

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

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2012

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC.

STATEMENT OF COMPREHENSIVE INCOME - YEAR ENDED 30 JUNE 2012

	Note	2012	2011
		\$	\$
Revenue			
Revenue	2(a)	22,142,645	24,518,501
Total Revenue		<u>22,142,645</u>	<u>24,518,501</u>
Expenses			
Salaries, Wages & On-Costs		(12,482,348)	(12,789,136)
Animal Care		(628,227)	(676,617)
Maintenance Consumables		(1,212,321)	(1,252,464)
Cost of Sales		(807,813)	(987,412)
Conservation & Research Projects		(1,384,563)	(2,426,190)
Utilities		(643,215)	(609,505)
Marketing & Promotion		(457,593)	(392,016)
Safari & Other Tour Costs		(856,245)	(966,522)
Depreciation		(2,986,702)	(2,367,038)
Impairment of Assets		(1,846,338)	-
Printing		(224,224)	(251,604)
Other Expenses		(1,592,253)	(1,605,852)
Total Expenses	2(a)	<u>(25,121,842)</u>	<u>(24,324,356)</u>
Profit/(Loss) before Financing Income		<u>(2,979,197)</u>	194,145
Finance Income		44,087	18,264
Debt Forgiveness		13,216,968	-
Finance Expenses		(1,973,225)	(1,748,497)
Net Financing Income/(Expense)	2(b)	<u>11,287,830</u>	<u>(1,730,233)</u>
Profit/(Loss) for the Period		<u>8,308,633</u>	<u>(1,536,088)</u>
Other Comprehensive Income/Expense			
Change in fair value of available-for-sale equity securities		(3,337)	1,071
Total Other Comprehensive Income/(Loss) for period		<u>(3,337)</u>	<u>1,071</u>
Total Comprehensive Income/(Loss) for period		<u>8,305,296</u>	<u>(1,535,017)</u>
Attributable to:			
Members		8,305,296	(1,535,017)
Total recognised income and (expense) for the period		<u>8,305,296</u>	<u>(1,535,017)</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 2012

	Reserves	Retained funds	Total equity
	\$	\$	\$
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/(Expense)			
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
Balance at 1 July 2010	2,377	28,346,967	28,349,344
Profit/(Loss) for the period	-	(1,536,088)	(1,536,088)
Other Comprehensive Income			
Change in fair value of available-for-sale equity securities	1,071	-	1,071
Total Other Comprehensive Income for period	1,071	-	1,071
Total Comprehensive Income for period	1,071	(1,536,088)	(1,535,017)
Balance at 30 June 2011	3,448	26,810,879	26,814,327

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC.

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012**

	Notes	2012 \$	2011 \$
Current Assets			
Cash and Cash Equivalents	17	658,358	1,342,468
Term Deposit	4	100,000	-
Receivables and Prepayments	5	475,279	639,565
Inventories	9	665,882	874,188
Held for Sale Property	7	1,500,000	-
Total Current Assets		<hr/> 3,399,519	<hr/> 2,856,221
Non Current Assets			
Available-for-sale Investments	6	8,533	11,870
Property, Plant and Equipment	8	50,719,488	56,906,007
Total Non Current Assets		<hr/> 50,728,021	<hr/> 56,917,877
Total Assets		<hr/> 54,127,540	<hr/> 59,774,098
Current Liabilities			
Loans and Borrowings	12	1,600,651	24,652,679
Sundry Creditors	13	4,397,924	5,953,283
Employee Benefits	10	1,910,230	1,813,487
Total Current Liabilities		<hr/> 7,908,805	<hr/> 32,419,449
Non Current Liabilities			
Loans and Borrowings	12	8,656,744	92,914
Sundry Creditors	13	2,000,000	-
Employee Benefits	10	442,368	447,408
Total Non Current Liabilities		<hr/> 11,099,112	<hr/> 540,322
Total Liabilities		<hr/> 19,007,917	<hr/> 32,959,771
Net Assets		<hr/> 35,119,623	<hr/> 26,814,327
Reserves		111	3,448
Retained Funds		35,119,512	26,810,879
Accumulated Funds		<hr/> 35,119,623	<hr/> 26,814,327

To be read in conjunction with the accompanying notes

ROYAL ZOOLOGICAL SOCIETY OF SOUTH AUSTRALIA INC

**STATEMENT OF CASH FLOWS
YEAR ENDED 30 JUNE 2012**

	Note	2012 \$ Inflows (Outflows)	2011 \$ Inflows (Outflows)
Cash Flows from Operating Activities			
Receipts			
User Charges		12,469,565	15,626,042
Donations, Bequests and Sponsorships		2,306,190	1,842,971
Payments			
Wages and Salaries		(12,370,871)	(12,401,304)
Suppliers		(8,254,783)	(6,075,676)
Other		(1,384,563)	(2,426,192)
Net Cash Provided by/(Used in) Operating Activities	17	(7,234,462)	(3,434,159)
Cash Flows from Capital and Investing Activities			
Purchase of Property, Plant and Equipment		(146,521)	(926,842)
Proceeds from sale of available-for-sale investments		-	109,607
Interest and dividends received		44,087	18,264
Net Cash Provided by/(Used in) Capital and Investing Activities		(102,434)	(798,971)
Cash Flows from Financing Activities			
Net State Government Grants Received		5,700,000	5,126,000
Net Other Government Grants Received		1,882,257	1,852,944
Net Other Grants Received/(Utilised)		(85,016)	499,747
Acquisition of Term Deposit		(100,000)	-
Repayment of Borrowings		(2,754,917)	(561,548)
Proceeds from Borrowings		2,600,000	-
Payment of Interest		(589,538)	(1,748,497)
Net Cash Provided by Financing Activities		6,652,786	5,168,646
Net (Decrease)/Increase in Cash Held		(684,110)	935,516
Cash at the Beginning of the Year		1,342,468	406,952
Cash at the End of the Year	17	658,358	1,342,468

To be read in conjunction with the accompanying notes

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

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 is involved in the operation of the Adelaide Zoo, Monarto Zoo and Warrawong Sanctuary 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 16th October 2012.

(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 and held for sale property 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 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 offsets.

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 5 – Receivables and Prepayments
- Note 6 – Available for Sale Investments
- Note 7 – Held for Sale Property
- Note 8 – Property, Plant and Equipment
- Note 13 – Sundry Creditors
- Note 14 – 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

The financial statements have been prepared on a going concern basis. While the Society has a working capital deficiency of \$4,509,286, the current liabilities include \$2,535,145 of income received in advance which will not require repayment. Further, there are employee provisions of \$1,910,230, the majority of which are not forecast to be repaid within 12 months.

The operating loss before financing of \$2,979,197 includes non-cash expenses (depreciation and impairment charges) of \$4,833,040.

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. Accordingly, the Board considers it appropriate to prepare the financial statements on a going concern basis.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

(c) Revenue

(i) 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 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 2012**

(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 (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 2012**

(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.

(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 (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.

(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 2012

(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 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.

(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(j).

(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 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.

(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 Warrawong Sanctuary and/or repayment of debt.

(q) Segment Information

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

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

2(a) REVENUES AND EXPENSES

	Note	2012					2011	
		Adelaide Zoo	Monarto Zoo	Warrawong	Society	Future Zoo Foundation	Total	
		\$	\$		\$	\$	\$	\$
REVENUE								
Admissions	1(c)	4,781,259	1,308,862	-	-	-	6,090,121	7,767,277
Education	1(c)	536,511	139,331	113,410	-	-	789,252	639,457
Sponsorship	1(c)	-	-	-	-	1,031,873	1,031,873	1,007,514
Bequests	1(c)	-	-	-	-	1,130,016	1,130,016	533,738
Donations	1(c)	75	-	-	4,153	140,073	144,301	301,717
Membership/Adoption	1(c)	-	-	-	2,070,986	-	2,070,986	2,366,990
Retail Sales	1(c)	958,167	214,226	58,630	-	-	1,231,023	1,712,638
Catering Sales	1(c)	536,162	44,322	250,750	-	-	831,234	980,244
Tours Income		352,208	216,507	234,256	23,973	-	826,944	861,533
Events		164,304	-	-	-	7,738	172,042	229,659
Sundry Sales/Income		149,344	13,130	-	131,203	-	293,677	282,491
Grants	1(c),3	14,000	24,000	-	7,493,176	-	7,531,176	7,835,243
Total Revenue		7,492,030	1,960,378	657,046	9,723,491	2,309,700	22,142,645	24,518,501
EXPENSES								
Salaries, Wages & On-Costs		5,667,093	2,322,803	648,957	3,473,716	369,779	12,482,348	12,789,136
Animal Care		239,074	269,092	8,390	111,671	-	628,227	676,617
Maintenance Consumables		788,082	346,459	33,286	44,494	-	1,212,321	1,252,464
Cost of Sales		540,912	82,251	184,650	-	-	807,813	987,412
Conservation & Research Projects		-	108	-	1,384,455	-	1,384,563	2,426,190
Utilities		448,843	144,665	49,707	-	-	643,215	609,505
Marketing & Promotion		442,759	-	-	14,834	-	457,593	392,016
Safari & Other Tour Costs		263,321	592,924	-	-	-	856,245	966,522
Depreciation		-	-	-	2,986,702	-	2,986,702	2,367,038
Impairment of Assets		-	-	-	1,846,338	-	1,846,338	-
Printing/Postage/Stationery		57,278	14,377	5,511	142,756	4,302	224,224	251,604
Other Expenses		228,062	97,696	143,472	1,034,018	89,005	1,592,253	1,605,852
Total Expenses		8,675,424	3,870,375	1,073,973	11,038,984	463,086	25,121,842	24,324,356

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

2(b) NET FINANCING INCOME

	2012		2011	
	Society	Future Zoo Foundation	Total	
	\$	\$	\$	\$
Interest income	32,840	5,935	38,775	13,728
Dividends, Distributions and Franking Credits	-	5,312	5,312	4,536
Finance Income	32,840	11,247	44,087	18,264
Interest Expense	(1,973,225)	-	(1,973,225)	(1,748,497)
Finance Expenses	(1,973,225)	-	(1,973,225)	(1,748,497)
Debt Forgiveness	13,216,968		13,216,968	-
Debt Forgiveness	13,216,968		13,216,968	-
Net Finance Income	11,276,583	11,247	11,287,830	(1,730,233)

3. GOVERNMENT GRANTS

The South Australian Government provided general funding of \$5,700,000 (2011: \$5,126,000) during the year for capital and operating purposes. Other Government Grants totalling \$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

Deposits of \$100k (2011: nil) have an initial term of 180 days and mature in August 2012.

5. RECEIVABLES AND PREPAYMENTS

	2012	2011
	\$	\$
Sundry Debtors	446,523	405,678
Prepaid Expenses	28,756	191,630
GST Debtor	-	42,257
	475,279	639,565

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

6. AVAILABLE FOR SALE INVESTMENTS

Investments in listed corporations – at fair value

- Life Members Fund	8,533	11,870
	8,533	11,870

7. HELD FOR SALE PROPERTY

Land at Monarto – at Cost	2,877,659	-
Asset Impairment	(1,377,659)	-
	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 and efforts to sell the land have commenced.

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 less costs to sell.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

8. PROPERTY, PLANT & EQUIPMENT

	2012 \$	2011 \$
Land and Buildings at cost	46,589,412	49,782,251
Less: Accumulated Depreciation	(5,584,077)	(3,993,982)
	<u>41,005,335</u>	<u>45,788,269</u>
Exhibits at cost	15,511,102	16,267,136
Less: Accumulated Depreciation	(7,123,660)	(7,019,490)
	<u>8,387,442</u>	<u>9,247,646</u>
Plant & Equipment at cost	2,538,776	3,419,615
Less: Accumulated Depreciation	(1,434,585)	(1,959,559)
	<u>1,104,191</u>	<u>1,460,056</u>
Motor Vehicles at cost	1,334,319	1,522,649
Less: Accumulated Depreciation	(1,142,692)	(1,187,261)
	<u>191,627</u>	<u>335,388</u>
Construction in Progress		
- Adelaide	8,244	8,244
- Monarto	22,649	66,404
	<u>30,893</u>	<u>74,648</u>
Total Property, Plant & Equipment – net book value	<u>50,719,448</u>	<u>56,906,007</u>

Movement in the carrying amounts of Property Plant & Equipment:

2011	Buildings	Exhibits	Plant & Equipment	Motor Vehicles	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$
Balance at beginning of year	46,598,322	9,841,691	1,340,804	484,227	81,159	58,346,203
Additions	369,144	1,400	465,678	6,636	83,984	926,842
Transfers from CIP	-	70,495	20,000	-	-	90,495
Transfers to PPE	-	-	-	-	(90,495)	(90,495)
Disposal	-	-	-	-	-	-
Depreciation	(1,179,197)	(665,940)	(366,426)	(155,475)	-	(2,367,038)
Carrying Amount at the end of the year	<u>45,788,269</u>	<u>9,247,646</u>	<u>1,460,056</u>	<u>335,388</u>	<u>74,648</u>	<u>56,906,007</u>

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012

2012	Land & 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)
Transfers 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

9. INVENTORIES

	2012 \$	2011 \$
Raw Materials	15,621	12,902
Finished Goods	650,261	861,286
	665,882	874,188

10. EMPLOYEE BENEFITS

	2012 \$	2011 \$
<u>Current Liabilities</u>		
Annual Leave	1,036,848	1,092,382
Long Service Leave	873,382	721,105
	1,910,230	1,813,487
<u>Non-Current Liabilities</u>		
Long Service Leave	442,368	447,408
	442,368	447,408
Total	2,352,598	2,260,895

11. AUDITORS' REMUNERATION

The Auditor of the Society received the following remuneration:	2012 \$	2011 \$
Audit Services	25,000	23,000
Total Remuneration	25,000	23,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

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 18.

Financial arrangements	2012 \$	2011 \$
The Society has access to the following lines of credit:		
Total facilities available:		
Bank Overdraft ¹	-	100,000
Hire Purchase ²	157,395	315,593
Commercial Bills Facility ¹	-	17,000,000
Fully Drawn Advance/ Business Loan ³	10,100,000	7,680,000
	10,257,395	25,095,593
Facilities utilised at reporting date:		
Current		
Hire Purchase ²	100,651	222,679
Commercial Bills ¹	-	16,750,000
Business Loan ³	1,500,000	7,680,000
	1,600,651	24,652,679
Non Current		
Hire Purchase ²	56,744	92,914
Fully Drawn Advance ⁴	2,600,000	-
Business Loan ³	6,000,000	-
	8,656,744	92,914
Total	10,257,395	24,745,593
Facilities not utilised at reporting date:		
Bank overdraft ¹	-	100,000
Commercial Bills ¹	-	250,000
	-	350,000

1. These facilities were renegotiated during the period and are not available as at 30 June 2012.
2. Hire purchase liabilities are effectively secured as rights to the leased assets revert to the lessor in the event of default.
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.
4. 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Non-Compliance with Loan Agreement

As disclosed in the financial statements at 30/06/2011, the Society was in breach of its banking covenants until its financial arrangements were renegotiated with Westpac in November 2011. The renegotiated facilities required the Society to engage real estate agents by certain dates to advise on the sale of surplus land.

As at the date of this report, the Society has not appointed agents as required under the Finance Facility Agreement with Westpac. Discussions are ongoing with Westpac with respect to the best strategy and process to such appointment. Westpac has reserved its rights in relation to failure to appoint an agent by the required dates.

13. SUNDRY CREDITORS

	2012	2011
	\$	\$
<u>Current Liabilities</u>		
Sundry Creditors	1,249,848	2,890,325
Sundry Creditors (CWCA)	-	933,027
Government Grants in Advance	247,677	172,232
Other Grants in Advance	295,656	405,036
Accruals	384,923	240,822
Income Received in Advance	521,632	447,107
Westpac Sponsorship Benefit in Advance	500,000	-
GST	228,008	-
Member Fees Received in Advance	970,180	864,734
	<hr/> 4,397,924	<hr/> 5,953,283
 <u>Non-Current Liabilities</u>		
Westpac Sponsorship Benefit in Advance	2,000,000	-
	<hr/> 2,000,000	<hr/> -
Total	<hr/> 6,397,924	<hr/> -

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

14. COMMITMENTS

Capital Expenditure Commitments

There were no capital expenditure commitments at 30th June 2012 (2011: Nil)

Non-Cancellable Operating Lease Expense Commitments

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

- Within one year	210,804	211,653
- One year or later and no later than five years	561,878	573,420
- Later than five years	954,800	1,074,150
Total	1,727,482	1,859,223
Charged to Statement of Comprehensive Income for year	231,028	223,092

15. 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.

16. 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:

Mr K McGuinness	President	Appointed 26 th November 2009
Dr C Litchfield	Vice President	Appointed 29 th November 2001
Mr N Newland	Elected Member	Appointed 30 th November 2006
Mr R Hobbs	Elected Member	Appointed 25 th November 2010
Mr C Watts	Elected Member	Appointed 27 th November 2008
Mrs L Kent	Elected Employee Representative	Appointed 25 th November 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.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Key management personnel disclosures

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

Executive Staff

Dr C West	Chief Executive (until 22 nd June 2012)
Mr S Habel	Executive Director, Conservation Ark (until 6 th July 2012)
Mr G Holland	Director, Living Collections (until June 2011)
Mr J Grenfell	Executive Director of Wild Business
Mr T Russo	Chief Financial Officer (until 6 th July 2012)
Mr P Clark	Director, Wild Africa
Ms R Hall	Education Manager – Employed by D.E.C.S
Ms Vicky Whiteway	Human Resources Manager
Ms Sarah Brown	Executive Director, Wild Times

Transactions with key management personnel

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

	2012	2011
	\$	\$
Short Term Employee Benefits	889,291	976,480
Other Long Term Benefits	(5,259)	34,163
	<hr/> 884,032	<hr/> 1,010,643
Comprising:		
Directors	-	-
Executives	7	8
	<hr/> 7	<hr/> 8

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

17. 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:

	2012	2011
	\$	\$
Cash on Hand and at Bank	658,358	409,441
Cash at Bank (USD) (CWCA)	-	933,027
	658,358	1,342,468

Reconciliation of Cash flows from Operating Activities

Profit/(Loss) for the period	8,308,633	(1,536,088)
Depreciation	2,986,702	2,367,038
Asset Impairment	1,846,338	-
Grants	(7,531,176)	(7,835,243)
Net (Profit)/Loss on Sale of available-for-sale investments & other assets	-	(9,958)
Debt Forgiveness	(13,216,968)	-
Interest and dividend income	(44,087)	(18,264)
Interest expense	1,973,225	1,748,497
Operating (Deficit)/Surplus before changes in working capital and employee entitlements	(5,677,333)	(5,284,018)

Change in Assets and Liabilities

(Increase)/Decrease in Receivables and Prepayments	164,286	795,711
(Increase)/Decrease in Inventories	208,306	(49,278)
Increase/(Decrease) in Sundry Creditors	(2,021,424)	809,219
Increase/(Decrease) in Employee Entitlements	91,703	294,207
Net Cash From/ (Used in) Operating Activities	(7,234,462)	(3,434,159)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

18. 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 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

	2012 \$	2012 \$	2011 \$	2011 \$
	Gross	Impairment provision	Gross	Impairment provision
Not Past Due	404,173	-	190,875	-
Past Due 0-30 days	3,816	-	114,171	-
Past Due 31-60 days	11,545	-	64,581	-
More than 61 days	26,989	-	36,051	-
	<u>446,523</u>	<u>-</u>	<u>405,678</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 2012**

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	1,862,779	(1,862,779)	(1,862,779)	-	-	-
Fully Drawn Advance – Unsecured	2,600,000	(3,238,241)	(323,824)	(323,824)	(971,472)	(1,619,121)
Other Loans – Secured	157,395	(157,395)	(100,651)	(56,744)	-	-
Unsecured bank loans*	7,500,000	(9,000,000)	(297,534)	(301,644)	(8,400,822)	-
Total	12,120,174	(14,258,415)	(2,584,788)	(682,212)	(9,372,294)	(1,619,121)

*The Society has not complied with the terms of the Finance Facility with Westpac as set out in note 12.

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.

	2012 \$	2011 \$
Fixed rate instruments		
Financial assets		
Financial liabilities	(10,257,395)	(315,593)
Variable rate instruments		
Financial assets	758,358	1,342,468
Financial liabilities	-	(24,430,000)

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

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.

	2012			2011		
	Carrying amount \$	-10%	+10%	Carrying amount \$	-10%	+10%
Listed Equities	8,533	(853)	853	11,870	(1,187)	1,187
Total increase/(decrease) in equity		(853)	853		(1,187)	1,187

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.

	2012			2011		
	Carrying amount \$	-1%	+1%	Carrying amount \$	-1%	+1%
Cash	658,358	(328)	328	1,342,168	(137)	137
Term Deposit	100,000	(59)	59			
Fully Drawn Advance	-	-	-	(7,680,000)	4,360	(4,360)
Commercial Bills	-	-	-	(17,010,253)	12,375	(12,375)
Loans	10,100,000	-	-			
Total increase/(decrease) in profit		(387)	387		16,598	(16,598)

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 Balance Sheet and in the notes to the financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2012**

Fair Values

Fair values versus carrying amounts

All the financial assets and liabilities in the balance sheet have a carrying value equal to their fair value.

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.

19. Subsequent Events

The Society has not complied with the terms of the Finance Facility with Westpac as set out in Note 12.

Other than the matter discussed above, 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 of the Society, to affect significantly the operations of the Society, the results of those operations, or the state of affairs of the Society, in future financial years.

STATEMENT BY THE BOARD OF DIRECTORS

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 24 are drawn up so as to present fairly the results and cash flows for the financial year ended 30 June 2012, and the state of affairs at 30 June 2012;
 - (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 16 day of OCTOBER 2012


K. McGuinness
President

C Litchfield
Vice President



Signed in accordance with a resolution of the Board of Directors