



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

We have audited the accompanying financial report of the Royal Zoological Society of South Australia Incorporated (the Society), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of Directors.

Board members' responsibility for the financial report

The Society's Board of Directors is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Associations Incorporation Act 1985 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 Board of Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Associations Incorporation Act 1985 (as amended), a view which is consistent with our understanding of the Society's financial position and of its performance and cash flows.

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



Auditor's opinion

In our opinion, the financial report of the Royal Zoological Society of South Australia Incorporated is properly drawn up so as to present fairly, in all material respects, in accordance with Australian Accounting Standards and the Associations Incorporation Act 1985 (as amended), the financial position of the Society as at 30 June 2012 and its financial performance and its cash flows for the year then ended.

Emphasis of matter

Without modification to the opinion expressed above, we draw attention to the following matters.

For the year ended 30 June 2012, the Society reported an operating loss of \$2.98 million, a net cash outflow of \$0.68 million and a deficiency of working capital of \$4.51 million. Note 19 to the financial statements discloses that the Society has not complied with the terms of the Westpac finance facility subsequent to balance date.

Note 1(b) describes that the Society has prepared a cash flow forecast which supports it being able to pay its debts as and when they fall due. Further the Board of Directors considers that the Society has the ongoing support of Westpac and the South Australian Government such that it is appropriate to prepare the financial statements on a going concern basis.

In the event that the operating cash flows are below forecast and the Society ceases to receive ongoing support from Westpac and the South Australian Government, there is uncertainty whether the Society will be able to realise its assets and discharge its liabilities in the normal course of business at the amounts recognised in the financial statements.

KPMG

Scott Fleming
Partner

Adelaide

16 October 2012