

**ROYAL ZOOLOGICAL SOCIETY
OF SOUTH AUSTRALIA INC**

ABN: 38 750 470 952

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2014

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC
STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 \$	2013 \$
Revenue			
Admissions, Membership and Other Revenue		15,038,754	13,776,106
Grants		7,242,499	7,351,639
Bequests		328,910	22,234
Total Revenue	2	<u>22,610,163</u>	<u>21,149,979</u>
Expenses			
Salaries, Wages & On-Costs		(11,891,514)	(11,879,966)
Animal Care		(593,303)	(610,810)
Maintenance Consumables		(1,212,578)	(1,022,202)
Cost of Sales		(631,668)	(780,009)
Conservation & Research Projects		(1,584,528)	(1,733,981)
Utilities		(713,219)	(749,910)
Marketing & Promotion		(778,275)	(490,328)
Tours & Experiences		(1,096,572)	(806,106)
Depreciation		(2,440,039)	(2,812,909)
Onerous Lease Expense		(37,817)	(1,165,013)
Other Expenses		(1,306,709)	(1,703,190)
Total Expenses	2	<u>(22,286,222)</u>	<u>(23,754,424)</u>
Surplus/(Loss) from operating activities		<u>323,941</u>	<u>(2,604,445)</u>
Finance Income		89,102	85,615
Finance Expenses		(383,688)	(414,906)
Net Financing Income/(Expense)		(294,586)	(329,291)
Surplus/(Loss) for the Period		<u>29,355</u>	<u>(2,933,736)</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		1,228	(32)
Total Other Comprehensive Income/(Loss) for period		<u>1,228</u>	<u>(32)</u>
Total Comprehensive Income/(Loss) for period attributable to members		<u>30,583</u>	<u>(2,933,768)</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 2014**

	Note	2014 \$	2013 \$
Current Assets			
Cash and Cash Equivalents	4	1,062,526	665,581
Receivables and Prepayments	5	3,155,479	1,614,430
Inventories	9	432,146	450,338
Held for Sale Property	7	1,500,000	1,500,000
Total Current Assets		6,150,151	4,230,349
Non Current Assets			
Available-for-sale Investments	6	9,729	8,501
Property, Plant and Equipment	8	46,851,476	48,277,815
Total Non Current Assets		46,861,205	48,286,316
Total Assets		53,011,356	52,516,665
Current Liabilities			
Sundry Creditors	12	3,548,616	2,412,610
Income in Advance	13	2,742,513	2,660,454
Loans and Borrowings	11	1,729,343	1,778,789
Provision for Onerous Lease	14	96,122	112,096
Employee Benefits	10	2,441,631	2,233,246
Total Current Liabilities		10,558,225	9,197,195
Non Current Liabilities			
Loans and Borrowings	11	7,931,384	8,160,727
Income in Advance	13	1,000,000	1,500,000
Provision for Onerous Lease	14	994,612	1,052,917
Employee Benefits	10	310,697	419,971
Total Non Current Liabilities		10,236,693	11,133,615
Total Liabilities		20,794,918	20,330,810
Net Assets		32,216,438	32,185,855
Reserves		1,307	79
Retained Funds		32,215,131	32,185,776
Total Equity		32,216,438	32,185,855

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

	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			
Change in fair value of available-for-sale equity securities	(32)	-	(32)
Total Other Comprehensive Income/(Expense) for period	<u>(32)</u>	<u>-</u>	<u>(32)</u>
Total Comprehensive Income/(Expense) for period	<u>(32)</u>	<u>(2,933,736)</u>	<u>(2,933,768)</u>
Balance at 30 June 2013	<u>79</u>	<u>32,185,776</u>	<u>32,185,855</u>
Balance at 1 July 2013	79	32,185,776	32,185,855
Profit/(Loss) for the period	-	29,355	29,355
Other Comprehensive Income/(Expense)			
Change in fair value of available-for-sale equity securities	1,228	-	1,228
Total Other Comprehensive Income/(Expense) for period	<u>1,228</u>	<u>-</u>	<u>1,228</u>
Total Comprehensive Income/(Expense) for period	<u>1,228</u>	<u>29,355</u>	<u>30,583</u>
Balance at 30 June 2014	<u>1,307</u>	<u>32,215,131</u>	<u>32,216,438</u>

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

	Note	2014 \$	2013 \$
		Inflows (Outflows)	Inflows (Outflows)
Cash Flows from Operating Activities			
Receipts			
Receipts from customers		13,319,158	12,555,899
Donations, Bequests and Sponsorships		1,431,601	681,459
Payments			
Wages and Salaries		(11,857,274)	(11,554,371)
Suppliers		(6,423,537)	(6,448,378)
Conservation & Research Projects		(480,839)	(655,814)
Net Cash Provided by/(Used in) Operating Activities		(4,010,891)	(5,421,205)
Cash Flows from Investing Activities			
Purchase of Property, Plant and Equipment		(1,013,700)	(371,236)
Interest and dividends received		89,102	85,615
Net Cash Provided by/(Used in) Capital and Investing Activities		(924,598)	(285,621)
Cash Flows from Financing Activities			
Net State Government Grants Received		5,276,637	5,159,975
Net Other Grants Received		718,273	1,186,858
Proceeds from Term Deposits		-	100,000
Repayment of Borrowings		(278,788)	(317,878)
Payment of Interest		(383,688)	(414,906)
Net Cash Provided by Financing Activities		5,332,434	5,714,049
Net (Decrease)/Increase in Cash Held		396,945	7,223
Cash at the Beginning of the Year		665,581	658,358
Cash at the End of the Year	4	1,062,526	665,581

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Royal Zoological Society of South Australia Incorporated (the "Society") is a not for profit incorporated association domiciled in South Australia. The address of the Society's registered office is Frome Road, Adelaide, South Australia. The Society during the year was involved in the operation of the Adelaide Zoo and Monarto 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 30th September 2014.

(a) **Basis of Preparation**

In the opinion of the directors, the Society is not publicly accountable. The Society applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements and other applicable Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), the Australian Charities and Not-for-profits Commission Act 2012 (ACNC) and the Associations Incorporation Act 1985 (as amended). The association is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

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

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 7 – Held for Sale Property
- Note 8 – Property, Plant and Equipment
- Note 10 – Employee Benefits
- Note 14 – Provision for Onerous Lease

While the Society has a working capital deficiency of \$4,408,074, the current liabilities include \$2,742,513 of income received in advance which will not require repayment. Further, there are employee provisions of \$2,441,631, the majority of which are not forecast to be repaid within 12 months.

The operating surplus before financing of \$323,941 includes non-cash expenses (such as depreciation) of \$2,440,039.

The Society has made operational changes to the business, as the financial results from 2013/14 reflect, and prepared a cash flow forecast which supports it being able to pay its short term debts as and when they fall due. Further, the Society has the ongoing support of the South Australian Government and Westpac.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(b) 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.

(c) 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 (g)).

(d) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits.

(e) 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.

(f) 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.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment

Non-Financial Assets

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

(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.

(h) 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 (g)). 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.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and the following depreciation rates were reviewed during 2013/14 with some revised to ensure they remain reasonable and appropriate for the Society's use of its assets:

Buildings	2.0%
Exhibits	3.3% - 5.0%
Plant & Equipment	10.0%
Computers & IT	25.0% - 30.0%
Motor Vehicles	10.0%

Land is not depreciated.

The rates used during 2012/13 were:

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

The impact of the review of the rates on the reported profit for 2013/14 was to reduce the depreciation expense by \$288,000.

(i) 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.

(j) 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.

(k) 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.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As the acquisitions improve the quality of the exhibits, major costs are capitalised to property, plant and equipment in accordance with accounting policy (h).

(l) 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.

(m) 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.

(n) 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.

(o) 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.

(p) Application of Surplus

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

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 2: REVENUES AND EXPENSES

	Note	2014					2013	
		Adelaide Zoo	Monarto Zoo	Warrawong	Society	Fundraising	Total	Total
		\$	\$	\$	\$	\$	\$	\$
REVENUE	1(b)							
Admissions		5,149,788	1,672,300	-	-	-	6,822,088	6,313,456
Education		498,033	157,822	-	-	-	655,855	744,408
Sponsorship		-	-	-	-	1,222,085	1,222,085	993,823
Bequests		-	-	-	-	328,910	328,910	22,234
Donations		6,142	750	-	8,699	191,134	206,725	165,402
Membership/Adoption		-	-	-	2,439,677	-	2,439,677	2,249,608
Retail Sales		1,021,592	324,992	-	-	-	1,346,584	1,255,038
Catering Sales		592,395	51,540	-	-	-	643,935	850,681
Tours Income		314,584	284,663	-	-	-	599,247	601,507
Events		236,538	-	-	-	903	237,441	201,551
Sundry Sales/Income		74,386	73,304	141	709,254	8,032	865,117	400,632
Grants	3	30,913	31,242	-	7,180,344	-	7,242,499	7,351,639
Total Revenue		7,924,371	2,596,613	141	10,337,974	1,751,064	22,610,163	21,149,979
EXPENSES								
Salaries, Wages & On-Costs		5,242,877	2,539,555	20,560	3,965,909	122,613	11,891,514	11,879,966
Animal Care		231,403	297,412	522	63,966	-	593,303	610,810
Maintenance Consumables		899,488	245,296	3,097	64,697	-	1,212,578	1,022,202
Cost of Sales		486,602	141,964	3,102	-	-	631,668	780,009
Conservation & Research Projects		-	-	-	1,584,528	-	1,584,528	1,733,981
Utilities		530,270	182,616	333	-	-	713,219	749,910
Marketing & Promotion		11,505	8,113	-	747,144	11,513	778,275	490,328
Tours & Experiences		373,018	705,256	-	18,298	-	1,096,572	806,106
Depreciation		-	-	-	2,440,039	-	2,440,039	2,812,909
Onerous Lease Expense		-	-	37,817	-	-	37,817	1,165,013
Other Expenses		276,429	90,894	31,928	891,092	16,366	1,306,709	1,703,190
Total Expenses		8,051,592	4,211,106	97,359	9,775,673	150,492	22,286,222	23,754,424

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 3: GOVERNMENT AND OTHER GRANTS

The South Australian Government provided general funding of \$5,276,637 (2013: \$5,195,975) during the year for capital and operating purposes. Other Grants (Government and non-Government) totalling \$1,965,862 (2013: \$2,155,664) were recognised as income and are provided for specific projects carried out by the Society. During the year all general funding received has been recognised as income. Specific purpose funding has been recognised in accordance with the various funding agreements.

NOTE 4: CASH AND CASH EQUIVALENTS

	Note	2014	2013
		\$	\$
Cash on hand		100,764	165,931
Cash at bank		645,834	165,750
Short-term investments – bank deposits		315,928	333,901
		1,062,526	665,581

NOTE 5: RECEIVABLES AND PREPAYMENTS

	Note	2014	2013
		\$	\$
Sundry Debtors		886,967	442,293
Sundry Debtors (China Wildlife Conservation Association)		2,139,738	1,078,167
Prepaid Expenses		12,448	63,423
GST Receivable		116,326	30,547
		3,155,479	1,614,430

The Society's exposure to credit and market risks, and impairment losses related to trade receivables are disclosed in Note 18.

NOTE 6: AVAILABLE FOR SALE INVESTMENTS

	Note	2014	2013
		\$	\$
Investments in listed corporations – at fair value			
- shares in listed corporations		9,729	8,501
		9,729	8,501

NOTE 7: HELD FOR SALE PROPERTY

	Note	2014	2013
		\$	\$
Balance at beginning of year – Fair Value		1,500,000	1,500,000
Change in Fair Value		-	-
Balance at end of year – Fair Value		1,500,000	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 during 2012. There have since been no significant changes to the fair value of the land at Monarto.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 8: PROPERTY, PLANT & EQUIPMENT

	Note	2014 \$	2013 \$
Land and Buildings at cost		46,820,689	46,636,811
Less: Accumulated Depreciation		(8,791,709)	(7,272,093)
		<u>38,028,980</u>	<u>39,364,718</u>
Exhibits at cost		15,785,240	15,581,118
Less: Accumulated Depreciation		(8,327,023)	(7,726,155)
		<u>7,458,217</u>	<u>7,854,963</u>
Plant & Equipment at cost		3,055,142	2,662,455
Less: Accumulated Depreciation		(2,086,831)	(1,823,222)
		<u>968,311</u>	<u>839,233</u>
Motor Vehicles at cost		1,547,375	1,374,497
Less: Accumulated Depreciation		(1,254,525)	(1,224,034)
		<u>292,850</u>	<u>150,463</u>
Construction in Progress			
- Adelaide		98,118	22,713
- Monarto		5,000	45,725
		<u>103,118</u>	<u>68,438</u>
Total Property, Plant & Equipment – net book value		<u>46,851,476</u>	<u>48,277,815</u>

Movement in the carrying amounts of Property Plant & Equipment:

	Land & Buildings	Exhibits	Plant & Equipment	Motor Vehicles	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	39,364,718	7,854,963	839,233	150,463	68,438	48,277,815
Additions	183,878	204,122	392,687	198,333	34,680	1,013,700
Disposals	-	-	-	-	-	-
Depreciation	(1,519,616)	(600,868)	(263,609)	(55,946)	-	(2,440,039)
Carrying Amount at the end of the year	<u>38,028,980</u>	<u>7,458,217</u>	<u>968,311</u>	<u>292,850</u>	<u>103,118</u>	<u>46,851,476</u>

NOTE 9: INVENTORIES

	Note	2014 \$	2013 \$
Raw Materials		-	3,102
Finished Goods		432,146	447,236
		<u>432,146</u>	<u>450,338</u>

During the period ended 30 June 2014, no inventories were considered non-recoverable and written off. (30 June 2013: \$Nil). As at 30 June 2014 no inventories were provided for as potentially impaired (30 June 2013: \$Nil).

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 10: EMPLOYEE BENEFITS

	Note	2014 \$	2013 \$
Current Liabilities			
Annual Leave		1,112,691	1,071,511
Sick Leave Bonus		196,584	184,387
Long Service Leave		1,132,356	977,348
		2,441,631	2,233,246
Non-Current Liabilities			
Long Service Leave		310,697	419,971
		310,697	419,971
Total		2,752,328	2,653,217

NOTE 11: LOANS AND BORROWINGS

This note provides information about the contractual terms of the Society's interest-bearing loans and borrowings, which are measured at amortised cost.

	Note	2014 \$	2013 \$
Financial arrangements. The Society has access to the following lines of credit:			
Total facilities available:			
Hire Purchase ¹		-	59,592
Fully Drawn Advance ²		2,160,727	2,379,924
Business Loan ³		7,500,000	7,500,000
		9,660,727	9,939,516
Facilities utilised at reporting date:			
Current			
Hire Purchase ¹		-	59,592
Fully Drawn Advance ²		229,343	219,197
Business Loan ³		1,500,000	1,500,000
		1,729,343	1,778,789
Non Current			
Hire Purchase ¹		-	-
Fully Drawn Advance ²		1,931,384	2,160,727
Business Loan ³		6,000,000	6,000,000
		7,931,384	8,160,727
Total		9,660,727	9,939,516

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.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

NOTE 11: LOANS AND BORROWINGS (Continued)

3. The business loan facility is held with Westpac Banking Corporation (Westpac). The facility is unsecured, matures in December 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.

NOTE 12: SUNDRY CREDITORS

	Note	2014 \$	2013 \$
Sundry Creditors		864,077	902,318
Accruals		544,801	432,125
Sundry Creditors (China Wildlife Conservation Association)		2,139,738	1,078,167
		3,548,616	2,412,610

NOTE 13: INCOME IN ADVANCE

	Note	2014 \$	2013 \$
Current Income in Advance			
Grants in Advance		472,792	616,694
Income Received in Advance		704,897	509,386
Westpac Sponsorship Benefit in Advance		500,000	500,000
Member Fees Received in Advance		1,064,824	1,034,374
		2,742,513	2,660,454
Non Current Income in Advance			
Westpac Sponsorship Benefit in Advance		1,000,000	1,500,000
		1,000,000	1,500,000
Total		3,742,513	4,160,454

NOTE 14: PROVISION FOR ONEROUS LEASE

	Note	2014 \$	2013 \$
Balance at beginning of year		1,165,013	-
Lease payments allocated to provision during the year		(112,096)	-
Provisions made during the year		37,817	1,165,013
Balance at end of year		1,090,734	1,165,013
Represented by:			
Current		96,122	112,096
Non Current		994,612	1,052,917
		1,090,734	1,165,013

During 2012/13, 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.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: COMMITMENTS

Capital Expenditure Commitments

There were no capital expenditure commitments at 30 June 2014 (2013: Nil)

	Note	2014	2013
		\$	\$
Operating Lease Expense Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable – minimum lease payments:			
- Within one year		65,420	96,737
- One year or later and no later than five years		27,125	58,235
- Later than five years		-	-
Total		92,545	154,972

NOTE 16: 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.

NOTE 17: 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.

Mr D Sanders	President	Appointed as President 28 th November 2013
Dr C Litchfield	President	Ceased 28 th November 2013
Mr R Hobbs	Vice President	
Mr K McGuinness	Elected Member	
Mr C Watts	Elected Member	
Mr G Crook	Elected Member	
Ms T Shepard	Elected Member	Appointed 28 th November 2013
Mr B Coombe	Co-Opted Member	
Ms K Thiele	Co-Opted Member	
Ms J Riedstra	Co-Opted Member	Appointed 27 th August 2013

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

Key management personnel disclosures

	2014	2013
	\$	\$
The totals of remuneration paid to key management personnel (KMP) of the association during the year are as follows:		
Key management personnel compensation	961,419	1,020,080

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 18: FINANCIAL RISK MANAGEMENT

The association's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and accounts receivable and payable.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2014 \$	2013 \$
Financial Assets			
Cash and cash equivalents	4	1,062,526	665,581
Receivables and Prepayments	5	3,155,479	1,614,430
Available-for-sale Investments	6	9,729	8,501
Total Financial Assets		4,227,734	2,288,512
Financial Liabilities			
Sundry Creditors	12	3,548,616	2,412,610
Loans and borrowings	11	9,660,727	9,939,516
Total Financial Liabilities		13,209,343	12,352,126

Refer to Note 16 for detailed disclosures regarding the fair value measurement of the association's financial assets.

NOTE 19: EVENTS AFTER BALANCE DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Society, the results of those operations, or the state of affairs of the Society as at the date of this report.

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

STATEMENT BY THE BOARD OF DIRECTORS

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

- (a) the Society is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 2 to 17 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012 , including:
 - (i) presents fairly in all material respects of the financial position of the Society as at 30 June 2014 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013; and
- (c) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.
- (d) Since the end of the previous financial year no Officer of the Society, no firm of which an Officer is a member, and no body corporate in which an Officer has a substantial financial interest, has received or become entitled to receive any benefit as a result of a contract between the Officer, firm or body corporate and the Society.
- (e) Since the end of the previous financial year no Officer of the Society has received directly or indirectly any payment or other benefit of a pecuniary value, other than in the case of officers employed by the Society, approved salaries which have been determined in accordance with general market conditions.

Signed in accordance with a resolution of the directors:

Dated at Adelaide this 15th day of October 2014.

D Sanders
President

K McGuinness
Director



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

To: the Directors of the Royal Zoological Society of South Australia Incorporated.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Scott Fleming
Partner

Adelaide

15 October 2014



Independent auditor's report to the members of the Royal Zoological Society of South Australia Incorporated

We have audited the accompanying financial report of the Royal Zoological Society of South Australia Incorporated (the Society), which comprises the statement of financial position as at 30 June 2014, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of Directors.

This audit report has also been prepared for the members of the Society pursuant to *Australian Charities and Not-for-profits Commission Act 2012* and the *Australian Charities and Not-for-profits Commission Regulation 2013* (ACNC) (collectively the Act and Regulations).

Board members' responsibility for the financial report

The Board of Directors of the Society are responsible for the preparation of the financial report that presents fairly in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the ACNC and the *Associations Incorporations Act 1985 (as amended)*. The Board of Directors' responsibility also includes such internal control as the Directors determine necessary to enable the preparation of the financial report that is fairly presented and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation of the financial report that is fairly presented in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the ACNC and the *Associations Incorporations Act 1985 (as amended)*, a view which is consistent with our understanding of the Society's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Independence

In conducting our audit, we have complied with the independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

Auditor's opinion

In our opinion, the financial report of the Royal Zoological Society of South Australia Incorporated is in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and the *Associations Incorporations Act 1985 (as amended)* including:

- (a) presenting fairly in all material respects the Society's financial position as at 30 June 2014 and its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2013*.

KPMG

Scott Fleming
Partner

Adelaide

15 October 2014