

# **The Royal Society for the Prevention of Cruelty to Animals New South Wales**

Financial Report for the Financial Year Ended  
30 June 2008

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**Annual Financial Report  
for the Financial Year Ended 30 June 2008**

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## Directors' report

The directors of The Royal Society for the Prevention of Cruelty to Animals New South Wales ("the Society") submit herewith the annual financial report of the Society for the financial year ended 30 June 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the Society during or since the end of the financial year are:

### Directors

Mr Andrew Wozniak, President  
Dr Peter Wright, Vice President  
Mr Graham Hall, Vice President  
Mr Doug Dean, Co-Treasurer  
Ms Wendy Barrett, Co-Treasurer  
Mrs Dulcie Goldstien, Director  
Mr Paul O'Donnell, Director  
Mrs Carol Youdan, Director  
Ms Neen Brown, Director

### Particulars of directors

The following particulars are given in respect of each of the Directors of the Society:

*Mr A Wozniak LLB* (Accredited Specialist in Criminal Law) – Mr Wozniak is currently president and has served on the NSW Board for ten years. Mr Wozniak is a legal advocate for the RSPCA, a solicitor and life member of the Society.

*Dr P Wright BVSc, Grad Dip Ag Ec* - Dr Wright is a veterinarian who runs his own practice at Goulburn, NSW and treats domestic pets, livestock, wildlife and other exotic species. Dr Wright has a long involvement with animal care groups including WIRES and in assisting the local RSPCA inspector.

*Mr G Hall* – Mr Hall has been an RSPCA Board member for over 20 years. Mr Hall is a grazier and a partner in a family property near Young raising shorthorn cattle, fine wool merino sheep and crops.

*Mr D Dean B Comm, FCPA, FAIM* – Mr Dean is Chairman of Veolia Environment Australia waste management. He is the longest serving CEO in Australia's waste management and industrial services sectors. He is also chairman of the Veolia group in New Zealand and director of various other group companies around the world.

*Ms W Barrett EMBA, B Bus Dip Corporate Director, Grad Dip IR* – Ms Barrett has held a previous role of President of the RSPCA Auxiliary and has a special interest in progressing animal welfare, animal care and ethics. She is the manager of Business Strategy and Reporting for the Minister of Transport.

*Mrs D Goldstien* – Mrs Goldstien's father was a farrier/blacksmith in South Africa, and during her youth she shared her life with many farm and domestic animals which were cared for by the family. Today her life remains dominated with animals, and as a Director of Annangrove Dog Training Centre, her greatest joy is to work with and rehabilitating problem dogs. She has had the opportunity to teach children the correct ways to treat animals and enjoys this immensely. She was granted Honorary Life Membership of RSPCA NSW 1979 and has always been proud to support this organisation.

*Mr P O'Donnell LLB (Hons)* – Barrister of Supreme Court of NSW, Mr O'Donnell was elected to the Board in October 1998. A Barrister at Law, Mr O'Donnell is particularly interested in the Society's efforts to respond to animal cruelty.

*Mrs C Youdan OAM* – Mrs Youdan has had the roles of president, vice president and secretary of the Taree branch for over 14 years. A company director, Mrs Youdan was elected to the Board in 1996.

*Mrs N Brown* – Mrs Brown is Branch President and Animal Care Coordinator at the Armidale Branch.

## **Directors' report**

### **Company secretary**

*Mr B Murphy* – Mr Murphy was the Chief Executive Officer of the RSPCA and has been the Society secretary since 30 May 2003 and resigned during the year.

*Mr S Coleman*- Mr Coleman is the Chief Executive Officer of the RSPCA and the Society secretary. The above named company secretaries held office during the whole of the financial year and since the end of the financial year except for:

*Mr B Murphy* – resigned 15 October 2007

*Mr S Coleman* – appointed 16 October 2007

### **Principal activities**

The principal activity of the Society in the course of the financial year was the prevention of cruelty to animals through the operation of shelters, clinics, and the sale of animals and associated products.

### **Results**

The net surplus of the Society for the year from principal activities was \$2,579,284 (2007: surplus \$832,336).

### **Dividends**

The Society is a non-profit organisation and no dividends are payable.

### **Review of operations**

During the financial year, the Society conducted the activities described above resulting in the surplus as shown above. This surplus was predominately derived by an increase in legacies received during the financial year.

### **Changes in state of affairs**

There was no significant change in the state of affairs of the Society during the financial year.

### **Subsequent events**

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Society, the results of its operations, or the state of affairs of the Society in future financial years.

### **Future developments**

It is the expectation of the Directors that the Society will further expand its activities where possible in the prevention of cruelty to animals and it is expected that the cost of these operations will increase but will be met from the traditional sources of income available to the Society.

### **Directors' benefits**

Since the end of the previous financial year, no Director of the Society has received or has become entitled to receive a benefit by reason of a contract made by the Society or a related corporation with him or her or with a firm of which he or she is a member or with a company in which he or she has a substantial financial interest, other than disclosed in note 25 to the financial statements.

### **Indemnification of officers and auditors**

During the financial year, the Society paid a premium in respect of a contract insuring the directors of the Society (as named above), the Society secretary, and all employees of the Society against a liability incurred as such a director, secretary, officer, or employee to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Directors' report

The Society has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Society or of any related body corporate against a liability incurred as such an officer or auditor.

### Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the year, there were 12 board meetings held.

Directors	Board of Directors' Meetings	
	Held	Attended
Dr P Wright	12	11
Mr P O'Donnell	12	9
Mrs C Youdan	12	12
Ms W Barrett	12	11
Mr A Wozniak	12	11
Mr G Hall	12	12
Mrs D Goldstien	12	12
Mr D Dean	12	8
Mrs N Brown	12	10

### Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the financial report.

Signed this      day of October 2008, in accordance with a resolution of the Directors

On behalf of the Directors

Mr A Wozniak  
President

Ms Wendy Barrett  
Co-Treasurer

Mr Douglas Dean  
Co-Treasurer



The Board of Directors  
The Royal Society for the Prevention of  
Cruelty to Animals New South Wales  
201 Rookwood Road  
YAGOONA NSW 2199

Dear Board Members

**The Royal Society for the Prevention of Cruelty to Animals New South Wales**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The Royal Society for the Prevention of Cruelty to Animals New South Wales.

As lead audit partner for the audit of the financial statements of The Royal Society for the Prevention of Cruelty to Animals New South Wales for the financial year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

P.A Roberts  
Partner  
Chartered Accountants

October 2008

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## **Independent auditor's report to the members of The Royal Society for the Prevention of Cruelty to Animals New South Wales**

We have audited the accompanying financial report of The Royal Society for the Prevention of Cruelty to Animals New South Wales, which comprises the balance sheet as at 30 June 2008, and the income statement, cash flow statement and statement of recognised income and expense for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Society as set out on pages 8 to 34. In addition, we have audited The Royal Society for the Prevention of Cruelty to Animals New South Wales' compliance with specific requirements of the *Charitable Fundraising Act 1991* for the year ended 30 June 2008.

### *Directors' Responsibility for the Financial Report and Compliance with the Charitable Fundraising Act 1991*

The directors of the Society are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for compliance with the *Charitable Fundraising Act 1991*. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('IFRS'). This responsibility includes establishing and maintaining internal control relevant to compliance with requirements of the *Charitable Fundraising Act 1991* and 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.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes comply with International Financial Reporting Standards.

## *Auditor's Responsibility*

Our responsibility is to express an opinion on the Society's compliance with specific requirements of the *Charitable Fundraising Act 1991* and 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 Society has complied with specific requirements of the *Charitable Fundraising Act 1991* and the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the Society's compliance with specific requirements of the *Charitable Fundraising Act 1991* and amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with specific requirements of the *Charitable Fundraising Act 1991* and 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 compliance with the *Charitable Fundraising Act 1991* and 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 directors, as well as evaluating the overall presentation of the financial report.

## *Inherent Limitations*

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error, or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in The Royal Society for the Prevention of Cruelty to Animals New South Wales' compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the period and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the *Charitable Fundraising Act 1991* to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

## *Auditor's Independence Declaration*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Auditor's Opinion*

In our opinion

- (a) the financial report of The Royal Society for the Prevention of Cruelty to Animals New South Wales is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Society's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

# Deloitte.

- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1;
- (c) the financial report agrees to the underlying financial records of The Royal Society for the Prevention of Cruelty to Animals New South Wales, that have been maintained in accordance with the Act and its regulations for the year ended 30 June 2008; and
- (d) monies received by The Royal Society for the Prevention of Cruelty to Animals New South Wales, as a result of fundraising appeals conducted during the year ended 30 June 2008, have been accounted for and applied in accordance with the Act and its regulations.

DELOITTE TOUCHE TOHMATSU

P.A. Roberts  
Partner  
Chartered Accountants  
Parramatta,      October 2008

# Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Society.

Signed in accordance with a resolution of the directors made pursuant to s. 295(5) of the Corporations Act 2001.

On behalf of the Directors

Mr A Wozniak  
President

Ms Wendy Barrett  
Co-Treasurer

Mr Douglas Dean  
Co-Treasurer

Sydney,      October 2008

Declaration in accordance with the Charitable Fundraising Act 1991

I, Andrew Wozniak, President of The Royal Society for the Prevention of Cruelty to Animals, New South Wales, state that in my opinion:

- (a) the accompanying Income Statement gives a true and fair view of all income and expenditure of the Society with respect to fundraising appeals; and
- (b) the accompanying Balance Sheet gives a true and fair view of the state of affairs with respect to fundraising appeals; and
- (c) provisions of the Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the Society's fundraising authority have been complied with; and
- (d) internal controls exercised by the Society are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Signed this      day of October 2008

Mr Andrew Wozniak  
President

## Income Statement for the financial year ended 30 June 2008

	Note	2008 \$	2007 \$
Revenue	3	21,904,633	22,966,362
Operating expenses	4	(30,002,701)	(28,106,356)
Finance costs		(505,711)	(793,924)
Operating deficit before legacies and grants		(8,603,779)	(5,933,918)
Legacies – cash		10,748,245	6,047,254
Legacies – properties		-	295,000
Government grant		434,818	424,000
<b>Surplus for the year</b>		<b>2,579,284</b>	<b>832,336</b>

Notes to the financial statements are included on pages 13 to 34.

## Balance Sheet as at 30 June 2008

	Note	2008 \$	2007 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	1,036,465	2,698,623
Trade and other receivables	7	1,873,900	1,452,911
Inventories	8	617,230	730,423
Other financial assets	9	912,500	912,500
Other	10	-	16,996
<b>Total Current Assets</b>		<b>4,440,095</b>	<b>5,811,453</b>
<b>Non-Current Assets</b>			
Other financial assets	9	22,711,722	34,428,726
Property, plant and equipment	11	40,650,501	39,642,319
<b>Total Non-Current Assets</b>		<b>63,362,223</b>	<b>74,071,045</b>
<b>Total Assets</b>		<b>67,802,318</b>	<b>79,882,498</b>
<b>Current Liabilities</b>			
Trade and other payables	12	2,723,085	2,714,903
Provisions	13	1,004,277	1,015,678
Borrowings	14	150,462	150,462
<b>Total Current Liabilities</b>		<b>3,877,824</b>	<b>3,881,043</b>
<b>Non-Current Liabilities</b>			
Provisions	13	628,927	661,638
Borrowings	14	4,029,737	10,071,448
<b>Total Non-Current Liabilities</b>		<b>4,658,664</b>	<b>10,733,086</b>
<b>Total Liabilities</b>		<b>8,536,488</b>	<b>14,614,129</b>
<b>Net Assets</b>		<b>59,265,830</b>	<b>65,268,369</b>
<b>Members' Equity and Specific Funds</b>			
Specific funds	15	346,436	346,436
Accumulated funds	18	48,550,792	45,957,906
Reserves	19	10,368,602	18,964,027
<b>Total Equity and Funds</b>		<b>59,265,830</b>	<b>65,268,369</b>

Notes to the financial statements are included on pages 13 to 34.

## Statement of recognised income and expense for the financial year ended 30 June 2008

	2008 \$	2007 \$
	<hr/>	<hr/>
Surplus for the year	2,579,284	832,336
Available-for-sale investments:		
Share Portfolio valuation (loss)/gain taken to equity	<u>(8,595,425)</u>	<u>3,508,303</u>
Total recognised income and expense for the year	<u><u>(6,016,141)</u></u>	<u><u>4,340,639</u></u>

Notes to the financial statements are included on pages 13 to 34.

## Cash flow statement for the financial year ended 30 June 2008

	Note	2008 \$	2007 \$
<b>Cash flow from operating activities</b>			
Receipts from members and customers		15,851,071	11,852,176
Payments to suppliers and employees		(30,578,287)	(27,261,050)
Donations received		2,100,264	1,774,210
Legacies received		10,748,245	6,047,254
Government subsidy		434,818	424,000
Subscriptions		36,328	65,712
Interest paid		(505,711)	(793,924)
Net cash outflow from operating activities	21(b)	(1,913,272)	(7,891,622)
<b>Cash flow from investing activities</b>			
Rent received		606,647	571,757
Interest received		104,422	183,349
Dividends received		2,325,012	4,444,440
Proceeds for the sale of property, plant and equipment		10,226,625	6,633,423
Payment for property, plant and equipment		(9,421,455)	(17,129,805)
Net proceeds for investments		2,451,574	9,841,593
Net cash inflow from investing activities		6,292,825	4,544,757
<b>Cash flow from financing activities</b>			
(Repayments)/proceeds from capital works borrowings		(6,041,711)	5,171,448
Net cash (outflow)/inflow from financing activities		(6,041,711)	5,171,448
Net (decrease)/increase in cash and cash equivalents		(1,662,158)	1,824,583
Cash and cash equivalents at the beginning of the financial year		2,698,623	874,040
Cash and cash equivalents at the end of the financial year	21(a)	1,036,465	2,698,623

Notes to the financial statements are included on pages 13 to 34.

# Notes to the financial statements for the financial year ended 30 June 2008

## 1. Significant accounting policies

### Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the Society comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on [REDACTED] day of October 2008.

### Basis of Preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

### Critical accounting judgements and key sources of estimation uncertainty

In the application of the Society's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

### Adoption of new and revised Accounting Standards

In the current year, the Society has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. Details of the impact of the adoption of these new accounting standards are set out in the individual accounting policy notes set out below. The Society has also adopted the following Standards as listed below which only impacted on the Society's financial statements with respect to disclosure:

- AASB 101 'Presentation of Financial Statements (revised October 2006)
- AASB 7 'Financial Instruments: Disclosures'

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

## Notes to the financial statements for the financial year ended 30 June 2008

### 1. Significant accounting policies (Cont'd)

#### (a) Branch accounts

The financial statements comprise the accounts of the Society and all its Branches. The financial statements are inclusive of Branch balances at balance date and transactions during the year, after elimination of balances and transactions between Branches and Head Office. A listing of Branches is shown in note 28.

#### (b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### (c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### (d) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Society in respect of services provided by employees up to reporting date.

#### Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

## Notes to the financial statements for the financial year ended 30 June 2008

### 1. Significant accounting policies (Cont'd)

#### (e) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

#### Available-for-sale financial assets

Certain shares and redeemable notes held by the Society are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described in note 27. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Society's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

#### Unlisted Trusts

Unlisted trusts are brought to account at market value where received by legacy, otherwise at cost. Distributions are brought to account as they are received.

## Notes to the financial statements for the financial year ended 30 June 2008

### 1. Significant accounting policies (Cont'd)

#### (e) Financial assets (Cont'd)

##### Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Interest income is recognised by applying the effective interest rate.

##### Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

#### (f) Government grants

Government grants are assistance by the government in the form of transfers of resources to the Society in return for past or future compliance with certain conditions relating to the operating activities of the entity. Government grants include government assistance where there are no conditions specifically relating to the operating activities of the Society other than the requirement to operate in certain regions or industry sectors. Government grants are not recognised until there is reasonable assurance that the Society will comply with the conditions attaching to them and the grants will be received.

Government grants whose primary condition is that the society should purchase, construct or otherwise acquire long-term assets are recognised as deferred income in the balance sheet and recognised as income on a systematic and rational basis over the useful lives of the related assets.

## Notes to the financial statements for the financial year ended 30 June 2008

### 1. Significant accounting policies (Cont'd)

#### (f) Government grants (Cont'd)

Other government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Society with no future related costs are recognised as income of the period in which it becomes receivable.

#### (g) Impairment of other tangible assets

At each reporting date, the Society reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### (h) Income tax

The Society is not a taxable entity.

## Notes to the financial statements for the financial year ended 30 June 2008

### 1. Significant accounting policies (Cont'd)

#### (i) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to each particular class of inventory, with all categories being valued on a first in first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### (j) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Society has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Society 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 measured reliably;
- 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 a contract to provide services is recognised when the services have been performed.

##### Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

##### Dividend and interest revenue

Dividend revenue from investments is recognised when the Society's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

## Notes to the financial statements for the financial year ended 30 June 2008

### 1. Significant accounting policies (Cont'd)

#### (k) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

#### (l) Specific funds

Income and expenditure relating to Specific Funds is brought to account through the Income Statement. An amount equivalent to the income and expenditure is transferred to/from the Specific Fund from/to Accumulated Funds. Capital expenditure incurred within the terms of the Specific Funds is capitalised in the financial statements of the Society as property, plant and equipment and depreciated accordingly. An amount equivalent to the expenditure is transferred from the Specific Fund to Accumulated Funds.

#### (m) Payables

Trade and other payables are recognised when the Society becomes obliged to make future payments resulting from the purchase of goods and services.

#### (n) Property, plant and equipment

Land and buildings, and plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Land and buildings acquired by Legacy are brought to account at fair value at the date of transfer of ownership, which is taken to be the asset's deemed cost at this time.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following estimated useful lives are used in the calculated depreciation:

Buildings	20 years
Animal shelters	20 – 50 years
Motor vehicles	5 years
Plant, furniture and equipment	5 – 10 years

## Notes to the financial statements for the financial year ended 30 June 2008

### 1. Significant accounting policies (Cont'd)

#### (o) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards.

##### Society as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

##### Society as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### (p) Standards and Interpretations issued not yet effective

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

Initial application of the following Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Society's financial report:

- |  |   |
|--|---|
| • AASB 101 'Presentation of Financial Statements' (revised September 2007) | Effective for annual reporting periods beginning on or after 1 January 2009 |
| • AASB 123 'Borrowing Costs' (revised)                                     | Effective for annual reporting periods beginning on or after 1 January 2009 |

#### (q) Comparative amounts

Where required, the figures for the previous year are reclassified to facilitate comparison.

## Notes to the financial statements for the financial year ended 30 June 2008

### 2. Error

These financial statements contain a correction to a prior period error and restatement of comparatives. The prior period error is an omission of \$1,346,834 in the surplus for the year as a result of the dividends being recognised on a receipt basis and not on an accrual basis. The amounts of correction and the financial statement line items affected for the prior period are as follows:-

	<b>2007 amount previously disclosed</b> \$	<b>Adjustment</b> \$	<b>2007 restated amount</b> \$
<b>Revenue</b>	21,619,528	1,346,834	22,966,362
<b>(Deficit)/Surplus for the year</b>	(514,498)	1,346,834	832,336
<b>Accumulated funds</b>	44,611,072	1,346,834	45,957,906
<b>Total equity and funds</b>	63,921,535	1,346,834	65,268,369

## Notes to the financial statements for the financial year ended 30 June 2008

	2008 \$	2007 \$
<b>3. Revenue</b>		
An analysis of the Society's revenue for the year, is as follows:		
Donations	2,090,571	1,774,210
Interest received – other entities	104,422	183,349
Dividends received – other entities	2,325,012	4,444,440
Royalty	69,619	49,374
(Loss)/Profit on sale of equity investments	(683,611)	3,255,010
Profit on sale of property	3,872,409	975,498
Membership subscriptions	36,328	65,712
Fees for service - animals	6,718,603	5,987,278
Sale of goods	1,412,487	1,380,964
Sale of animals	2,126,931	1,833,619
Rent	606,647	571,757
Court fines and costs	275,330	107,371
Fundraising	2,269,918	1,736,836
Sundry income	679,967	600,944
	21,904,633	22,966,362

### 4. Operating expenses

An analysis of the Society's operating expenses for the year, is as follows:

Depreciation of non-current assets	2,059,057	1,807,276
Bad debts written off	217,338	253,871
Employee benefit expense	16,116,867	14,932,930
Administration	5,412,964	5,468,880
Animal related	3,020,232	2,639,984
Purchase of merchandise	898,131	569,435
Repairs and maintenance	449,756	481,549
Fundraising	630,221	811,140
Occupancy	444,086	629,351
Other	754,049	511,940
	30,002,701	28,106,356

### 5. Key Management Personnel compensation

The total compensation of the key management personnel of the society is as follows:

Short term employee benefit	900,925	802,110
Post employment benefit	70,104	31,620
Termination benefits	110,981	-
	1,082,010	833,730

## Notes to the financial statements for the financial year ended 30 June 2008

	2008 \$	2007 \$
<b>6. Cash and cash equivalents</b>		
Cash at bank	998,826	2,655,932
Cash on hand	37,639	42,691
	<u>1,036,465</u>	<u>2,698,623</u>
<b>7. Trade and other receivables</b>		
Trade receivables	1,923,900	1,500,195
Allowance for doubtful debts	(50,000)	(47,284)
	<u>1,873,900</u>	<u>1,452,911</u>
<b>8. Inventories</b>		
Finished goods	<u>617,230</u>	<u>730,423</u>
<b>9. Other financial assets</b>		
<u>Financial assets carried at amortised cost:</u>		
<u>Current</u>		
Loans to other entities	912,500	912,500
<u>Non-Current</u>		
Bank term deposits	1,427,975	1,334,749
Available-for-sale investments carried at fair value:		
Shares held at market value	20,436,556	31,910,454
Unlisted Trusts and Shares at market value	847,191	1,183,523
	<u>23,624,222</u>	<u>35,341,226</u>
Disclosed in the financial statements as:		
Current other financial assets	912,500	912,500
Non-current other financial assets	22,711,722	34,428,726
	<u>23,624,222</u>	<u>35,341,226</u>
<b>10. Other assets</b>		
Prepayments	<u>-</u>	<u>16,996</u>

## Notes to the financial statements for the financial year ended 30 June 2008

### 11. Property, Plant and Equipment

	Capital work in progress at cost \$	Land at cost \$	Buildings at cost \$	Animal Shelters at cost \$	Motor vehicles at cost \$	Plant, furniture and equipment at cost \$	Total \$
<b>Net book value</b>							
Balance as at 1 July 2006	3,813,014	6,239,926	3,734,505	11,531,558	2,918,982	1,912,100	30,150,085
Additions	2,864,709	125,000	295,000	6,562,430	5,116,298	2,166,368	17,129,805
Disposals	-	(160,000)	(155,500)	-	(4,945,173)	(569,622)	(5,830,295)
Depreciation expense	-	-	(315,500)	(614,003)	(400,602)	(477,171)	(1,807,276)
<b>Balance as at 1 July 2007</b>	<b>6,677,723</b>	<b>6,204,926</b>	<b>3,558,505</b>	<b>17,479,985</b>	<b>2,689,505</b>	<b>3,031,675</b>	<b>39,642,319</b>
Additions	128,227	-	-	2,365,160	6,230,016	698,052	9,421,455
Transfer between categories	(6,677,723)	-	-	6,677,723	-	-	-
Disposals	-	(905,800)	-	-	(4,912,785)	(535,631)	(6,354,216)
Depreciation	-	-	(253,980)	(642,585)	(690,805)	(471,687)	(2,059,057)
<b>Balance as at 30 June 2008</b>	<b>128,227</b>	<b>5,299,126</b>	<b>3,304,525</b>	<b>25,880,283</b>	<b>3,315,931</b>	<b>2,722,409</b>	<b>40,650,501</b>
<b>Net book value</b>							
As at 30 June 2007	6,677,723	6,204,926	3,558,505	17,479,985	2,689,505	3,031,675	39,642,319
As at 30 June 2008	128,227	5,299,126	3,304,525	25,880,283	3,315,931	2,722,409	40,650,501

Land and buildings, which consist predominately of investment properties, with a carrying value of \$5,633,122 have been valued during in 2007 by Messrs MVS Valuation Services. These properties have been valued at \$15,570,000. This valuation has not been taken into account in the financial statements of the Society.

### 12. Trade and other payables

Trade payables

	2008 \$	2007 \$
Trade payables	2,723,085	2,714,903

### 13. Provisions

#### Current

Employee benefits

Employee benefits	1,004,277	1,015,678
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#### Non-Current

Employee benefits

Employee benefits	628,927	661,638
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	1,633,204	1,677,316
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## Notes to the financial statements for the financial year ended 30 June 2008

	Note	2008 \$	2007 \$
<b>14. Borrowings</b>			
<u>Unsecured</u>			
At amortised cost			
<u>Current</u>			
Bushfire appeal funds		118,141	118,141
Drought appeal funds		29,578	29,578
Broken Hill appeal funds		2,743	2,743
<u>Non-Current</u>			
Bank loan - capital works		4,029,737	10,071,448
		<u>4,180,199</u>	<u>10,221,910</u>
Disclosed in the financial statements as:			
Current borrowings		150,462	150,462
Non-current borrowings		4,029,737	10,071,448
		<u>4,180,199</u>	<u>10,221,910</u>
<b>15. Specific Funds</b>			
RSPCA DiDi Redford Memorial Trust Fund	16	343,936	343,936
The Winifred & Maurice Neirous Trust Fund	17	2,500	2,500
		<u>346,436</u>	<u>346,436</u>
<b>16. RSPCA DiDi Redford Memorial Trust Fund</b>			
The Fund was established to pay for surgery on cruelty cases, injured strays and unwanted animals.			
Balance at end of year		<u>343,936</u>	<u>343,936</u>
This fund is currently frozen, it is proposed to review with the trustees how to best apply this money. There are allocations in the current shelter and veterinary budgets to provide the services targeted in this trust fund.			
<b>17. The Winifred and Maurice Neirous Trust Fund</b>			
The Fund was established to assist in the purchase of medicines for RSPCA animals from the income earned.			
Balance at end of year		<u>2,500</u>	<u>2,500</u>
Interest has not been accrued for the above specific funds as those funds are not in operation during this financial year.			

## Notes to the financial statements for the financial year ended 30 June 2008

	<u>2008</u>	<u>2007</u>
	\$	\$
<b>18. Accumulated Funds</b>		
Balance at beginning of financial year	45,971,508	45,125,570
Surplus for the year	2,579,284	832,336
Balance at end of financial year	<u>48,550,792</u>	<u>45,957,906</u>
<b>19. Reserves</b>		
Available-for-sale investments revaluation	<u>10,368,602</u>	<u>18,964,027</u>
Movement:		
Balance at beginning of financial year	18,964,027	15,455,724
Net valuation adjustment recognised	<u>(8,595,425)</u>	<u>3,508,303</u>
Balance at end of financial year	<u>10,368,602</u>	<u>18,964,027</u>
<p>The available-for-sale revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.</p>		
<b>20. Remuneration of auditors</b>		
Auditing of the financial statements:		
Remuneration of the Society auditor	69,600	69,600
Remuneration of other auditors	<u>1,409</u>	<u>1,773</u>
	<u>71,009</u>	<u>71,373</u>

The auditor of the Society is Deloitte Touche Tohmatsu

## Notes to the financial statements for the financial year ended 30 June 2008

	2008 \$	2007 \$
<b>21. Cash Flow Information</b>		
(a) Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	1,036,465	2,698,623
(b) Reconciliation of surplus for the year to net cash flows from operating activities		
Surplus for the year	2,579,284	832,336
Depreciation	2,059,057	1,807,276
Non cash legacies	-	(295,000)
Loss/(Profit) on sale of investments	683,611	(3,255,010)
(Profit) on sale of non-current assets	(3,872,409)	(975,498)
Rent received	(606,647)	(571,757)
Interest received	(104,422)	(183,349)
Dividends received	(2,325,012)	(4,444,440)
Changes in assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	(420,990)	(592,181)
Inventory	113,191	(67,294)
Other assets	16,996	(16,996)
Increase/(decrease) in liabilities		
Trade and other payables	8,180	(293,103)
Provisions	(44,111)	163,354
Net cash outflow from operating activities	(1,913,272)	(7,891,622)
(c) Financing facilities		
Bank loan facility		
Used	4,029,737	10,071,448
Unused	10,970,263	4,928,552
	15,000,000	15,000,000
<b>22. Commitments for expenditure</b>		
<u>Non-cancellable operating lease commitments</u>		
Not longer than 1 year	231,024	185,415
Longer than 1 year and not longer than 5 years	41,324	224,569
	272,348	409,984

### Leasing arrangements

Operating leases relates to the office space being rented at Homebush. The lease term is to 2009, with an option to extend for a further 3 years. The Society does not have an option to purchase the leased asset at the expiry of the lease period.

## Notes to the financial statements for the financial year ended 30 June 2008

### 23. Charitable Fundraising Act 1991

The following additional information is provided in accordance with the requirements of the above Act.

#### (a) Fundraising Appeals

Head Office and Branches have conducted various fundraising appeals during the year. Details of aggregate gross income and total expenses of fundraising appeals, as disclosed in these financial statements were as follows:

Gross proceeds from fundraising appeals:

Head office

Donations

Fundraising

Branches

Donations

Fundraising

Gross proceeds from fundraising appeals

Cost of fundraising appeals

Head office

Branches

Total costs of fundraising appeals

Net surplus obtained from fundraising appeals

	2008 \$	2007 \$
	2,850,357	1,496,106
	1,916,580	1,553,311
	249,948	278,104
	283,720	183,524
	5,300,605	3,511,045
	(523,250)	(773,132)
	(106,971)	(38,008)
	630,221	811,140
	4,670,384	2,699,905

Fundraising from cash donations and cash legacies generally conducted on an honorary basis by members of the Society supported by officers who are employed for specific inspectorial, veterinary or other necessary administrative purposes.

#### (b) Fundraising appeals conducted during the financial period – appeals, raffles, stalls, social functions.

#### (c) Statement showing how funds received were applied to charitable purposes

Net surplus from fundraising appeals

Net surplus was applied to the charitable purpose in the following manner

Funding RSPCA Inspectors

Provision of animal shelter facilities for stray, abandoned and abused animals including accommodation, food, veterinary care etc.

Veterinary clinic services

Expenditure on support services

Shortfall

	4,670,384	2,699,905
	(4,229,826)	(3,913,040)
	(11,196,570)	(9,878,126)
	(5,583,173)	(5,899,319)
	(7,325,151)	(8,201,576)
	(28,334,720)	(27,892,058)
	(23,664,336)	(25,192,153)

## Notes to the financial statements for the financial year ended 30 June 2008

	2008 \$	2007 \$
<b>23. Charitable Fundraising Act 1991 (Continued)</b>		
Government grant	434,818	424,000
Legacies	10,748,245	6,342,254
Investment income	2,103,449	6,689,791
Fees for service – animals	6,718,603	5,987,278
Other income – gross	8,790,374	5,431,414
Total income from other sources	28,795,489	24,874,737

(d) Comparisons by monetary figures and percentages

Total cost of fundraising/gross income from fundraising \$630,221/\$5,300,605 (2007: \$811,140/\$3,511,045)	11.89%	23.10%
Total surplus from fundraising/gross income from fundraising \$4,670,434/\$5,300,605 (2007: \$2,699,905/\$3,511,045)	88.11%	76.90%
Total costs of services/total costs \$21,009,569/\$28,334,720 (2007: \$19,690,482/\$27,892,058)	74.15%	70.60%
Total costs of services/total income received \$21,009,569/\$28,795,489 (2007: \$19,690,482/\$24,874,373)	72.96%	79.15%

### 24. Superannuation Commitments

A superannuation plan administered by Westpac Financial Services has been established by the Society for the provision of benefits to employees on retirement, death or disability. Benefits provided under the plan are based on contributions for each employee. The Society contributes the maximum level of employer superannuation support. Benefits provided under the plan are based on contributions for each employee under the Superannuation Guarantee Scheme. Employees may elect to contribute various percentages of their gross income to the plan in which case the Society makes additional contributions which are related to the contributions made by the employees. As benefits provided under the plan are based on contributions for each employee, no actuarial review is required.

### 25. Related Party Transactions

(a) Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties. Mr O'Donnell and Mr A C Wozniak provide legal services to the Society. Dr Wright, at times, provides veterinary and consulting services.

(b) Identification of Related Parties

The names of directors who held office during the financial year were as follows:

Mr Andrew Christopher Wozniak, President  
 Mr John Graham Hall, Vice President  
 Dr Peter David Wright, Vice President  
 Ms Wendy Maree Barrett, Co-Treasurer  
 Mr Douglas Thomas Dean, Co-Treasurer  
 Mr Paul O'Donnell, Director  
 Mrs Dulcie Goldstien, Director  
 Mrs Carol Edna Youdan, Director  
 Mrs Neen Brown, Director

## Notes to the financial statements for the financial year ended 30 June 2008

### 26. Contingent Liabilities

As at the date of this report, there are no significant contingent liabilities to note in these financial statements.

### 27. Financial Instruments

#### Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

#### (a) Capital risk management

The Society manages its capital to ensure that branches in the Society will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Society's overall strategy remains unchanged from 2007.

The capital structure of the Society consists of debt, which includes borrowing as disclosed in note 14, cash and cash equivalents and equity attributable to member's of the Society comprising of specific funds, accumulated funds and reserves as disclosed in notes 15, 18 and 19 respectively.

Operating cash flows are used to maintain the Society's activities and distribution of assets, as well as to make the routine outflows of repayment of maturing debt.

The Society's policy is to borrow, using borrowing facilities, to meet anticipated funding requirements.

Gearing ratio

The gearing ratio at year end was as follows:

	2008	2007
	\$	\$
<b>Financial assets</b>		
Debt (i)	4,180,199	10,221,910
Cash and cash equivalents	(1,036,465)	(2,698,623)
Net debt	3,143,734	7,523,287
Equity (ii)	59,265,830	65,268,369
Net debt to equity ratio	5%	12%

- i) Debt is consisted of current and non current borrowings as detailed in note 14
- ii) Equity includes specific funds, accumulated funds and reserves

## Notes to the financial statements for the financial year ended 30 June 2008

	2008 \$	2007 \$
<b>27. Financial Instruments (cont'd)</b>		
<b>(b) Categories of financial instruments</b>		
Cash and cash equivalents	1,036,465	2,698,623
Loans and receivables	2,786,400	2,365,411
Available-for-sale financial assets	21,283,747	33,093,977

### Financial liabilities

Amortised cost	6,903,284	12,936,813
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At the reporting date there are no significant concentrations of credit risk. The carrying amount reflected above represents the Society's maximum exposure to credit risk for loans and receivables.

### (c) 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. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The risk is managed by ensuring that all activities are transacted in accordance with mandates, overall investment strategy and within approved limits.

### (d) Foreign currency risk management

The Society does not have any exposures to foreign currencies at the reporting date (2007: nil).

### (e) Interest rate risk

The Society is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, as follow:

2008	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Total \$
			Within Year \$	1 to 5 Years \$	Non- interest Bearing \$	
<b>Financial Assets</b>						
Cash	7.00%	998,826	-	-	37,639	1,036,465
Receivables	-	-	-	-	1,873,900	1,873,900
Other financial asset	6.90%	23,624,222	-	-	-	23,624,222
<b>Total Financial Assets</b>	-	24,623,048	-	-	1,911,539	26,534,587
<b>Financial Liabilities</b>						
Payables	-	-	-	-	2,723,085	2,723,085
Provisions	-	-	-	-	1,633,204	1,633,204
Borrowings	9.03%	4,029,737	-	-	150,462	4,180,199
<b>Total Financial Liabilities</b>	-	4,029,737	-	-	4,506,751	8,536,488

## Notes to the financial statements for the financial year ended 30 June 2008

### 27. Financial Instruments (cont'd)

2007	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Total \$
			Within Year \$	1 to 5 Years \$	Non- interest Bearing \$	
<b>Financial Assets</b>						
Cash	6.00	2,655,932	-	-	42,691	2,698,623
Receivables		-	-	-	1,452,911	1,452,911
Other financial asset	4.75	34,813,096	-	-	-	34,813,096
Total Financial Assets	-	37,469,028	-	-	1,495,602	38,964,630
<b>Financial Liabilities</b>						
Payables	-	-	-	-	3,533,607	3,533,607
Provisions	-	-	-	-	1,677,316	1,677,316
Borrowings	9.15	10,071,448	-	-	150,462	10,221,910
Total Financial Liabilities	-	10,071,448	-	-	5,361,385	15,432,833

#### (f) Credit Risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts, as disclosed in the balance sheet and notes to the financial statements. The Society does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by the Society.

#### (g) Fair value instruments

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their net fair value.

The net fair value of financial assets and liabilities are determined as follows:

- The net fair value of financial of assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The net fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

#### (h) Other price risks

The Society does not have any exposure to other price risks at the reporting date (2007: nil).

## Notes to the financial statements for the financial year ended 30 June 2008

### 27 Financial Instruments (cont'd)

#### (i) Liquidity risk management

Liquidity risk is the risk that the Society will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows from holding financial instruments will fluctuate.

The Society's risk management is designated to minimise liquidity and cash flow risk through ensuring that there is no significant exposure to illiquid or thinly traded financial instruments.

### 28. Branches

Head Office:

Yagoona

Branches:

Albury

Armidale

Bathurst

Blue Mountains

Broken Hill

Central Coast

Cooma

Dubbo

Glen Innes

Goulburn and Southern Highlands

Inverell

Kempsey

Moree

Mudgee and District

Nowra

Orange

Port Macquarie

Tamworth

Taree

Tenterfield

Tweed Shire

Ulladulla and District

Wollongong

New South Wales Auxiliary

## Notes to the financial statements for the financial year ended 30 June 2008

### 29. Segment Information

The Society operates in one business segment relating to the prevention of cruelty to animals. The Society operates in New South Wales, Australia.

### 30. General Information

The Royal Society for the Prevention of Cruelty to Animals New South Wales, registered office and its principal place of business are as follows:

201 Rookwood Rd  
Yagoona NSW 2199  
Tel: (02) 9770 7555

**Detailed Income and Expenditure Statement – Unaudited**

	Support Services		Shelters		Clinics		Inspectorial		RSPCA NSW Total		Branches, Auxiliary		Consolidation Adjustment		RSPCA NSW Incl Branches, Auxiliary	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Donations	1,427,318	1,215,187	346,216	211,649	55,203	53,068	11,886	16,202	1,840,623	1,496,106	249,948	278,104			2,090,571	1,774,210
Fundraising - gross	1,885,399	1,216,585	41,371	37,361	59,428	299,365	0		1,986,199	1,553,311	283,720	183,524			2,269,918	1,736,835
Government grant	0		10,818		0				424,000	424,000					434,818	424,000
Investments	2,097,978	8,028,574	5,361	3,080	0	4,816	0		2,103,339	6,689,636	110	155			2,103,449	8,036,627
Legacies & Bequests	10,672,580	6,291,966	0	60	0				10,710,120	6,292,026	38,126	50,227			10,748,245	6,342,253
Rent received	546,844	526,637	38,846	22,480	0				585,690	549,117	20,957	22,640			606,647	571,757
Fees for service - animals	15,958	28,743	2,526,571	2,394,100	3,992,269	3,382,725	10,488	6,431	6,545,286	5,811,999	173,317	175,279			6,718,603	5,987,278
Internal vet/shelter fees	0		1,846	40	1,459,434	1,497,649	0		1,461,280	1,497,689	0		-1,461,280	-1,497,689	0	0
Internal vet/inspectors fees	0		0		303,051	209,809	0		303,051	209,809	0		-303,051	-209,809	0	0
Internal shelter/inspectors fees	0		232,067	172,498	0		0		232,067	172,498	0		-232,067	-172,498	0	0
Internal shelter/clinic	0		23,804	26,806	0	1,738	0		23,804	28,544	0		-23,804	-28,544	0	0
Internal Clinic/Legacy	0		0		67,200		0		67,200		0		-67,200	0	0	0
Internal Subsidies & Donations	0		1,000,000		0		0		1,000,000		129,399		-1,129,399	0	0	0
Sales – other	1,071,657	1,031,567	14,404	23,542	0	1,915	0		1,086,062	1,057,024	326,425	323,940			1,412,487	1,380,964
Court fines & costs	0	23	825	397	0				275,330	107,371	0				275,330	107,371
Subscriptions	15,829	45,912	50	186	0				15,879	46,098	20,449	19,615			36,328	65,713
Surplus on disposal of non-current assets	3,394,623	681,257	159,956	54,199	15,568	13,356	302,261	226,685	3,872,409	975,497	0				3,872,409	975,497
Other	53,118	15,010	2,242,449	1,966,956	126,935	84,519	18,363	8,019	2,440,865	2,074,504	80,330	255,607	0	0	2,521,195	2,330,111
<b>Total Income</b>	<b>21,181,304</b>	<b>17,734,627</b>	<b>6,644,584</b>	<b>4,913,354</b>	<b>6,079,088</b>	<b>5,548,960</b>	<b>1,079,043</b>	<b>788,288</b>	<b>34,984,019</b>	<b>28,985,229</b>	<b>1,322,780</b>	<b>1,309,091</b>	<b>-3,216,800</b>	<b>-1,908,540</b>	<b>33,089,999</b>	<b>29,732,616</b>
<b>Expenditure</b>																
Animal related																
Food	584	4,691	103,876	95,184	162	479	5,670	12,018	110,292	112,372	45,880	11,452			156,172	123,824
Medicines	1,741	14,941	205,129	162,516	1,440,495	1,337,733	440	293	1,647,805	1,515,483	0				1,647,805	1,515,483
Veterinary expenses	1,999	19,762	511,018	392,483	129,252	92,507	105,386	68,835	747,655	573,587	351,032	337,226			1,098,686	910,813
Internal vet/shelter fees	0		1,459,434	1,494,797	1,846	2,892	0		1,461,280	1,497,689	0		-1,461,280	-1,497,689	0	0
Internal vet/inspectors fees	0		0		0		303,051	209,809	303,051	209,809	0		-303,051	-209,809	0	0
Internal shelter/inspectors fees	0		0		0		232,067	172,498	232,067	172,498	0		-232,067	-172,498	0	0
Internal shelter/clinic	0		0	1,738	23,804	26,806	0		23,804	28,544	0		-23,804	-28,544	0	0
Internal Clinic/Legacy	67,200		0		0		0		67,200		0		-67,200		0	0
Internal Subsidies & Donation	129,399		0		0		0		129,399		1,000,000		-1,129,399		0	0
Laboratory	0		165		93,868	88,879	257	853	94,291	89,732	0				94,291	89,732
Employment,super,fbt,al,1st etc	2,545,029	2,538,210	8,034,587	6,935,645	3,476,980	3,366,158	2,060,270	2,088,035	16,116,867	14,928,048	0	4,882			16,116,867	14,932,930
Investments	0		0		0		0		0		0				0	0
Plant and building expenses	484,009	711,487	49,443	59,678	6,456	9,117	18,626	16,027	558,534	796,309	7,569				566,103	796,309
Occupancy costs	444,086	629,351	0		0		0		444,086	629,351	0				444,086	629,351
Purchases merchandise	683,359	322,749	106,464	125,122	54,963	28,003	6	86	844,792	475,960	53,339	93,475			898,131	569,435
Fundraising	501,621	744,315	5,764	4,591	15,776	24,227	0		523,160	773,133	106,971	38,008			630,131	811,141
Repairs & maintenance	167,039	157,266	231,652	245,273	36,853	45,803	1,300	2,931	436,845	451,273	12,912	30,276			449,756	481,549
Membership services	97,807	89,945	221	0	2,774	2,906	72		100,874	92,851	3,661	2,260			104,535	95,111
Receivables cost	1,490	78,304	18,296	14,524	195,083	161,043	2,469	217,338	253,871	0	0	0			217,338	253,871

This detailed income and expenditure statement does not form part of the audited financial report and has been included for the information of members.

**Detailed Income and Expenditure Statement – Unaudited (Continued),**

	Support Services		Shelters		Clinics		Inspectorial		RSPCA NSW Total		Branches, Auxiliary		Consolidation Adjustment		RSPCA NSW Incl Branches, Auxiliary	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration																
Board expenses	32,137	21,965	0		0		0		32,137	21,965	0				32,137	21,965
Legal	34,589	100,793	2,030	462	0		855,720	454,361	892,338	555,616	0			892,338	555,616	
Communication	163,329	209,380	122,141	122,522	30,168	52,483	132,257	156,164	447,895	540,549	18,788	19,159		466,683	559,708	
Insurance	26,395	43,772	86,438	91,417	22,928	26,843	5,732	2,282	141,494	164,314	132	407		141,626	164,721	
Motor vehicle	185,317	217,520	254,300	177,751	37,821	37,607	504,291	437,576	981,729	870,454	5,904	8,301		987,633	878,755	
Auditors remuneration	69,600	69,600	0		0		0		69,600	69,600	3,049	1,773		72,649	71,373	
Computer expenses	50,868	88,883	5,612	4,072	13,944	36,232	2,210	3,843	72,635	133,030	0			72,635	133,030	
RSPCA Australia levy	151,651	26,793	0		0		0		151,651	26,793	0			151,651	26,793	
Other	1,560,301	2,120,830	1,881,981	1,445,150	630,755	586,404	788,042	669,736	4,861,078	4,822,120	408,382	456,650		5,269,461	5,278,770	
<b>Total Expenditure</b>	<b>7,399,550</b>	<b>8,210,557</b>	<b>13,078,551</b>	<b>11,372,925</b>	<b>6,213,928</b>	<b>5,926,122</b>	<b>5,017,868</b>	<b>4,295,347</b>	<b>31,709,897</b>	<b>29,804,951</b>	<b>2,017,618</b>	<b>1,003,869</b>	<b>-3,216,800</b>	<b>-1,908,540</b>	<b>30,510,715</b>	<b>28,900,280</b>
Surplus / -Deficit	13,781,755	9,524,070	-6,433,967	-6,459,571	-134,840	-377,162	-3,938,825	-3,507,059	3,274,122	-819,722	-694,838	305,222	0	0	2,579,284	832,336

This detailed income and expenditure statement does not form part of the audited financial report and has been included for the information of members.