

Annual Financial Report

28 February 2020

ACN 068 572 556

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wildlife
conservancy



Australian Wildlife Conservancy

Contents Page



Directors' report	3
1. Directors.....	3
2. Company Secretary	5
3. Directors' meetings	5
4. Principal activities	6
5. Operating and financial review	6
6. Dividends.....	7
7. Events subsequent to reporting date.....	7
8. Likely developments.....	7
9. Environmental regulation	7
10. Indemnification and insurance of officers and auditors.....	7
11. Lead auditor's independence declaration	8
Lead auditor's independence declaration	9
Statement of profit or loss and other comprehensive income	10
Statements of changes in equity	11
Statement of financial position	12
Statement of cash flows	13
Guide to notes to the financial statements	14
1. Reporting entity	15
2. Basis of preparation	15
3. Significant accounting policies	16
4. Determination of fair values	24
5. Revenue	24
6. Personnel expenses.....	24
7. Related parties	24
8. Finance income and expense	25
9. Cash and cash equivalents	25
10. Other financial assets.....	25
11. Trade and other receivables.....	25
12. Asset held for sale	26
13. Other investments	26
14. Property, plant and equipment.....	27
15. Trade and other payables	27
16. Employee benefits.....	28
17. Lease liability.....	28
18. Capital and reserves.....	28
19. Reconciliation of cash flows from operating activities.....	29
20. Commitments for expenditure.....	29
21. Contingencies.....	29
22. Economic dependency	29
23. Subsequent events.....	30
24. Auditors' remuneration.....	30
Directors' declaration	31
Independent audit report to the members of Australian Wildlife Conservancy	32
Declaration under the Charitable Fundraising Act 1991 (NSW)	35

Directors' report

For the year ended 28 February 2020

The directors present their report together with the financial report of Australian Wildlife Conservancy (the Company or AWC) for the financial year ended 28 February 2020 and the independent audit report on the above reports.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name	Age	Experience, qualifications and other directorships
Mr Graeme Morgan Chairperson Non-Executive Director	70	Director since 2003. With a background in finance, Graeme is a director of several private companies and the founder of Wind Over Water, a family Foundation supporting conservation, medical research, the arts and social programmes. His objective is to continue the development of AWC as a leading contributor to the effective conservation of Australia's fauna and habitats and to reversing the decline of our threatened species. Graeme is a member of the Board Executive, Remuneration and Audit Committees and a Fellow of the Australian Institute of Company Directors.
Mr Ross Ledger AM Non-Executive Director	82	Director since 1995. Ross Ledger is a Chartered Accountant in Practice and a Life Member of the Institute of Chartered Accountants ANZ. He is, a director of Perron Group Ltd and a number of private companies. He has had over fifty years experience in accounting and business and was a partner of Hendry Rae and Court for 25 years. Ross is a trustee of the Australian Wildlife Conservancy Fund, the Stan Perron Charitable Trust and Spinifex Trust. In 2020, Ross was awarded the Medal of the Order of Australia for significant service to the accounting profession, wildlife conservation, and the community.
Professor Timothy Flannery Non-Executive Director	64	2007 Australian of the Year, Professor Tim Flannery has been a director since 1999. He is one of the world's leading environmental thinkers and writers. Tim is a founding member of the Wentworth Group of Concerned Scientists, was Chairman of the Copenhagen Climate Council from 2007-2010 and is on the Board of the Sustainability Advisory Board of Tata Power. From 1999 to 2006, he was director of the South Australian Museum, and is now professor with MISI at Melbourne University. He is one of Australia's leading biodiversity scientists and a recognised authority on climate change. Tim was Chief Commissioner for Australia's climate commission from 2011-2013 and has since been Chief Councillor at the Climate Council of Australia. Tim resigned as a Director of AWC in May 2019.
Mrs Lea Ferris Non-Executive Director	70	Director since 2005. Lea Ferris is a sculptor, with an urban planning background. She also teaches yoga. Lea is a director of Riverside Holdings Pty. Ltd. and of a family foundation. She has a range of skills relevant to the development of AWC's business and community networks.
Mr Ross Grant Non-Executive Director	73	Director since 2005. Ross Grant is Founder of Grant Samuel Group Pty Limited, an independent investment banking firm which he established in 1988. Ross was previously an executive director of Macquarie Bank Limited having joined Hill Samuel Australia Limited (the predecessor of Macquarie Bank Limited) in 1975. Ross holds degrees in Mathematics (B.Sc (Hons) – Otago University), Economics (M.Com – Canterbury University) and Business Administration (MBA – University of NSW). Ross is a director of The Centre for Independent Studies and the Mito Foundation.

Mr Andrew Clifford Non-Executive Director	54 Director since 2010. Andrew Clifford, BCom (Hons) (UNSW), is a co-founder, director and Chief Investment Officer and Managing Director of Platinum Asset Management. Prior to Platinum Asset Management, Andrew was a Vice President at Bankers Trust Australia Limited.
Mrs Michelle Belgioro Non-Executive Director	62 Director since 2013. Michelle Belgioro - Nettis is an exhibiting artist, a director of several private companies, as well as a Trustee of the Sir William Dobell Art Foundation. She possesses a Bachelor of Arts (Honours), a Master of Commerce and a BA in Fine Arts. Michelle has extensive experience in the philanthropic sector in Australia, particularly in arts and education, and has a background in corporate communications. She has had a lifelong love of our native wildlife and is passionate about preserving it for future generations.
Mrs Sophie Chamberlain Non-Executive Director	51 Director since 2014. Sophie Chamberlain has a BA(Hons) in Modern Languages and Information Systems from UWE in the UK and worked in the IT industry in both the UK and Australia. She is one of the founders of Impact100 WA, a collective giving group with over one hundred members making high impact grants to local not-for-profits. Sophie is also a director of Spinifex Trust, a foundation which supports conservation, the arts and youth programs.
Mr Mark Robertson OAM Non-Executive Director	64 Director since 2014. Mark Robertson OAM runs a family business incorporating property and hospitality interests. Mark is both director and Deputy Chair of HOSTPLUS and an Advisory Board Member of global institutional investment manager, IFM Investors. Mark is a fellow of the Australian Institute of Company Directors and the Australian Institute of Managers and Leaders. Mark resigned as a Director of AWC in March 2019.
Mr Malcolm McCusker AC, CVO, QC Non-Executive Director	82 Director since 2015. Malcolm McCusker AC, CVO, QC has practised law since 1961 and as Queens Counsel since 1982. He was Chairman of Legal Aid Commission of WA 1983-2011; Special Inspector investigating Rothwells Bank collapse, 1989-90; Inaugural Chairman Advisory Board of the Constitutional Centre of WA 1997 - 2011; Trustee SAS Resources Trust 1996 – 2011; Inaugural Parliamentary Inspector, Corruption and Crime Commission (2004 -2009); Surf Lifesaving WA Bravery Award 2010; Awarded AO and WA Citizen of the Year (Professions) 2005; WA Citizen of the Year (Community Service) and Western Australia's Australian of the Year (2010); Governor of WA (2011 – 2014); Awarded AC in 2012; Director, Minderoo Foundation 2015 - ; Chairman of the McCusker Charitable Foundation; Chairman WA Health Translation Network 2015 - ; Chairman Law Access WA 2018 - ; Chairman, Ministerial Expert Panel, Voluntary Assisted Dying 2019 – 2020. Malcolm has a strong belief in the need to conserve Australian native wildlife, and to eradicate feral predators.
Mr Dennis Richardson AC Non-Executive Director	73 Director since 2018. Dennis enjoyed a 48-year career in the Australian Public Service, including as Secretary of the Department of Defence, Secretary of the Department of Foreign Affairs and Trade, Director General of ASIO, Chief of Staff to the Prime Minister and Ambassador to the United States. He currently serves on a number of boards, including those of Linfox, the National Capital Authority and his beloved Canberra Raiders. Dennis is also Patron of the RSPCA in the ACT.

Professor John Zichy-Woinarski	64	Director since 2019, Professor John Zichy-Woinarski is a conservation biologist, involved in research, management and policy. John has authored and edited six books, and more than 250 scientific papers and book chapters. His work was recognised with the Eureka Prize for biodiversity research (2001), the Serventy Medal for life-time contribution to Australian ornithology (2001), the Northern Territory Chief Minister’s Award for Research and Innovation (2008), the Australian Natural History Medallion (2011), and the Society for Conservation Biology Distinguished Service Award (2013). From 2003 to 2012, he was a member of the Threatened Species Scientific Committee. He is currently employed as a Professor in Research Institute for Environment and Livelihoods, Charles Darwin University and is a Deputy Director of the Threatened Species Recovery Hub of the National Environmental Science Program.
Mr Nick Butcher Non-Executive Director	48	Nick is a Senior Managing Director and Vice Chairman of Infrastructure and Energy at Macquarie Capital. He focuses on investment banking and the development of infrastructure and renewable energy projects globally. He has a Bachelor of Laws and a Bachelor of Commerce (Finance) from the University of New South Wales. Nick has a lifelong passion for the environment and its conservation. He has been involved in a range of environmental causes in Australia and internationally. He is Chairman of Friends of Australian Wildlife Conservancy US, and a member of the National Council of World Wildlife Fund (WWF) and the BirdLife International Advisory Group.

2. Company Secretary

Mr André C van Boheemen, BCom, CA was appointed to the position of Company Secretary in March 2010. André holds a Bachelor of Commerce from Curtin University (Accounting and Taxation) and is qualified as a Chartered Accountant. André’s 22 years of professional experience spans accounting, taxation and other finance positions in public practice, commerce and the not for profit sector including senior finance roles at Microsoft and the BBC (UK).

3. Directors’ meetings

The number of directors’ meetings and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Board meetings	
	Meetings attended	Meetings held
Mr G Morgan	5	5
Mr R Ledger	4	5
Prof T Flannery	1	2
Mrs L Ferris	4	5
Mr R Grant	5	5
Mr A Clifford	4	5
Mrs M Belgiorno-Nettis	5	5
Mrs S Chamberlain	5	5
Mr M McCusker	4	5
Mr D Richardson	3	5
Mr J Zichy-Woinarski	2	3
Mr N Butcher	1	1

4. Principal activities

The principal activities of the Company during the course of the financial year were directed toward the conservation of Australia's wildlife, particularly threatened species and ecosystems. These activities included:

- the establishment of wildlife sanctuaries including through the acquisition of land and the development of partnerships with other landholders;
- the implementation of on-ground conservation programs including translocations of threatened wildlife, feral animal control, weed control and fire management;
- the conduct of scientific research addressing the key threats to Australia's wildlife; and
- the carrying out of public education and visitor programs designed to enhance awareness of conservation issues.

There were no significant changes in the nature of the activities of the Company during the period.

5. Operating and financial review

Overview of the company

The overall operating surplus for the year was \$1,638,768 (2019: \$869,793). The surplus was used to continue improvements to infrastructure for new and existing properties while a significant bequest of listed equities increased the investment balance. The surplus represents an increase of \$625,325 compared to 2018-19 and reflects a year of significantly increased income from donations and a measured increase in our commitment of expenditure for on-ground programs.

Our continued, disciplined approach to controlling expenditure and ensuring it is overwhelmingly focused on field operations while keeping administrative and fundraising costs at a minimum, contributed to a surplus result.

The Company's operations during the year enabled the organisation to successfully carry out its principal activities. As a charitable organisation, AWC development programs have raised sufficient funds for the execution of these activities.

Review of principal activities

Key outcomes from AWC's operations in 2019-20 included:

- As at 28 February 2020, AWC owned and/or managed for conservation 30 properties covering 6.53 million hectares (16.14 million acres).
- Substantial on-ground programs were delivered at AWC sanctuaries around Australia. For example:
 - From our base at Mornington, AWC implemented fire management (EcoFire) across more than 3 million hectares of the Kimberley in collaboration with a range of other landholders. Together with extensive fire management across AWC's other properties, especially in northern Australia, AWC delivered the largest fire management program of any non-government organisation in Australia.
 - AWC continues to manage more fox and cat-free land on mainland Australia than any other organisation.
 - AWC implements one of the nation's largest threatened mammal translocation/reintroduction programs across our sanctuaries including Scotia, Karakamia, Yookamurra, Faure Island, Paruna and Mt Gibson. In total, AWC has conducted more than 100 mammal translocations.
 - A range of other programs were carried out across AWC sanctuaries including weed control and the establishment and maintenance of sanctuary infrastructure.
- A range of strategic research programs were carried out by AWC. These research programs, involving collaboration with a range of partners, address key issues affecting biodiversity in Australia including:
 - The ecological role of small mammals.
 - The decline of small mammals in northern Australia.
 - The impact of feral cats and the relationship between foxes and cats.
 - The effect of different fire regimes.
 - The impact of grazing.
 - The ecology of threatened species including Sharman's Rock-wallaby, the Numbat, the Bilby and the Purple-crowned Fairy-wren.
- Environmental education and visitor programs were carried out at several sanctuaries including Mornington, Karakamia, Paruna, Yookamurra (which hosted a series of school visits), Charnley River-Artesian Range and Bowra.

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

6. Dividends

The constitution of the Company does not permit the payment of dividends.

7. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years other than the potential effect of novel coronavirus (COVID-19) outlined below.

The spread of COVID-19 was declared a public health emergency by the World Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by governments, regulators and numerous industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March, an increase level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdown and uncertainties.

The Company has taken steps to reduce cash out flows associated with its activities. The Company continues to monitor developments in the COVID-19 pandemic and the measures being implemented on the economy to control and slow the outbreak. Whilst Directors do not anticipate the impacts of COVID-19 to materially impact the ability of the Company to continue as a going concern, given the dynamic nature of these circumstances and the significant increase in economic uncertainty, the related impact on the Company's future results of operations, cash flows and financial condition cannot be reasonably estimated at this stage and will be reflected in the Company's 2021 annual financial statements.

8. Likely developments

The Company will continue to pursue its principal activities identified above.

In the opinion of the directors, further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

9. Environmental regulation

The Company's operations are subject to significant environmental regulation under both Commonwealth and State legislation. Based upon the results of inquiries made, the directors are not aware of any significant breaches during the period covered by this report.

10. Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

Insurance Premiums

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

11. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 9 and forms part of the directors' report for financial year ended 28 February 2020.

This report is made with a resolution of the directors:



Graeme Morgan
Director



Ross Ledger
Director

Dated at Perth this 27th day of August 2020.



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

To: the directors of Australia Wildlife Conservancy

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 28 February 2020 there have been:

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

KPMG

KPMG



Matthew Beevers

Partner

Perth

27 August 2020

Australian Wildlife Conservancy
Statement of profit or loss
and other comprehensive income
For the year ended 28 February 2020



	Note	2020 \$	2019* \$
REVENUE			
Donations and grants		21,272,172	13,795,649
Sanctuary income		3,427,462	3,817,157
Other revenue		5,261,976	5,060,881
Total revenue	5	29,961,610	22,673,687
EXPENDITURE			
Administration and development			
Administration expenses		2,049,482	1,789,020
Development (fundraising) expenses		1,706,997	1,506,560
Total administration and development expenses		3,756,479	3,295,580
Conservation programs			
Conservation assessment and policy		1,894,308	1,328,179
Conservation programs (sanctuary management)			
♦ Southwest region (Faure Island, Karakamia, Mt Gibson, Paruna)		2,497,593	2,479,936
♦ Kimberley (Charnley River-Artesian Range, Dambimangari, Marion Downs, Mornington, Tableland, Yampi, Wilinggin)		5,403,667	5,158,460
♦ Queensland & Northern Territory (Brooklyn, Curramore, Mt Zero & Taravale, Newhaven, Piccaninny Plains, Bowra, Pungalina & Seven Emu, Wongalara, Bullo River)		6,466,379	6,001,402
♦ Southeast region (Buckaringa, Dakalanta, Kalamurina, Mallee Cliffs, The Pilliga, Scotia, Yookamurra)		9,784,324	4,732,222
Total conservation program expenses		26,046,271	19,700,199
Total operating expenditure		29,802,750	22,995,779
Results from operating activities		158,860	(322,092)
Financial income	8	1,519,392	1,220,361
Financial expenses	8	(39,484)	(28,476)
Net finance income		1,479,908	1,191,885
Surplus for the period / Total comprehensive income		1,638,768	869,793

This statement of profit or loss and other comprehensive income is to be read in conjunction with the notes accompanying the financial statements.

** The Company has initially applied AASB 16, AASB 15 and AASB 1058 as at 1 March 2019. Under the transition method, comparative information has not been restated. Refer to Note 2(l).*

Australian Wildlife Conservancy

Statements of changes in equity

For the year ended 28 February 2020



	Retained earnings	Total equity
2020		
Balance at 1 March 2019	97,640,654	97,640,654
Adjustment due to AASB 15	<u>(143,650)</u>	<u>(143,650)</u>
Restated balance at 1 March 2019	97,497,004	97,497,004
Total comprehensive income for the period		
Surplus for the period	<u>1,638,768</u>	<u>1,638,768</u>
Total comprehensive income for the period	<u>1,638,768</u>	<u>1,638,768</u>
Balance at 28 February 2020	<u>99,135,772</u>	<u>99,135,772</u>
2019		
Balance at 1 March 2018	96,770,861	96,770,861
Total comprehensive income for the period		
Surplus for the period	<u>869,793</u>	<u>869,793</u>
Total comprehensive income for the period	<u>869,793</u>	<u>869,793</u>
Balance at 28 February 2019	<u>97,640,654</u>	<u>97,640,654</u>

This statement of changes in equity is to be read in conjunction with the notes accompanying the financial statements.

** The Company has initially applied AASB 16, AASB 15 and AASB 1058 as at 1 March 2019. Under the transition method, comparative information has not been restated. Refer to Note 2(l).*

Statement of financial position

As at 28 February 2020

	Note	2020 \$	2019* \$
ASSETS			
Current assets			
Cash and cash equivalents	9	10,565,086	9,542,306
Other financial assets	10	15,791,191	17,589,362
Trade and other receivables	11	1,791,119	2,242,689
Asset held for sale	12	460,065	-
Total current assets		28,607,461	29,374,357
Non-current assets			
Other investments	13	14,731,055	10,095,204
Property, plant and equipment	14	62,099,948	60,969,795
Total non-current assets		76,831,003	71,064,999
TOTAL ASSETS		105,438,464	100,439,356
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,141,122	1,317,937
Employee benefits	16	1,103,944	1,003,491
Lease liability	17	210,808	-
Total current liabilities		2,455,874	2,321,428
Non-current liabilities			
Employee benefits	16	512,065	477,274
Lease liability	17	3,334,753	-
Total non-current liabilities		3,846,818	477,274
TOTAL LIABILITIES		6,302,692	2,798,702
NET ASSETS		99,135,772	97,640,654
EQUITY			
Retained earnings	18	99,135,772	97,640,654
TOTAL EQUITY		99,135,772	97,640,654

This statement of financial position is to be read in conjunction with the notes accompanying the financial statements.

* The Company has initially applied AASB 16, AASB 15 and AASB 1058 as at 1 March 2019. Under the transition method, comparative information has not been restated. Refer to Note 2(l).

Australian Wildlife Conservancy

Statement of cash flows

For the year ended 28 February 2020



	2020	2019
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	9,592,364	9,032,760
Cash receipts from donations and grants	17,665,550	13,881,235
Cash paid to suppliers and employees	<u>(24,530,371)</u>	<u>(21,686,560)</u>
Cash generated from operations	2,727,543	1,227,435
Interest and bank fees paid	(39,484)	(28,476)
Net cash from operating activities	19 2,688,060	1,198,959
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	58,848	290,202
Proceeds from other financial assets	1,798,171	3,140,122
Interest received	573,677	748,423
Acquisition of property, plant and equipment	<u>(4,149,861)</u>	<u>(4,687,219)</u>
Franking credits received	53,885	31,416
Net cash used in investing activities	(1,665,280)	(477,055)
Net increase in cash and cash equivalents	1,022,780	721,904
Cash and cash equivalents at start of period	9,542,306	8,820,402
Cash and cash equivalents at 28 February	9 10,565,086	9,542,306

This statement of cash flows is to be read in conjunction with the notes accompanying the financial statements.

Guide to notes to the financial statements

1.	Reporting entity	15
2.	Basis of preparation	15
	(a) Statement of compliance.....	15
	(b) Basis of measurement	15
	(c) Functional currency	15
	(d) Use of estimates and judgements	15
3.	Significant accounting policies	16
	(a) Financial instruments.....	16
	(b) Cash and Cash Equivalents	16
	(c) Property, plant and equipment	16
	(d) Biological assets	17
	(e) Leased assets	17
	(f) Impairment	18
	(g) Employee benefits	19
	(h) Revenue	20
	(i) Finance income and expenses	21
	(j) Income tax	21
	(k) Goods and services tax	21
	(l) Change in accounting policies.....	21
4.	Determination of fair values	24
5.	Revenue.....	24
6.	Personnel expenses.....	24
7.	Related parties	24
8.	Finance income and expense	25
9.	Cash and cash equivalents	25
10.	Other financial assets	25
11.	Trade and other receivables.....	25
12.	Asset held for sale	26
13.	Other investments.....	26
14.	Property, plant and equipment.....	27
15.	Trade and other payables	27
16.	Employee benefits.....	28
17.	Lease liability	28
18.	Capital and reserves	28
19.	Reconciliation of cash flows from operating activities.....	29
20.	Commitments for expenditure.....	29
21.	Contingencies	29
22.	Economic dependency	29
23.	Subsequent events.....	30
24.	Auditors' remuneration.....	30

Australian Wildlife Conservancy

Notes to the financial statements



1. Reporting entity

Australian Wildlife Conservancy (the 'Company') is a not for profit entity under the Australian Charities and Not-for-profit Commission Act 2012 and is a company limited by guarantee and domiciled in Australia. The registered office is at Suite 5, 280 Hay Street, Subiaco, Western Australia. These financial statements of the Company are as at, and for the year ending 28 February 2020.

The Company's primary purpose is the conservation of Australia's wildlife, particularly threatened species and ecosystems.

2. Basis of preparation

(a) Statement of compliance

In the opinion of the Directors, the Company is not publicly accountable as that term is defined for the purposes of the Australian Accounting Standards (AASB 1053). For example, the company does not issue equity or debt instruments that are traded in a public market. However, the company is accountable, in the ordinary sense of that term, to its donors and other stakeholders for the performance of its conservation activities.

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Australian Charities and Not-for-profits Commission Act 2012. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements. This is the first set of the Company's financial statements in which AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-Profit Entities and AASB 16 Leases have been applied. Significant changes to accounting policies are described in Note 3(l).

The financial statements were approved by the Directors on the 27th August 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for the following:

- financial instruments are measured at fair value through profit or loss and;
- assets held for sale are measured at the lower of their carrying amount and at fair value less costs to sell.

The methods used to measure fair values are discussed further in note 4.

(c) Functional currency

These financial statements are presented in Australian dollars, which is the functional currency of the Company.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 4 – Determination of fair values
- Note 14 – Property, plant and equipment
- Note 17 – Lease liabilities
- Note 21 – Contingencies

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain comparative amounts may have been reclassified to conform to the current year's presentation.

(a) Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not fair value through the profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortised costs if it meets both of the following conditions and is not designated as a FVTPL.

It is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit and loss.

(b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from acquisition date that are subject to insignificant risk of changes in fair value and are used by the company in the management of its short term commitments. Call or term deposits with a longer maturity at acquisition are classified as Other Financial Assets. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(c) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing the asset to a working condition for its intended use; and the costs of dismantling and removing the

items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Leasehold land

Leasehold land represents payments made by the Company to acquire interests in pastoral leases. Leasehold land is recorded at cost and is not depreciated unless the life of the right to the pastoral lease is considered to be fixed. In this case, the leasehold land is depreciated over the term of the lease on a straight-line basis.

Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated. Depreciation methods, useful lives and residual values are reassessed at the reporting date.

The estimated useful lives for the current and comparative periods are as follows:

- Freehold Improvements 7 to 33 years
- Leasehold Improvements 5 to 33 years
- Plant and Equipment 3 to 20 years

(d) Biological assets

Livestock held for sale

Biological assets are valued at fair value less costs to sell, with any change therein recognised in profit or loss.

AWC has certain obligations under pastoral lease legislation in Western Australia, Queensland, New South Wales and Northern Territory. The costs of livestock kept on an Australian Wildlife Conservancy property to ensure compliance with such legislation is expensed as incurred. The reason for this policy is that such livestock is only held to ensure compliance with the pastoral lease legislation and so is regarded as akin to maintenance.

(e) Leased assets

The Company has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117 and AASB Interpretation 4. The details of accounting policies under AASB 117 and AASB Interpretation 4 are disclosed separately.

Policy applicable from 1 March 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16.

This policy is applied to contracts entered into, on or after 1 March 2019.

- (i) *As a lessee*

At commencement or on modification of a contract that contains a lease component, the Company allocated the consideration in the contract of each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site of which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments; variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the varying value of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Policy prior to 1 March 2019

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

(f) Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity to the extent of that previous revaluation, with any excess recognised through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets (other than biological assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised as profit or loss.

The recoverable amount of an asset is the greater of its value in use and its fair value (less costs to sell). Replacement cost is used to assess value in use.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short-term benefits

Short-term employee benefits are expensed as the related service is provided. Liabilities recognised represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-

Australian Wildlife Conservancy

Notes to the financial statements



accumulating benefits, such as sick leave or medical care, are expensed based on the net marginal cost to the Company as the benefits are taken by the employees.

(h) Revenue

After 1 March 2019

Revenue recognition under AASB 1058 – Income of Not-for-Profit Entities

Revenue recognition for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations which includes donations, gifts and grants is recognised under AASB 1058.

Donations

Donations collected, including cash and goods for resale, are recognised as revenue when the Company gains control of the asset and the amount can be measured reliably.

Income on donations received 'in kind' is recognised at the fair value of the donation. The fair value of donations received 'in kind' is established by an independent certified property valuer.

Legacies

Legacies are recognised when the company is notified of an impending distribution or the legacy is received, whichever occurs earlier. Revenue from legacies comprising bequest of shares or other property are recognised at fair value, being the market value of the shares or property at the date the company becomes legally entitled to the shares or property.

Grant Income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated to the Company. Once the asset has been recognised, the Company recognises any related liability amounts and the difference between the asset and any liability is recognised as income.

Capital grants

Capital grants received under an enforceable agreement to enable the Company to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the company (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of completeness of the construction project as there is no profit margin.

No amounts are included in the financial report for services donated by volunteers.

Revenue recognition under AASB 15 – Revenue from contracts with customers

Under AASB 15 revenue is recognised when the completion of performance obligations or milestones as revenue is earned.

Grant income

Grant income is recognised under AASB 15 when the grant agreement contains enforceable and sufficiently specific performance obligations is satisfied. Within some grant agreements there may be some performance obligations where control transfers at a point in time and other which have continuous transfer of control over the life of the contract.

Sanctuary income

Sanctuary income is revenue originating from sanctuary based activities including education and visitor programs. Sanctuary income is recognised as it accrues.

Interest income

Interest revenue is recognised as it accrues.

Australian Wildlife Conservancy

Notes to the financial statements



Before 1 March 2019

Donations, gifts and government Grants

Donations, gifts and government grants are recognised in the Income Statement when the Company obtains control of the contribution or the right to receive it and it is probable that the contribution will flow to the entity and the amount can be measured reliably. Income on donations received 'in kind' is recognised at the fair value of the donation. The fair value of donations received 'in kind' is established by an independent certified property valuer.

Sanctuary income

Sanctuary income is revenue originating from sanctuary based activities including education and visitor programs. Sanctuary income is recognised as it accrues.

Interest income

Interest revenue is recognised as it accrues.

(i) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised on the date that the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(j) Income tax

The Company is exempt from income tax under Section 23(e) of the Income Tax Assessment Act.

(k) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(l) Change in accounting policies

The Company has applied AASB 16 Leases from 1 March 2019. A number of other new standards are also effective from 1 March 2019 but do not have a material effect on the Company's financial statements.

The Company applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 March 2019. The details of the changes in accounting policies are described below. Accordingly, the comparative information presented for the year ended 28 February 2020 is not restated – i.e. it is presented, as previously reported, under AASB 117 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

(a) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*. The Company now

assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 3(e).

On transition to AASB 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and AASB Interpretation 4 were not reassessed for whether there is a lease under AASB 16. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 March 2019. The Company also elected on transition to AASB 16 to apply the practical expedient for short term leases of properties, being those that had less than 12 months left in the lease term as at 1 March 2019.

(b) As a lessee

As a lessee, the Company leases many assets including interests in pastoral leases. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under AASB 16, the Company recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component of the basis of its relative stand-alone price.

However, for leases of property, the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under AASB 117

Previously, the Company classified property leases as operating leases under AASB 117. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 March 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company used a number of practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117. In particular, the Company;

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use assets at the date of initial application; and
- used hindsight when determining the lease term.

(c) Impact on financial statements

(i) Impact of transition

On transition to AASB 16, the Company recognised additional right-of-use assets and lease liabilities. The impact on transition is summarised below.

	1 March 2019
	\$'000
Right of use assets – property, plant and equipment	\$3,186
Lease liabilities	\$3,186

Australian Wildlife Conservancy

Notes to the financial statements



When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 March 2019. The weighted-average rate applied is 5%.

Measurement of lease liabilities	\$'000
Operating lease commitments disclosed as at 28 February 2019	\$2,271
Discounted using incremental borrowing rate at 1 March 2019	\$912
Finance lease liabilities recognised as at 28 February 2019	\$3,183
Less recognition exemption for low value leases	\$3
Lease liabilities recognised at 1 March 2019	\$3,186

(d) The Company has applied AASB 15 from 1 March 2019. Under AASB 15 revenue is recognised when the completion of performance obligations or milestones as revenue is earned. The adoption of this accounting standard had the following effect on the financial statements:

Statement of Profit and Loss for the year ended 28 February 2020

	Income statement and other comprehensive income under AASB 15 and AASB 1058 \$'000	Adjustment \$'000	Income statement and other comprehensive income under previous standards \$'000
Revenue			
Sanctuary income	3,447	143	3,304
Net Surplus	1,638	143	1,495

Statement of Changes in Equity

	Statement of Changes in Equity under AASB 15 and AASB 1058 \$'000	Adjustment \$'000	Statement of Changes in Equity under previous standards \$'000
Opening retained earnings at 1 March 2019	97,497	(143)	97,640

The above adjustment has no impact on cash flows or on the statement of financial position other than an adjustment through opening retained earnings at 1 March 2019 for \$143,650.

The Company has applied AASB 1058 Income for Not-for-Profit Entities. AASB 1058 replaces the income recognition requirements relating to the private sector not-for-profit (NFP) entities previously reflected in AASB 1004 Contributions. The adoption of this accounting standard does not have a material effect on the financial statements.

Australian Wildlife Conservancy

Notes to the financial statements



4. Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in equity securities

The fair value of financial assets at fair value through profit or loss is based on inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

5. Revenue

	2020	2019
	\$	\$
Donations, gifts and sponsorship	20,601,789	12,939,784
Government grants	670,383	855,865
Sanctuary income	3,447,462	3,817,157
Other revenue	5,261,976	5,060,881
Total	<u>29,981,610</u>	<u>22,673,687</u>

6. Personnel expenses

	2020	2019
	\$	\$
Salaries & wages	12,447,983	11,118,122
Contributions to defined contribution superannuation funds	1,164,582	994,456
Increase in liability for long service leave	34,791	19,204
Increase in liability for annual leave	76,543	48,988
Workers' compensation insurance and fringe benefits tax	327,177	277,166
Staff recruitment, training and other	330,422	336,056
	<u>14,381,498</u>	<u>12,793,992</u>

7. Related parties

(a) Key management personnel compensation

The key management personnel compensation included in personnel expenses (see note 6) was \$1,378,738 for the year ended 28 February 2020 (2019: \$1,415,693).

The Non-Executive Directors of Australian Wildlife Conservancy are not remunerated.

(b) Related parties transactions

The Company leases premises for its head office in Subiaco from the trustee for the Martin Copley Will Trust, an entity related to Sophie Chamberlain (Director). All dealings are in the ordinary course of business and on normal commercial terms and conditions through a third-party property manager. During the year ended 28 February 2020, the Company paid \$112,321 (2019: \$83,847) in rent on this property. There was no amount outstanding as at 28 February 2020 (2019: \$nil). There were no other payments to directors.

From time to time, directors of the Company or their director-related entities may make donations to the Company.

Australian Wildlife Conservancy

Notes to the financial statements



8. Finance income and expense

	2020	2019
	\$	\$
Dividends and franking credits	562,973	524,976
Net gains (unrealised) on investments at fair value	382,742	(59,081)
Interest income	573,677	754,466
Financial income	<u>1,519,392</u>	<u>1,220,361</u>
Interest expense and financial services fees	(39,484)	(28,476)
Financial expenses	(39,484)	(28,476)
Net financing income	<u>1,479,908</u>	<u>1,191,885</u>

9. Cash and cash equivalents

	2020	2019
	\$	\$
Current		
Bank balances	725,416	657,351
Short term deposits	9,839,670	8,884,955
Cash and cash equivalents in statement of cash flows	<u>10,565,086</u>	<u>9,542,306</u>

As at 28 February 2020 the Company had term deposits invested ranging from 17 to 83 days (remaining) at interest rates between 1.56% and 1.61% (at 28 February 2019 deposits were invested for 22 to 57 days remaining at interest rates between 1.98% and 2.70%.) The Company also held funds in an "At Call" investment account attracting 0.15% interest (2019: 0.50%).

10. Other financial assets

	2020	2019
	\$	\$
Current		
Term deposits	15,791,191	17,589,362
	<u>15,791,191</u>	<u>17,589,362</u>

As at 28 February 2020 the Company had Other financial assets consisting of term deposits invested for periods ranging from 120 to 150 days at interest rates between 1.5% and 1.6% (at 28 February 2019 deposits were invested for 117 to 270 days at interest rates between 2.57% and 2.68%).

11. Trade and other receivables

	2020	2019
	\$	\$
Current		
Trade receivables	490,521	1,521,916
Other receivables	760,089	445,156
Prepayments	540,508	275,617
	<u>1,791,119</u>	<u>2,242,689</u>

Australian Wildlife Conservancy

Notes to the financial statements



12. Asset held for sale

	2020	2019
	\$	\$
Current		
Asset Held for Sale	460,065	-
Balance at 28 February	460,065	-

The settlement of the property held for sale occurred in April 2020.

13. Other investments

	2020	2019
	\$	\$
Non-Current		
Investments at fair value	14,731,055	10,095,204
	14,731,055	10,095,204

The above investments have been measured based on:

- Level 2: inputs other than quoted prices that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Australian Wildlife Conservancy

Notes to the financial statements



14. Property, plant and equipment

	Freehold Land & Improve- ments	Leasehold Land & Improve- ments	Plant & Equipment	Under Construc- tion	Total
Cost or deemed cost					
Balance at 1 March 2018	13,520,229	28,228,029	28,754,668	2,291,445	72,794,371
Acquisitions / Donations	-	-	4,169,665	517,554	4,687,219
Disposals	(426,880)	-	(60,704)	-	(487,584)
Transfers	-	-	2,235,349	(2,235,349)	-
Balance at 28 February 2019	13,093,349	28,228,029	35,098,978	573,650	76,994,006
Balance at 1 March 2019	13,093,349	28,228,029	35,098,978	573,650	76,994,006
Recognition of Right of Use Aset	-	3,547,203	-	-	3,547,203
Acquisitions / Donations	-	-	1,953,110	2,130,789	4,083,899
Disposals	-	-	(4,351,212)	-	(4,351,212)
Transfers	-	-	2,009,923	(2,009,923)	-
Reclassification	-	(703,268)	-	-	(703,268)
Fully Depreciated Assets Written Off	-	-	(6,733,935)	-	(6,733,935)
Balance at 28 February 2020	13,093,349	31,071,964	27,976,863	694,516	72,836,692
Depreciation and impairment Losses					
Balance at 1 March 2018	1,020,233	1,495,954	11,410,194	-	13,926,381
Depreciation charge	53,684	2,137	2,058,848	-	2,114,669
Amortisation	-	54,694	-	-	54,694
Disposals	(15,364)	-	(56,169)	-	(71,533)
Balance at 28 February 2019	1,058,553	1,552,785	13,412,873	-	16,024,211
Balance at 1 March 2019	1,058,553	1,552,785	13,412,873	-	16,024,211
Depreciation charge	53,684	2,283	2,235,174	-	2,291,141
Disposals	-	-	(97,500)	-	(97,500)
Reclassification	9,707	-	(78,879)	-	(69,172)
Fully Depreciated Assets Written Off	-	(693,179)	(6,718,757)	-	(7,411,936)
Balance at 28 February 2020	1,121,944	861,889	8,752,911	-	10,736,744
Carrying amounts					
At 1 March 2018	12,499,996	26,732,075	17,344,474	2,291,445	58,867,990
At 28 February 2019	12,034,797	26,675,244	21,686,104	573,650	60,969,795
At 28 February 2020	11,971,406	30,210,075	19,223,952	694,516	62,099,948

Leasehold assets includes the recognition of a right of use asset in relation to the Company's pastoral and office leases.

Disposals includes fences constructed at Pilliga and Mallee Cliffs, constructed in partnership with the State of NSW.

15. Trade and other payables

	2020 \$	2019 \$
Current		
Trade payables	398,777	407,346
Other payables	138,982	809
Unearned revenue	603,362	909,782
	<u>1,141,121</u>	<u>1,317,937</u>

Australian Wildlife Conservancy

Notes to the financial statements



16. Employee benefits

	2020	2019
	\$	\$
Current		
Liability for annual Leave	895,343	818,800
Salary	30,494	34,244
Superannuation contributions	178,107	150,447
	<u>1,103,944</u>	<u>1,003,491</u>
Non-current		
Liability for long service leave	512,065	477,274
	<u>512,065</u>	<u>477,274</u>
Total employee benefits	<u>1,616,009</u>	<u>1,480,765</u>

Defined contribution plans

The Company makes superannuation contributions to defined contribution plans. The amount recognised as an expense was \$1,164,582 for the year ended 28 February 2020 (2019: \$994,456).

17. Lease liability

	2020	2019
	\$	\$
Current		
Lease liability	210,808	-
	<u>210,808</u>	<u>-</u>
Non Current		
Lease liability	3,334,753	-
	<u>3,334,753</u>	<u>-</u>

Lease liability comprises of pastoral leases and office leases over the expected life of leases discounted back to present value using an incremental borrowing rate of 5% over a period of 103 to 191 years (including reasonably probable lease extensions) for pastoral leases. The pastoral leases which are held in WA, Qld, NT and NSW typically run for a period of between 10 and 99 years, with a statutory or other option to renew the lease after that date. Two of AWC's pastoral leases are perpetual and have no termination date. Office leases run for a period of up to 2 years and have been discounted back to present value using an incremental borrowing rate of 5%.

18. Capital and reserves

Reconciliation of movement in capital and reserves

	Retained earnings	Total Equity
Balance at 1 March 2018	96,770,861	96,770,861
Total comprehensive Income	869,793	869,793
Balance at 28 February 2019	<u>97,640,654</u>	<u>97,640,654</u>
Balance at 1 March 2019	97,640,654	97,640,654
Adjustment due to AASB 15	(143,650)	(143,650)
Restated balance at 1 March 2019	97,497,004	97,497,004
Total comprehensive Income	1,638,768	1,638,768
Balance at 28 February 2020	<u>99,135,772</u>	<u>99,135,772</u>

Australian Wildlife Conservancy

Notes to the financial statements



Australian Wildlife Conservancy is a not-for-profit, charitable organisation limited by guarantee and hence has no issued share capital. Each of the eleven members has guaranteed an amount of \$50.

19. Reconciliation of cash flows from operating activities

	2020	2019
	\$	\$
Surplus for the period	1,638,769	869,793
Adjustments for:		
Depreciation and amortisation	2,291,141	2,169,363
Change in fair value of financial assets	(928,499)	59,081
Interest received	(573,677)	(754,466)
Dividends received	(484,661)	(492,069)
Share bequest	(3,644,674)	-
Property bequest	(460,065)	-
Disposal or sale of property, plant and equipment	3,040,985	125,848
Operating profit before changes in working capital	879,319	1,977,550
Adjustments for changes in:		
Trade and other receivables	1,278,999	(227,408)
Trade and other payables	394,497	(648,287)
Employee benefits	135,245	97,104
Net cash from operating activities	2,688,060	1,198,959

20. Commitments for expenditure

Other commitments are expenditure for collaboration agreements where AWC and a third party have entered into an arrangement to manage and conserve an area of land.

	2020	2019
	\$	\$
Non Current		
Less than one year	1,090,000	1,205,459
Between one and five years	2,850,000	7,114,909
More than five and less than fifty years	1,710,000	7,336,514
	5,650,000	15,656,882

21. Contingencies

Under the terms of the grant agreements between Department of the Environment & Heritage and the Australian Wildlife Conservancy, the Company must seek to:

- Protect the land held at Brooklyn Pastoral Holding for 99 years, with a minimum investment of \$750,000 over 5 years from the date of the agreement.
- Protect the land held at Scotia Sanctuary, Newhaven, Mornington, Marion Downs, Kalamurina, Wongalara, Taravale Station, Mt Zero and Pungalina for 99 years under voluntary conservation agreements.

The directors are of the opinion that provisions are not required in respect of these matters. The minimum investment at Brooklyn has already been exceeded.

22. Economic dependency

Approximately 16% (2019: 18%) of the Company's donations are from its directors and officers or director-related entities.

23. Subsequent events

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years other than the potential effect of novel coronavirus (COVID-19) outlined below.

The spread of COVID-19 was declared a public health emergency by the World Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by governments, regulators and numerous industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March, an increase level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdown and uncertainties.

The Company has taken steps to reduce cash out flows associated with its activities. The Company continues to monitor developments in the COVID-19 pandemic and the measures being implemented on the economy to control and slow the outbreak. Whilst Directors do not anticipate the impacts of COVID-19 to materially impact the ability of the Company to continue as a going concern, given the dynamic nature of these circumstances and the significant increase in economic uncertainty, the related impact on the Company's future results of operations, cash flows and financial condition cannot be reasonably estimated at this stage and will be reflected in the Company's 2021 annual financial statements.

24. Auditors' remuneration

	2020	2019
	\$	\$
Audit of financial statements	41,607	40,883
Total paid to KPMG	41,607	40,883

Directors' declaration

In the opinion of the directors of Australian Wildlife Conservancy ('the Company'):

- (a) the Company is not publically accountable as that term is defined for the purposes of the Australian Accounting Standards (AASB 1053).
- (b) the financial statements and notes, set out on pages 10 to 30, are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Company's financial position as at 28 February 2020 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Australian Charities and Not-for-profit Commission Regulations 2013.
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Graeme Morgan
Director



Ross Ledger
Director

Dated at Perth this 27th day of August 2020

Australian Wildlife Conservancy
Independent audit report
to the members of Australian Wildlife Conservancy



Independent Auditor's Report

To the members of Australian Wildlife Conservancy

Opinion

We have audited the **Financial Report**, of Australian Wildlife Conservancy (the Company).

In our opinion the accompanying **Financial Report** of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Company's financial position as at 28 February 2020, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 28 February 2020.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration of the Company.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Australian Wildlife Conservancy

Independent audit report to the members of Australian Wildlife Conservancy



Other information

Other Information is financial and non-financial information in Australian Wildlife Conservancy's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Company's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

Australian Wildlife Conservancy
Independent audit report
to the members of Australian Wildlife Conservancy



We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit 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 registered Company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Matthew Beevers
Partner

Perth
27 August 2020

Declaration under the Charitable Fundraising Act 1991 (NSW)

I, Ross Ledger, being a Director of Australian Wildlife Conservancy, declare that the company is the holder of an authority under the Charitable Fundraising Act 1991 (NSW), registration number CFN 18200. All net surpluses obtained from fundraising appeals during the year ended 28 February 2020 were applied to conservation services, scientific research, visitor education programs and their administration.

I further declare that in my opinion:

- a) the accounts give a true and fair view of the state of affairs of all the income and expenditure of the organisation with respect to fundraising appeals;
- b) the balance sheet gives a true and fair view of the state of affairs with respect to fundraising appeals conducted by the organisation;
- c) the provisions of the Act, the regulations under the Act and the conditions attached to the fundraising authority have been complied with by the organisation; and
- d) the internal controls exercised by the organisation are appropriate and effective in accounting for all income received and applied by the organisation from any of its fundraising appeals.

Forms of appeals

The forms of fundraising appeals conducted in NSW during the year ended 28 February 2020 were:

- organised functions for supporters by invitation only;
- applications to philanthropic foundations;
- contact with AWC supporters by telephone and in person; and
- donations via workplace 'giving' programs.

Comparative figures and ratios

The following percentages and ratios are provided for comparative purposes:

- i. Total costs of fundraising as a percentage (ratio) of gross income from fundraising was 8.0% (\$ 1.71m : \$ 21.27m).
- ii. Net surplus from fundraising as a percentage (ratio) of gross income from fundraising was 92.0% (\$ 19.56m : \$ 21.27m).
- iii. Total cost of nature conservation services (*including capital expenditure*) as a percentage (ratio) of total expenditure was 86.2% (\$ 23.74m : \$ 27.53m).
- iv. Total cost of nature conservation services (*including capital expenditure*) as a percentage (ratio) of total income was 75.4% (\$ 23.74m : \$ 31.48m).

Information on traders

No appeals were conducted using the services of traders.



Ross Ledger
Director