DEPARTMENT OF **NATURAL RESOURCES, ENVIRONMENT, THE ARTS AND SPORT**

Financial Statements

Financial Statements

The Agency comprises two reporting entities for the purposes of the *Financial Management Act*:

- The Department of Natural Resources, Environment, The Arts and Sport; and
- Territory Wildlife Parks Government Business Division.

This requires the Agency to prepare separate financial statements for inclusion in the annual report.

Accordingly, two separate sets of financial statements are provided:

- The Department of Natural Resources, Environment, The Arts and Sport (the Department); and
- Territory Wildlife Parks.

The Department Financial Statement Overview

This section of the report provides an analysis of the financial outcome of the Department of Natural Resources, Environment, The Arts and Sport for the year ended 30 June 2012.

Unlike prior years, consolidated statements incorporating the Territory Natural Resource Management Board Incorporated (TNRMB) are not reported. Following a change in the TNRMB constitution the Department no longer has control over appointing members to the Board negating consolidated reporting requirements.

Financial Performance

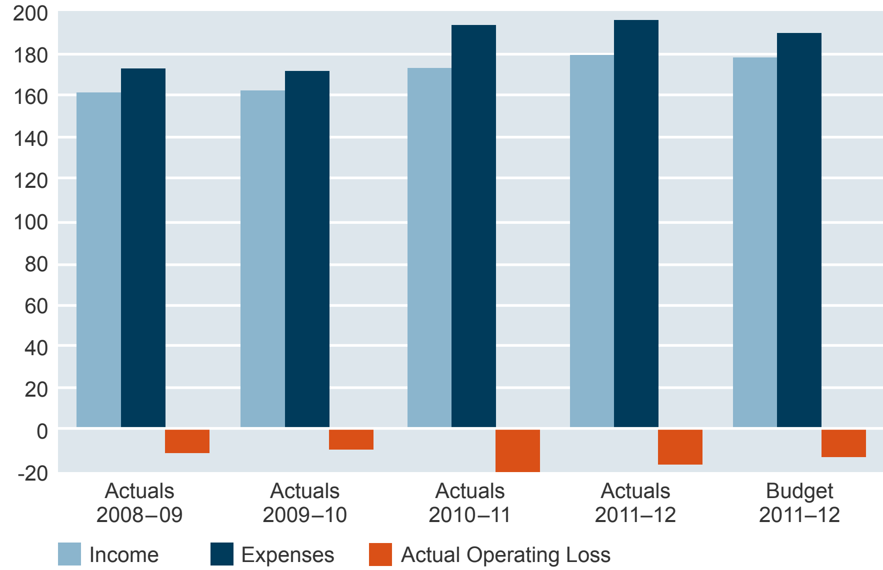
In 2011–12, the Department made a loss of $16.1 million against a budgeted loss of $13.9 million.

Major factors contributing to the budget over spend of $2.2 million include:

- $1.4 million to transfer Parks titles under the *Framework for the Future Act* back to the Indigenous Traditional Owners. Under the Framework, Parks are leased back to the Territory under Joint Management terms and rent is payable to Traditional Owners; and
- $1.2 million for the provision of one off grants to support sporting events, environmental initiatives and the operation of the Godinymayin Yijard Rivers Arts and Culture Centre.

The operating result is shown graphically below.

$M's ***Operating Result***



Income – Where the dollars came from

The Department received income of $179.7 million in 2011–12, a $6.8 million increase compared to 2010–11 and an increase of $0.8 million compared to budget.

The Department is funded primarily through Northern Territory Parliamentary appropriation. The next major income source is Australian Government grants and appropriation, and grants from other external funding bodies. Charges for our goods and services also generate income for the Department. Notional revenue for corporate services provided by the Northern Territory Government's Department of Business and Employment is also recognised. This income (and an associated expense item) allows the Department to bring to account the full cost of corporate services it requires to operate.

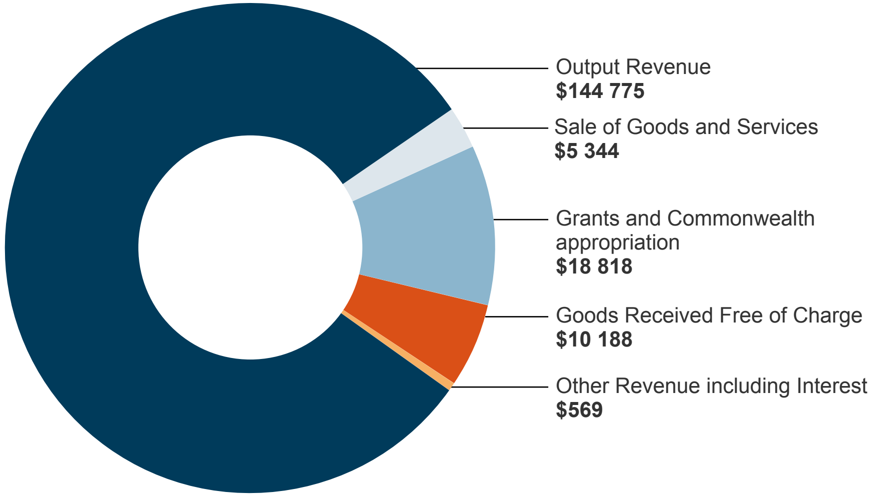
Output Revenue

In 2011–12 output revenue increased by $1.1 million as a result of one-off funding and new government initiatives including Nightcliff foreshore infrastructure, investment in conservation and Indigenous employment and funding for natural disaster recovery including Central Australian Fires and Tropical Cyclone Grant. The increase was offset by the cessation of 2010–11 one off initiatives predominately the biennial Arafura Games and capital grants. This represents a 7 per cent increase over the last three years.

Grants and Commonwealth Appropriation

The Department continues to attract a significant amount of external funding. In 2011–12 $18.8 million was received, including $10.6 million from the Australian Government. This represents a 65 per cent increase during the last three years and a 52 per cent or $6.4 million increase over last year. Additional funding secured mainly relates to $2.7 million for the Australian Government Caring for our Country partnership agreement, $1 million for feral camel management, $1.5 million for fire management and $0.7 million to support the delivery of the Defence of Darwin Experience facility.

Income by Source $'000



Sale of Goods and Services

In 2011–12, income from the sale of goods and services totalled $5.3 million, a decrease of $1.6 million from the prior year. This decrease relates to the change in arrangements with TNRMB ($0.9 million), where staff are now contracted directly to the Board rather than through the Department and the impact of Arafura Games being held biennially ($0.7 million). There has been a 16 per cent increase during the last three years after adjusting the base year for the TNRMB changes.

Sales of goods and services were $0.2 million ahead of budget reflecting additional drilling services revenue received.

Table A illustrates the trend in income streams:

Table A

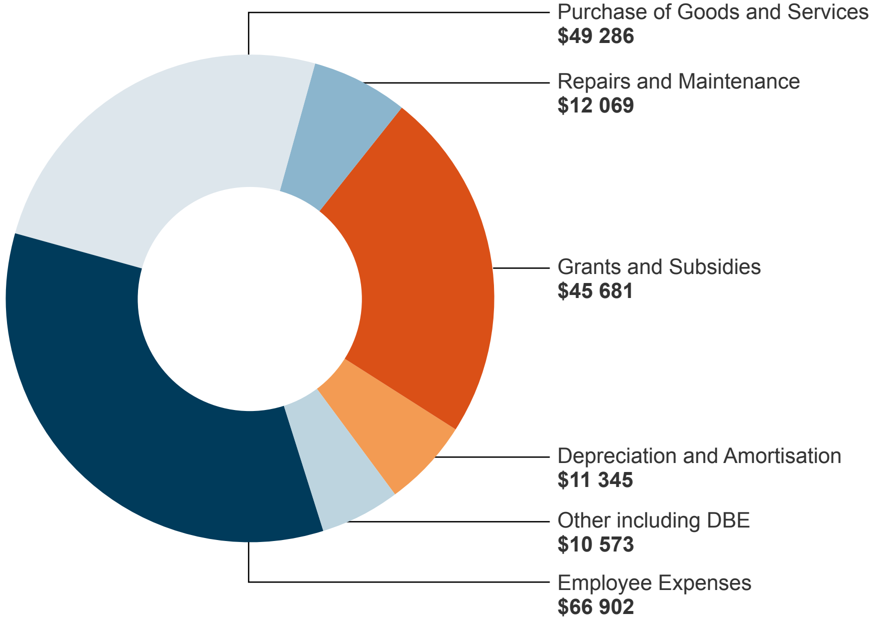
Income Trend Analysis $'000	Actual 2008–09	Actual 2009–10	Actual 2010–11	Actual 2011–12	Budget 2011–12
Output Revenue	135 432	136 603	143 685	144 775	144 775
Sale of Goods and Services	5 456	5 859	6 949	5 344	5 099
Grants and Commonwealth appropriation	11 385	9 886	12 380	18 818	19 049
Goods Received Free of Charge	8 476	9 482	9 363	10 188	9 819
Other Revenue including Interest	776	493	534	569	113
Income Total	161 525	162 323	172 911	179 694	178 855

Expenses – Where the dollars were spent

The Department incurred $195.9 million in expenses during 2011–12 in the delivery of its programs and services. This was $3.5 million more than budget and an increase of $2.2 million over the prior year.

Payments to employees and purchase of goods and services account for 59 per cent of the Department's outlays. Payments of grants and subsidies and repairs and maintenance are the other major Departmental expenses, with depreciation and corporate charges levied by the Northern Territory Government's Department of Business and Employment representing non-cash transactions.

Expenses by Category $'000



Employee expenses

Staffing costs represent 34 per cent of total expenditure and have increased 4 per cent during the last three years. Employee expenses were as budgeted for 2011–12 but $1.6 million lower than 2010–11. The decrease from the previous year is largely attributed to:

- A reduction in staffing numbers by 114 staff to 925 employees at 30 June 2012;
- Arafura Games only occurring every two years, last held 2010–11; and
- TNRMB change in arrangements where staff are now contracted directly to the Board.

The decrease is off-set by a 3 per cent pay increase for all employees as negotiated under the *2008–10 Northern Territory Public Sector Workplace Agreement.*

Goods and Services Expenses

Actual spend on the purchase of goods and services in 2011–12 was $49.3 million, $2.6 million more than budget and $2.3 million more than 2010–11. The overspend to budget was primarily a result of land rent paid for jointly managed parks, outsourcing of the management of Leanyer Recreation Park and Palmerston Water Park, contributions to national weed programs and costs associated with bore testing in the rural area.

The major items contributing to the increase in expenses over the prior year included additional externally funded project expenditure off-set by a decrease in expenditure relating to the delivery of the Arafura Games in 2010–11.

Grants and Subsidies

In 2011–12 the Department distributed $45.7 million in grants and subsidies ($45.5 million 2010–11) against a $44.5 million budget.

The increase of $1.2 million against the budget related to payments to support:

- Operation of the Godinymayin Yijard Rivers Arts and Culture Centre ($0.5 million);
- Delivery of the Pan Hellenic Games ($0.2 million); and
- Environmental initiatives ($0.4 million).

Grants of $27.3 million ($31.2 million 2010–11) were paid to recipients including art organisations, natural resource management and biodiversity conservation community groups, and sport and recreation bodies.

A community service obligation payment of $9.4 million ($7.9 million 2010–11) was paid to the Territory Wildlife Parks for the delivery of non-commercial functions. The one-off increase reflects funding for urgent repairs needed at Territory Wildlife Park in Berry Springs.

Externally funded grant payments of $8.9 million ($6.4 million in 2010–11) reflect the significant increase in external funding received in 2011–12 that is distributed as grant payments.

Repairs and Maintenance

Actual repairs and maintenance expenditure was $12.1 million against a budget of $12.8 million. The underspend of $0.7 million relates to a lead contractor on a major project being placed into administration and implementation problems associated with the introduction of a new asset management system.

Repairs and maintenance expenditure is $0.4 million lower than the previous year due to the completion of externally funded repairs and maintenance in 2010–11.

Table B below illustrates the trends by expense category:

Table B

Expenses Trend Analysis $'000	Actual 2008–09	Actual 2009–10	Actual 2010–11	Actual 2011–12	Budget 2011–12
Employee Expenses	64 214	66 202	68 479	66 902	66 974
Purchase of Goods and Services	42 798	40 176	46 375	49 286	46 669
Repairs and Maintenance	10 539	12 141	12 449	12 069	12 834
Grants and Subsidies	38 483	35 129	45 504	45 681	44 467
Depreciation and Amortisation	8 175	8 470	11 285	11 345	11 544
Other including Department of Business and Employment Services received Free of Charge	8 803	9 700	9 538	10 573	9 819
Expense Total	**173 012**	**171 818**	**193 630**	**195 856**	**192 307**

Balance Sheet

The balance sheet provides a summary of the Department's balances at the end of the financial year for assets, liabilities and equity.

Assets – What We Control

The Department's total assets of $423.7 million at 30 June 2012 represent a $113.2 million increase over the previous year.

The Department's largest asset group is physical property, plant and equipment that valued $357.1 million at 30 June 2012 ($302 million 2010–11). The increase is mainly as a result of the transfer of completed assets from the Northern Territory Government's Department of Construction and Infrastructure ($65.3 million), other agency asset transfers ($0.8 million), offset by depreciation ($11.3 million).

The Department also holds a significant collection of art and cultural assets at the Museums and Art Galleries of the Northern Territory.

The heritage and cultural collection was valued for the first time by the Australian Valuation Office and recognised in the financial statements at $61.6 million. The natural sciences and archaeology collection has also been valued with a preliminary value of $57 million, but this has not been recognised at this time.

Liabilities – What We Owe

The Department's liabilities total $17.8 million as at 30 June 2012 representing a decrease of $6.7 million from 2010–11. The decrease mainly reflects the reduction in deposits held and payables.

The $17.8 million balance of liabilities consists of:

- Deposits held of $0.9 million (2010–11 $4.3 million) to recognise the liability for money held on behalf of third parties including balances in the Accountable Officer's Trust Account and money in the Natural Heritage Trust Single Holding Account held on behalf of the Australian Government;
- Payables of $5 million (2010–11 $8.5 million) representing the amount owed to creditors for goods and services purchased and received;
- Provisions for employee entitlements of $11.7 million (2010–11 $11.4 million) such as recreation leave, leave loading and leave fares to reflect the cost in present day dollars of employee entitlements that are to be paid in the future; and
- Unearned revenue of $0.2 million (2010–11 $0.2 million) representing the amount received for services not yet provided.

Table C illustrates the trend for net assets/equity:

Table C

Balance Sheet Trend Analysis $'000	Actuals 2008–09	Actuals 2009–10	Actuals 2010–11	Actuals 2011–12
Assets	218 943	280 620	310 460	423 747
Liabilities	(24 346)	(22 167)	(24 477)	(17 788)
Net Assets/ Equity	194 597	258 453	285 983	405 959

Our Equity – What we are worth

Equity reflects the Department's net assets (what we own or control) less the liabilities that we are accountable for (what we owe). Equity as at June 2012 was $405.9 million, an increase of $119.9 million over the previous year. The categories of movement in Equity are explained in the Statement of Changes in Equity.

Statement of Changes in Equity

This statement expands on the equity movements in the categories of capital, reserves and accumulated funds.

Movements in capital of $74.5 million primarily relate to the transfer into the Department of $66.3 million of property, plant and equipment, $0.8 million capital appropriation for the purchase of capital items and a $7.4 million equity cash injection to reinstate cash balances.

The revaluation reserve increased significantly by $61.6 million as a result of the valuation of the heritage and cultural assets collection in 2011–12.

Accumulated funds move each year by the profit or loss of the Department. In 2011–12 accumulated funds reduced by $16.2 million representing the 2011–12 reported loss.

Cash Flow Statement

The cash flow statement provides information on how cash was received and spent during the year.

The Department's cash balances were $2 million at 30 June 2012, a decrease of $0.5 million from 2010–11.

The cash flows are summarised as follows:

	2012 $'000	2011 $'000
Cash received	187 152	173 873
Less Cash spent	(187 657)	(181 702)
Net (decrease) in Cash Held	(505)	(7 829)
Cash at Beginning of Financial Year	2 525	10 354
Cash at End of Financial Year	**2 020**	**2 525**

Certification of the Financial Statements

We certify that the attached financial statements for the Department of Natural Resources, Environment, The Arts and Sport have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2012 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

....	....
Jim Grant	**Joanna Frankenfeld**
Chief Executive	**Chief Financial Officer**
31 August 2012	31 August 2012

Comprehensive Operating Statement as at 30 June 2012

INCOME	Note	2012 $'000	2011 $'000
Grants and subsidies revenue			
Current		13 937	7 085
Capital		86	-
Appropriation			
Output		144 775	143 685
Commonwealth		4 795	5 295
Sales of goods and services		5 344	6 949
Interest revenue		94	141
Goods and services received free of charge (1)	4	10 188	9 363
Assets acquired at nil consideration		5	-
Other income		470	393
Total Income	3	**179 694**	**172 911**
EXPENSES			
Employee expenses		66 902	68 479
Administrative expenses			
Purchases of goods and services	6	49 286	46 375
Repairs and maintenance		12 069	12 449
Depreciation and amortisation	10, 11a, b	11 345	11 285
Other administrative expenses (1)		10 251	9 392
Grants and subsidies expenses			
Current		33 869	30 299
Capital		2 394	7 290
Community service obligations		9 418	7 915
Interest expenses	17	94	141
Loss on disposal of assets	5	228	5
Total Expenses	3	**195 856**	**193 630**
NET (DEFICIT)	15	(16 162)	(20 719)
Other Comprehensive Income			
Asset revaluation reserve		61 608	6 747
Total Other Comprehensive Income		**61 608**	**6 747**
COMPREHENSIVE RESULT		**45 446**	**(13 972)**

[1] Includes DBE service charges. The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

Balance Sheet as at 30 June 2012

ASSETS	Note	2012 $'000	2011 $'000
Current Assets			
Cash and deposits	7	2 020	2 525
Receivables	8	1 751	2 534
Accrued revenue		43	-
Inventories	9	416	375
Prepayments		685	2 870
Total Current Assets		4 915	8 304
Non-Current Assets			
Property, plant and equipment	10	357 108	301 992
Intangible assets	11a	88	134
Heritage and cultural assets	11b	61 636	30
Total Non-Current Assets		418 832	302 156
Total Assets		**423 747**	**310 460**
LIABILITIES			
Current Liabilities			
Deposits held	14	898	4 307
Payables	12	5 005	8 538
Provisions	13	7 937	7 887
Other liabilities	14	180	231
Total Current Liabilities		14 020	20 963
Non-Current Liabilities			
Provisions	13	3 768	3 514
Total Non-Current Liabilities		3 768	3 514
Total Liabilities		**17 788**	**24 477**
NET ASSETS		**405 959**	**285 983**
EQUITY	15		
Capital		335 979	261 449
Reserves		144 411	82 803
Accumulated funds		(74 431)	(58 269)
Total Equity		**405 959**	**285 983**

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

2011–12	Note	Equity at 1 July $'000	Comprehensive Result $'000	Transactions with owners in their capacity as owners $'000	Equity at 30 June $'000
Accumulated Funds		(58 269)	(16 162)	-	(74 431)
Reserves					
Asset Revaluation Reserve	15	82 803	61 608	-	144 411
Capital –Transactions with Owners		261 449	-	-	261 449
Equity Injections					
Capital Appropriation		-	-	770	770
Equity Transfers In		-	-	66 437	66 437
Other equity injections		-	-	7 421	7 421
Equity Withdrawals					
Equity Transfer Out		-	-	(98)	(98)
		261 449	-	74 530	335 979
TOTAL EQUITY AT 30 JUNE		**285 983**	**45 446**	**74 530**	**405 959**
2010–11					
Accumulated Funds		(37 550)	(20 719)	-	(58 269)
Reserves					
Asset Revaluation Reserve	15	76 056	6 747	-	82 803
Capital –Transactions with Owners		219 947	-	-	219 947
Equity Injections					
Capital Appropriation		-	-	785	785
Equity Transfers In		-	-	40 717	40 717
		219 947	**-**	**41 502**	**261 449**
TOTAL EQUITY AT 30 JUNE		**258 453**	**(13 972)**	**41 502**	**285 983**

This Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

Cash Flow Statement for the year ended 30 June 2012

	Note	2012 $'000 (Outflows) / Inflows	2011 $'000 (Outflows) / Inflows
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Grants and subsidies received			
Current		13 937	7 085
Capital		86	-
Appropriation			
Output		144 775	143 685
Commonwealth		4 795	5 295
Receipts from sales of goods and services		15 251	16 878
Interest received		106	143
Total Operating Receipts		178 950	173 086
Operating Payments			
Payments to employees		(66 627)	(68 170)
Payments for goods and services		(71 126)	(66 817)
Grants and subsidies paid			
Current		(33 869)	(30 299)
Capital		(2 394)	(7 290)
Community service obligations		(9 418)	(7 915)
Interest paid		(106)	(143)
Total Operating Payments		(183 540)	(180 634)
Net Cash (Used In) Operating Activities	16	**(4 590)**	**(7 548)**

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

Cash Flow Statement for the year ended 30 June 2012

	Note	2012 $'000 (Outflows) / Inflows	2011 $'000 (Outflows) / Inflows
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Receipts			
Proceeds from asset sales	5	11	2
Total Investing Receipts		11	2
Investing Payments			
Purchases of assets	10	(619)	(847)
Total Investing Payments		(619)	(847)
Net Cash (Used In) Investing Activities		**(608)**	**(845)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Equity injections			
Capital appropriations	15	770	785
Other equity injections		7 421	-
Total Financing Receipts		8 191	785
Financing Payments			
Deposits paid		(3 408)	(221)
Equity withdrawals		(90)	-
Total Financing Payments		(3 498)	(221)
Net Cash From Financing Activities		**4 693**	**564**
Net (Decrease) in cash held		(505)	(7 829)
Cash at beginning of financial year	7	2 525	10 354
CASH AT END OF FINANCIAL YEAR		**2 020**	**2 525**

The Cash Flow Statement is to be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1. Objectives and Funding

The Department of Natural Resources, Environment, The Arts and Sport's purpose is to work with Territory communities to:

1. ensure the demands on natural resources are kept within sustainable limits;
2. celebrate their unique histories; and
3. foster lifelong artist expression and involvement in sport and recreation.

Additional information in relation to the Department and its principal activities may be found in the Performance Reporting section on page 79 of the Annual Report.

The Department is predominantly funded by, and dependent on, the receipt of Parliamentary appropriation. The financial statements encompass all funds through which the Department controls resources to carry on its functions and deliver outputs. For reporting purposes, outputs delivered by the Department are summarised into five Output Groups as follows:

- Protected Areas and Conservation;
- Natural Resources;
- Environment and Heritage;
- Arts and Culture; and
- Sport and Recreation.

Note 3 provides summary financial information in the form of a Comprehensive Operating Statement by Output Group.

2. Statement of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires the Department of Natural Resources, Environment, The Arts and Sport to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The Department financial statements are to include:

(i) a Certification of the Financial Statements;

(ii) a Comprehensive Operating Statement;

(iii) a Balance Sheet;

(iv) a Statement of Changes in Equity;

(v) a Cash Flow Statement; and

(vi) applicable explanatory notes to the financial statements.

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra Department transactions and balances have been eliminated.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

The form of the Department financial statements is also consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated. The Standards and Interpretations and their impacts are:

AASB 124 Related Party Disclosures (December 2009), AASB 2009–12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]

The Standards amend the requirements of the previous version of AASB 124 to clarify the definition of a related party, provide a partial exemption from related party disclosure requirements for government-related entities and include an explicit requirement to disclose commitments involving related parties. The Standards do not impact the financial statements.

AASB 2010–4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Interpretation 13]

The Standard amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements. Key amendments include clarification of content of statement of changes in equity (AASB 101) and financial instrument disclosures (AASB 7). The Standard does not impact the financial statements.

AASB 2010–5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard does not impact the financial statements.

(b) Australian Accounting Standards and Interpretations Issued but not yet Effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 9 Financial Instruments (Dec 2010), AASB 2010–7 Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]

AASB 9 incorporates revised requirements for the classification and measurement of financial instruments resulting from the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement). Effective for annual reporting period beginning on or after 1 January 2013.

AASB 13 Fair Value Measurement*, AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]

Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The Standard defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. Effective for annual reporting period beginning on or after 1 January 2013.

AASB 2011–7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*

Makes consequential amendments to a range of Standards and Interpretations in light of the issuance of AASB 10 *Consolidated Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities*. Effective for annual reporting period beginning on or after 1 January 2013.

The Standards will not have a financial impact on the financial statements but will require a number of changes in disclosures.

(c) Department and Territory Items

The financial statements of the Department of Natural Resources, Environment, The Arts and Sport include income, expenses, assets, liabilities and equity over which the Department has control (Department items). Certain items, while managed by the Department, are controlled and recorded by the Territory rather than the Department (Territory items). Territory items are recognised and recorded by the Central Holding Authority as discussed below.

Central Holding Authority

The Central Holding Authority is the 'parent body' that represents the Government's ownership interest in Government-controlled entities.

The Central Holding Authority also records all Territory items, such as income, expenses, assets and liabilities controlled by the Government and managed by agencies on behalf of the Government. The main Territory item is Territory income, which includes taxation and royalty revenue, Commonwealth general purpose funding (such as GST revenue), fines, and statutory fees and charges.

The Central Holding Authority also holds certain Territory assets not assigned to agencies as well as certain Territory liabilities that are not practical or effective to assign to individual agencies such as unfunded superannuation and long service leave.

The Central Holding Authority recognises and records all Territory items, and as such, these items are not included in the Department's financial statements. However, as the Department is accountable for certain Territory items managed on behalf of Government, these items have been separately disclosed in Note 23 – Schedule of Territory Items.

(d) Comparatives

Where necessary, comparative information for the 2010–11 financial year has been reclassified to provide consistency with current year disclosures.

(e) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of $500 or less being rounded down to zero.

(f) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2011–12 as a result of management decisions.

(g) Accounting Judgements and Estimates

The preparation of the financial report requires the making of judgements and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

Judgements and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. Notes that include significant judgements and estimates are:

- Employee Benefits – Note 2(t) and Note 13: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 19: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year Government bond rate.
- Doubtful Debts – Note 2(o) and Note 8: Receivables; and
- Depreciation and Amortisation – Note 2(k), Note 10: Property, Plant and Equipment and Note 11(a) and 11(b).

(h) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). 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 part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

(i) Income Recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Appropriation

Output Appropriation is the operating payment to each agency for the outputs they provide and is calculated as the net cost of agency outputs after taking into account funding from agency income. It does not include any allowance for major non-cash costs such as depreciation.

Commonwealth appropriation follows from the Intergovernmental Agreement on Federal Financial Relations, resulting in Special Purpose Payments (SPPs) and National Partnership (NP) payments being made by the Commonwealth Treasury to state treasuries, in a manner similar to arrangements for GST payments.

These payments are received by Treasury on behalf of the Central Holding Authority and then onpassed to the relevant agencies as Commonwealth appropriation.

Revenue in respect of appropriations is recognised in the period in which the Department gains control of the funds.

Sale of Goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- the Department retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the Department; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Goods and Services Received Free of Charge

Goods and services received free of charge are recognised as revenue when a fair value can be reliably determined and the resource would have been purchased if it had not been donated. Use of the resource is recognised as an expense.

Disposal of Assets

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. Refer also to Note 5.

Contributions of Assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised, unless otherwise determined by government, as gains when the Department obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

(j) Repairs and Maintenance Expense

Funding is received for repairs and maintenance works associated with Department assets as part of output revenue. Costs associated with repairs and maintenance works on Department assets are expensed as incurred.

(k) Depreciation and Amortisation Expense

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

Amortisation applies in relation to intangible non-current assets with limited useful lives and is calculated and accounted for in a similar manner to depreciation.

The estimated useful lives for each class of asset are in accordance with the Treasurer's Directions and are determined as follows:

Asset	2012	2011
Buildings	50 Years	50 Years
Infrastructure Assets	8–50 Years	8–50 Years
Plant and Equipment	10 Years	10 Years
Leased Plant and Equipment	3–5 Years	3–5 Years
Transport Equipment	10 Years	10 Years
Computer Hardware	3-6 Years	3–6 Years
Heritage and Cultural Assets	100 Years	100 Years
Intangibles – Computer Software	3–6 Years	3–6 Years

Assets are depreciated or amortised from the date of acquisition or from the time an asset is completed and held ready for use.

(l) Interest Expense

Interest expenses include interest and finance lease charges. Interest expenses are expensed in the period in which they are incurred.

(m) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short-term investments that are readily convertible to cash. Cash at bank includes monies held in the Accountable Officer's Trust Account that are ultimately payable to the beneficial owner – refer also to Note 21.

(n) Inventories

Inventories include assets held either for sale (general inventories) or for distribution at no or nominal consideration in the ordinary course of business operations.

General inventories are valued at the lower of cost and net realisable value, while those held for distribution are carried at the lower of cost and current replacement cost. Cost of inventories include all costs associated with bringing the inventories to their present location and condition. When inventories are acquired at no or nominal consideration, the cost will be the current replacement cost at date of acquisition.

The cost of inventories are assigned using a mixture of first in, first out or weighted average cost formula or using specific identification of their individual costs.

Inventory held for distribution are regularly assessed for obsolescence and loss.

(o) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables the Department estimates are likely to be uncollectible and are considered doubtful. Analysis of the age of the receivables that are past due as at the reporting date are disclosed in an aging schedule under credit risk in Note 17 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days.

(p) Property, Plant and Equipment

Acquisitions

All items of property, plant and equipment with a cost, or other value, equal to or greater than $10 000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the $10 000 threshold are expensed in the year of acquisition.

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex Assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent Additional Costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the Department in future years. Where these costs represent separate components of a complex asset they are accounted for as separate assets and are separately depreciated over their expected useful lives.

Construction (Work in Progress)

As part of the financial management framework, the Department of Construction and Infrastructure is responsible for managing general government capital works projects on a whole of Government basis. Therefore appropriation for the Department of Natural Resources, Environment, The Arts and Sport capital works is provided directly to the Department of Construction and Infrastructure and the cost of construction work in progress is recognised as an asset of that Department. Once completed, capital works assets are transferred to this Department.

(q) Revaluations and Impairment

Revaluation of Assets

Subsequent to initial recognition, assets belonging to the following classes of non-current assets are revalued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date:

- land;
- buildings;

- infrastructure assets;
- heritage and cultural assets; and
- intangibles.

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

Plant and equipment are stated at historical cost less depreciation, which is deemed to equate to fair value.

The unique nature of some of the heritage and cultural assets may preclude reliable measurement. Such assets have not been recognised in the financial statements. The Australian Valuation office have completed a valuation of the collections held at the Museum and Art Gallery of the Northern Territory in June 2012.

Impairment of Assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Non-current physical and intangible Department assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the Department determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell.

Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the Asset Revaluation Reserve for that class of asset to the extent that an available balance exists in the Asset Revaluation Reserve.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a revalued amount, in which case the impairment reversal results in an increase in the asset revaluation reserve. Note 15 provides additional information in relation to the asset revaluation reserve.

(r) Leased Assets

Leases under which the Department assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

Finance Leases

Finance leases are capitalised. A leased asset and a lease liability equal to the present value of the minimum lease payments are recognised at the inception of the lease.

Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

(s) Payables

Liabilities for accounts payable and other amounts payable are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Department. Accounts payable are normally settled within 30 days.

(t) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the government long term bond rate.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

Employee benefit expenses are recognised on a net basis in respect of the following categories:

1. wages and salaries, non-monetary benefits, recreation leave, sick leave and other leave entitlements; and
2. other types of employee benefits.

As part of the financial management framework, the Central Holding Authority assumes the long service leave liabilities of Government agencies, including the Department of Natural Resources, Environment, The Arts and Sport, and as such no long service leave liability is recognised in the Department financial statements.

(u) Superannuation

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Commonwealth Superannuation Scheme (CSS); or
- non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

The Department makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee nominated schemes. Superannuation liabilities related to government superannuation schemes are held by the Central Holding Authority and as such are not recognised in Department financial statements.

(v) Contributions by and Distributions to Government

The Department may receive contributions from government where the Government is acting as owner of the Department. Conversely, the Department may make distributions to government. In accordance with the *Financial Management Act* and Treasurer's Directions, certain types of contributions and distributions, including those relating to administrative restructures, have been designated as contributions by, and distributions to, government. These designated contributions and distributions are treated by the Department as adjustments to equity.

The Statement of Changes in Equity provide additional information in relation to contributions by, and distributions to, Government.

(w) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 18.

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

3. Comprehensive Operating Statement by Output Group – Department only

	Protected Areas and Conservation $'000		Natural Resources $'000		Environment and Heritage $'000		Arts and Culture $'000		Sport and Recreation $'000		Environment Protection Authority $'000		Total $'000	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Income														
Grants and Subsidies Revenue														
Current	1 636	501	8 807	4 102	106	117	2 748	1 188	640	1 177		-	13 937	7 085
Capital	86	-	-	-	-	-	-	-	-	-		-	86	-
Appropriation														
Output	48 269	45 947	30 655	26 695	9 006	8 034	36 393	35 868	20 452	25 768		1 373	144 775	143 685
Commonwealth	-	-	4 115	4 537	-	-	680	758	-	-		-	4 795	5 295
Sales of Goods and Services	1 247	1 482	1 400	2 089	97	58	1 697	2 105	903	1 215		-	5 344	6 949
Interest Revenue	-	-	94	141	-	-	-	-	-	-		-	94	141
Goods & Services Received Free of Charge	3 151	3 060	2 676	2 449	704	537	2 892	2 654	765	628		35	10 188	9 363
Assets Acquired at Nil Consideration	-	-	5	-	-	-	-	-	-	-		-	5	-
Other Income	261	211	159	68	20	41	28	39	2	31		3	470	393
Total Income	54 650	51 201	47 911	40 081	9 933	8 787	44 438	42 612	22 762	28 819	-	1 411	179 694	172 911
Expenses														
Employee Expenses	19 975	19 114	18 212	19 354	5 443	4 871	17 834	17 853	5 438	6 622		665	66 902	68 479
Administration Expenses														
Purchase of Goods and Services	15 831	13 559	14 734	12 052	2 563	2 190	10 304	10 176	5 854	8 018		380	49 286	46 375
Repairs and Maintenance	5 710	5 274	964	899	949	1 180	2 670	3 063	1 776	2 033		-	12 069	12 449
Depreciation and Amortisation	3 608	3 476	658	641	79	61	3 370	2 995	3 630	4 084		28	11 345	11 285
Other Administration Expenses	3 150	3 065	2 755	2 451	705	537	2 890	2 656	751	648		35	10 251	9 392
Grants and Subsidies Expenses														
Current	1 128	822	10 221	7 434	1 702	1 281	11 676	11 189	9 142	9 573		-	33 869	30 299
Capital	-	600	-	-	236	-	328	331	1 830	6 359		-	2 394	7 290
Community Service Obligations	9 418	7 915	-	-	-	-	-	-	-	-		-	9 418	7 915
Interest Expense	-	-	94	141	-	-	-	-	-	-		-	94	141
Loss on Disposal of Assets	-	5	228	-	-	-	-	-	-	-		-	228	5
Total Expenses	58 820	53 830	47 866	42 972	11 677	10 120	49 072	48 263	28 421	37 337	-	1 108	195 856	193 630
Net Deficit	(4 170)	(2 629)	45	(2 891)	(1 744)	(1 333)	(4 634)	(5 651)	(5 659)	(8 518)	-	303	(16 162)	(20 719)

	2012 $'000	2011 $'000
4. Goods and Services Received Free of Charge		
Corporate and information services	**10 188**	**9 363**
5. Loss on Disposal of Assets		
Net proceeds from the disposal of non-current assets	11	2
Less: Carrying value of non-current assets disposed	(239)	(7)
(Loss) on the disposal of non-current assets	**(228)**	**(5)**
6. Purchases of Goods and Services		
The net (deficit) has been arrived at after charging the following expenses:		
Goods and services expenses:		
Consultants (1)	2 353	1 887
Advertising (2)	1 055	1 357
Marketing and promotion (3)	1 463	1 260
Legal expenses (4)	528	742
Recruitment (5)	186	326
Training and study	1 026	1 111
Official duty fares	2 656	1 807
Travelling allowance	884	856

(1) Includes marketing, promotion and IT consultants.

(2) Does not include recruitment advertising.

(3) Excludes advertising for marketing and promotion and marketing and promotion consultants' expenses, which are incorporated in the consultants' category.

(4) Includes legal fees, claim and settlement costs.

(5) Includes recruitment related advertising costs.

	2012 $'000	2011 $'000
7. Cash and Deposits		
Cash on hand	19	19
Cash at bank	2 001	2 506
	2 020	**2 525**
8. Receivables		
Current		
Accounts receivable	557	839
Less: Allowance for impairment losses	(37)	(68)
	520	771
Interest receivables	1	13
GST receivables	1 230	1 750
Total Receivables	**1 751**	**2 534**
9. Inventories		
General Inventories		
At cost	416	375
Total Inventories	**416**	**375**

During the year the Department was required to write-off $665 ($1 387 in 2010–11) of inventory due to stock being damaged or stolen.

10. Property, Plant and Equipment

	2012 $'000	2011 $'000
Land		
At Fair Value	44 097	43 007
Buildings		
At Fair Value	503 059	437 497
Less: Accumulated Depreciation	(209 196)	(199 083)
	293 863	238 414
Infrastructure		
At Fair Value	30 375	30 375
Less: Accumulated Depreciation	(15 891)	(15 267)
	14 484	15 108
Plant and Equipment		
At Fair Value	13 766	14 512
Less: Accumulated Depreciation	(10 408)	(10 274)
	3 358	4 238
Leased Plant and Equipment		
At capitalised cost	30	30
Less: Accumulated Depreciation	(30)	(30)
	0	0
Computer Equipment		
At Fair Value	819	801
Less: Accumulated Depreciation	(737)	(699)
	82	102
Transport Equipment Assets		
At Fair Value	3 009	3 156
Less: Accumulated Depreciation	(1 785)	(2 033)
	1 224	1 123
Total Property, Plant and Equipment	**357 108**	**301 992**

Property, Plant and Equipment Valuations The latest revaluation was undertaken by the Australian Valuation Office in June 2011. The revaluation included land and buildings as part of the Territory Government three year rolling program.

Impairment of Property, Plant and Equipment Department property, plant and equipment assets were assessed for impairment as at 30 June 2012. No impairment adjustments were required as a result of this review.

Property, Plant and Equipment Reconciliations A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2011–12 and 2010–11 is set out in the following page:

10. Property, Plant and Equipment (continued)

	Land $'000	Buildings $'000	Infrastructure $'000	Plant & Equipment $'000	Transport Equipment $'000	Computer Equipment $'000	Total $'000
2011–12							
Carrying Amount as at 1 July 2011	**43 007**	**238 414**	**15 108**	**4 238**	**1 123**	**102**	**301 992**
Additions	-	-	-	137	459	23	619
Disposals	-	-	-	(12)	(227)	-	(239)
Depreciation and amortisation	-	(9 780)	(624)	(633)	(218)	(43)	(11 298)
Additions/(Disposals) from asset transfers	1 090	65 229	-	(372)	162	-	66 109
Revaluation increments	-	-	-	-	-	-	0
Gifts	-	-	-	-	(75)	-	(75)
Carrying Amount as at 30 June 2012	**44 097**	**293 863**	**14 484**	**3 358**	**1 224**	**82**	**357 108**
2010–11							
Carrying Amount as at 1 July 2010	**29 167**	**214 528**	**15 904**	**4 283**	**1 318**	**76**	**265 276**
Additions	-	-	-	672	19	60	751
Disposals	-	-	-	-	(7)	-	(7)
Depreciation and amortisation	-	(9 402)	(864)	(746)	(201)	(34)	(11 247)
Additions/(Disposals) from asset transfers	-	40 380	68	29	(5)	-	40 472
Revaluation increments	13 840	(7 093)	-	-	-	-	6 747
Rounding	-	1	-	-	(1)	-	-
Carrying Amount as at 30 June 2011	**43 007**	**238 414**	**15 108**	**4 238**	**1 123**	**102**	**301 992**

11a Intangibles

	2012 $'000	2011 $'000
Carrying Amounts		
Intangibles with a finite useful life		
Intangibles – Computer Software		
At Valuation	254	254
Less: Accumulated Amortisation	(166)	(120)
Written down value – 30 June	88	134
Total Intangibles		
Department intangible assets were assessed for impairment as at 30 June 2012. No impairment adjustments were required as a result of this review.		
Reconciliation of movements		
Intangibles with a finite useful life		
Carrying Amount at 1 July	134	76
Additions	-	96
Depreciation and Amortisation	(46)	(38)
Carrying Amount as at 30 June	88	134

	2012 $'000	2011 $'000
11b Heritage And Cultural Assets		
Carrying Amount		
At Valuation	40	40
Less: Accumulated Depreciation	(11)	(10)
Written down value – 30 June	29	30
Intangibles with a infinite useful life		
Other intangibles		
Other intangibles	61 608	-
Total Intangibles	61 637	30

Impairment of Intangibles

Department heritage and cultural assets were assessed for impairment as at 30 June 2012. No impairment adjustments were required as a result of this review.

Reconciliation of movements

	2012 $'000	2011 $'000
Intangibles with a finite useful life		
Other intangibles		
Carrying Amount at 1 July	30	30
Depreciation and Amortisation	(1)	-
Carrying Amount as at 30 June	29	30
Intangibles with a infinite useful life		
Other intangibles		
Revaluation Increments	61 608	-
Carrying Amount as at 30 June	61 608	30

12. Payables

	2012 $'000	2011 $'000
Accounts payable	1 209	3 455
Accrued expenses	3 796	5 083
	5 005	8 538

	2012 $'000	2011 $'000
13. Provisions		
Current		
Employee benefits		
Recreation leave	5 446	5 414
Leave loading	1 025	1 014
Other employee benefits	172	170
Other Current Provisions		
Other provisions (fringe benefits, payroll tax and superannuation)	1 294	1 289
	7 937	7 887
Non-Current		
Employee Benefits		
Recreation leave	3 768	3 514
Total Provisions	11 705	11 401
Balance as at 1 July 2011	11 401	11 252
Additional provisions recognised	7 385	7 630
Reductions arising from payments	(7 081)	(7 481)
Balance as at 30 June 2012	**11 705**	**11 401**

The Department has 925 employees as at 30 June 2012 (1 039 employees as at 30 June 2011).

14. Other Liabilities

	2012 $'000	2011 $'000
Current		
Deposits held for natural heritage trust	522	3 446
Other liabilities – accountable officers trust account and clearing accounts	376	861
Unearned revenue	180	231
Total Other Liabilities	**1 078**	**4 538**

15. Equity

Equity represents the residual interest in the net assets of the Department. The Government's ownership interest in Department is held in the Central Holding Authority as described in note 2(b).

	2012 $'000	2011 $'000
Capital		
Balance as at 1 July	261 449	219 947
Equity injections	770	785
Capital appropriation	66 437	39 580
Equity transfers in – assets	-	1 137
Equity transfers out	(98)	-
Other equity injections	7 421	-
Balance as at 30 June	335 979	261 449
Reserves		
Asset Revaluation Reserve - Land		

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets. Impairment adjustments may also be recognised in the Asset Revaluation Reserve.

	2012 $'000	2011 $'000
Balance as at 1 July	82 803	76 056
Increment - land	-	13 840
Increment - buildings	-	(7 093)
Increment - heritage and cultural assets	61 608	-
Balance as at 30 June	**144 411**	**82 803**
Accumulated Funds		
Balance as at 1 July	(58 269)	(37 550)
(Deficit) for the period	(16 162)	(20 719)
Balance as at 30 June	**(74 431)**	**(58 269)**

16. Notes to the Cash Flow Statement

Reconciliation of Cash

The total of Department Cash and Deposits of $20.2 million recorded in the Balance Sheet is consistent with that recorded as 'cash' in the Cash Flow Statement.

	2012 $'000	2011 $'000
Reconciliation of Net (Deficit) to Net Cash From Operating Activities		
Net (Deficit)	(16 162)	(20 719)
Non-Cash Items:		
Depreciation and amortisation	11 345	11 285
Asset write-offs/write-downs	1	10
Repairs & maintenance non cash	321	236
Loss on disposal of assets	228	5
Assets acquired at nil value	(5)	1
Assets donations/gifts	79	-
Changes in assets and liabilities:		
Decrease in receivables	740	996
(Increase) in Inventories	(41)	(79)
Decrease/(Increase) in prepayments	2 185	(1 813)
(Increase)/Decrease in payables	(3 534)	2 328
Decrease in employment benefits	304	149
(Increase)/Decrease in Other Liabilities	(51)	54
Net Cash (Used In) Operating Activities	**(4 590)**	**(7 548)**

17. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by the Department include cash and deposits, receivables, payables and finance leases. The Department has limited exposure to financial risks as discussed below.

The carrying amounts of the Department's financial assets and liabilities by category are disclosed in the table below.

(a) Categorisation of Financial Instruments

	2012 $'000	2011 $'000
Financial Assets		
Cash and deposits	2 020	2 525
Loans and receivables	1 249	3 654
	3 269	6 179
Liabilities		
Fair Value Through Profit and Loss (FVTPL) designated	5 779	12 717

(b) Credit Risk

The Department has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to Government, the Department has adopted a policy of only dealing with credit worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Additionally, the nature of the Department's revenue is such that if the debtor was to default on the debt it would cause them to suffer a business impact through the Department's ability to discontinue licences etc until financial obligations are met. Primarily the Department's credit risk comes from the regulatory work performed on behalf of landholders (i.e. fire breaks under Section 47 of the *Bushfires Act).* In these instances if a debt is not settled the Department has the ability, and does, take a lien over the property whereby the debt will be settled on sale of the property.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Department's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Receivables

Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. A reconciliation and aging analysis of receivables is presented below.

	2012 $'000	2011 $'000
Aging of Receivables		
Not Overdue	1 510	2 066
Overdue for less than 30 Days	102	85
Overdue for 30 to 60 Days	11	3
Overdue for more than 60 Days (includes S47 Firebreaks)	165	448
Total Gross Receivables	1 788	2 602
Aging of Impaired Receivables		
Impaired Receivables for more than 60 Days	(37)	(68)
Total Impaired Receivables	(37)	(68)
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	68	49
(Decrease)/Increase in allowance recognised in profit or loss	(31)	19
Allowance for Impairment Losses at the End of the Reporting Period	37	68

(c) Liquidity Risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due.

The Department's liquidity risk includes credit cards with a potential monthly exposure of $1.995 million representing 16 days of administrative expenditure capacity. This risk is managed by tight control on issuing credit cards and maintenance of credit cards through regular review and reporting.

The following tables detail the undiscounted cash flows payable by the Department by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted and totals may not reconcile to carrying amounts presented in the Balance Sheet.

Maturity analysis for financial assets and liabilities

2012	Variable Interest $'000	Non Interest Bearing 1 Year $'000	2 Year $'000	Carrying Amount $'000
Assets				
Cash and deposits	522	1 498	-	2 020
Receivables	-	1 751	-	1 751
Total Financial Assets	**522**	**3 249**	**-**	**3 771**
Liabilities				
Deposits Held (National Heritage Trust)	522	-	-	522
Payables	-	1 209	-	1 209
Provisions	-	7 937	3 768	11 705
Other Liabilities	-	180	-	180
Total Financial Liabilities:	**522**	**9 326**	**3 768**	**13 616**

2011	Variable Interest $'000	Non Interest Bearing 1 Year $'000	2 Year $'000	Carrying Amount $'000
Assets				
Cash and Deposits	3 446	(921)	-	2 525
Receivables	-	2 534	-	2 534
Total Financial Assets	**3 446**	**1 613**	**-**	**5 059**
Liabilities				
Deposits Held (National Heritage Trust)	3 446	-	-	3 446
Payables	-	3 455	-	3 455
Provisions	-	7 887	3 514	11 401
Other Liabilities	-	231	-	231
Total Financial Liabilities:	**3 446**	**11 573**	**3 514**	**18 533**

(d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. It comprises interest rate risk, price risk and currency risk. The primary market risk that the Department is exposed to is interest rate risk.

i) Interest Rate Risk

The Department has limited exposure to interest rate risk as all financial assets and financial liabilities, with the exception of the Single Holding Account deposits held, are non-interest bearing. The exposure to interest rate risk on financial assets and financial liabilities is set out in the following tables. Changes to the variable rates of 100 basis points (1 per cent) at reporting date would have had no effect on the Department's profit or loss and equity as interest earned on the Single Holding Account is accounted for as both as an asset and a liability.

	2012 $'000	2011 $'000
Variable Rate Instruments		
Financial Assets	522	3 446
Financial Liabilities	(522)	(3 446)
Net Sensitivity	**-**	**-**

ii) Price Risk

The Department is not exposed to price risk as the Department does not hold units in unit trusts.

iii) Currency Risk

The Department is not exposed to currency risk as the Department does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

(e) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates to their respective net fair values. Where differences exist, these are not material.

18. Commitments

	2012 $'000	2011 $'000
(i) Other Expenditure Commitments		
Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:		
Within one year:	5 579	2 672
(ii) Operating Lease Commitments		
The Department leases property under non-cancellable operating leases expiring from one to five years. Leases generally provide the Department with a right of renewal at which time all lease terms are renegotiated. The Department also leases items of plant and equipment under non-cancellable operating leases. Future operating lease commitments not recognised as liabilities are payable as follows:		
Within one year:	163	140
Later than one year and not later than five years:	169	221
	332	361
(iii) Finance Lease Commitments		
Within one year	-	-
Total Finance Lease liabilities	-	-

19. Contingent Liabilities and Contingent Assets

a) Contingent liabilities

The Department is currently involved in one public liability action and due to the uncertainty of any potential liability no value may be attributed (30 June 2011, one action).

b) Contingent assets

The Department had no contingent assets as at 30 June 2012 or 30 June 2011.

20. Events Subsequent to Balance Sheet Date

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.

21. Accountable Officer's Trust Account

In accordance with Section 7 of the *Financial Management Act*, an Accountable Officer's Trust Account has been established for the receipt of money to be held in trust. A summary of activity is shown below:

Nature of Trust Money	Opening Balance 1 July 2012	Receipts	Payments	Closing Balance 30 June 2012
Bond money	8	27	28	7
Security deposits	56	2	2	56
Other Money	51	886	876	61
	115	915	906	124

22. Write-Offs, Postponement, Waivers Gifts and Ex Gratia Payments

	Department / Group		Department / Group		Territory Items		Territory Items	
	2012 $'000	No. of Trans.	2011 $'000	No. of Trans.	2012 $'000	No. of Trans.	2011 $'000	No. of Trans.
Write-offs, Postponements and Waivers Under the *Financial Management Act*								
Represented by:								
Amounts written off, waived and postponed by Delegates								
Irrecoverable amounts payable to the Territory or an Agency written off:	4	5	-	-	-	-	-	-
Losses or deficiencies of money written off:	-	-	-	1	-	-	-	-
Public property written off:	-	167	10	444	-	-	-	-
Total written off, waived and postponed by Delegates	**4**	**172**	**10**	**445**	**-**	**-**	**-**	**-**
Amounts written off, waived and postponed by the Treasurer								
Irrecoverable amounts payable to the Territory or a Department written off:	10	1	-	-	-	-	-	-
Wavier or postponement of right to receive or recover money or property:	-	-	-	-	822	260		
Total written off, waived and postponed by the Treasurer	**10**	**1**	**-**	**-**	**822**	**260**	**-**	**-**
Gifts Under the *Financial Management Act*	**79**	**2**	**-**	**2**	**-**	**-**	**-**	**-**
Ex Gratia Payments Under the *Financial Management Act*	**379**	**2**	**518**	**3**	**-**	**-**	**-**	**-**

23. Schedule of Territory items

The following Territory items are managed by the Department on behalf of the government and are recorded in the Central Holding Authority (refer note 2(b)).

	2012 $'000	2011 $'000
TERRITORY INCOME AND EXPENSES		
Income		
Grants and subsidies revenue		
Capital	100	1 400
Fees from regulatory services	47	47
Royalties and rents	3 008	3 841
Fines	4	0
Total Income	3 159	5 288
Expenses		
Central Holding Authority income transferred	3 159	5 288
Total Expenses	3 159	5 288
Territory Income less Expenses	**0**	**0**
TERRITORY ASSETS AND LIABILITIES		
Assets		
Royalties and rent receivable	839	679
Total Assets	839	679
Liabilities		
Central Holding Authority income payable	839	679
Total Liabilities	839	679
Net Assets	**0**	**0**

Territory Wildlife Parks Financial Statement Overview

This section of the report provides an overview of the financial activities of Territory Wildlife Parks for the year ended 30 June 2012.

Territory Wildlife Parks is a Government Business Division (GBD) responsible for managing the Territory Wildlife Park at Berry Springs and the Alice Springs Desert Park. As a GBD, Territory Wildlife Parks are required to pay the full cost of resources used (including tax equivalents), set efficient prices based on costs, and operate under appropriate commercial accounting and management structures.

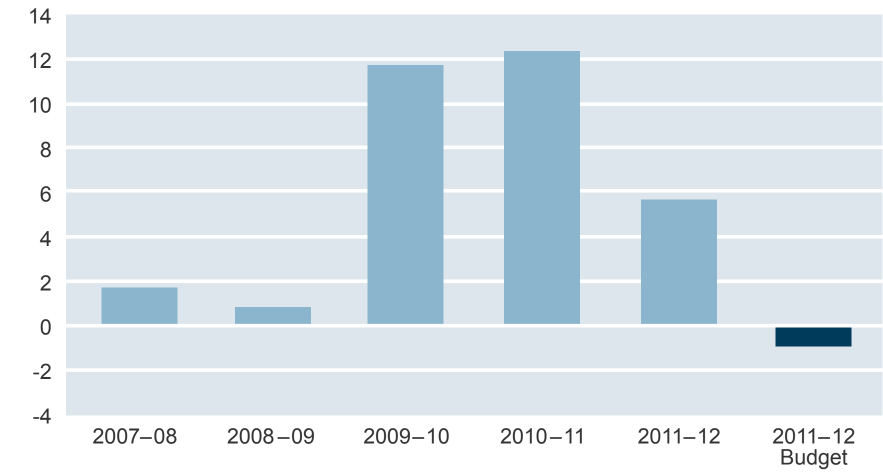
The key responsibility of both parks is to showcase the Northern Territory's unique flora and fauna in a natural environment that is inviting and interesting for the visiting public. The Parks experience enables people to understand, respect and enjoy the Territory's natural environments.

Financial Performance

In 2011–12 the Territory Wildlife Parks (Parks) reported a net operating loss of $2.3M, or an adjusted loss of $0.6M prior to charging non-cash depreciation of $1.7M. This compares to a budgeted profit before depreciation of $0.1M.

The reported loss is less than the two prior year adjusted losses reflecting in part management efforts to reduce expenditure and increase revenue while operating in an environment where visitors to the Parks have continued to decline due to economic pressure both domestically and overseas.

Net Operating Loss (before charging Depreciation)



Net Operating Result Summary 2011–12	TWP $'000	ASDP $'000	Total $'000
Income	6 679	4 848	11 527
Expenses	7 966	5 855	13 821
Net Loss	(1 287)	(1 007)	(2 294)
Net Loss before depreciation	(324)	(251)	(575)

Income – Where the dollars came from

The Territory Wildlife Parks' primary source of income is from the Territory Government in the form of a Community Service Obligation (CSO) payment. CSO's allow the government to achieve identifiable community or social objectives which would not be achieved if outcomes were purely commercially delivered. The non-commercial functions carried out by the Parks are biodiversity conservation, education and botanical gardens management.

CSO funding of $9.4M was received in 2011–12. The increase of $1.5M over 2010–11 was for carrying out urgent repairs and maintenance to infrastructure at the Territory Wildlife Park, near Berry Springs.

Income from entry fees was $1.5M. This is $0.365M less than budget and $0.111M lower than the prior year as visitor numbers continue to fall. Since 2007–08 visitors to the Park have decreased 22.9 per cent. Total visitors for 2011–12 were 116 954, a decrease of 12 979 from last year.

Café Revenue and Gift Shop revenue increased by $0.12M over last year. This reflects the decision at the Alice Springs Desert Park to return the operation of the café and gift shop in-house.

Table A illustrates the five year trend in income streams and the 2011–12 budget.

Income by Source $'000

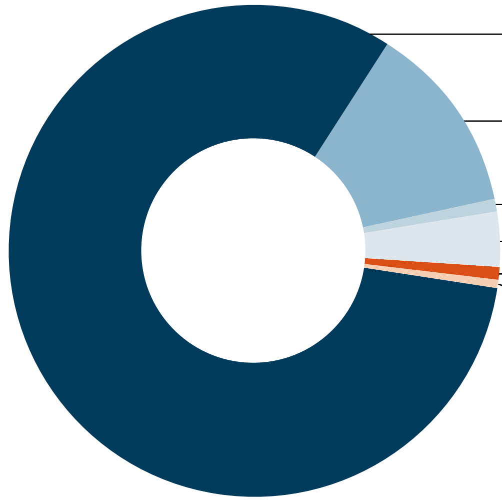


Table A

5 year Trend Analysis $'000	Actual 2007–08	Actual 2008–09	Actual 2009–10	Actual 2010–11	Actual 2011–12	Budget 2011–12
Income						
Community Service Obligation	7 915	7 915	7 915	7 915	9 418	9 418
Entry Fees	1 773	1 694	1 644	1 576	1 465	1 830
Park Tours, Functions and Camp Fees	96	69	82	109	90	90
Café and Gift Shop	473	42	19	281	401	300
Other	303	139	150	107	153	118
Income Total	**10 560**	**9 859**	**9 810**	**9 988**	**11 527**	**11 756**
Visitor Numbers	151 675	143 775	140 854	129 933	116 954	126 500
Entry Fee Per Visitor	$11.69	$11.78	$11.67	$12.13	$12.53	$14.47

Expenses

Operating the Territory Wildlife Parks in 2011–12 cost $13.8M, $0.9M higher than 2010–11 and $0.3M more than budget.

Employee expenses

Staffing costs represent 46 per cent of total expenditure. In 2011–12 employee expenses decreased by 3.3 per cent or $0.2M over the prior year. This was achieved through reducing staffing numbers by 20 staff (six full time equivalent employees).

Goods and Services Expenses

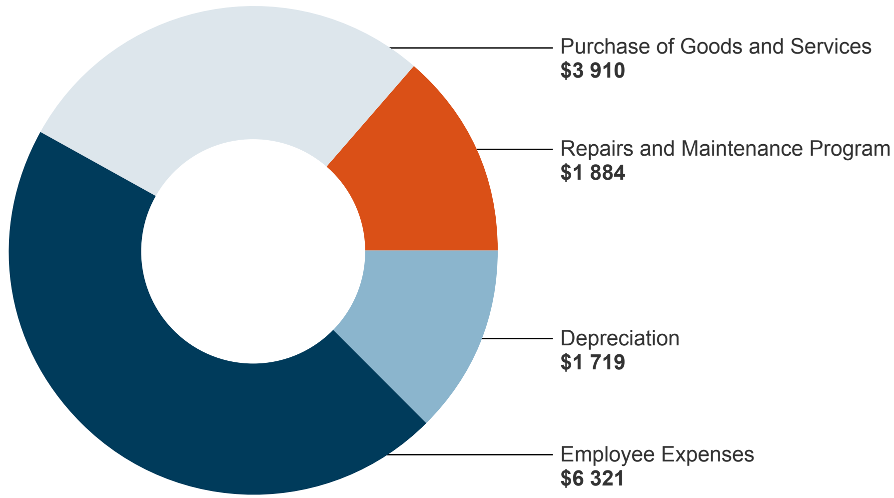
The purchase of goods and services to operate the Parks increased by 4.8 per cent over last year. This represents 28 per cent of total expenditure. The increase primarily relates to the purchase of the cafe kitchen equipment required to operate the Alice Springs Desert Park cafe in-house.

Repairs and Maintenance

The Parks received one-off funding of $1.5M in 2011–12 for urgent repairs and maintenance bringing the total program to $2.2M. The program was underspent by $0.3M due to a lead contractor on a major project being placed into administration and implementation problems associated with the introduction of a new asset management system.

There were no repairs and maintenance costs associated with natural disasters this year.

Expenses by Category $'000



Depreciation

Depreciation is the allocation of an asset's cost over its useful life.
In 2011–12 depreciation has remained constant with the previous year.

Table B below illustrates the trends by category for the last five years and the 2012 budget.

Table B

5 year Trend Analysis $'000	Actual 2007–08	Actual 2008–09	Actual 2009–10	Actual 2010–11	Actual 2011–12	Budget 2011–12
Expenses						
Employee expenses	5 963	5 491	6 286	6 535	6 321	5 790
Purchase of Goods and Services	4 134	3 781	3 998	3 733	3 910	3 672
Repairs and Maintenance Program	596	650	666	690	1 881	2 180
Natural Disaster Repairs and Maintenance	35	-	-	308	2	-
Depreciation	1 895	1 912	1 922	1 678	1 719	1 918
Other expenses	-	16	46	(31)	(12)	-
Expenses Total	**12 623**	**11 850**	**12 918**	**12 913**	**13 821**	**13 560**

Balance Sheet

The Balance Sheet provides a summary of Territory Wildlife Parks (Parks) balances at the end of the financial year for assets, liabilities and equity.

Assets – What We Own

The Parks maintain a significant asset base with $26.1M controlled assets at 30 June 2012. The largest asset group is physical property, plant and equipment with a value of $25.1M. A decrease in the asset base of $1.6M over the prior year reflects $1.7M in depreciation offset by $0.1M spent on upgrading the Monsoon Forest pathways at Territory Wildlife Park, near Berry Springs.

Liabilities – What We Owe

Parks' liabilities total $1.4M as at 30 June 2012. This represents a decrease of $2.6M over 2010–11. The decrease is a reflection of GBD liquidity being partly addressed during the year through a cash equity injection, negating the need for an advanced community service obligation payment.

The $1.4M liability balance at 30 June 2012 consists of:

- Deposits held of $56 000 (2010–11 $45 000) to recognise the liability for money held in the TWP gift fund account;
- Payables of $0.5M (2010–11 $0.6M) representing the amount owing to creditors for goods and services purchased and received; and
- Provisions for employee entitlements of $0.9M, (2010–11 $1M) such as recreation leave, leave loading and leave fares to reflect the cost in present day dollars of employee entitlements to be paid in the future.

Our Equity – What We are Worth

Equity is the Parks' net worth, that is, 'what we own' (total assets of $26.1M) less 'what we owe' (total liabilities of $1.4M). Equity as at 30 June 2012 is $24.7M, an increase of $1M over the previous year. This result is a combination of a cash equity injection of $3.2M, $0.1M transferred into the Parks for completed infrastructure works offset by the 2011–12 operating loss of $2.3M.

Table C illustrates the five year trend for net assets/equity.

Table C

Net Asset Trend $'000	Actual 2007–08	Actual 2008–09	Actual 2009–10	Actual 2010–11	Actual 2011–12
Assets	37 113	35 048	33 333	27 670	26 152
Liabilities	(1 469)	(1 060)	(2 122)	(3 956)	(1 417)
Net Assets/Equity	**35 644**	**33 988**	**31 211**	**23 714**	**24 735**

Statement of Changes in Equity

This statement further expands on the equity movements outlined above, by the categories of capital, reserves and accumulated funds.

Movements in capital of $3.3M relate to the cash equity injection of $3.2M and $0.1M transferred into the Parks for completed infrastructure works.

Accumulated funds are adjusted each year according to the profit or loss recorded by the Parks. In 2011–12, accumulated funds reduced by $2.3M reflecting the 2011–12 net loss as reported in the Comprehensive Operating Statement.

Cash Flow Statement

The cash flow statement provides information on how the cash was received and spent during the year.

The Territory Wildlife Parks' cash balances remained unchanged over the past two years at $0.8M. The cash flows are summarised as follows:

	2011–12 $'000	2010–11 $'000
Cash In		
Operating Receipts	9 656	12 141
Equity Injection/Deposits	3 208	3
	12 864	12 144
Cash Out		
Operating Payments	(12 851)	(11 612)
Net Increase in Cash Held	**13**	**532**
Cash at Beginning of Financial Year	800	268
CASH AT END OF FINANCIAL YEAR	**813**	**800**

Certification of the Financial Statements

We certify that the attached financial statements for Territory Wildlife Parks have been prepared from proper accounts and records in accordance with the prescribed format, the *Financial Management Act* and Treasurer's Directions.

We further state that the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the financial statements, presents fairly the financial performance and cash flows for the year ended 30 June 2012 and the financial position on that date.

At the time of signing, we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

....	....
Jim Grant	**Joanna Frankenfeld**
Chief Executive	**Chief Financial Officer**
31 August 2012	31 August 2012

Auditor-General

Independent Auditor's Report
to the Minister for Parks and Wildlife

Territory Wildlife Parks

Year Ended 30 June 2012

I have audited the accompanying financial report of Territory Wildlife Parks which comprises the balance sheet as at 30 June 2012, the comprehensive operating statement, the statement of changes in equity and the cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Chief Executive.

The Chief Executive's responsibility for the Financial Report

The Chief Executive of the Department of Natural Resources, Environment, the Arts and Sport (which ceased to exist on 4 September 2012) was responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act,* and for such internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial report presents fairly, in all material respects, the financial position of Territory Wildlife Parks as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Financial Management Act*.

F McGuiness
Auditor-General for the Northern Territory
Darwin, Northern Territory

27 September 2012

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

Comprehensive Operating Statement for the year ended 30 June 2012

	Note	GBD 2012 $'000	GBD 2011 $'000
INCOME			
Grants and Subsidies Revenue			
Current		1	-
Community Service Obligations		9 418	7 915
Sale of Goods and Services		2 059	2 023
Interest Revenue		43	10
Other Income		6	(5)
Total Income	3	**11 527**	**9 943**
EXPENSES			
Employee Expenses		6 321	6 535
Administrative Expenses			
Purchases of Goods and Services	4	5 793	4 731
Depreciation and Amortisation	8	1 719	1 678
Other Administration Expenses		(14)	(41)
Interest Expenses		2	10
Total Expenses		**13 821**	**12 913**
NET (DEFICIT)	12	**(2 294)**	**(2 970)**
Other Comprehensive Income			
Asset Revaluation		-	(5 619)
COMPREHENSIVE RESULT	12	**(2 294)**	**(8 589)**

The Comprehensive Operating Statement is to be read in conjunction with the notes to the financial statements.

Balance Sheet as at 30 June 2012

	Note	GBD 2012 $'000	GBD 2011 $'000
ASSETS			
Current Assets			
Cash and Deposits	5	813	800
Receivables	6	192	126
Inventories	7	25	23
Prepayments		5	1
Total Current Assets		1 035	950
Non-Current Assets			
Property, Plant and Equipment	8	25 117	26 720
Total Non-Current Assets		25 117	26 720
Total Assets		**26 152**	**27 670**
LIABILITIES			
Current Liabilities			
Deposits Held		56	48
Payables	9	465	560
Provisions	10	675	764
Other Liabilities	11	-	2 360
Total Current Liabilities		1 196	3 732
Non-Current Liabilities			
Provisions	10	221	225
Total Non-Current Liabilities		221	225
Total Liabilities		**1 417**	**3 957**
NET ASSETS		**24 735**	**23 713**
EQUITY			
Capital		20 197	16 881
Reserves		18 746	18 746
Accumulated Funds		(14 208)	(11 914)
Total Equity	12	**24 735**	**23 713**

The Balance Sheet is to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity for the year ended 30 June 2012

	Note	Equity at 1 July 2011 $'000	Comprehensive Result $'000	Transactions with owners in capacity as owners $'000	Equity at 30 June 2012 $'000
2011–12					
Accumulated Funds	12	(11 914)	(2 294)	-	(14 208)
Reserves	12				
Asset Revaluation Reserve		18 746	-	-	18 746
Capital –Transactions with owners	12	15 790	-	-	15 790
Equity Injections – Asset Transfers In		1 091	-	116	1 207
Other Equity Injections		-	-	3 200	3 200
		16 881	-	3 316	20 197
Total Equity at 30 June		**23 713**	**(2 294)**	**3 316**	**24 735**
2010–11					
Accumulated Funds	12	(8 944)	(2 970)	-	(11 914)
Reserves	12				
Asset Revaluation Reserve		24 365	(5 619)	-	18 746
Capital –Transactions with owners	12	15 790	-	-	15 790
Equity Injections – Asset Transfers In		-	-	1 091	1 091
		15 790	-	1 091	16 881
Total Equity at 30 June		**31 211**	**(8 589)**	**1 091**	**23 713**

This Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

Cash Flow Statement for the year ended 30 June 2012

	Note	2012 $'000 (Outflows) / Inflows	2011 $'000 (Outflows) / Inflows
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Grants and Subsidies Received			
Community Service Obligation		7 063	9 610
Donation		1	-
Receipts From Sales of Goods And Services		2 552	2 520
Interest Received		40	11
Total Operating Receipts		9 656	12 141
Operating Payments			
Payments to Employees		(6 405)	(6 478)
Payments for Goods and Services		(6 446)	(5 134)
Total Operating Payments		(12 851)	(11 612)
Net Cash (Used In)/From Operating Activities	13	**(3 195)**	**529**
CASH FLOWS FROM INVESTING ACTIVITIES			
Investing Payments			
Purchases of Assets	8	-	-
Total Investing Payments		-	-
Net Cash (Used In) Investing Activities		-	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Financing Receipts			
Deposits Received		8	3
Equity Injections		3 200	-
Total Financing Receipts		3 208	3
Net Cash From Financing Activities		**3 208**	**3**
Net Increase in Cash Held		13	532
Cash at Beginning of Financial Year		800	268
CASH AT END OF FINANCIAL YEAR	5	**813**	**800**

This Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1. Objectives and Funding

Territory Wildlife Parks is a Government Business Division responsible for managing the Territory Wildlife Park at Berry Springs and the Alice Springs Desert Park. A key responsibility of both Parks is to showcase the Northern Territory's unique flora and fauna in a natural environment that is interactive and interesting for the visiting public, provides recreational opportunities and promotes biodiversity conservation principles. The Parks experience enables people to understand, respect and enjoy the Territory's natural environments.

Territory Wildlife Parks established under the *Financial Management Act (1995)* is subject to the direction of the Minister for Parks and Wildlife. Territory Wildlife Parks is partially funded by the Territory Government in recognition that it carries out activities on a non-commercial basis. Such partial funding is termed 'Community Service Obligation' and this funding is reflected in the Comprehensive Operating Statement (also refer to Note 16).

These financial statements are prepared in an ongoing basis in the expectation that such funding will continue.

Territory Wildlife Parks is finalising an alternative operating model which is partly to address liquidity issues to ensure it continues to meet all debts as they fall due.

2. Statement of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared in accordance with the requirements of the *Financial Management Act* and related Treasurer's Directions. The *Financial Management Act* requires Territory Wildlife Parks to prepare financial statements for the year ended 30 June based on the form determined by the Treasurer. The form of the Entity's financial statements is to include;

(i) a Certification of the Financial Statements;

(ii) a Comprehensive Operating Statement;

(iii) a Balance Sheet;

(iv) a Statement of Changes in Equity;

(v) a Cash Flow Statement; and

(vi) applicable explanatory notes to the financial statements.

The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received.

Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

The financial statements are also consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated.

(b) Australian Accounting Standards and Interpretations Issued but not yet effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

AASB 9 Financial Instruments (Dec 2010)
This Standard simplifies requirements for the classification and measurement of financial assets resulting from Phase One of the IASB's project to replace IAS 39 Financial Instruments: recognition and measurement (AASB 139 Financial Instruments: recognition and measurement). Effective for annual reporting period beginning on or after 1 January 2013.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (Dec 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127].
This gives effect to consequential changes arising from the issuance of AASB 9. Effective for annual reporting periods beginning on or after 1 January 2013.

AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from the AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 and 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 and 132].
It replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard. The standard defines fair value, provides guidance on how to determine fair value and requires disclosure about fair value measurements. Effective for annual reporting periods beginning on or after 1 January 2013.

The Territory Wildlife Parks anticipate that the standards will have no material impact on the financial statements in future periods.

(c) Presentation and Rounding of Amounts

Amounts in the financial statements and notes to the financial statements are presented in Australian dollars and have been rounded to the nearest thousand dollars, with amounts of $500 or less being rounded down to zero.

(d) Changes in Accounting Policies

There have been no changes to accounting policies adopted in 2011–12 as a result of management decisions.

(e) Accounting Judgements and Estimates

The preparation of the financial report requires the making of judgements and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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.

Judgements and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. Notes that include significant judgements and estimates are:

- Employee Benefits – Note 2(s) and Note 10: Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.
- Contingent Liabilities – Note 17: The present value of material quantifiable contingent liabilities are calculated using a discount rate based on the published 10-year Government bond rate.
- Doubtful Debts – Note 2(n) and Note 6: Receivables.
- Depreciation and Amortisation – Note 2(j) and Note 8: Property, Plant and Equipment.

(f) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of Goods and Services Tax, except where the amount of Goods and Services Tax incurred on a purchase of goods and services is not recoverable from the Australian Tax Office. In these circumstances the Goods and Services Tax 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 Goods and Services Tax included. The net amount of Goods and Services Tax recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The Goods and Services Tax components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the Australian Tax Office are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of Goods and Services Tax recoverable or payable unless otherwise specified.

(g) Taxation

The entity is required to pay income tax on its accounting profit, excluding extraordinary items, at the company rate of 30 per cent in accordance with the requirements of the Treasurer's Directions and the Northern Territory Tax Equivalent Regime.

The entity does not have a present income tax liability as it has incurred a loss for income tax purposes and has not taken to account any future income tax benefits arising from this loss as the potential future income tax benefit is not probable.

The future income tax benefits will only be realised if:

(i) the entity derives future assessable income of a nature and amount sufficient to enable the benefit to be realised;

(ii) the entity continues to comply with the conditions for deductibility imposed by the Treasurer's Directions; and

(iii) there are no changes to the Northern Territory Tax Equivalent Regime that adversely affects the entity.

(h) Income Recognition

Income encompasses both revenue and gains.

Income is recognised at the fair value of the consideration received, exclusive of the amount of GST. Exchanges of goods or services of the same nature and value without any cash consideration being exchanged are not recognised as income.

Grants and Other Contributions

Grants, donations, gifts and other non-reciprocal contributions are recognised as income when the entity obtains control over the assets comprising the contributions. Control is normally obtained upon receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Community Service Obligation

Community Service Obligation funding is received from the Territory Government when an entity is required to carry out activities on a non-commercial basis. Income in respect of this funding is recognised in the period in which it accrues.

Sale of Goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when:

- the significant risks and rewards of ownership of the goods have transferred to the buyer;
- the Entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the Entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Services

Revenue from rendering services is recognised by reference to the stage of completion of the contract. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the entity.

Interest Revenue

Interest Revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Disposal of Assets

A gain or loss on disposal of assets is included as a gain or loss on the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Contributions of Assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised, unless otherwise determined by Government, as gains when Territory Wildlife Parks obtains control of the asset or contribution. Contributions are recognised at the fair value received or receivable.

(i) Repairs and Maintenance Expense

Costs associated with repairs and maintenance works on the entity's assets are expensed as incurred.

(j) Depreciation and Amortisation

Items of property, plant and equipment, including buildings but excluding land, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

The estimated useful lives for each class of asset are in accordance with the Treasurer's Directions and are determined as follows:

Asset	2012	2011
Buildings	20 – 50 Years	20 – 50 Years
Infrastructure Assets	10 Years	10 Years
Plant and Equipment	5 Years	5 Years
Computer Hardware	3 – 6 Years	3 – 6 Years
Transport Equipment	5 Years	5 Years

Assets are depreciated from the date of acquisition or from the time an asset is completed and held ready for use. Assets may be constructed internally, acquired assets may have modifications and accessories installed, and equipment may be calibrated and tested, affecting the date the asset is held ready for use.

(k) Interest Expense

Interest expenses include interest and finance lease charges. Interest expenses are expensed in the period in which they are incurred.

(l) Cash and Deposits

For the purposes of the Balance Sheet and the Cash Flow Statement, cash includes cash on hand, cash at bank and cash equivalents. Cash equivalents are highly liquid short term investments that are readily convertible to cash. Cash at bank includes monies held in the Accountable Officers Trust Account (AOTA) that are ultimately payable to the beneficial owner.

(m) Inventories

General inventories are all inventories other than those held for distribution and are carried at the lower of cost and net realisable value. Cost of inventories includes all costs associated with bringing the inventories to their present location and condition. When inventories are acquired at no or nominal consideration, the cost will be the current replacement cost at date of acquisition.

Inventories held for distribution are those inventories distributed at no or nominal consideration, and are carried at the lower of cost and current replacement cost.

(n) Receivables

Receivables include accounts receivable and other receivables and are recognised at fair value less any allowance for impairment losses.

The allowance for impairment losses represents the amount of receivables the GBD estimates are likely to be uncollectible and are considered doubtful. Analysis of the age of the receivables, which are past due as at the reporting date, are disclosed in an ageing schedule under credit risk in Note 14 Financial Instruments. Reconciliation of changes in the allowance accounts is also presented.

Accounts receivable are generally settled within 30 days.

(o) Property, Plant and Equipment

Acquisitions

All items of property, plant and equipment with a cost, or other value, equal to or greater than $10 000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the $10 000 threshold are expensed in the year of acquisition.

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex Assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent Additional Costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to Territory Wildlife Parks in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their expected useful lives.

Construction (Work in Progress)

As part of the *Financial Management Framework*, the Department of Construction and Infrastructure is responsible for managing general Government capital works projects on a whole of Government basis. Therefore appropriation for most of Territory Wildlife Parks' capital works is provided directly to the Department of Construction and Infrastructure and the cost of construction work in progress is recognised as an asset of that Department. Once completed, capital works assets are transferred to the entity.

(p) Revaluations and Impairment

Revaluation of Assets

The entity obtains an independent valuation of its property every three years with the latest revaluation completed by 30 June 2010. The Australian Valuation Office (AVO) conducted the valuation at 30 June 2010 however, the reports were not complete so the fair values were taken to book in 2010–11. The following classes of non-current assets are re-valued with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from their fair value at reporting date:

- Buildings; and
- Infrastructure Assets.

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arms-length transaction.

Other classes of non-current assets are not subject to revaluation and are measured at cost.

Impairment of Assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Non-current physical and intangible entity assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, the entity determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the entity's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Comprehensive Operating Statement unless the asset is carried at a re-valued amount. Where the asset is measured at a re-valued amount, the impairment loss is offset against the Asset Revaluation Reserve for that class of asset to the extent that an available balance exists in the Asset Revaluation Reserve.

In certain situations, an impairment loss may subsequently be reversed. Where an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised in the Comprehensive Operating Statement as income, unless the asset is carried at a re-valued amount, in which case the impairment reversal results in an increase in the Asset Revaluation Reserve. Note 12 provides additional information in relation to Asset Revaluation Reserve.

(q) Leased Assets

Leases under which Territory Wildlife Parks assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases. The entity does not have any assets under a finance lease.

Operating Leases

Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(r) Payables

Liabilities for accounts payable and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to Territory Wildlife Parks. Accounts payable are normally settled within 30 days.

(s) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries and recreation leave. Liabilities arising in respect of wages and salaries, recreation leave and other employee benefit liabilities that fall due within twelve months of reporting date are classified as current liabilities and are measured at amounts expected to be paid. Non-current employee benefit liabilities that fall due after twelve months of the reporting date are measured at present value, calculated using the Government long term bond rate.

No provision is made for sick leave, which is non-vesting, as the anticipated pattern of future sick leave to be taken is less than the entitlement accruing in each reporting period.

Employee benefit expenses are recognised on a net basis in respect of the following categories:

- wages and salaries, non-monetary benefits, recreation leave, sick leave and other leave entitlements; and
- other types of employee benefits.

As part of the *Financial Management Framework,* the Central Holding Authority assumes the long service leave liabilities of Government Business Divisions including Territory Wildlife Parks, and as such no long service leave liability is recognised in the entity's financial statements.

(t) Superannuation

Employees' superannuation entitlements are provided through the:

- Northern Territory Government and Public Authorities Superannuation Scheme (NTGPASS);
- Commonwealth Superannuation Scheme (CSS); or
- non-government employee nominated schemes for those employees commencing on or after 10 August 1999.

The entity makes superannuation contributions on behalf of its employees to the Central Holding Authority or non-government employee nominated schemes. Superannuation liabilities related to Government superannuation schemes are held by the Central Holding Authority and as such are not recognised in the entity's financial statements.

(u) Dividends

The entity has not provided for a dividend.

(v) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 15.

Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

3. Income

	GBD 2012 $'000	GBD 2011 $'000
Sale of Goods and Services From Ordinary Activities	2 059	2 023
Current Grant Revenue	1	-
	2 060	2 023
Other Income:		
Community Service Obligations – Note 16	9 418	7 915
NT Treasury Interest	43	10
Miscellaneous Revenue	6	(5)
	9 467	7 920
Total Income	**11 527**	**9 943**

4. Purchases of Goods and Services

	GBD 2012 $'000	GBD 2011 $'000
The net (deficit) has been arrived at after charging the following expenses:		
Goods and Services Expenses:		
Consultants (1)	46	27
Advertising (2)	51	83
Marketing and Promotion (3)	45	53
Document Production	10	18
Recruitment (4)	18	6
Training and Study	27	32
Official Duty Fares	12	17
Travelling Allowance	9	13
Audit and Other Services	25	21
Corporate Support by External Agencies	725	683
Operating Lease Rental Expense	21	14
Repairs and Maintenance (5)	1 884	998
Property Management	824	763
Motor Vehicles	475	498
Information Technology Expenses	360	337

1) Includes marketing, promotion and IT consultants.
2) Includes marketing and promotion advertising but does not include recruitment advertising.
3) Excludes advertising for marketing and promotion which is incorporated under advertising and excludes marketing and promotion consultants' expenses, which are incorporated in the consultants' category.
4) Includes recruitment-related advertising costs.
5) Includes repairs arising from Tropical Cyclone Carlos.

	GBD 2012 $'000	GBD 2011 $'000
5. Cash and Deposits		
Cash on Hand	34	13
Cash at Bank	779	787
	813	**800**
6. Receivables		
Current		
Accounts Receivable	60	51
Other Receivables	40	27
Less: Allowance for Impairment Losses	(4)	(20)
	96	58
Interest Receivables	3	-
GST Receivables	93	68
Total Receivables	**192**	**126**
7. Inventories		
General Inventories		
At cost	25	23
Total Inventories	**25**	**23**

	GBD 2012 $'000	GBD 2011 $'000
8. Property, Plant and Equipment		
Buildings		
At Fair Value	39 128	39 128
Less: Accumulated Depreciation	(22 866)	(21 864)
	16 262	17 264
Infrastructure		
At Fair Value	23 699	23 584
Less: Accumulated Depreciation	(14 961)	(14 275)
	8 738	9 309
Plant and Equipment		
At Cost	1 546	1 546
Less: Accumulated Depreciation	(1 429)	(1 399)
	117	147
Computer Hardware		
At Cost	45	45
Less: Accumulated Depreciation	(45)	(45)
	-	-
Transport Equipment		
At Cost	6	6
Less: Accumulated Depreciation	(6)	(6)
	-	-
Total Property, Plant and Equipment	**25 117**	**26 720**

Property, Plant and Equipment Valuations

An independent valuation of buildings and infrastructure assets was undertaken by the Australian Valuation Office (AVO) as at 30 June 2010. The fair value of these assets was determined based on any existing restrictions on asset use. Where reliable market values were not available, the fair value of entity assets was based on their depreciated replacement cost.

8. Property, Plant and Equipment Reconciliations continued

Impairment of Property, Plant and Equipment

Territory Wildlife Parks' property, plant and equipment assets were assessed for impairment as at 30 June 2012. No impairment adjustments were required as a result of this review.

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2011–12 and 2010–11 is set out below:

2012	Buildings $000	Infrastructure $000	Plant and Equipment $000	Computer Hardware $000	Total $000
Carrying Amount at 1 July 2011	17 264	9 309	147	-	26 720
Depreciation	(1 002)	(687)	(30)	-	(1 719)
Additions from Asset Transfers	-	116	-	-	116
Revaluation Increments	-	-	-	-	-
Carrying Amount at 30 June 2012	**16 262**	**8 738**	**117**	**-**	**25 117**

2011	Buildings $000	Infrastructure $000	Plant and Equipment $000	Computer Hardware $000	Total $000
Carrying Amount at 1 July 2010	20 057	12 684	178	6	32 925
Depreciation	(961)	(680)	(31)	(6)	(1 678)
Additions from Asset Transfers	1 074	18	-	-	1 092
Revaluation Increments	(2 906)	(2 713)	-	-	(5 619)
Carrying Amount at 30 June 2011	**17 264**	**9 309**	**147**	**-**	**26 720**

9. Payables

	GBD 2012 $'000	GBD 2011 $'000
Accounts Payable	73	227
Accrued Expenses	392	333
	465	**560**

10. Provisions

	GBD 2012 $'000	GBD 2011 $'000
Current		
Employee Benefits		
Recreation Leave	415	472
Leave Loading	119	131
Recreation Leave Fares	1	3
Purchased Recreation Leave	-	2
Other Current Provisions		
Other Provisions (Fringe Benefits, Payroll Tax and Superannuation)	140	156
	675	764
Non-Current		
Employee Benefits		
Recreation Leave	221	225
	221	225
Total Provisions	**896**	**989**

Reconciliations of Provisions

	GBD 2012 $'000	GBD 2011 $'000
Balance as at 1 July	989	957
Additional Provisions recognised	83	175
Reductions arising from payments	(176)	(143)
Balance as at 30 June	**896**	**989**

The Territory Wildlife Park employed 100 employees as at 30 June 2012 (120 employees as at 30 June 2011).

11. Other Liabilities

	GBD 2012 $'000	GBD 2011 $'000
Current		
Unearned Revenue - Charges	-	2 354
Unearned Revenue - Other	-	6
Total Other Liabilities	**-**	**2 360**

12. Equity

	GBD 2012 $'000	GBD 2011 $'000
Capital		
Balance as at 1 July	**16 881**	**15 790**
Equity Injections		
Equity Transfers In	3 316	1 091
Balance as at 30 June	**20 197**	**16 881**
Reserves		
Asset Revaluation Reserve		
(i) *Nature and Purpose of the Asset Revaluation Reserve*		
The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets. Impairment adjustments may also be recognised in the Asset Revaluation Reserve.		
(ii) *Movements in the Asset Revaluation Reserve*		
Balance as at 1 July	**18 746**	**24 365**
Asset Revaluations	-	(5 619)
Balance as at 30 June	**18 746**	**18 746**
Accumulated Funds		
Balance as at 1 July	**(11 914)**	**(8 944)**
(Deficit) for the Period	(2 294)	(2 970)
Balance as at 30 June	**(14 208)**	**(11 914)**

13. Notes to the Cash Flow Statement

Reconciliation of Cash

The total of Territory Wildlife Parks' cash and deposits recorded in the Balance Sheet is consistent with that recorded as 'cash' in the Cash Flow Statement.

	GBD 2012 $'000	GBD 2011 $'000
Reconciliation of Net (Deficit) to Net Cash (Used In)/From Operating Activities		
Net (Deficit)	(2 294)	(2 970)
Non-Cash Items:		
Depreciation and Amortisation	1 719	1 678
Changes in Assets and Liabilities:		
(Increase)/Decrease in Receivables	(50)	50
(Increase) in Prepayments	(4)	(1)
(Increase) in Inventories	(2)	(13)
(Decrease)/Increase in Payables	(95)	105
(Decrease) in Provision for Doubtful Debts	(16)	(47)
(Decrease)/Increase in Provision for Employee Benefits	(76)	24
(Decrease)/Increase in Other Provisions	(17)	8
(Decrease)/Increase in Other Deferred Income	(2 360)	1 695
Net Cash (Used In)/From Operating Activities	**(3 195)**	**529**

14. Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by Territory Wildlife Parks include cash and deposits, receivables and payables. Territory Wildlife Parks has limited exposure to financial risks as discussed below.

(a) Categorisation of Financial Instruments

The carrying amounts of Territory Wildlife Parks' financial assets and liabilities by category are disclosed in the table below.

	GBD 2012 $'000	GBD 2011 $'000
Financial Assets		
Cash and Deposits	813	800
Loans and Receivables	96	58
	909	**858**
Financial Liabilities		
Deposits Held	56	48
Payables	465	560
	521	**608**

(b) Credit Risk

Territory Wildlife Parks has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to Government, the entity has adopted a policy of only dealing with credit worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Receivables

Receivable balances are monitored on an ongoing basis to ensure that exposure to bad debts is not significant. A reconciliation and ageing analysis of receivables is presented below

	GBD 2012 $'000	GBD 2011 $'000
Ageing of Receivables		
Not Overdue	151	94
Overdue for less than 30 Days	26	2
Overdue for 30 to 60 Days	2	5
Overdue for more than 60 Days	9	45
Total Gross Receivables	**188**	**146**
Ageing of Impaired Receivables		
Impaired Receivables for more than 60 Days	(4)	(20)
Total Impaired Receivables	**(4)**	**(20)**
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	20	67
Increase in allowance recognised in profit or loss	(16)	(47)
Allowance for Impairment Losses at the End of the Reporting Period	**4**	**20**

(c) Liquidity Risk

Liquidity risk is the risk that the entity will not be able to meet its financial obligations as they fall due. Territory Wildlife Parks experiences seasonal fluctuations of its business and it receives a Community Service Obligation payment (refer to Note 16). Territory Wildlife Parks' liquidity risk is comprised by credit cards with a potential monthly exposure of $0.2M representing 34 days of expenditure capacity. The Balance Sheet indicates that Territory Wildlife Parks has a liquidity risk and is reliant on Government guarantee. Territory Wildlife Parks is currently finalising an alternative operating model which is partly to address liquidity issues.

Maturity Analysis for Financial Assets and Liabilities

2012	Variable Interest	Non Interest bearing		Carrying Amount
		1 year	>2 years	
	$000's	$000's	$000's	$000's
Assets				
Cash and Deposits	779	34	-	813
Receivables	-	192	-	192
Inventories	-	25	-	25
Prepayments	-	5	-	5
Total Financial Assets:	**779**	**256**	**-**	**1 035**
Liabilities				
Deposits Held	56	-	-	56
Payables	-	465	-	465
Provisions	-	675	221	896
Other Liabilities	-	-	-	-
Total Financial Liabilities:	**56**	**1 140**	**221**	**1 417**

2011	Variable Interest	Non Interest bearing		Carrying Amount
		1 year	>2 years	
	$000's	$000's	$000's	$000's
Assets				
Cash and Deposits	787	13	-	800
Receivables	-	126	-	126
Inventories	-	23	-	23
Prepayments	-	1	-	1
Total Financial Assets:	**787**	**163**	**-**	**950**
Liabilities				
Deposits Held	48	-	-	48
Payables	-	560	-	560
Provisions	-	764	225	989
Other Liabilities	-	2 360	-	2 360
Total Financial Liabilities:	**48**	**3 684**	**225**	**3 957**

(d) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It comprises interest rate risk, price risk and currency risk. The primary market risk that the Territory Wildlife Parks is exposed to is interest rate risk.

i) Interest Rate Risk

The entity has limited exposure to interest rate risk as all financial assets and financial liabilities, with the exception of the cash at bank, are non-interest bearing. The exposure to interest rate risk on financial assets and financial liabilities is set out in the following tables. Changes to the variable rates of 100 basis points (1 per cent) at reporting date would have had an $8 000 effect on the entity's profit or loss and equity.

	GBD 2012 $'000	GBD 2011 $'000
Variable rate instruments		
Financial assets	779	787
Financial Liabilities	(56)	(48)
Total	**723**	**739**

ii) Price Risk

Territory Wildlife Parks is not exposed to price risk as it does not hold units in unit trusts.

iii) Currency Risk

Territory Wildlife Parks is not exposed to currency risk as the entity does not hold borrowings denominated in foreign currencies or transactional currency exposures arising from purchases in a foreign currency.

(e) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective net fair values. Where differences exist, these are not material.

	2012 $'000	2011 $'000
15. Commitments		
Non-cancellable Operating Lease Expense Commitments		
Future operating lease commitments not recognised as liabilities are payable as follows:		
Within one year	7	10
Later than one year and not later than five years	10	18
	17	**28**
16. Community Service Obligations		
Community Service Obligation received	9 418	7 915

The Community Service Obligation covers non commercial activities.

17. Contingent Liabilities and Contingent Assets

a) Contingent Liabilities

The entity had no contingent liabilities as at 30 June 2012 or 30 June 2011.

b) Contingent Assets

The entity had no contingent assets as at 30 June 2012 or 30 June 2011.

18. Events Subsequent to Balance Date

No events have arisen between the end of the financial year and the date of this report that require adjustment to, or disclosure in these financial statements.

19. Accountable Officer's Trust Account

In accordance with Section 7 of the *Financial Management Act*, an Accountable Officer's Trust Account has been established for the receipt of money to be held in trust. A summary of activity is shown below:

Nature of Trust Money	Opening Balance 1 July 2011 $'000	Receipts $'000	Payments $'000	Closing Balance 1 July 2012 $'000
Other Money	0	8	5	3
	0	**8**	**5**	**3**

20. Segment Information

Business Segments	Territory Wildlife Park		Alice Springs Desert Park		Entity	
	2012 $'000	2011 $'000	2012 $'000	2011 $'000	2012 $'000	2011 $'000
Revenue	6 679	5 150	4 848	4 793	11 527	9 943
(Loss) from Ordinary Activities	(1 287)	(1 730)	(1 007)	(1 240)	(2 294)	(2 970)
Net Non-current Assets	11 483	12 436	13 634	14 284	25 117	26 720
Unallocated Assets	-	-	-	-	1 035	950
Unallocated Liabilities	-	-	-	-	(1 416)	(3 957)

21. Write Offs, Postponements and Waivers

	2012 $'000	No. of Trans.	2011 $'000	No. of Trans.
Write offs, postponements and waivers under the *Financial Management Act*				
Represented by:				
Public property written off	-	-	-	1
Irrecoverable amounts payable to the entity written off	2	3	6	4
Total written off, waived and postponed by Delegates	**2**	**3**	**6**	**5**