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 2011.

The financial statements in this report represent the Department of Natural Resources, Environment, The Arts and Sport (the Department) as well as consolidated statements (the Group) incorporating the Territory Natural Resource Management Board Incorporated (TNRMB). The consolidation recognises the control the Department has over appointing members to the Board.

As TNRMB is required to prepare its own statement of accounts for the financial year the following commentary relates to the Department only.

Money comes in, money goes out

A simplified diagram of the paper trail.

Income

Northern Territory Government
- Output Appropriation
- Capital Appropriation
- Community Service Obligation

Australian Government
- Grant payments
- National Partnership Payments (NPP's)
- Natural Heritage Trust (NHT)

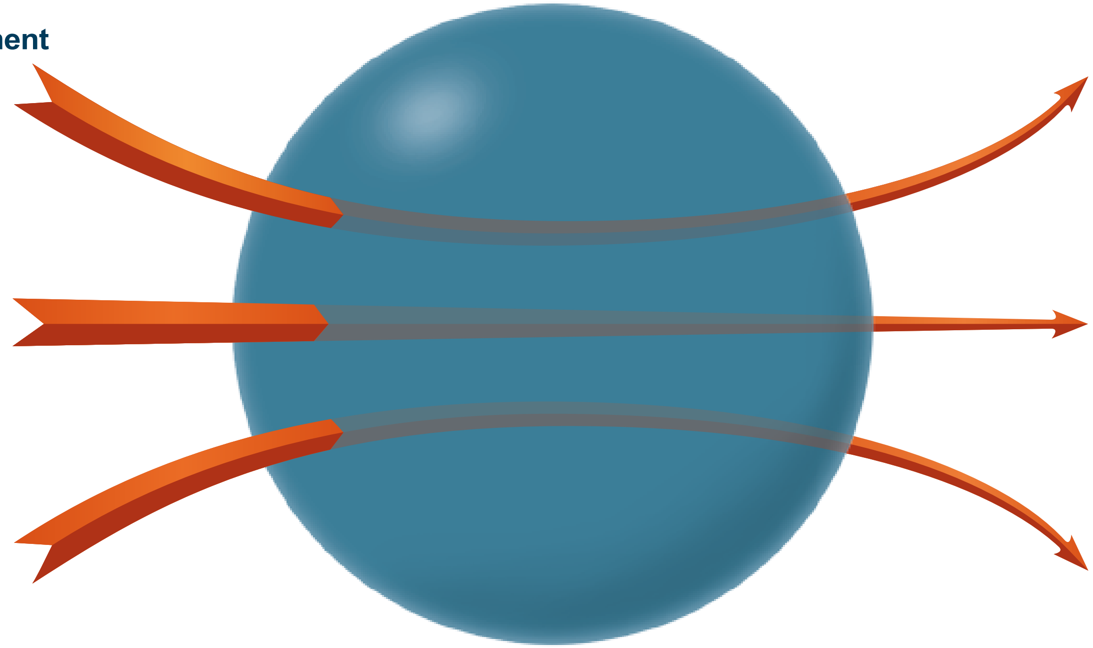
Other external funding organisations
- Grant payments

Interest

TNRMB

Sale of goods and services

Notional income
- Corporate Services received free of charge (Northern Territory Department of Business and Employment)



Expenditure

Delivery of services
- Employee expenses
- Purchase of goods and services
- Corporate Services received free of charge (Northern Territory Department of Business and Employment)

Infrastructure
- Repairs and maintenance
- Depreciation (non cash)
- Capital (new) works

Community Service Obligation
- Territory Wildlife Parks

External funding
- Grant payments

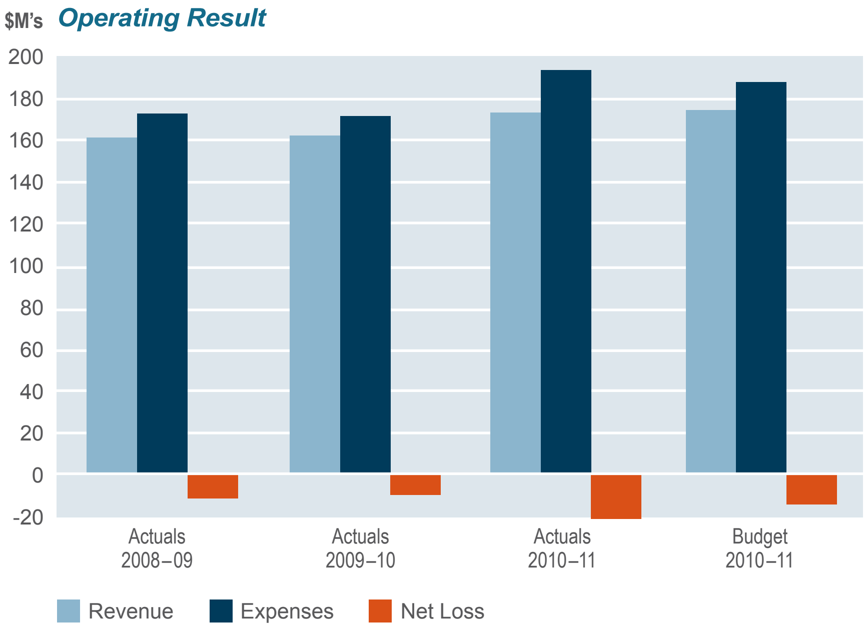
Operating Result

In 2010–11, the Department made a loss of $20.7 million compared to a budgeted loss of $13.9 million.

Major factors contributing to the budget over spend include:-

- Delivery of the biennial Arafura Games. The management of the games was transferred to the Department from the Northern Territory Major Events Company Pty Ltd in 2010–11;
- Transfer Parks' titles under the *Framework for the Future Act* back to the Traditional Owners. Under the Framework, Parks are leased back to the Territory under Joint Management terms and rent is payable to Traditional Owners;
- Responding to Northern Territory wildfires to reduce the impact through mitigation;
- Performing essential repairs and maintenance from Tropical Cyclone Carlos which caused damage to the Department's assets in February 2011;
- Provision of additional support such as grants to sporting and arts organisations;
- Payment of workers' compensation and legal expenses; and
- Higher asset values following a revaluation and asset transfers increasing depreciation and amortisation.

The operating result is presented graphically below.

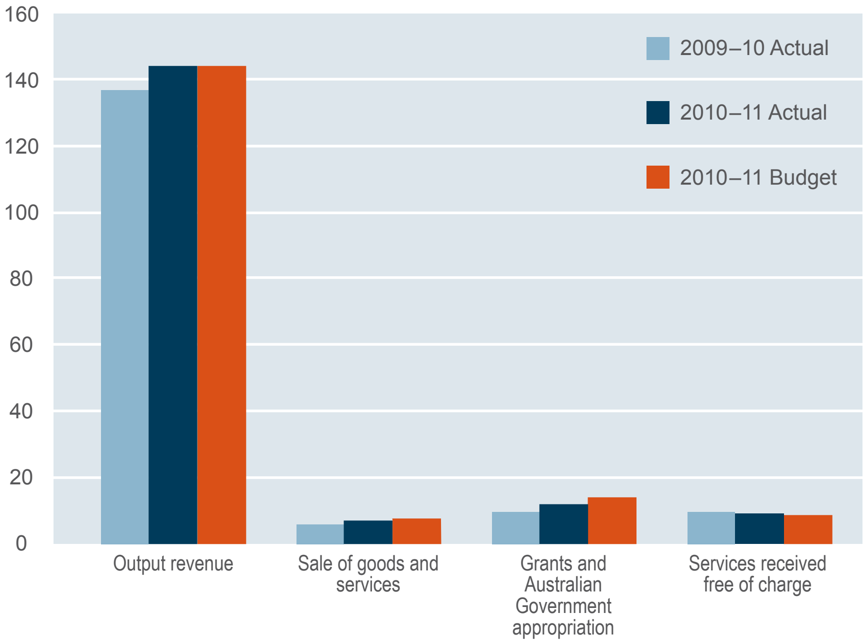


Income – Where the dollars come from

The Department received income of $172.9 million in 2010–11, a $10.6 million increase compared to 2009–10 and a decrease of $1.4 million compared to the budget.

The following graph shows the actual income by source for 2010–11. The percentage splits have remained constant over the last three years with the primary funding source funded through Parliamentary appropriation (Output Revenue).

$M's *Income by Source*



Output revenue

In 2010–11, the actual and budgeted output revenue increased over the previous year by $7.1 million to $143.7 million. This increase reflected funding of $4 million capital grant to NT Squash for new squash facilities in Darwin and $3.1 million towards the delivery of the bi-annual Arafura Games.

Sales of goods and services

In 2010–11, revenue from the sale of goods and services increased by $1.1 million over the prior year to $6.9 million. This was mainly as a result of the biennial Arafura Games ($0.7 million) and a one off increase in parks concessionaire revenue ($0.2 million).

Sales of goods and services were $0.3 million behind budget predominately due to a decrease in revenue for drilling services.

Grants and Australian Government appropriation

The Department still continues to attract a significant amount of external funding. In 2010–11, $12.4 million of funding was received as grants and Australian Government appropriation representing a $2.5 million (25 per cent) increase over 2009–10. This increase is directly attributed to funding received from the Australian Government for natural resource management activities.

Income was $1.8 million lower than budget due to delays in payment of grant funding. The unpaid funding is expected to be received in 2011–12.

Services received free of charge

The Department recognises notional revenue for corporate services provided by the Department of Business and Employment. This income (and an associated expense item) allows the Department to bring to account the full cost of corporate services it requires to operate.

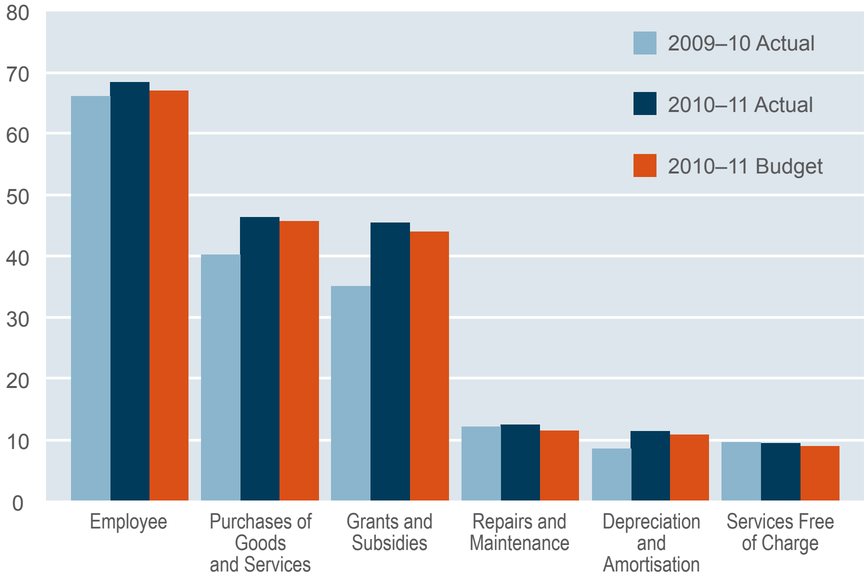
Income of $9.4 million for 2010–11 was $0.1 million less than in 2009–10 but a $0.4 million increase on budget. The equivalent amounts are reflected as an expense, and therefore has no effect on the Department's net loss.

Expenses – Where the dollars were spent

In the delivery of its programs and services the Department incurred $193.6 million in expenses during 2010–11, $5.5 million more than budgeted and an increase of $21.8 million over the prior year.

The following graph shows the expenses by type for 2010–11.

$M's *Expenses by Activity*



Employee expenses

The Department had 919 employees as at 30 June 2011 including 58 who were externally funded.

Employee expenses were $68.5 million against a budget of $67.1 million for 2010–11 and in 2009–10 the actual figure was $66.2 million. The increase over budget and the prior year is due to the delivery of Arafura Games, workers' compensation payments and a pay increase, as negotiated under the *Northern Territory Public Sector Workplace Agreement 2010–13*. The pay increase included one off payments to employees of certain classifications and a restructure of the top classification tiers.

Goods and services expenses

Actual spend on the purchase of goods and services in 2010–11 was $46.4 million, $0.7 million more than budget. The overspend to budget was primarily a result of land rent paid for Jointly Managed Parks, wildfire expenditure and contributions to national weed programs. The additional payments were offset by an underspend on externally funded projects.

The major items contributing to the increase in expenses of $6.2 million over the prior year included the outsourcing of the management of Leanyer Recreation Park, Parks land rent and delivery of the Arafura Games.

Grants and subsidies

In 2010–11, the Department distributed $45.5 million in grants and subsidies ($35.1 million 2009–10) against a budget of $44 million.

Grants of $31.2 million were made to recipients including art organisations, natural resource management and biodiversity conservation community groups and sport and recreation bodies.

In 2010–11 a payment was also made for the Arafura Games opening ceremony. As in prior years a community service obligation payment of $7.9 million was paid to the Territory Wildlife Parks for the delivery of non-commercial functions.

Externally funded grant payments of $6.4 million ($2.7 million in 2009–10) were distributed in 2010–11 against a budget of $6.3 million.

Grants expenses increased by $10.4 million over 2009–10. The major increases were:

- Capital grants:
  - NT Squash for new Squash facilities $4.0 million
  - Sporting and community infrastructure at Freds Pass Reserve $1.0 million;
  - NT Hockey to resurface Marrara Hockey Stadium $0.5 million; and
  - Integration of the Red Centre Way West Donnell Discovery Centre $0.6 million.
- Externally funded grant payments reflecting the new arrangements with the Australian Government for TNRMB $4.4 million

Repairs and maintenance

Actual repairs and maintenance expenditure was $12.4 million against a budget of $11.4 million. The $1 million overspend primarily relates to natural disaster repairs to Department assets as a result of Tropical Cyclone Carlos.

Expenditure was a $0.3 million increase over 2009–10 representing increased expenditure due to natural disasters.

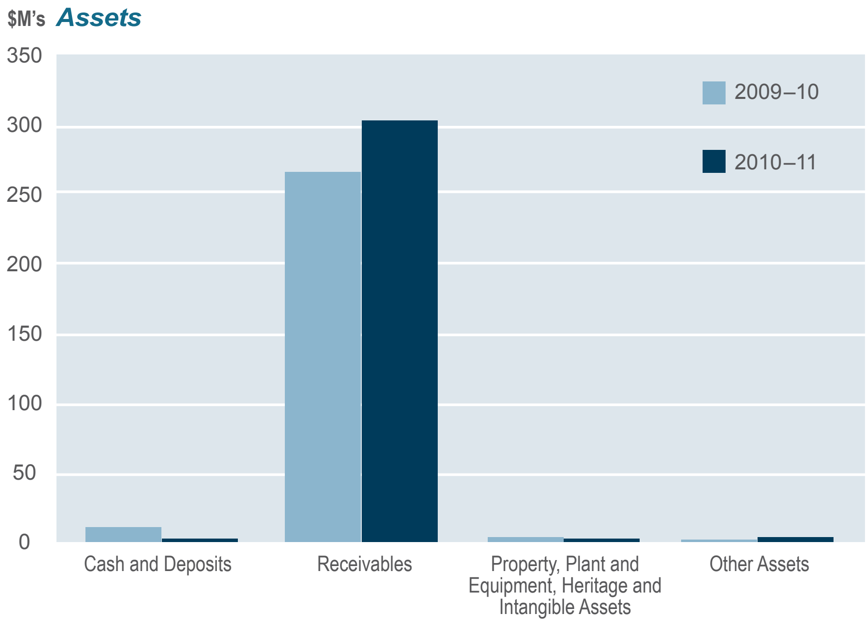
Balance Sheet

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 $310.5 million at 30 June 2011 represent an increase of $29.9 million over the previous year. This is mainly a result from the transfer of assets ($40.7 million), the revaluation of land and buildings ($6.7 million) offset by depreciation ($11.3 million).

The following graph illustrates the major asset components of assets.



Cash and deposits

Cash and deposits of $2.5 million were held on 30 June 2011 compared to $10.4 million at 30 June 2010. The cash balances have been depleted significantly by the Department's higher than budgeted activity during the year.

Property, plant and equipment, heritage and intangible assets

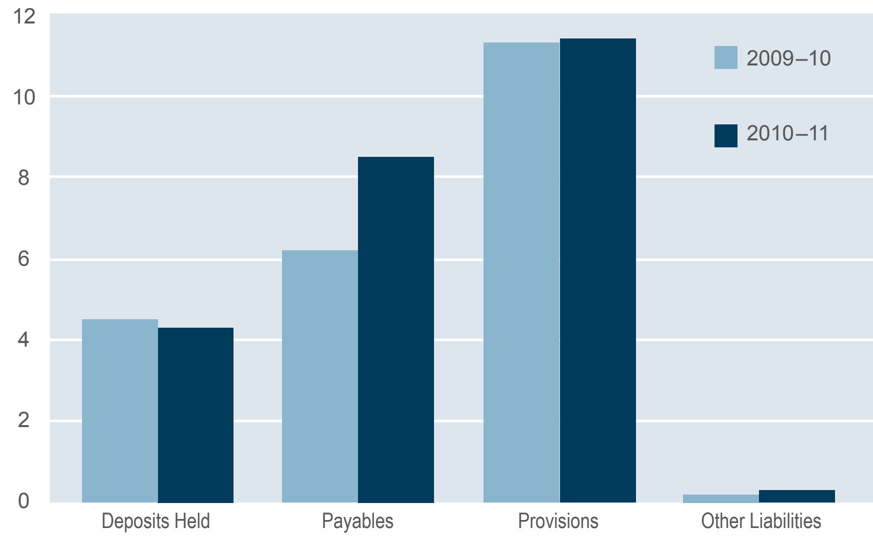
The Department's property, plant and equipment, heritage and intangible assets total $302.2 million at 30 June 2011. These assets include: land; buildings (such as the Museum and Art Gallery of the Northern Territory at Bullocky Point, Araluen Art Centre in Alice Springs and Marrara Indoor Stadium); infrastructure (such as car parks, walking trails and shelters); and other equipment such as drilling rigs and information technology equipment.

The Department also holds a significant amount of works of art, cultural, and natural science collections at Museums and Art Galleries of the Northern Territory, and these were not valued and recognised in the financial statements at 30 June 2011. A valuation is currently being undertaken by the Australian Valuation Office and is expected to be completed in 2011–12.

Liabilities – What we owe

The Department's total liabilities of $24.5 million at 30 June 2011 are an increase of $2.3 million over the previous year. The graph below shows the components of liabilities.

$M's *Liabilities*



Deposits held

Deposits of $4.3 million were held at 30 June 2011 compared to $4.5 million at 30 June 2010. The deposits 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

Payables represent the amount owed to creditors at 30 June for goods and services purchased and received. The balance has increased by $2.3 million to $8.5 million at 30 June 2011.

Provisions

Provisions were $11.4 million at June 2011 an increase of $0.1 million from the prior year. Provisions for employee entitlements such as recreation leave, leave loading and leave fares were adjusted during the year to reflect the net present value of future entitlements i.e. the cost in present day dollars of employee entitlements that are to be paid in the future.

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 2011 was $286 million, an increase of $27.5 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 $41.5 million relate to the transfer into the Department of $40.7 million of property, plant and equipment and $0.8 million capital appropriation for the purchase of capital items.

The revaluation reserve increased significantly by $6.7 million as a result of the valuation of land and building by the Australian Valuation Office. The revaluation is part of the three year rolling revaluation program.

Accumulated funds move each year by the profit or loss of the Department. In 2010–11 accumulated funds reduced by $20.7 million representing the 2010–11 reported loss.

Statement of Cash Flow

The statement of cash flow provides information on the nature and amount of cash flowing into and out of the Department during the year.

The Department's cash balances moved from $10.4 million to $2.5 million during the year. The cash flows are summarised as follows:

Cash Flow Statement Summary	2011 $'000	2010 $'000
Net cash (used in) operating activities	(7 548)	(99)
Net cash (used in) investing activities	(845)	(1 533)
Net cash From / (used in) financing activities	564	(12 470)
Net decrease in cash held	(7 829)	(14 102)
Cash at beginning of reporting period	10 354	24 456
Cash at end of reporting period	2 525	10 354

Net cash from operating activities were reduced during 2010–11 by $7.5 million due to necessary additional expenditure associated with the increased activity of the department. Whilst the Department had total revenue of $173.1 million, overall cash decreased due to higher payments for employees, goods and services expenses and grant payments of $180.6 million

The cash of $0.8 million for investing activities in 2010–11 reflects cash spent on property, plant and equipment and computer software purchases during the year.

Net cash from financing activities reflects $0.8 million received in parliamentary capital appropriation for the purchase of minor assets less $0.2 million cash released from the Single Holding Account.

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 2011 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 Officer	A/Chief Financial Officer
30 August 2011	30 August 2011

Comprehensive Operating Statement as at 30 June 2011

INCOME	Note	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Grants and Subsidies Revenue					
Current		7 085	9 081	7 931	14 905
Capital		0	0	0	0
Appropriation					
Output		143 685	136 603	143 685	136 603
Australian Government		5 295	805	5 295	805
Sales of Goods and Services		6 949	5 858	5 972	4 995
Interest Revenue		141	170	275	274
Goods and Services Received Free of Charge (1)	4	9 363	9 482	9 363	9 482
Assets acquired at Nil Consideration		0	6	0	6
Other Income		393	318	472	318
TOTAL INCOME	3	**172 911**	**162 323**	**172 993**	**167 388**
EXPENSES					
Employee Expenses		68 479	66 202	68 775	66 388
Administrative Expenses					
Purchases of Goods and Services	6	46 375	40 176	47 052	41 045
Repairs and Maintenance		12 449	12 141	12 449	12 141
Depreciation and Amortisation	10,11a,b	11 285	8 470	11 292	8 474
Other Administrative Expenses (1)		9 392	9 515	9 392	9 515
Grants and Subsidies Expenses					
Current		30 299	25 016	28 949	30 320
Capital		7 290	2 198	7 290	2 198
Community Service Obligations		7 915	7 915	7 915	7 915
Interest Expenses	17	141	170	141	170
Loss on Disposal of Assets	5	5	15	5	15
TOTAL EXPENSES	3	**193 630**	**171 818**	**193 260**	**178 181**
NET (DEFICIT)	15	**(20 719)**	**(9 495)**	**(20 267)**	**(10 793)**
Other Comprehensive Income					
Asset Revaluation reserve		6 747	75 521	6 747	75 521
TOTAL OTHER COMPREHENSIVE INCOME		6 747	75 521	6 747	75 521
COMPREHENSIVE RESULT		**(13 972)**	**66 026**	**(13 520)**	**(64 728)**

[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 2011

ASSETS	Note	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Current Assets					
Cash and Deposits	7	2 525	10 354	5 414	13 443
Receivables	8	2 534	3 471	2 501	3 278
Accrued Revenue		0	60	0	60
Inventories	9	375	296	375	296
Prepayments		2 870	1 057	2 873	1 066
Total Current Assets		8 304	15 238	11 163	18 143
Non-Current Assets					
Property, Plant and Equipment	10	301 992	265 276	302 013	265 305
Intangible Assets	11a	134	76	134	76
Heritage and Cultural Assets	11b	30	30	30	30
Total Non-Current Assets		302 156	265 382	302 177	265 411
TOTAL ASSETS		**310 460**	**280 620**	**313 340**	**283 554**
LIABILITIES					
Current Liabilities					
Deposits Held	14	4 307	4 528	4 307	4 528
Payables	12	8 538	6 210	8 000	6 261
Provisions	13	7 887	7 808	7 910	7 812
Other Liabilities	14	231	177	296	177
Total Current Liabilities		20 963	18 723	20 513	18 778
Non-Current Liabilities					
Provisions	13	3 514	3 444	3 514	3 444
Total Non-Current Liabilities		3 514	3 444	3 514	3 444
TOTAL LIABILITIES		**24 477**	**22 167**	**24 027**	**22 222**
NET ASSETS		**285 983**	**258 453**	**289 313**	**261 332**
EQUITY	15				
Capital		261 449	219 947	261 449	219 947
Reserves		82 803	76 056	82 803	76 056
Accumulated Funds		(58 269)	(37 550)	(54 939)	(34 671)
TOTAL EQUITY		**285 983**	**258 453**	**289 313**	**261 332**

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

Statement of Changes in Equity

2010–11 Department	Note	Equity at 1 July $'000	Comprehensive Result $'000	Transactions with owners in capacity as owners $'000	Equity at 30 June $'000
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 – Assets		-	-	40 717	40 717
		219 947	-	41 502	261 449
TOTAL EQUITY AT 30 JUNE		**258 453**	**(13 972)**	**41 502**	**285 983**

2009–10 Department	Note	Equity at 1 July $'000	Comprehensive Result $'000	Transactions with owners in capacity as owners $'000	Equity at 30 June $'000
Accumulated Funds		(28 055)	(9 495)	-	(37 550)
Reserves					
Asset Revaluation Reserve	15	535	75 521	-	76 056
Capital –Transactions with Owners		222 117	-	-	222 117
Equity Injections					
Capital Appropriation		-	-	1 182	1 182
Equity Transfers In – Assets		-	-	8 815	8 815
Other Equity Injections		-	-	33	33
Equity Withdrawals					
Capital Withdrawal		-	-	(12 200)	(12 200)
		222 117	-	(2 170)	219 947
TOTAL EQUITY AT 30 JUNE		**194 597**	**66 026**	**(2 170)**	**258 453**

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

Statement of Changes in Equity

2010–11 Group	Note	Equity at 1 July $'000	Comprehensive Result $'000	Transactions with owners in capacity as owners $'000	Equity at 30 June $'000
Accumulated Funds		(34 671)	(20 268)	-	(54 939)
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 – Assets		-	-	40 717	40 717
		219 947	-	41 502	261 449
TOTAL EQUITY AT 30 JUNE		**261 332**	**(13 521)**	**41 502**	**289 313**

2009–10 Group	Note	Equity at 1 July $'000	Comprehensive Result $'000	Transactions with owners in capacity as owners $'000	Equity at 30 June $'000
Accumulated Funds		(23 878)	(10 793)	-	(34 671)
Reserves					
Asset Revaluation Reserve	15	535	75 521	-	76 056
Capital – Transactions with Owners		222 117	-	-	222 117
Equity Injections					
Capital Appropriation		-	-	1 182	1 182
Equity Transfers In – Assets		-	-	8 815	8 815
Other Equity Injections		-	-	33	33
Equity Withdrawals					
Capital Withdrawal		-	-	(12 200)	(12 200)
		222 117	-	(2 170)	219 947
TOTAL EQUITY AT 30 JUNE		**198 774**	**64 728**	**(2 170)**	**261 332**

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 2011

CASH FLOWS FROM OPERATING ACTIVITIES	Note	Department 2011 $'000 (Outflows) / Inflows	Department 2010 $'000 (Outflows) / Inflows	Group 2011 $'000 (Outflows) / Inflows	Group 2010 $'000 (Outflows) / Inflows
Operating Receipts					
Grants and Subsidies Received					
Current		7 085	9 081	7 880	14 875
Appropriation					
Output		143 685	136 603	143 685	136 603
Australian Government		5 295	805	5 295	805
Receipts From Sales of Goods and Services		16 878	15 139	16 100	16 236
Interest Received		143	166	277	271
Total Operating Receipts		173 086	161 794	173 237	168 790
Operating Payments					
Payments to Employees		(68 170)	(65 376)	(68 470)	(65 562)
Payments for Goods and Services		(66 817)	(61 222)	(71 730)	(64 203)
Grants and Subsidies Paid					0
Current		(30 299)	(25 016)	(25 437)	(30 320)
Capital		(7 290)	(2 198)	(7 290)	(2 198)
Community Service Obligations		(7 915)	(7 915)	(7 915)	(7 915)
Interest Paid		(143)	(166)	(143)	(166)
Total Operating Payments		(180 634)	(161 893)	(180 985)	(170 364)
Net Cash (Used In) Operating Activities	16	**(7 548)**	**(99)**	**(7 748)**	**(1 574)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Investing Receipts					
Proceeds from Asset Sales	5	2	18	2	18
Total Investing Receipts		2	18	2	18
Investing Payments					
Purchases of Assets	10	(847)	(1 551)	(847)	(1 567)
Total Investing Payments		(847)	(1 551)	(847)	(1 567)
Net Cash (Used In) Investing Activities		**(845)**	**(1 533)**	**(845)**	**(1 549)**

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 2011

CASH FLOWS FROM FINANCING ACTIVITIES	Note	Department 2011 $'000 (Outflows) / Inflows	Department 2010 $'000 (Outflows) / Inflows	Group 2011 $'000 (Outflows) / Inflows	Group 2010 $'000 (Outflows) / Inflows
Financing Receipts					
Equity Injections					
Capital Appropriations	15	785	1 182	785	1 182
Other Equity Injections		0	33	0	33
Total Financing Receipts		785	1 215	785	1 215
Financing Payments					
Deposits Paid		(221)	(1 485)	(221)	(1 485)
Equity Withdrawals		0	(12 200)	0	(12 200)
Total Financing Payments		(221)	(13 685)	(221)	(13 685)
Net Cash from/(Used In) Financing Activities		**564**	**(12 470)**	**564**	**(12 470)**
Net (Decrease) in Cash Held		(7 829)	(14 102)	(8 029)	(15 593)
Cash at Beginning of Financial Year		10 354	24 456	13 443	29 036
CASH AT END OF FINANCIAL YEAR	7	**2 525**	**10 354**	**5 414**	**13 443**

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

Index of 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:-

- Ensure the demands on natural resources are kept within sustainable limits;
- Celebrate their unique histories; and
- 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 101 of the Annual Report.

The Department is predominantly funded by, and dependent on the receipt of, Parliamentary Appropriations. 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 six Output Groups as follows:

- Protected Areas and Conservation
- Natural Resources
- Environment and Heritage
- Arts and Culture
- Sport and Recreation
- Environment Protection Authority

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 101 Presentation of Financial Statements (September 2007), AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101, AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Comprehensive Operating Statement and Statement of Changes in Equity. Other Comprehensive Income is now disclosed in the Comprehensive Operating Statement and the Statement of Changes in Equity discloses owner changes in equity separately from non-owner changes in equity.

AASB 3 Business Combinations, AASB 127 Consolidated and Separate Financial Statements, AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127, AASB 2008-11 Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities

These Standards alter the manner in which business combinations and changes in ownership interests in subsidiaries are accounted for. AASB 2008-11 has the effect of requiring assets acquired and liabilities assumed in a merger of not-for-profit entities to be remeasured, normally at fair value, as at the date of the merger. These Standards do not impact the Financial Statements.

AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 and 1038]

The amendments largely clarify the required accounting treatment where previous practice had varied, although some new or changed requirements are introduced. Topics include below market interest-rate government loans, accounting for advertising and promotional expenditure, investment property under construction and the reclassification to inventories of property, plant and equipment previously held for rental when the assets cease to be rented and are held for sale. The Standard does not impact the Financial Statements.

AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments

The Standard amends AASB 7 Financial Instruments: Disclosures to require enhanced disclosures about fair value measurements. It establishes a three-level hierarchy for making fair value measurements, requiring those financial instruments measured at fair value in the Balance Sheet to be categorised into levels.

AASB 2009-6 Amendments to Australian Accounting Standards, AASB 2009-7 Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 and 139 and Interpretation 17]

The Standards make editorial amendments to a range of Australian Accounting Standards and Interpretations. AASB 2009-6 also makes additional amendments as a consequence of the issuance of a revised AASB 101 Presentation of Financial Statements (September 2007). These Standards do 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 2009-5 Further amendments to Australian Accounting Standards arising from the annual improvements project

Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments relate to terminology and editorial changes. Effective for annual reporting period beginning on or after 1 January 2011.

AASB 9 Financial Instruments

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 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12].

This gives effect to consequential changes arising from the issuance of AASB 9. Effective for annual reporting period beginning on or after 1 January 2013.

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

Key amendments include clarification of content of statement of changes in equity (AASB 101) and financial instrument disclosures (AASB 7). Effective for annual reporting period beginning on or after 1 January 2011.

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.

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 2009–10 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 2010–11 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 Goods and Services Tax. 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 Inter-Governmental Agreement on Federal Financial Relations, resulting in Special Purpose Payments and National Partnership 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 passed onto the relevant agencies as Australian Government 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 Expenses

Funding is received for repairs and maintenance works associated with Department assets as part of Output Appropriation and external funding. Costs associated with repairs and maintenance works on Department assets are expensed as incurred.

(k) 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.

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	2010	2009
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 Expenses

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 ageing 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 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:

- 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 valuation of the primary art collection managed by the Department is currently underway, along with the full collection of the Museum and Art Gallery of the Northern Territory.

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 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 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 and 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 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 and Note 15 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 and are consistent with the requirements contained in AASB 101, AASB 116 and AASB 117.

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

(x) Group

The 'Group' refers to the consolidation of the Department of Natural Resources, Environment, The Arts and Sport and the Territory Natural Resources Management Board Incorporated.
The preparation and presentation of consolidated reporting recognises the Department's control over the Territory Natural Resources Management Board consistent with the requirements contained in AASB127.

3. Comprehensive Operating Statement by Output Group – Department only

	Note	Protected Areas and Conservation		Natural Resources		Environment and Heritage		Arts and Culture		Sport and Recreation		Environment Protection Authority		Total	
		2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Income															
Grants and Subsidies Revenue															
Current		501	673	4 102	5 254	117	778	1 188	1 496	1 177	880	0	0	7 085	9 081
Capital		0	0	0	0	0	0	0	0	0	0	0	0	0	0
Appropriation															
Output		45 947	46 223	26 695	27 338	8 034	7 518	35 868	36 331	25 768	18 292	1 373	901	143 685	136 603
Australian Government		0	0	4 537	600	0	0	758	205	0	0	0	0	5 295	805
Sales of Goods and Services		1 482	1 387	2 089	2 151	58	90	2 105	1 898	1 215	330	0	2	6 949	5 858
Interest Revenue		0	0	141	170	0	0	0	0	0	0	0	0	141	170
Goods and Services Received Free of Charge	4	3 060	3 103	2 449	2 480	537	544	2 654	2 685	628	635	35	35	9 363	9 482
Assets Acquired at Nil Consideration		0	0	0	6	0	0	0	0	0	0	0	0	0	6
Other Income		211	206	68	54	41	29	39	27	31	2	3	0	393	318
Total Income		51 201	51 592	40 081	38 053	8 787	8 959	42 612	42 642	28 819	20 139	1 411	938	172 911	162 323
Expenses															
Employee Expenses		19 114	20 334	19 354	19 259	4 871	3 670	17 853	17 793	6 622	4 468	665	678	68 479	66 202
Administration Expenses															
Purchase of Goods and Services	6	13 559	13 664	12 052	12 302	2 190	1 487	10 176	9 274	8 018	3 102	380	347	46 375	40 176
Repairs and Maintenance		5 274	5 910	899	1 485	1 180	852	3 063	2 223	2 033	1 671	0	0	12 449	12 141
Depreciation and Amortisation	10,11	3 476	3 240	641	616	61	61	2 995	1 672	4 084	2 851	28	30	11 285	8 470
Other Administration Expenses		3 065	3 115	2 451	2 484	537	547	2 656	2 694	648	640	35	35	9 392	9 515
Grants and Subsidies Expenses															
Current		822	961	7 434	3 385	1 281	1 469	11 189	10 917	9 573	8 284	0	0	30 299	25 016
Capital		600	0	0	0	0	1	331	25	6 359	2 172	0	0	7 290	2 198
Community Service Obligations		7 915	7 915	0	0	0	0	0	0	0	0	0	0	7 915	7 915
Interest Expense	17	0	0	141	170	0	0	0	0	0	0	0	0	141	170
Loss on Disposal of Assets	5	5	1	0	0	0	0	0	(2)	0	16	0	0	5	15
Total Expenses		53 830	55 140	42 972	39 701	10 120	8 087	48 263	44 596	37 337	23 204	1 108	1 090	193 630	171 818
NET (DEFICIT)		(2 629)	(3 548)	(2 891)	(1 648)	(1 333)	872	(5 651)	(1 954)	(8 518)	(3 065)	303	(152)	(20 719)	(9 495)

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
4. Goods and Services Received Free of Charge				
Corporate and Information Services	**9 363**	**9 482**	**9 363**	**9 482**
5. Loss on Disposal of Assets				
Net proceeds from the disposal of capitalised assets	2	18	2	18
Less: Carrying value of non-current assets disposed	(7)	(33)	(7)	(33)
(Loss) on the disposal of non-current assets	**(5)**	**(15)**	**(5)**	**(15)**
6. Purchases of Goods and Services				
The net (deficit) has been arrived at after charging the following expenses:				
Goods and Services Expenses:				
Consultants [(1)]	1 887	1 214	2 122	1 214
Advertising [(2)]	1 357	548	1 367	548
Marketing and Promotion [(3)]	1 260	802	1 275	802
Legal Expenses [(4)]	742	(2)	742	(2)
Recruitment [(5)]	326	321	328	321
Training and Study	1 111	858	1 125	858
Official Duty Fares	1 807	1 527	1 832	1 527
Travelling Allowance	856	922	871	922

(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. Result for 2011 is due to the reversal of a prior year accrual.

(5) Includes recruitment related advertising costs.

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
7. Cash and Deposits				
Cash on Hand	19	20	19	20
Cash at Bank	2 506	10 334	5 395	13 423
	2 525	**10 354**	**5 414**	**13 443**
8. Receivables				
Current				
Accounts Receivable	839	2 573	839	2 434
Less: Allowance for Impairment Losses	(68)	(49)	(68)	(49)
	771	2 524	771	2 385
Interest Receivables	13	14	13	14
GST Receivables	1 750	933	1 717	879
Total Receivables	**2 534**	**3 471**	**2 501**	**3 278**
9. Inventories				
General Inventories				
At cost	375	296	375	296
Total Inventories	**375**	**296**	**375**	**296**

During the year the Department was required to write-off $711 ($1,316 in 2009–10) of inventory due to stock being damaged or stolen.

10. Property, Plant and Equipment

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Land				
At Fair Value	43 007	29 167	43 007	29 167
Buildings				
At Fair Value	437 497	337 641	437 497	337 641
Less: Accumulated Depreciation	(199 083)	(123 113)	(199 083)	(123 113)
	238 414	214 528	238 414	214 528
Infrastructure				
At Fair Value	30 375	30 306	30 375	30 306
Less: Accumulated Depreciation	(15 267)	(14 402)	(15 267)	(14 402)
	15 108	15 904	15 108	15 904
Plant and Equipment				
At Cost	14 512	13 882	14 545	13 915
Less: Accumulated Depreciation	(10 274)	(9 599)	(10 286)	(9 603)
	4 238	4 283	4 259	4 312
Leased Plant and Equipment				
At Capitalised Cost	30	30	30	30
Less: Accumulated Depreciation	(30)	(30)	(30)	(30)
	0	0	0	0
Transport Equipment				
At Fair Value	801	802	801	802
Less: Accumulated Depreciation	(699)	(726)	(699)	(726)
	102	76	102	76
Computer Equipment				
At Fair Value	3 156	3 142	3 156	3 142
Less: Accumulated Depreciation	(2 033)	(1 824)	(2 033)	(1 824)
	1 123	1 318	1 123	1 318
Total Property, Plant and Equipment	**301 992**	**265 276**	**302 013**	**265 305**

Property, Plant and Equipment Valuations
The latest revaluations as at 30 June 2011 were undertaken by the Australian Valuation Office. The revaluation included land and buildings as part of the Territory Government's 3 year rolling program.

Impairment of Property, Plant and Equipment
Department property, plant and equipment assets were assessed for impairment as at 30 June 2011. No impairment adjustments were required as a result of this review.

10. Property, Plant and Equipment (Continued)

Property, Plant and Equipment Reconciliations
A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of 2010–11 and 2009–10 is set out below:

	Land	Buildings	Infrastructure	Plant and Equipment	Transport Equipment	Computer Equipment	Total
2010–11	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Carrying Amount as at 1 July 2010	29 167	214 528	15 904	4 283	1 318	76	265 276
Additions	-	-	-	672	19	60	751
Disposals	-	-	-	-	(7)	-	(7)
Depreciation and Amortisation	-	(9 402)	(864)	(746)	(201)	(34)	(11 247)
Additions/(Disposals) from Asset Transfers	-	40 380	68	29	(5)	-	40 472
Revaluation Increments	13 840	(7 093)	-	-	-	-	6 747
Rounding	-	1	-	-	(1)	-	0
Carrying Amount as at 30 June 2011	**43 007**	**238 414**	**15 108**	**4 238**	**1 123**	**102**	**301 992**
2009–10	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Carrying Amount as at 1 July 2009	19 333	148 481	16 417	3 426	1 376	92	189 125
Additions	-	69	-	1 164	210	28	1 471
Disposals	-	(23)	-	(12)	(13)	-	(48)
Depreciation and Amortisation	-	(6 605)	(856)	(744)	(212)	(44)	(8 461)
Additions/(Disposals) from Asset Transfers	-	6 919	343	449	(49)	-	7 662
Revaluation Increments	9 834	65 687	-	-	-	-	75 521
Additions at Nil Consideration	-	-	-	-	6	-	6
Carrying Amount as at 30 June 2010	**29 167**	**214 528**	**15 904**	**4 283**	**1 318**	**76**	**265 276**

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
11a Intangibles				
Intangibles – Computer Software				
At valuation – 1 July	254	158	254	158
Less: Accumulated Amortisation	(120)	(82)	(120)	(82)
Written down value – 30 June	**134**	**76**	**134**	**76**

Impairment of Intangibles

Department intangible assets were assessed for impairment as at 30 June 2011. No impairment adjustments were required as a result of this review.

Reconciliation of movements

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Intangibles with a finite useful life				
Carrying Amount at 1 July	76	4	76	4
Additions	96	80	96	80
Depreciation and Amortisation	(38)	(8)	(38)	(8)
Carrying Amount as at 30 June	**134**	**76**	**134**	**76**

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
11b Heritage and Cultural Assets				
At valuation – 1 July	40	40	40	40
Less: Accumulated Amortisation	(10)	(10)	(10)	(10)
Written down value – 30 June	**30**	**30**	**30**	**30**

Impairment of Intangibles

Department heritage and cultural assets were assessed for impairment as at 30 June 2011. No impairment adjustments were required as a result of this review.

Reconciliation of movements

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Intangibles with a finite useful life				
Other intangibles				
Carrying Amount at 1 July	30	31	30	31
Depreciation and Amortisation	-	(1)	-	(1)
Carrying Amount as at 30 June	**30**	**30**	**30**	**30**

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
12. Payables				
Accounts Payable	3 455	2 069	2 917	2 085
Accrued Expenses	5 083	4 141	5 083	4 176
	8 538	**6 210**	**8 000**	**6 261**
13. Provisions				
Current				
Employee Benefits				
Recreation Leave	5 414	5 432	5 414	5 432
Leave Loading	1 014	982	1 014	982
Other Employee Benefits	170	180	170	180
Other Current Provisions				
Other Provisions (Fringe Benefits, Payroll Tax and Superannuation)	1 289	1 214	1 312	1 218
	7 887	7 808	7 910	7 812
Non-Current				
Employee Benefits				
Recreation Leave	3 514	3 444	3 514	3 444
Total Provisions	**11 401**	**11 252**	**11 424**	**11 256**
Reconciliations of Provisions [(a)]				
Balance as at 1 July	11 252	10 851	11 256	10 853
Additional Provisions Recognised	7 630	7 415	7 653	7 456
Reductions Arising from Payments	(7 481)	(7 014)	(7 485)	(7 053)
Balance as at 30 June	11 401	11 252	11 424	11 256
The Department has 1039 employees as at 30 June 2011				
14. Other Liabilities				
Current				
Deposits held for Natural Heritage Trust/ Caring for Our Country	3 446	3 651	3 446	3 651
Other Liabilities – Accountable Officer's Trust Account and Clearing Accounts	861	877	861	877
Unearned Revenue	231	177	296	177
	4 538	**4 705**	**4 603**	**4 705**

15. Equity

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

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Capital				
Balance as at 1 July	**219 947**	**222 117**	**219 947**	**222 117**
Equity Injections				
Capital Appropriation	785	1 182	785	1 182
Equity Transfers In – Assets	40 717	8 815	40 717	8 815
Equity Transfers In for Department Restructure	0	(12 200)	0	(12 200)
Other Equity Transfers Injections	0	33	0	33
Balance as at 30 June	**261 449**	**219 947**	**261 449**	**219 947**

Reserves

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.

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Balance as at 1 July	**76 056**	**535**	**76 056**	**535**
Increment – Land	13 840	9 834	13 840	9 834
Increment – Buildings	(7 093)	65 687	(7 093)	65 687
Balance as at 30 June	**82 803**	**76 056**	**82 803**	**76 056**
Accumulated Funds				
Balance as at 1 July	**(37 550)**	**(28 055)**	**(34 671)**	**(23 878)**
(Deficit) for the Period	(20 719)	(9 495)	(20 268)	(10 793)
Balance as at 30 June	**(58 269)**	**(37 550)**	**(54 939)**	**(34 671)**

16. Notes to the Cash Flow Statement

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Reconciliation of Cash				
The total of Department Cash and Deposits of $2.525 million recorded in the Balance Sheet is consistent with that recorded as 'cash' in the Cash Flow Statement.				
Reconciliation of Net (Deficit) to Net Cash From Operating Activities				
Net (Deficit)	**(20 719)**	**(9 495)**	**(20 267)**	**(10 793)**
Non-Cash Items:				
Depreciation and Amortisation	11 285	8 470	11 292	8 474
Asset Write-Offs/Write-Downs	10	14	10	14
Repairs and Maintenance Non Cash	236	1 153	236	1 153
Loss on Disposal of Assets	5	15	5	15
Assets acquired at nil value	0	(6)	0	(6)
Changes in Assets and Liabilities:				
Decrease in Receivables	996	1 042	836	1 428
(Increase in Inventories	(79)	(1)	(79)	(1)
(Increase) in Prepayments	(1 813)	(598)	(1 807)	(604)
Increase/(Decrease) in Payables	2 328	(1 271)	1 739	(1 834)
Increase in Provision for Employee Benefits	149	401	168	403
Increase in Other Liabilities	54	177	119	177
Net Cash (Used In) Operating Activities	**(7 548)**	**(99)**	**(7 748)**	**(1 574)**

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, and payables. 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

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Financial Assets				
Cash and Deposits	2 525	10 354	5 414	13 443
Loans and receivables	3 654	3 655	3 657	3 525
	6 179	14 009	9 071	16 968
Liabilities				
Fair value through profit and loss (FVTPL) designated	12 717	10 581	12 534	10 632

(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 creditworthy organisations. 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.firebreaks 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 ageing analysis of receivables is presented below.

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
Ageing of Receivables				
Not Overdue	2 066	2 628	2 033	2 412
Overdue for less than 30 Days	85	714	85	714
Overdue for 30 to 60 Days	3	0	3	20
Overdue for more than 60 Days	448	178	448	181
Total Gross Receivables	**2 602**	**3 520**	**2 569**	**3 327**
Ageing of Impaired Receivables				
Impaired Receivables for more than 60 Days	(68)	(49)	(68)	(49)
Total Impaired Receivables	**(68)**	**(49)**	**(68)**	**(49)**
Reconciliation of the Allowance for Impairment Losses				
Allowance for Impairment Losses at the Beginning of the Reporting Period	49	478	49	478
Written off during the year	0	(444)	0	(444)
Increase in allowance recognised in profit or loss	19	15	19	15
Allowance for Impairment Losses at the End of the Reporting Period	**68**	**49**	**68**	**49**

(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 $2.3 million representing 19 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

2011	Variable Interest $'000	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/ Australian Government)	3 446	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**	**15 019**	**3 514**	**18 533**
2010				
Assets				
Cash and Deposits	3 651	6 703	-	10 354
Receivables	-	3 471	-	3 471
Total Financial Assets	**3 651**	**10 174**	**-**	**13 825**
Liabilities				
Deposits Held (National Heritage Trust/ Australian Government)	3 651	-	-	3 651
Payables	-	2 069	-	2 069
Provisions	-	7 808	3 444	11 252
Other Liabilities	-	177	-	177
Total Financial Liabilities:	**3 651**	**10 054**	**3 444**	**17 149**

(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.

Variable rate instruments	2011 $'000	2010 $'000
Financial Assets	3 446	3 651
Financial Liabilities	(3 446)	(3 651)
Total	-	-

(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

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
(i) Other Expenditure Commitments				
Other non-cancellable expenditure commitments not recognised as liabilities are payable as follows:				
Within one year	2 672	4 466	6 002	7 344
(ii) Operating Lease Commitments				
The Department leases property under non-cancellable operating leases expiring from 1 to 5 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	140	106	200	164
Later than one year and not later than five years	221	152	411	402
Total Operating Lease Commitments	**361**	**258**	**611**	**566**
(iii) Finance Lease Commitments				
Within one year	-	-	-	-
Total Finance Lease Commitments	**-**	**-**	**-**	**-**

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.

(b) Contingent assets

The Department had no contingent assets as at 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 2010	Receipts	Payments	Closing Balance 30 June 2011
Bond money	9	38	39	8
Security deposits	63	6	13	56
Other money	70	1 059	1 078	51
	142	**1 103**	**1 130**	**115**

22. Write-Offs, Postponements and Waivers

Write-offs, Postponements and Waivers Under the *Financial Management Act*	Department / Group 2011 $'000	Department / Group 2011 No. of Trans.	Department / Group 2010 $'000	Department / Group 2010 No. of Trans.	Territory Items 2011 $'000	Territory Items 2011 No. of Trans.	Territory Items 2010 $'000	Territory Items 2010 No. of Trans.
Represented by:								
Amounts written off, waived and postponed by Delegates								
Irrecoverable amounts payable to the Territory or an Agency written off	-	-	9	31	-	-	-	-
Losses or deficiencies of money written off	-	1	-	1	-	-	-	-
Public property written off	10	444	14	363	-	-	-	-
Total written off, waived and postponed by Delegates	**10**	**445**	**23**	**395**	**-**	**-**	**-**	**-**
Amounts written off, waived and postponed by the Treasurer								
Irrecoverable amounts payable to the Territory or a Department written off	-	-	435	1	-	-	-	-
Total written off, waived and postponed by the Treasurer	**-**	**-**	**435**	**1**	**-**	**-**	**-**	**-**
Gifts Under the *Financial Management Act*	**-**	**2**	**-**	**2**	**-**	**-**	**-**	**-**
Ex Gratia Payments Under the *Financial Management Act*	**518**	**3**	**40**	**2**	**-**	**-**	**-**	**-**

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(c)).

	Department 2011 $'000	Department 2010 $'000	Group 2011 $'000	Group 2010 $'000
TERRITORY INCOME AND EXPENSES				
Income				
Capital Grant	1 400	0	1 400	0
Fees from Regulatory Services	47	33	47	33
Royalties and Rents	3 841	3 499	3 841	3 499
Fines	0	0	0	0
Total Income	5 288	3 532	5 288	3 532
Expenses				
Central Holding Authority Income Transferred	5 288	3 532	5 288	3 532
Total Expenses	5 288	3 532	5 288	3 532
Territory Income less Expenses	**0**	**0**	**0**	**0**
TERRITORY ASSETS AND LIABILITIES				
Assets				
Royalties and Rent Receivables	679	277	679	277
Other Receivables	0	1	0	1
Total Assets	679	278	679	278
Liabilities				
Central Holding Authority Income Payable	679	278	679	278
Total Liabilities	679	278	679	278
Net Assets	**0**	**0**	**0**	**0**

24. Variation to the Treasurer's Annual Financial Statement

Group financial information incorporated into the Treasurer's Annual Financial Report (TAFR) differs to that provided in these financial statements.

The Group deficit matches the TAFR deficit, however the amounts recorded against income and expenses will show a variance of $6.35 million. This reflects the elimination of intra Group income and expense transactions associated with the delivery of natural resource management activities.

	Group Financial Statements $'000	Treasurer's Annual Financial Statement $'000	Variance $'000
COMPREHENSIVE OPERATING STATEMENT:			
Income			
Grants and Subsidies Revenue			
Current	7 931	13 296	5 365
Sales of Goods and Services	5 972	6 952	980
	13 903	20 248	6 345
Expenses			
Employee Expenses	68 775	69 668	893
Purchases of Goods and Services	47 052	47 133	81
Grants and Subsidies Expenses			
Current	28 949	34 320	5 371
	144 776	151 121	6 345
Net Deficit	**(20 267)**	**(20 267)**	**0**
Balance Sheet			
ASSETS			
Receivables	2 501	3 061	560
LIABILITIES			
Payables	8 000	8 560	560

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 2011.

Territory Wildlife Parks is a Government Business Division (GBD) responsible for managing the Territory Wildlife Park (TWP) at Berry Springs and the Alice Springs Desert Park (ASDP). 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 environment.

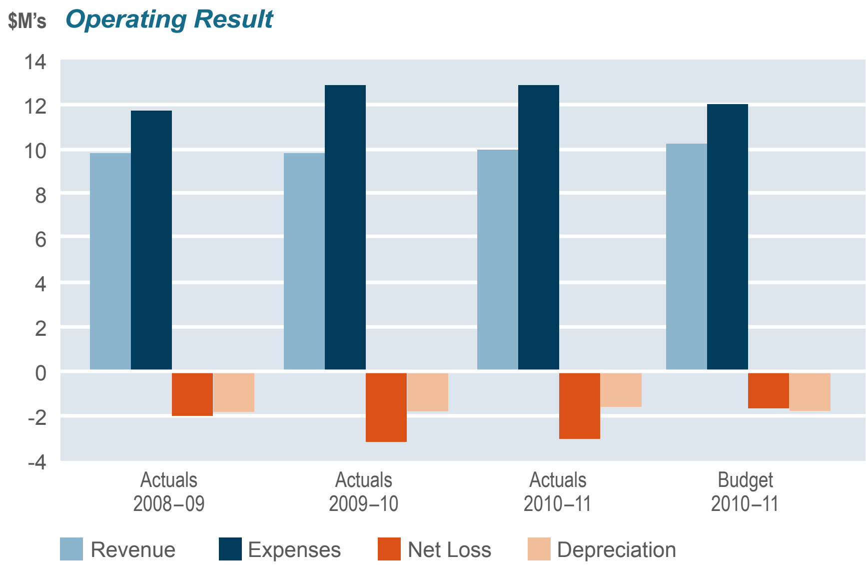
Net Operating Result

The Net Operating Result provides information on the financial performance of the GBD during the year.

In 2010–11, the GBD made a loss of $3.0 million compared to a loss of $3.1 million for the same period in the previous year. This was reflected as a loss at Territory Wildlife Park of $1.73 million, and a loss at Alice Springs Desert Park of $1.24 million. The GBD had a forecast loss of $1.9 million for 2010–11 which is the depreciation expense (non-cash) for the year. The balance of the actual loss ($1.2 million) is being addressed through operational review and the development of a new business model.

Net Operating Result Summary 2010–11	TWP $'000	ASDP $'000	Total $'000
Revenue	5 150	4 793	9 943
Expenses	6 880	6 033	12 913
Net Loss	(1 730)	(1 240)	(2 970)

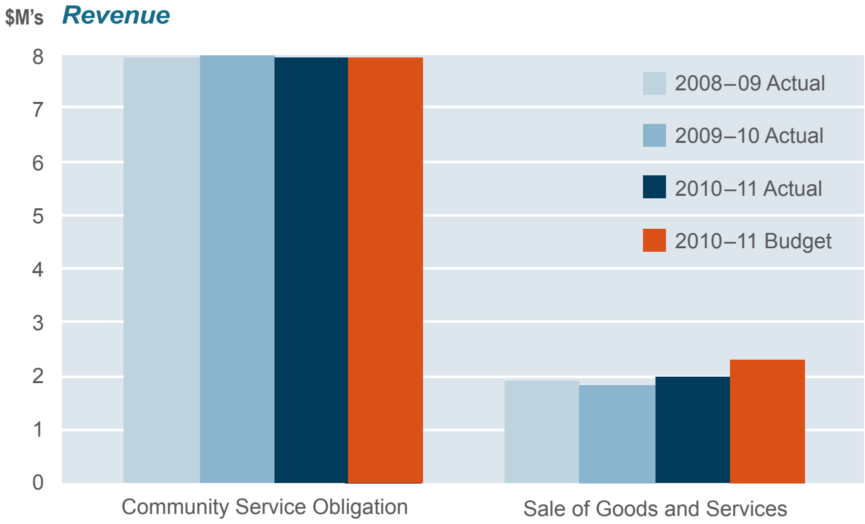
The operating result is presented graphically below.



Revenue – Where the dollars came from

The GBD received revenue of $9.94 million in 2010–11, an increase of $88 000 over the prior year and $310 000 less than budget.

The following graph illustrates the sources of revenue for the Parks.



Community Service Obligation

In 2010–11, Territory Wildlife Parks received a Community Service Obligation (CSO) payment of $7.9 million from the Department of Natural Resources, Environment, The Arts and Sport. A CSO arises when the government requires a Government Business Division, such as Territory Wildlife Parks, to carry out activities it would not elect to do on a commercial basis or would only do at higher commercial prices. CSO's allow the government to achieve identifiable community or social objectives which would not be achieved if outcomes were purely commercially delivered.

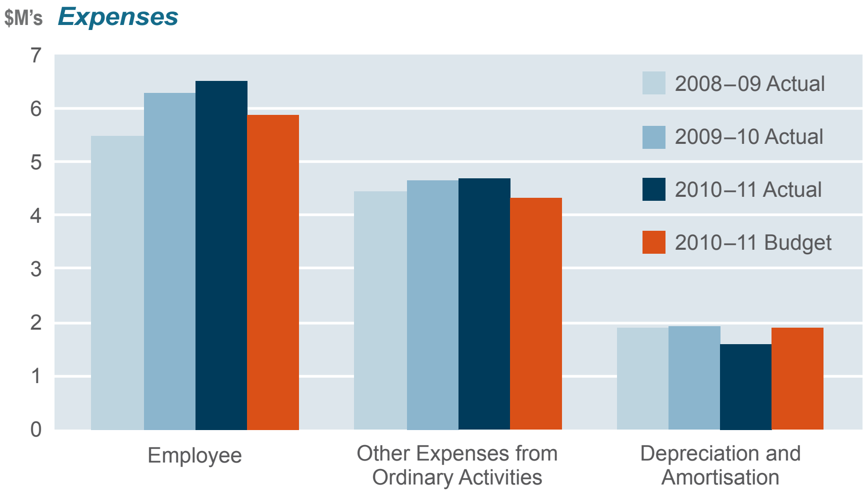
The non-commercial functions carried out by Territory Wildlife Parks are biodiversity conservation, education and botanical gardens management.

Sale of goods and services

Sale of goods and services revenue consists of mainly admission fees to the Parks, guided tours and Café income. The revenue increased over prior year by $131 000 to $2.0 million however $181 000 reflected the return of control of the Berry Springs café and souvenir shop to in-house from August 2010. The visitor numbers for 2010–11 for both Parks was 129 933, a decline of 10 921 visitors in comparison to the previous year (140 854 for 2009–10). This resulted in a decline in entry fee income of approximately $51 000 even though there was an increase to entry fees from April 2010.

Expenses

Operating the GBD in 2010–11 cost $12.9 million, the same as the prior year and $0.8 million more than budget. The following graph shows the expenses by type for 2010–11.



Employee expenses

Territory Wildlife Parks had 120 employees as at 30 June 2011.

Employee expenses increased by $0.2 million (4 per cent) compared to the previous year which is the result of a pay increase as negotiated under the *Northern Territory Public Sector Workplace Agreement 2010–13*. This also includes one off payments to employees of certain classifications and a restructure of the top classification tiers.

Other expenses from ordinary activities

Other expenses from ordinary activities comprise repairs and maintenance, property management and the purchase of goods and services. The costs were $0.1 million higher than in the previous year and $0.4 million higher than budget. This increase is primarily due to repairs and maintenance incurred as a result of damage from Tropical Cyclone Carlos of $0.3 million.

Depreciation expenses

Depreciation expenses decreased $0.2 million compared to the previous year reflecting a decrease in asset values following revaluation.

Balance Sheet

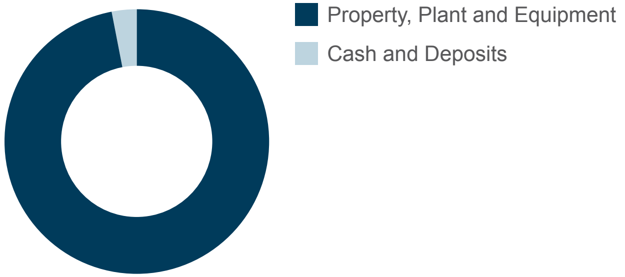
The Balance Sheet provides a summary of Territory Wildlife Parks' balances at the end of the financial year for assets, liabilities and equity.

Assets – What We Own

Territory Wildlife Parks total assets are worth $27.7 million as at 30 June 2011, a decrease of $5.6 million over the previous year. The decline reflects $1.7 million in depreciation (allocation of an asset's cost over its useful life) and a decline in asset revaluations by $5.6 million. This was offset by $0.5 million increase in cash at bank and the recognition of $1.1 million in new assets including upgrade of the kiosk; replacement of an air conditioning system; aquarium temperature control system; new link road traffic management system and kerbing at Territory Wildlife Park; upgrading Alice Springs Desert Park's entry and courtyard; and installation of solar power panels.

The graph below illustrates the major asset components of assets.

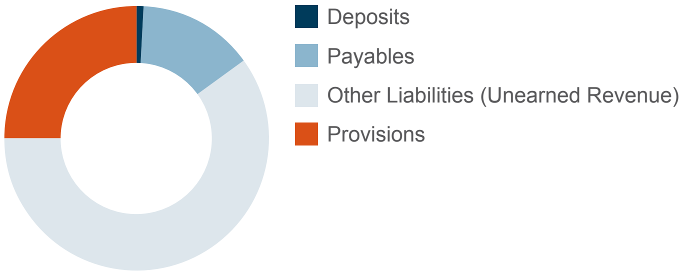
Assets by Type 2010–11



Liabilities – What We Owe

Territory Wildlife Parks liabilities total $4 million as at 30 June 2011 representing an increase of $1.9 million from 2009–10. This increase mainly reflects an additional $1.7 million in unearned revenue resulting from the CSO 2011–12 quarter 1 payment being paid in advance to maintain adequate cash levels. The graph below shows the components of liabilities.

Liabilities by Type 2010–11



Deposits held

Deposits of $47,000 were held at 30 June 2011 compared to $45 000 at 30 June 2010. The deposits recognise the liability for money held in the TWP gift fund account.

Payables

Payables represent the amount owed to creditors at 30 June for goods and services purchased and received. The balance has increased by $0.1 million to $0.6 million at 30 June 2011.

Provisions

Provisions were $1 million at June 2011 the same as the prior year. Provisions for employee entitlements such as recreation leave, leave loading and leave fares were adjusted during the year to reflect the net present value of future entitlements i.e. the cost in present day dollars of employee entitlements that are to be paid in the future.

Our Equity – What We are Worth

Equity is Territory Wildlife Parks net worth, that is, 'what we own' (total assets of $27.7 million) less 'what we owe' (total liabilities of $4 million). Equity as at 30 June 2011 is $23.7 million, a decrease of $7.5 million over the previous year. This result is a combination of the 2010–11 net loss of $3.0 million and $5.6 million reduction to the asset revaluation reserve offset by $1.1 million transferred into the GBD for completed infrastructure works.

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 $1.1 million relate to the recognition of completed infrastructure works.

The Australian Valuation Office finalised asset revaluations in 2010–11 and the revaluation reserve decreased by $5.6 million reflecting the revised asset values.

Accumulated funds adjust each year according to the profit or loss recorded by the GBD. In 2010–11, accumulated funds reduced by $3.0 million reflecting the 2010–11 net loss as reported in the Comprehensive Operating Statement.

Cash Flow Statement

The Cash Flow Statement extends the information outlined in the Comprehensive Operating Statement and Balance Sheet by summarising the nature and amount of cash flowing into and out of Territory Wildlife Parks.

Cash Flow Statement Summary	2010–11 $'000	2009–10 $'000
Net cash from / (used in) operating activities	529	(67)
Net cash (used in) investing activities	-	-
Net cash from financing activities	3	3
Net increase / (decrease) in cash held	532	(64)
Cash at beginning of reporting period	268	322
Cash at end of reporting period	800	268

Cash for operating activities reflects net cash used for the day to day running of the Parks. The increase reflects unearned revenue received by the Park in 2010–11 that related to 2011–12. Cash for investing activities is cash used to buy assets and no assets were purchased during 2010–11. Cash for financing activities is the net cash received from public donations for investment back into the Parks.

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 2011 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
Chief Executive
30 August 2011

Joanna Frankenfeld
Chief Financial Officer
30 August 2011

Auditor-General

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

Territory Wildlife Parks

Year Ended 30 June 2011

I have audited the accompanying financial report of Territory Wildlife Parks which comprises the balance sheet as at 30 June 2011, 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 is 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 2011, 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

28 September 2011

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

Comprehensive Operating Statement for the year ended 30 June 2010

INCOME	Note	GBD 2011 $'000	GBD 2010 $'000
Grants and Subsidies Revenue			
Current		-	-
Community Service Obligations		7 915	7 915
Sale of Goods and Services		2 023	1 892
Interest Revenue		10	19
Other Income		(5)	29
TOTAL INCOME	3	**9 943**	**9 855**
EXPENSES			
Employee Expenses		6 535	6 286
Administrative Expenses			
Purchases of Goods and Services	4	4 731	4 664
Depreciation and Amortisation	8	1 678	1 922
Other Administration Expenses		(41)	46
Interest Expenses		10	-
TOTAL EXPENSES		**12 913**	**12 918**
NET (DEFICIT)	12	**(2 970)**	**(3 063)**
Other Comprehensive Income			
Asset Revaluation		(5 619)	-
COMPREHENSIVE RESULT	12	**(8 589)**	**(3 063)**

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

Balance Sheet as at 30 June 2011

ASSETS	Note	GBD 2011 $'000	GBD 2010 $'000
Current Assets			
Cash and Deposits	5	800	268
Receivables	6	126	130
Inventories	7	23	10
Prepayments		1	-
Total Current Assets		950	408
Non-Current Assets			
Property, Plant and Equipment	8	26 720	32 925
Total Non-Current Assets		26 720	32 925
TOTAL ASSETS		**27 670**	**33 333**
LIABILITIES			
Current Liabilities			
Deposits Held		48	45
Payables	9	560	455
Provisions	10	764	734
Other Liabilities	11	2 360	665
Total Current Liabilities		3 732	1 899
Non-Current Liabilities			
Provisions	10	225	223
Total Non-Current Liabilities		225	223
TOTAL LIABILITIES		**3 957**	**2 122**
NET ASSETS		**23 713**	**31 211**
EQUITY			
Capital		16 881	15 790
Reserves		18 746	24 365
Accumulated Funds		(11 914)	(8 944)
TOTAL EQUITY	12	**23 713**	**31 211**

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 2011

	Note	Equity at 1 July 2010 $'000	Comprehensive Result $'000	Transactions with owners in capacity as owners $'000	Equity at 30 June 2011 $'000
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**
2009–10					
Accumulated Funds	12	(5 881)	(3 063)	-	(8 944)
Reserves	12	24 365	-	-	24 365
Asset Revaluation Reserve					
Capital –Transactions with owners	12	15 504	-	-	15 504
Equity Injections – Asset Transfers In		-	-	286	286
		15 504	-	286	15 790
TOTAL EQUITY AT 30 JUNE		**33 988**	**(3 063)**	**286**	**31 211**

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 2011

	Note	2011 $'000 (Outflows) / Inflows	2010 $'000 (Outflows) / Inflows
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Receipts			
Grants and Subsidies Received			
Community Service Obligation		9 610	8 574
Receipts From Sales of Goods and Services		2 520	2 347
Interest Received		11	20
Total Operating Receipts		12 141	10 941
Operating Payments			
Payments to Employees		(6 478)	(6 050)
Payments for Goods and Services		(5 134)	(4 958)
Total Operating Payments		(11 612)	(11 008)
Net Cash From / (Used In) Operating Activities	13	**529**	**(67)**
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		3	3
Total Financing Receipts		3	3
Net Cash From Financing Activities		**3**	**3**
Net Increase / (Decrease) in Cash Held		532	(64)
Cash at Beginning of Financial Year		268	332
CASH AT END OF FINANCIAL YEAR	5	**800**	**268**

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

Index of 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 Northern 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 on a going concern 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 however 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 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.

(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

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 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]

This gives effect to consequential changes arising from the issuance of AASB 9. Effective for annual reporting period beginning on or after 1 January 2013.

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

Key amendments include clarification of content of statement of changes in equity (AASB 101) and financial instrument disclosures (AASB 7). Effective for annual reporting period beginning on or after 1 January 2011.

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 and 1038 and Interpretations 112, 115, 127, 132 and 1042]

Makes numerous editorial amendments to a range of Standards and Interpretations. Effective for annual reporting period beginning on or after 1 January 2011.

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 2010–11 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), 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 (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.

(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 Northern 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 Expenses

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	2011	2010
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 Expenses

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.

(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 Northern Territory Government's 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 recent 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 arm's 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 and are consistent with the requirements contained in AASB 101, AASB 116 and AASB 117.

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

3. Income

	GBD 2011 $'000	GBD 2010 $'000
Sale of Goods and Services From Ordinary Activities	2 023	1 892
Current Grant Revenue	-	-
	2 023	1 892
Other Income:		
Community Service Obligations – Note 16	7 915	7 915
NT Treasury Interest	10	19
Miscellaneous Revenue	(5)	29
	7 920	7 963
Total Income	**9 943**	**9 855**

4. Purchases of Goods and Services

	GBD 2011 $'000	GBD 2010 $'000
The net (deficit) has been arrived at after charging the following expenses:		
Goods and Services Expenses:		
Consultants [1]	27	52
Advertising [2]	83	106
Marketing and Promotion [3]	53	67
Document Production	18	10
Recruitment [4]	6	36
Training and Study	32	38
Official Duty Fares	17	34
Travelling Allowance	13	22
Audit and Other Services	21	24
Corporate Support by External Agencies	683	740
Operating Lease Rental Expense	14	12
Repairs and Maintenance [5]	998	666
Property Management	763	845
Motor Vehicles	498	480
Information Technology Expenses	337	320

(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

5. Cash and Deposits

	GBD 2011 $'000	GBD 2010 $'000
Cash on Hand	13	10
Cash at Bank	787	258
	800	**268**

6. Receivables

	GBD 2011 $'000	GBD 2010 $'000
Current		
Accounts Receivable	51	46
Other Receivables	27	94
Less: Allowance for Impairment Losses	(20)	(67)
	58	73
Interest Receivables	-	-
GST Receivables	68	57
Total Receivables	**126**	**130**

7. Inventories

	GBD 2011 $'000	GBD 2010 $'000
General Inventories		
At cost	23	10
Total Inventories	**23**	**10**

8. Property, Plant and Equipment

	GBD 2011 $'000	GBD 2010 $'000
Buildings		
At Fair Value	39 128	41 112
Less: Accumulated Depreciation	(21 864)	(21 055)
	17 264	20 057
Infrastructure		
At Fair Value	23 584	28 215
Less: Accumulated Depreciation	(14 275)	(15 531)
	9 309	12 684
Plant and Equipment		
At Cost	1546	1 549
Less: Accumulated Depreciation	(1399)	(1 371)
	147	178
Computer Hardware		
At Cost	45	45
Less: Accumulated Depreciation	(45)	(39)
	-	6
Transport Equipment		
At Cost	6	6
Less: Accumulated Depreciation	(6)	(6)
	-	-
Total Property, Plant and Equipment	**26 720**	**32 925**

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.

Impairment of Property, Plant and Equipment

Territory Wildlife Parks' property, plant and equipment assets were assessed for impairment as at 30 June 2011. No impairment adjustments were required as a result of this review.

8. Property, Plant and Equipment cont.

Property, Plant and Equipment Reconciliations

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

	GBD 2011 $'000	GBD 2010 $'000
Buildings		
Carry Amount at Beginning of Year	20 057	20 758
Depreciation	(961)	(940)
Additions From Asset Transfers	1 074	239
Revaluation Increments	(2 906)	-
Carry Amount at End of Year	17 264	20 057
Infrastructure		
Carry Amount at Beginning of Year	12 684	13 578
Depreciation	(680)	(941)
Additions From Asset Transfers	18	47
Revaluation Increments	(2 713)	
Carry Amount at End of Year	9 309	12 684
Plant and Equipment		
Carry Amount at Beginning of Year	178	209
Depreciation	(31)	(31)
Carry Amount at End of Year	147	178
Computer Hardware		
Carry Amount at Beginning of Year	6	15
Depreciation	(6)	(9)
Carry Amount at End of Year	-	6
Transport Equipment		
Carry Amount at Beginning of Year	-	1
Depreciation	-	(1)
Carry Amount at End of Year	-	-
Total Property, Plant and Equipment	**26 720**	**32 925**

9. Payables

	GBD 2011 $'000	GBD 2010 $'000
Accounts Payable	227	164
Accrued Expenses	333	291
	560	**455**

10. Provisions

	GBD 2011 $'000	GBD 2010 $'000
Current		
Employee Benefits		
Recreation Leave	472	458
Leave Loading	131	125
Recreation Leave Fares	3	1
Purchased Recreation Leave	2	2
Other Current Provisions		
Other Provisions (Fringe Benefits, Payroll Tax and Superannuation)	156	148
	764	734
Non-Current		
Employee Benefits		
Recreation Leave	225	223
	225	223
Total Provisions	**989**	**957**

The Territory Wildlife Park employed 120 employees as at 30 June 2011 (113 employees as at 30 June 2010)

11. Other Liabilities

	GBD 2011 $'000	GBD 2010 $'000
Current		
Unearned Revenue – Charges	2 354	659
Unearned Revenue – Other	6	6
Total Other Liabilities	**2 360**	**665**

12. Equity

	GBD 2011 $'000	GBD 2010 $'000
Capital		
Balance as at 1 July	15 790	15 504
Equity Injections		
Equity Transfers In	1 091	286
Balance as at 30 June	**16 881**	**15 790**
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

	GBD 2011 $'000	GBD 2010 $'000
Balance as at 1 July	24 365	24 365
Asset Revaluations	(5 619)	-
Balance as at 30 June	**18 746**	**24 365**
Accumulated Funds		
Balance as at 1 July	(8 944)	(5 881)
(Deficit) for the Period	(2 970)	(3 063)
Balance as at 30 June	**(11 914)**	**(8 944)**

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 2011 $'000	GBD 2010 $'000
Reconciliation of Net (Deficit) to Net Cash From Operating Activities		
Net (Deficit)	**(2 970)**	**(3 063)**
Non-Cash Items:		
Depreciation and Amortisation	1 678	1 922
Changes in Assets and Liabilities:		
Decrease / (Increase) in Receivables	50	(30)
(Increase) / Decrease in Prepayments	(1)	2
(Increase) in Inventories	(13)	(3)
Increase in Payables	105	175
(Decrease) / Increase in Provision for Doubtful Debts	(47)	46
Increase in Provision for Employee Benefits	24	176
Increase in Other Provisions	8	43
Increase in Other Deferred Income	1 695	665
Net Cash From / (Used In) Operating Activities	**529**	**(67)**

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 2011 $'000	GBD 2010 $'000
Financial Assets		
Cash and Deposits	800	268
Loans and Receivables	58	73
	858	341
Financial Liabilities		
Deposits Held	48	45
Payables	560	455
	608	500

(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 2011 $'000	GBD 2010 $'000
Ageing of Receivables		
Not Overdue	94	176
Overdue for less than 30 Days	2	10
Overdue for 30 to 60 Days	5	-
Overdue for more than 60 Days	45	11
Total Gross Receivables	**146**	**197**
Ageing of Impaired Receivables		
Impaired Receivables for more than 60 Days	(20)	(67)
Total Impaired Receivables	**(20)**	**(67)**
Reconciliation of the Allowance for Impairment Losses		
Allowance for Impairment Losses at the Beginning of the Reporting Period	67	21
Increase in allowance recognised in profit or loss	(47)	46
Allowance for Impairment Losses at the End of the Reporting Period	**20**	**67**

(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 $0.2 million representing 21 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 the liquidity issues.

Maturity Analysis for Financial Assets and Liabilities

2011	Variable Interest	Non Interest Bearing 1 Year	Non Interest Bearing >2 Year	Carrying Amount
Assets	$'000	$'000	$'000	$'000
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	-	2 364	-	2 360
Total Financial Liabilities:	**48**	**3 684**	**225**	**3 957**

2010	Variable Interest	Non Interest Bearing 1 Year	Non Interest Bearing >2 Year	Carrying Amount
Assets	$'000	$'000	$'000	$'000
Cash and Deposits	258	10	-	268
Receivables	-	130	-	130
Inventories	-	10	-	10
Prepayments	-	-	-	-
Total Financial Liabilities:	**258**	**150**	**-**	**408**
Liabilities				
Deposits Held	45	-	-	45
Payables	-	455	-	455
Provisions	-	734	223	957
Other Liabilities	-	665	-	665
Total Financial Liabilities:	**45**	**1 854**	**223**	**2 122**

(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 2011 $'000	GBD 2010 $'000
Variable rate instruments		
Financial assets	787	258
Financial Liabilities	(48)	(45)
Total	**739**	**213**

(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.

	GBD 2011 $'000	GBD 2010 $'000
15. Commitments		
Non-cancellable Operating Lease Expense Commitments		
Future operating lease commitments not recognised as liabilities are payable as follows:		
Within one year	10	7
Later than one year and not later than five years	18	7
	28	**14**
16. Community Service Obligations		
Community Service Obligation received	**7 915**	**7 915**

There are four non-commercial functions carried out by the entity. These are tourism industry support, biodiversity, education and botanical gardens management.

17. Contingent Liabilities and Contingent Assets

(a) Contingent Liabilities

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

(b) Contingent Assets

The entity had no contingent assets as at 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 2010 $'000	Receipts	Payments	Closing Balance 1 July 2011 $'000
Other Money	-	1	1	0
Total	**-**	**1**	**1**	**0**

20. Segment Information

Business Segments	Territory Wildlife Park		Alice Springs Desert Park		Entity	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Revenue	5 150	4 956	4 793	4 899	9 943	9 855
(Loss) from Ordinary Activities	(1 730)	(1 777)	(1 240)	(1 286)	(2 970)	(3 063)
Net Non-current Assets	12 436	17 740	14 284	15 185	26 720	32 925
Unallocated Assets	-	-	-	-	950	408
Unallocated Liabilities	-	-	-	-	(3 957)	(2 122)

21. Write Offs, Postponements and Waivers

	2011 $'000	No. of Trans.	2010 $'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	6	4	-	-
Total written off, waived and postponed by Delegates	**6**	**5**	**-**	**-**