30 JUNE 2013

	Note	2013	2012
		\$	\$
Revenue			
Admissions, Membership and Other Revenue		13,776,106	13,481,453
Grants		7,351,639	7,531,176
Bequests		22,234	1,130,016
Total Revenue	2(a)	<u>21,149,979</u>	<u>22,142,645</u>
Expenses			
Salaries, Wages & On-Costs		(11,879,966)	(12,482,348)
Animal Care		(610,810)	(628,227)
Maintenance Consumables		(1,022,202)	(1,212,321)
Cost of Sales		(780,009)	(807,813)
Conservation & Research Projects		(1,733,981)	(1,384,563)
Utilities		(749,910)	(643,215)
Marketing & Promotion		(490,328)	(457,593)
Tours & Experiences		(806,106)	(856,245)
Depreciation		(2,812,909)	(2,986,702)
Impairment of Assets		-	(1,846,338)
Onerous Lease Expense		(1,165,013)	-
Other Expenses		(1,703,190)	(1,816,477)
Total Expenses	2(a)	<u>(23,754,424)</u>	<u>(25,121,842)</u>
Profit/(Loss) from operating activities		<u>(2,604,445)</u>	<u>(2,979,197)</u>
Finance Income		85,615	44,087
Debt Forgiveness		-	13,216,968
Finance Expenses		(414,906)	(1,973,225)
Net Financing Income/(Expense)	2(b)	<u>(329,291)</u>	<u>11,287,830</u>
Profit/(Loss) for the Period		<u>(2,933,736)</u>	<u>8,308,633</u>
Other Comprehensive Income/Expense			
Items that may be reclassified subsequently to profit or loss			
Change in fair value of available-for-sale equity securities		(32)	(3,337)
Total Other Comprehensive Income/(Loss) for period		<u>(32)</u>	<u>(3,337)</u>
Total Comprehensive Income/(Loss) for period attributable to members		<u>(2,933,768)</u>	<u>8,305,296</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 2013

	Fair Value Reserves	Retained Funds	Total Equity
	\$	\$	\$
Balance at 1 July 2012	111	35,119,512	35,119,623
Profit/(Loss) for the period	-	(2,933,736)	(2,933,736)
Other Comprehensive Income/(Expense)			
Change in fair value of available-for-sale equity securities	(32)	-	(32)
Total Other Comprehensive Income/(Expense) for period	(32)	-	(32)
Total Comprehensive Income/(Expense) for period	(32)	(2,933,736)	(2,933,768)
Balance at 30 June 2013	79	32,185,776	32,185,855
Balance at 1 July 2011	3,448	26,810,879	26,814,327
Profit/(Loss) for the period	-	8,308,633	8,308,633
Other Comprehensive Income			
Change in fair value of available-for-sale equity securities	(3,337)	-	(3,337)
Total Other Comprehensive Income/(Expense) for period	(3,337)	-	(3,337)
Total Comprehensive Income/(Expense) for period	(3,337)	8,308,633	8,305,296
Balance at 30 June 2012	111	35,119,512	35,119,623

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013**

	Notes	2013 \$	2012 \$
Current Assets			
Cash and Cash Equivalents	19	665,581	658,358
Term Deposit	4	-	100,000
Receivables and Prepayments	5	1,614,430	475,279
Inventories	9	450,338	665,882
Held for Sale Property	7	1,500,000	1,500,000
Total Current Assets		<u>4,230,349</u>	<u>3,399,519</u>
Non Current Assets			
Available-for-sale Investments	6	8,501	8,533
Property, Plant and Equipment	8	48,277,815	50,719,488
Total Non Current Assets		<u>48,286,316</u>	<u>50,728,021</u>
Total Assets		<u>52,516,665</u>	<u>54,127,540</u>
Current Liabilities			
Sundry Creditors	13	2,412,610	1,862,779
Income in Advance	14	2,660,454	2,535,145
Loans and Borrowings	12	1,778,789	1,600,651
Provision for Onerous Lease	15	112,096	-
Employee Benefits	10	2,233,246	1,910,230
Total Current Liabilities		<u>9,197,195</u>	<u>7,908,805</u>
Non Current Liabilities			
Loans and Borrowings	12	8,160,727	8,656,744
Income in Advance	14	1,500,000	2,000,000
Provision for Onerous Lease	15	1,052,917	-
Employee Benefits	10	419,971	442,368
Total Non Current Liabilities		<u>11,133,615</u>	<u>11,099,112</u>
Total Liabilities		<u>20,330,810</u>	<u>19,007,917</u>
Net Assets		<u>32,185,855</u>	<u>35,119,623</u>
Reserves		79	111
Retained Funds		32,185,776	35,119,512
Total Equity		<u>32,185,855</u>	<u>35,119,623</u>

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2013**

	Note	2013 \$ Inflows (Outflows)	2012 \$ Inflows (Outflows)
Cash Flows from Operating Activities			
Receipts			
Receipts from customers		12,555,899	12,469,565
Donations, Bequests and Sponsorships		681,459	2,306,190
Payments			
Wages and Salaries		(11,554,371)	(12,370,871)
Suppliers		(6,448,378)	(8,254,783)
Conservation & Research Projects		(655,814)	(1,384,563)
Net Cash Provided by/(Used in) Operating Activities	19	(5,421,205)	(7,234,462)
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(371,236)	(146,521)
Interest and dividends received		85,615	44,087
Net Cash Provided by/(Used in) Capital and Investing Activities		(285,621)	(102,434)
Cash Flows from Financing Activities			
Net State Government Grants Received		5,159,975	5,700,000
Net Other Grants Received		1,186,858	1,797,241
Term Deposit		100,000	(100,000)
Repayment of Borrowings		(317,878)	(2,754,917)
Proceeds from Borrowings		-	2,600,000
Payment of Interest		(414,906)	(589,538)
Net Cash Provided by Financing Activities		5,714,049	6,652,786
Net (Decrease)/Increase in Cash Held		7,223	(684,110)
Cash at the Beginning of the Year		658,358	1,342,468
Cash at the End of the Year	19	665,581	658,358

To be read in conjunction with the accompanying notes

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

1. STATEMENT 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, Monarto Zoo and Warrawong Sanctuary. As at 30th June 2013 it was involved in the operations of Adelaide Zoo and Monarto Zoo. The Society is also involved in a wide range of Conservation Programs both in Australia and internationally.

This financial report was authorised for issue by the Board on 24th September 2013.

(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 Interpretations) 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 and held for sale property which are stated at their fair values.

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 – Held for Sale Property
- Note 8 – Property, Plant and Equipment
- Note 10 – Employee Benefits
- Note 15 – Provision for Lease Payments

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.

While the Society has a working capital deficiency of \$4,966,846, the current liabilities include \$2,660,454 of income received in advance which will not require repayment. Further, there are employee provisions of \$2,233,246, the majority of which are not forecast to be repaid within 12 months.

The operating loss before financing of \$2,604,445 includes non-cash expenses (depreciation and onerous lease expense) of \$3,977,922.

The Society has made operational changes to the business and prepared a cash flow forecast which supports it being able to pay its debts as and when they fall due. Further, the Society has the ongoing support of the South Australian Government and Westpac.

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

(c) 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 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 is recognised on an accruals basis. Dividends are brought to account as they are received.

(iv) Membership Subscriptions

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

(v) Donations, Bequests & Sponsorship

Donations, bequests and sponsorship made to the Society, including those made for specific purposes, are treated as income 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.

(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 (h)).

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(f) Investments

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.

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 profit or loss. When investments are derecognised, as a result of sale, the cumulative gain or loss previously recognised directly in equity is transferred to profit or loss. Investments are recognised/ derecognised by the Society on the date it commits to purchase/sell the investment.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

(g) 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.

(h) Impairment

Non-Financial Assets

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

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 2013**

(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 profit or loss.

(i) 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 (h)). 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 profit or loss 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.

(j) 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 2013**

(k) 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 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.

(l) 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(i).

(m) 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.

(n) Operating lease payments

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

(o) Provision for Onerous Lease

A provision for onerous lease is recognised when the expected benefits to be derived by the Society from a lease are lower than the unavoidable cost of meeting its obligations under the lease. The provision is measured at the present value of the lower of the expected cost of terminating the lease and the expected net cost of continuing with the lease. Before a provision is established, the Society recognises any impairment loss on the assets associated with that lease.

(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/or repayment of debt.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

2(a) REVENUES AND EXPENSES

	Note	2013					2012	
		Adelaide Zoo	Monarto Zoo	Warrawong	Society	Fundraising	Total	
		\$	\$		\$	\$	\$	\$
REVENUE								
Admissions	1(c)	4,790,042	1,523,414	-	-	-	6,313,456	6,090,121
Education	1(c)	521,346	144,707	78,355	-	-	744,408	789,252
Sponsorship	1(c)	-	-	-	-	993,823	993,823	1,031,873
Bequests	1(c)	-	-	-	-	22,234	22,234	1,130,016
Donations	1(c)	-	-	-	-	165,402	165,402	144,301
Membership/Adoption	1(c)	-	-	-	2,249,608	-	2,249,608	2,070,986
Retail Sales	1(c)	942,300	276,606	36,132	-	-	1,255,038	1,231,023
Catering Sales	1(c)	607,360	51,340	191,981	-	-	850,681	831,234
Tours Income		279,981	206,048	115,478	-	-	601,507	826,944
Events		201,551	-	-	-	-	201,551	172,042
Sundry Sales/Income		127,053	62,505	-	205,866	5,208	400,632	293,677
Grants	1(c),3	42,981	12,000	-	7,296,658	-	7,351,639	7,531,176
Total Revenue		7,512,614	2,276,620	421,946	9,752,132	1,186,667	21,149,979	22,142,645
EXPENSES								
Salaries, Wages & On-Costs		5,572,781	2,289,844	456,647	3,317,412	243,282	11,879,966	12,482,348
Animal Care		231,166	274,230	8,593	96,821	-	610,810	628,227
Maintenance Consumables		683,413	291,873	12,487	34,429	-	1,022,202	1,212,321
Cost of Sales		512,601	127,896	139,512	-	-	780,009	807,813
Conservation & Research Projects		-	-	-	1,733,981	-	1,733,981	1,384,563
Utilities		528,003	172,634	49,273	-	-	749,910	643,215
Marketing & Promotion		471,594	-	-	18,734	-	490,328	457,593
Tours & Experiences		181,578	624,528	-	-	-	806,106	856,245
Depreciation		-	-	-	2,812,909	-	2,812,909	2,986,702
Impairment of Assets		-	-	-	-	-	-	1,846,338
Onerous Lease Expense		-	-	1,165,013	-	-	1,165,013	-
Other Expenses		291,565	110,449	176,642	1,075,246	49,288	1,703,190	1,816,477
Total Expenses		8,472,701	3,891,454	2,008,167	9,089,532	292,570	23,754,424	25,121,842

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

2(b) NET FINANCING INCOME/(EXPENSE)

	2013	2012
	\$	\$
Interest income	85,615	38,775
Dividends, Distributions and Franking Credits	-	5,312
Finance Income	85,615	44,087
Interest Expense	(414,906)	(1,973,225)
Finance Expenses	(414,906)	(1,973,225)
Debt Forgiveness	-	13,216,968
Debt Forgiveness	-	13,216,968
Net Finance Income/(Expense)	(329,291)	11,287,830

3. GOVERNMENT AND OTHER GRANTS

The South Australian Government provided general funding of \$5,195,575 (2012: \$5,700,000) during the year for capital and operating purposes. Other Government Grants totalling \$1,854,277 (2012: \$1,882,257) 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.

4. TERM DEPOSITS

There were no deposits as at 30th June 2013 (2012: \$100,000)

5. RECEIVABLES AND PREPAYMENTS

	2013	2012
	\$	\$
Sundry Debtors	442,293	446,523
Sundry Debtors (CWCA)	1,078,167	-
Prepaid Expenses	63,423	28,756
GST Receivable	30,547	-
	1,614,430	475,279

The Society's exposure to credit and market risks, and impairment losses related to trade receivables are disclosed in Note 20.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

6. AVAILABLE FOR SALE INVESTMENTS

	2013	2012
	\$	\$
Investments in listed corporations – at fair value		
- Life Members Fund	8,501	8,533
	8,501	8,533

7. HELD FOR SALE PROPERTY

	\$	
Balance at 1 July 2011	2,877,659	
Asset Impairment	(1,377,659)	
Balance at 30 June 2012	1,500,000	
Balance at 1 July 2012 – Fair Value	1,500,000	
Change in Fair Value	-	
Balance at 30 June 2013 – Fair Value	1,500,000	

Land adjacent to Monarto Zoo is presented as held for sale following the commitment of the Society's management on 23 May 2012 to sell this land.

An impairment loss of \$1,377,659 was recognised on the re-measurement of the held for sale property to the lower of its carrying amount and its fair value. There were no significant changes to the fair value of the land at Monarto during 2013.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

8. PROPERTY, PLANT & EQUIPMENT

	2013	2012
	\$	\$
Land and Buildings at cost	46,636,811	46,589,412
Less: Accumulated Depreciation	(7,272,093)	(5,584,077)
	39,364,718	41,005,335
Exhibits at cost	15,581,118	15,511,102
Less: Accumulated Depreciation	(7,726,155)	(7,123,660)
	7,854,963	8,387,442
Plant & Equipment at cost	2,662,455	2,538,776
Less: Accumulated Depreciation	(1,823,222)	(1,434,585)
	839,233	1,104,191
Motor Vehicles at cost	1,374,497	1,334,319
Less: Accumulated Depreciation	(1,224,034)	(1,142,692)
	150,463	191,627
Construction in Progress		
- Adelaide	22,713	8,244
- Monarto	45,725	22,649
	68,438	30,893
Total Property, Plant & Equipment – net book value	48,277,815	50,719,448

Movement in the carrying amounts of Property Plant & Equipment:

2012	Buildings	Exhibits	Plant & Equipment	Motor Vehicles	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	45,788,269	9,247,646	1,460,056	335,388	74,648	56,906,007
Additions	-	11,435	92,241	-	42,845	146,521
Transfers from CIP	-	86,600	-	-	-	86,600
Transfers to PPE	-	-	-	-	(86,600)	(86,600)
Transfer to HFS	(2,877,659)	-	-	-	-	(2,877,659)
Impairment	(210,137)	(230,343)	(28,199)	-	-	(468,679)
Depreciation	(1,695,138)	(727,896)	(419,907)	(143,761)	-	(2,986,702)
Carrying Amount at the end of the year	41,005,335	8,387,442	1,104,191	191,627	30,893	50,719,488

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

2013	Land & Buildings \$	Exhibits \$	Plant & Equipment \$	Motor Vehicles \$	Construction in Progress \$	Total \$
Balance at beginning of year	41,005,335	8,387,442	1,104,191	191,627	30,893	50,719,488
Additions	47,399	70,016	123,679	92,597	37,545	371,236
Depreciation	(1,688,016)	(602,495)	(388,637)	(133,761)	-	(2,812,909)
Carrying Amount at the end of the year	39,364,718	7,854,963	839,233	150,463	68,438	48,277,815

9. INVENTORIES

	2013 \$	2012 \$
Raw Materials	3,102	15,621
Finished Goods	447,236	650,261
	450,338	665,882

During the period ended 30 June 2013, no inventories were considered non-recoverable and written off. (30 June 2012: \$Nil). As at 30 June 2013 no inventories were provided for as potentially impaired (30 June 2012: \$Nil).

10. EMPLOYEE BENEFITS

	2013 \$	2012 \$
<u>Current Liabilities</u>		
Annual Leave	1,071,511	1,036,848
Sick Leave Bonus	184,387	-
Long Service Leave	977,348	873,382
	2,233,246	1,910,230
<u>Non-Current Liabilities</u>		
Long Service Leave	419,971	442,368
	419,971	442,368
Total	2,653,217	2,352,598

The liability for the employee sick leave bonus has been accrued for the first time in 2012/13 following formal ratification of the new Collective Agreement in July 2013.

11. AUDITORS' REMUNERATION

The Auditor of the Society received the following remuneration:	2013 \$	2012 \$
Audit Services	25,000	25,000
Other Assurance Services	1,770	-
Total Remuneration	26,770	25,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

12. 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. For more information about the Society's exposure to interest rate risk, see note 19.

Financial arrangements	2013	2012
	\$	\$
The Society has access to the following lines of credit:		
Total facilities available:		
Hire Purchase ¹	59,592	157,395
Fully Drawn Advance ²	2,379,924	2,600,000
Business Loan ³	7,500,000	7,500,000
	9,939,516	10,257,395
Facilities utilised at reporting date:		
Current		
Hire Purchase ¹	59,592	100,651
Fully Drawn Advance ²	219,197	-
Business Loan ³	1,500,000	1,500,000
	1,778,789	1,600,651
Non Current		
Hire Purchase ¹	-	56,744
Fully Drawn Advance ²	2,160,727	2,600,000
Business Loan ³	6,000,000	6,000,000
	8,160,727	8,656,744
Total	9,939,516	10,257,395

1. Hire purchase liabilities are effectively secured as rights to the leased assets revert to the lessor in the event of default.
2. The Fully Drawn Advance is held with the South Australian Government. The facility is unsecured, matures in 2022 and is subject to an interest rate of 4.55% pa.
3. The business loan facility is held with Westpac Banking Corporation (Westpac). The facility is unsecured, matures in 2016 and is subject to an interest rate of 4% pa. A portion of this facility is due to be repaid on the sale of land held at Monarto and has been classified as current.

As disclosed as a subsequent event in the financial statements for 2011/12, the Society had not appointed agents as required under the Finance Facility Agreement with Westpac. This issue was addressed immediately and the organisation has had no further compliance issues in the 2012/13 year.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

13. SUNDRY CREDITORS

	2013	2012
	\$	\$
Sundry Creditors	902,318	1,249,848
Accruals	432,125	384,923
GST Payable	-	228,008
Sundry Creditors (CWCA)	1,078,167	-
	2,412,610	1,862,779

14. INCOME IN ADVANCE

	2013	2012
	\$	\$
<u>Current Income in Advance</u>		
Grants in Advance	616,694	543,333
Income Received in Advance	509,386	521,632
Westpac Sponsorship Benefit in Advance	500,000	500,000
Member Fees Received in Advance	1,034,374	970,180
	2,660,454	2,535,145
<u>Non Current Income in Advance</u>		
Westpac Sponsorship Benefit in Advance	1,500,000	2,000,000
	1,500,000	2,000,000
Total	4,160,454	4,535,145

15. PROVISION FOR ONEROUS LEASE

Balance at 1 July 2012	-
Provisions made during the year	1,165,013
Balance at 30 June 2013	1,165,013

During the year, the Society ceased operations at Warrawong Sanctuary. The Society holds the lease for the land at Warrawong which will expire on 30 June 2025. The obligation for discounted future lease payments has been provided for, however legal advice is being obtained, and discussions with the landowners held, with a view to exploring the reduction of the cost of this provision.

16. COMMITMENTS

Capital Expenditure Commitments

There were no capital expenditure commitments at 30 June 2013 (2012: Nil)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

	2013 \$	2012 \$
Non-Cancellable Operating Lease Expense Commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
- Within one year	96,737	210,804
- One year or later and no later than five years	58,235	561,878
- Later than five years	-	954,800
Total	154,972	1,727,482
Charged to Statement of Comprehensive Income for year	232,983	231,028

17. 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 profit or loss.

18. 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. Board members were in office for the entire year unless otherwise stated.

Board:

Dr C Litchfield	President	
Mr R Hobbs	Vice President	
Mrs L Kent	Elected Employee Representative	Ceased 6 th December 2012
Mr K McGuinness	Elected Member	
Mr N Newland	Elected Member	Ceased 6 th December 2012
Mr C Watts	Elected Member	
Mr B Coombe	Co-Opted Member	Appointed 30 th October 2012
Ms K Thiele	Co-Opted Member	Appointed 27 th November 2012
Mr G Crook	Elected Member	Appointed 6 th December 2012
Mr D Sanders	Elected Member	Appointed 6 th December 2012

The Board members did not receive any emoluments from the Society during the financial year. Under the Society's previous Constitution, one Board member was elected by and from amongst the employees of the Society and as such received remuneration appropriate to the position held. The constitution changed as at 31st May 2012 and there is no longer an employee representative.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Key management personnel disclosures

Transactions with key management personnel

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

	2013	2012
	\$	\$
Short Term Employee Benefits	985,930	889,291
Other Long Term Benefits	(19,785)	(5,259)
	<hr/> 966,145	<hr/> 884,032
Comprising:		
Executives*	10	7
	<hr/> 10	<hr/> 7

* As at 30 June 2013 there were 7 executives.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

19. NOTES TO THE STATEMENT OF CASHFLOWS

Reconciliation of Cash

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:

	2013	2012
	\$	\$
Cash and cash equivalents	665,581	658,358
	665,581	658,358
 Reconciliation of Cash flows from Operating Activities		
Profit/(Loss) for the period	(2,933,736)	8,308,633
Depreciation	2,812,909	2,986,702
Asset Impairment	-	1,846,338
Onerous Lease Expense	1,165,013	-
Grants	(6,273,472)	(7,531,176)
Debt Forgiveness	-	(13,216,968)
Interest and dividend income	(85,615)	(44,087)
Interest expense	414,905	1,973,225
Operating (Deficit)/Surplus before changes in working capital and employee entitlements	(4,899,996)	(5,677,333)
 Change in Assets and Liabilities		
(Increase)/Decrease in Receivables and Prepayments	(1,139,151)	164,286
(Increase)/Decrease in Inventories	215,544	208,306
Increase/(Decrease) in Sundry Creditors	101,779	(2,021,424)
Increase/(Decrease) in Employee Entitlements	300,619	91,703
Net Cash From/ (Used in) Operating Activities	(5,421,205)	(7,234,462)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

20. 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 and bank loans. 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 Finance Committee oversees how management monitors compliance with these policies.

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 customers. 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

	2013	2013	2012	2012
	\$	\$	\$	\$
	Gross	Impairment provision	Gross	Impairment provision
Not Past Due	188,364	-	404,173	-
Past Due 0-30 days	184,423	-	3,816	-
Past Due 31-60 days	23,259	-	11,545	-
More than 61 days	46,247	-	26,989	-
	<u>442,293</u>	<u>-</u>	<u>446,523</u>	<u>-</u>

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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

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. 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.

In addition, the Society has access to the banking facilities in Note 12.

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	2,412,610	(2,412,610)	(2,412,610)	-	-	-
Fully Drawn Advance – Unsecured	2,379,924	(2,914,417)	(323,824)	(323,824)	(971,472)	(1,295,297)
Other Loans – Secured	59,592	(59,592)	(59,592)	-	-	-
Unsecured bank loans	7,500,000	(8,702,466)	(1,801,644)	(300,000)	(6,600,822)	-
Total	12,352,126	(14,089,085)	(4,597,670)	(623,824)	(7,572,294)	(1,295,297)

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 is the risk that the interest income from financial instruments will fluctuate as a result of changes in market interest rates. The Society holds both interest bearing financial assets and liabilities.

	2013 \$	2012 \$
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	(9,939,516)	(10,257,395)
Variable rate instruments		
Financial assets	665,581	758,358
Financial liabilities	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

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.

	2013			2012		
	Carrying amount \$	-10%	+10%	Carrying amount \$	-10%	+10%
Listed Equities	8,501	(850)	850	8,533	(853)	853
Total increase/(decrease) in equity		(850)	850		(853)	853

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.

	2013			2012		
	Carrying amount \$	-1%	+1%	Carrying amount \$	-1%	+1%
Cash	665,581	(856)	856	658,358	(328)	328
Term Deposit	-	-	-	100,000	(59)	59
Fully Drawn Advance	-	-	-	-	-	-
Commercial Bills	-	-	-	-	-	-
Loans	9,939,516	-	-	10,100,000	-	-
Total increase/(decrease) in profit		(856)	856		(387)	387

Loans have fixed interest rates

g. Net Fair Values

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 Statement of Financial Position and in the notes to the financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013**

Fair Values

Fair values versus carrying amounts

All the financial assets and liabilities in the Statement of Financial Position have a carrying value approximate to their fair value.

The carrying value of the Society'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.

21. 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.

STATEMENT BY THE BOARD OF DIRECTORS

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

- 1 (a) the financial statements, set out on pages 2 to 24 are drawn up so as to present fairly the results and cash flows for the financial year ended 30 June 2013, and the state of affairs at 30 June 2013;
 - (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 4th day of October 2013



C Litchfield
President



K McGuinness
Director

Signed in accordance with a resolution of the Board of Directors