

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

Annual report for the financial year ended 30 June 2009

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

**Annual Financial Report
for the Financial Year Ended 30 June 2009**

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

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 2009. 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, President
Mr Graham Hall, Vice President
Mr Doug Dean, Treasurer
Ms Wendy Barrett, Treasurer

Mrs Dulcie Goldstien, Director
Mr Paul O'Donnell, Director
Mrs Carol Youdan, Director
Ms Neen Brown, Director
Ms Jodhi Meares, Director

The above named directors held office during the whole of the financial year and since the end of the financial year except for:

Mr Andrew Wozniak, - resigned 27 April 2009
Ms Jodhi Meares, - appointed 29 June 2009

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 was past president and has served on the NSW Board for over 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 Exec MBA, 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 a manager of Business Strategy for the NSW Transport. and Infrastructure.

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.

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

Directors' report (cont'd)

Mrs C Youdan OAM – Mrs Youdan joined the RSPCA through the Taree branch in 1979 and has held all branch positions at some time including five years as voluntary branch Inspector, when the nearest Inspector was over three hours away. Joined the board in 1996. Awarded the order of Australia Medal for service to the community through RSPCA in 2001. Granted Life Honorary Membership in 2007.

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

Ms J Meares – Ms Meares is the founder and Creative Director of Tigerlily Swimwear. Jodhi started her career modeling from the age of 15. At 28 she launched Tigerlily swimwear at Mercedes Australian Fashion Week in May 2000. Since then, the label has gone from strength to strength and now includes a resort/surf wear clothing range, which is currently stocked in over 400 stores around the world including 4 Tigerlily stores. Jodhi sold Tigerlily to Billabong in 2007 and has stayed on as Creative Director.

Jodhi is a patron of the Australian Childhood foundation as well as Mayumarri, she is very proud to join the RSPCA as director due to her passion for all animals.

Company secretary

Mr S Coleman - Mr Coleman is the Chief Executive Officer of the RSPCA and the Society secretary.

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 \$252,605 (2008: surplus \$2,579,284).

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 from legacies received during the financial year. The decline in surplus was mainly due to the realized loss on investments on sale as a result of the global financial crisis.

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 23 to the financial statements.

Directors' report (cont'd)

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.

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	9
Mr P O'Donnell	12	11
Mrs C Youdan	12	10
Ms W Barrett	12	10
Mr A Wozniak	9	9
Mr G Hall	12	11
Mrs D Goldstien	12	12
Mr D Dean	12	9
Ms N Brown	12	10
Ms J Meares	-	-

Auditor's independence declaration

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

Signed this 9 day of October 2009, in accordance with a resolution of the Directors

On behalf of the Directors

Dr P Wright
President

Mr Douglas Dean
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 2009, 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

2009

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 Inc (“RSPCA NSW”), which comprises the balance sheet as at 30 June 2009, 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 as set out on pages 7 to 32. In addition, we have audited RSPCA NSW’s compliance with specific requirements of the *Charitable Fundraising Act 1991* for the year ended 30 June 2009.

Directors’ Responsibility for the Financial Report and Compliance with the Charitable Fundraising Act 1991

The directors of the company 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*. 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 company’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 company 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 company’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.

Liability limited by a scheme approved under Professional Standards Legislation.

Deloitte.

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 RSPCA NSW's 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 RSPCA NSW is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2009 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*;
- (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 RSPCA NSW, that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 30 June 2009; and
- (d) monies received by RSPCA NSW, as a result of fundraising appeals conducted during the year ended 30 June 2009, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

DELOITTE TOUCHE TOHMATSU

P A Roberts
Partner
Chartered Accountants
Parramatta,

2009

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

Dr P Wright
President

Mr Douglas Dean
Treasurer

Sydney, 9 October 2009

Declaration in accordance with the Charitable Fundraising Act 1991

I, Peter Wright, 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 9 day of October 2009

Dr Peter Wright
President

Income Statement for the financial year ended 30 June 2009

	<u>Note</u>	<u>2009</u> \$	<u>2008</u> \$
Revenue	2	18,421,717	21,904,633
Operating expenses	3	(31,151,872)	(30,002,701)
Finance costs		(512,258)	(505,711)
Operating deficit before legacies and grants		(13,242,413)	(8,603,779)
Legacies		13,071,018	10,748,245
Government grant		424,000	434,818
Surplus for the year		<u>252,605</u>	<u>2,579,284</u>

Notes to the financial statements are included on pages 12 to 32.

Balance Sheet as at 30 June 2009

	Note	2009 \$	2008 \$
Current Assets			
Cash and cash equivalents	5	3,301,145	1,036,465
Trade and other receivables	6	1,360,628	1,873,900
Inventories	7	1,262,030	617,230
Other financial assets	8	262,500	912,500
Total Current Assets		6,186,303	4,440,095
Non-Current Assets			
Other financial assets	8	22,025,448	22,711,722
Property, plant and equipment	9	41,240,739	40,650,501
Total Non-Current Assets		63,266,187	63,362,223
Total Assets		69,452,490	67,802,318
Current Liabilities			
Trade and other payables	10	2,693,160	2,723,085
Provisions	11	1,141,535	1,004,277
Borrowings	12	150,462	150,462
Total Current Liabilities		3,985,157	3,877,824
Non-Current Liabilities			
Provisions	11	755,078	628,927
Borrowings	12	3,541,225	4,029,737
Total Non-Current Liabilities		4,296,303	4,658,664
Total Liabilities		8,281,460	8,536,488
Net Assets		61,171,030	59,265,830
Members' Equity and Specific Funds			
Specific funds	13	346,436	346,436
Accumulated funds	16	48,803,397	48,550,792
Reserves	17	12,021,197	10,368,602
Total Equity and Funds		61,171,030	59,265,830

Notes to the financial statements are included on pages 12 to 32.

Statement of recognised income and expense for the financial year ended 30 June 2009

	2009 \$	2008 \$
Surplus for the year	252,605	2,579,284
Available-for-sale investments:		
Share portfolio valuation (loss) taken to equity	<u>(1,652,595)</u>	<u>(8,595,425)</u>
Total recognised income and expense for the year	<u>(1,399,990)</u>	<u>(6,016,141)</u>

Notes to the financial statements are included on pages 12 to 32.

Cash flow statement for the financial year ended 30 June 2009

	<u>Note</u>	<u>2009</u> \$	<u>2008</u> \$
Cash flow from operating activities			
Receipts from members and customers		20,557,252	15,851,071
Payments to suppliers and employees		(33,574,151)	(30,578,287)
Donations received		2,324,135	2,100,264
Legacies received		13,134,811	10,748,245
Government subsidy		424,000	434,818
Subscriptions		46,953	36,328
Interest paid		(512,258)	(505,711)
Net cash inflow/(outflow) from operating activities	19(b)	<u>2,400,742</u>	<u>(1,913,272)</u>
Cash flow from investing activities			
Rent received		564,618	606,647
Interest received		356,273	104,422
Dividends received		1,751,601	2,325,012
Proceeds for the sale of property, plant and equipment		5,673,319	10,226,625
Payment for property, plant and equipment		(6,308,337)	(9,421,455)
Net (payments)/proceeds for investments		<u>(1,685,024)</u>	<u>2,451,574</u>
Net cash inflow from investing activities		<u>352,450</u>	<u>6,292,825</u>
Cash flow from financing activities			
Repayments from capital works borrowings		<u>(488,512)</u>	<u>(6,041,711)</u>
Net cash (outflow) from financing activities		<u>(488,512)</u>	<u>(6,041,711)</u>
Net increase/(decrease) in cash and cash equivalents		2,264,680	(1,662,158)
Cash and cash equivalents at the beginning of the financial year		<u>1,036,465</u>	<u>2,698,623</u>
Cash and cash equivalents at the end of the financial year	19(a)	<u>3,301,145</u>	<u>1,036,465</u>

Notes to the financial statements are included on pages 12 to 32.

Notes to the financial statements for the financial year ended 30 June 2009

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 9 day of October 2009.

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. There has been no material impact of these changes on the Society's accounting policies.

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 2009

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 26.

(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 2009

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 25. 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.

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.

Notes to the financial statements for the financial year ended 30 June 2009

1. Significant accounting policies (Cont'd) (e) Financial assets (Cont'd)

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.

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.

Notes to the financial statements for the financial year ended 30 June 2009

1. Significant accounting policies (Cont'd)

(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 2009

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 2009

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 2009

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), AASB 2007-08 'Amendments to Australian Accounting Standards arising from AASB 101' and AASB 2007-10 'Further amendments to Australian Accounting Standards arising from AASB 101' | Effective for annual reporting periods beginning on or after 1 January 2009 |
| • AASB 2009-1 'Amendments to Australian Accounting Standard – Borrowing Costs of Not for Profit Public Sector Entities' | Effective for annual reporting periods beginning on or after 1 January 2009 |
| • AASB 2009-2 'Amendments to Australian Accounting Standard - Improving Disclosures about Financial Instruments' | Effective for annual reporting periods beginning on or after 1 January 2009 |

The directors have given due consideration to all new and revised standards and interpretations issued by the AASB that are not yet effective and have not been adopted in this financial report, and do not believe that they will have a material impact on the financial report in the period of initial application.

(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 2009

	2009 \$	2008 \$
2. Revenue		
An analysis of the Society's revenue for the year, is as follows:		
Donations	2,335,842	2,090,571
Interest received – other entities	356,273	104,422
Dividends received – other entities	1,751,601	2,325,012
Royalty	103,631	69,619
Loss on sale of equity investments	(4,673,890)	(683,611)
Profit on sale of property	2,027,627	3,872,409
Membership subscriptions	46,953	36,328
Fees for service - animals	6,763,733	6,718,603
Sale of goods	1,548,469	1,412,487
Sale of animals	2,318,746	2,126,931
Rent	564,618	606,647
Court fines and costs	170,794	275,330
Fundraising	4,618,587	2,269,918
Sundry income	488,733	679,967
	18,421,717	21,904,633
3. Operating expenses		
An analysis of the Society's operating expenses for the year, is as follows:		
Depreciation of non-current assets	2,072,406	2,059,057
Bad debts written off	8,366	217,338
Employee benefit expense	17,166,487	16,116,867
Administration	4,794,714	5,412,964
Animal related	2,715,411	3,020,232
Purchase of merchandise	725,635	898,131
Repairs and maintenance	543,006	449,756
Fundraising	1,587,535	630,221
Occupancy	487,494	444,086
Other	1,050,818	754,049
	31,151,872	30,002,701
4. Key management personnel compensation		
The total compensation of the key management personnel of the society is as follows:		
Short term employee benefit	933,202	900,925
Post employment benefit	163,884	70,104
Termination benefits	-	110,981
	1,097,086	1,082,010

Notes to the financial statements for the financial year ended 30 June 2009

	2009 \$	2008 \$
5. Cash and cash equivalents		
Cash at bank	3,255,772	998,826
Cash on hand	45,373	37,639
	<u>3,301,145</u>	<u>1,036,465</u>
6. Trade and other receivables		
Trade receivables	1,410,628	1,923,900
Allowance for doubtful debts	(50,000)	(50,000)
	<u>1,360,628</u>	<u>1,873,900</u>
7. Inventories		
Finished goods	<u>1,262,030</u>	<u>617,230</u>
8. Other financial assets		
<u>Financial assets carried at amortised cost:</u>		
<u>Current</u>		
Loans to other entities	262,500	912,500
<u>Non-Current</u>		
Bank term deposits	1,570,078	1,427,975
Available-for-sale investments carried at fair value:		
Shares held at market value	19,692,840	20,436,556
Unlisted Trusts and Shares at market value	762,530	847,191
	<u>22,287,948</u>	<u>23,624,222</u>
Disclosed in the financial statements as:		
Current other financial assets	262,500	912,500
Non-current other financial assets	<u>22,025,448</u>	<u>22,711,722</u>
	<u>22,287,948</u>	<u>23,624,222</u>

Notes to the financial statements for the financial year ended 30 June 2009

9. 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
	\$	\$	\$	\$	\$	\$	\$
Net book value							
Balance as at 1 July 2007	6,677,723	6,204,926	3,558,505	17,479,985	2,689,505	3,031,675	39,642,319
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 expense	-	-	(253,980)	(642,585)	(690,805)	(471,687)	(2,059,057)
Balance as at 1 July 2008	128,227	5,299,126	3,304,525	25,880,283	3,315,931	2,722,409	40,650,501
Additions	541,402	730,000	156,673	-	4,579,038	301,224	6,308,337
Transfer between categories	(188,693)	-	-	188,693	-	-	-
Disposals	-	(37,000)	-	-	(3,606,364)	(2,328)	(3,645,692)
Depreciation expense	-	-	(257,667)	(645,623)	(747,067)	(422,049)	(2,072,406)
Balance as at 30 June 2009	480,936	5,992,126	3,203,531	25,423,353	3,541,537	2,599,256	41,240,739
Net book value							
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
As at 30 June 2009	480,936	5,992,126	3,203,531	25,423,353	3,541,537	2,599,256	41,240,739

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

10. Trade and other payables

Trade payables

	2009 \$	2008 \$
Trade payables	2,693,160	2,723,085

11. Provisions

Current

Employee benefits

Employee benefits	1,141,535	1,004,277
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Non-Current

Employee benefits

Employee benefits	755,078	628,927
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	1,896,613	1,633,204
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Notes to the financial statements for the financial year ended 30 June 2009

	Note	2009 \$	2008 \$
12. Borrowings			
<u>Unsecured</u>			
<u>At amortised cost</u>			
<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		3,541,225	4,029,737
		<u>3,691,687</u>	<u>4,180,199</u>
Disclosed in the financial statements as:			
Current borrowings		150,462	150,462
Non-current borrowings		3,541,225	4,029,737
		<u>3,691,687</u>	<u>4,180,199</u>
13. Specific Funds			
RSPCA DiDi Redford Memorial Trust Fund	14	343,936	343,936
The Winifred & Maurice Neirous Trust Fund	15	2,500	2,500
		<u>346,436</u>	<u>346,436</u>
14. RSPCA DiDi Redford Memorial Trust Fund			
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.			
15. The Winifred and Maurice Neirous Trust Fund			
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 2009

	2009 \$	2008 \$
16. Accumulated Funds		
Balance at beginning of financial year	48,550,792	45,971,508
Surplus for the year	252,605	2,579,284
Balance at end of financial year	<u>48,803,397</u>	<u>48,550,792</u>
17. Reserves		
Available-for-sale investments revaluation	<u>10,518,602</u>	<u>10,368,602</u>
Movement:		
Balance at beginning of financial year	10,368,602	18,964,027
Net valuation adjustment recognised	1,652,595	(8,595,425)
Balance at end of financial year	<u>12,021,197</u>	<u>10,368,602</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>		
18. Remuneration of auditors		
Auditing of the financial statements:		
Remuneration of the Society auditor	66,000	69,600
Remuneration of other auditors	3,041	1,409
	<u>69,041</u>	<u>71,009</u>

The auditor of the Society is Deloitte Touche Tohmatsu

Notes to the financial statements for the financial year ended 30 June 2009

	2009 \$	2008 \$
19. Cash Flow Information		
(a) Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	3,301,145	1,036,465
(b) Reconciliation of surplus for the year to net cash flows from operating activities		
Surplus for the year	252,605	2,579,284
Depreciation	2,072,406	2,059,057
Loss/(Profit) on sale of investments	4,673,890	683,611
(Profit) on sale of non-current assets	(2,027,627)	(3,872,409)
Rent received	(564,618)	(606,647)
Interest received	(356,273)	(104,422)
Dividends received	(1,751,601)	(2,325,012)
Changes in assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	513,272	(420,990)
Inventory	(644,800)	113,191
Other assets	-	16,996
Increase/(decrease) in liabilities		
Trade and other payables	(29,925)	8,180
Provisions	263,413	(44,111)
Net cash outflow from operating activities	<u>2,400,742</u>	<u>(1,913,272)</u>
(c) Financing facilities		
Bank loan facility		
Used	3,541,225	4,029,737
Unused	11,458,775	10,970,263
	<u>15,000,000</u>	<u>15,000,000</u>
20. Commitments for expenditure		
<u>Non-cancellable operating lease commitments</u>		
Not longer than 1 year	180,600	231,024
Longer than 1 year and not longer than 5 years	317,616	41,324
	<u>498,216</u>	<u>272,348</u>

Leasing arrangements

Operating leases relates to the office space being rented at Chollora. The lease term is to 2012. 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 2009

	2009 \$	2008 \$
21. 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	2,049,905	2,850,357
Fundraising	4,351,503	1,916,580
Branches		
Donations	285,937	249,948
Fundraising	267,084	283,720
	<hr/>	<hr/>
Gross proceeds from fundraising appeals	6,954,429	5,300,605
Cost of fundraising appeals		
Head office	(1,516,554)	(523,250)
Branches	(70,981)	(106,971)
	<hr/>	<hr/>
Total costs of fundraising appeals	(1,587,535)	(630,221)
	<hr/>	<hr/>
Net surplus obtained from fundraising appeals	5,366,894	4,670,384
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	5,366,894	4,670,384
Net surplus was applied to the charitable purpose in the following manner		
Funding RSPCA Inspectors	(4,454,538)	(4,229,826)
Provision of animal shelter facilities for stray, abandoned and abused animals including accommodation, food, veterinary care etc.	(11,840,834)	(11,196,570)
Veterinary clinic services	(6,105,628)	(5,583,173)
Expenditure on support services	(8,088,741)	(7,325,151)
	<hr/>	<hr/>
Shortfall	(25,122,847)	(23,664,336)

Notes to the financial statements for the financial year ended 30 June 2009

	2009 \$	2008 \$
21. Charitable Fundraising Act 1991 (Continued)		
Government grant	424,000	434,818
Legacies	13,071,018	10,748,245
Investment income	(2,413,792)	2,103,449
Fees for service – animals	6,763,733	6,718,603
Other income – gross	7,117,347	8,790,374
Total income from other sources	24,962,306	28,795,489

(d) Comparisons by monetary figures and percentages

Total cost of fundraising/gross income from fundraising \$1,587,535/\$6,954,429 (2008: \$630,221/\$5,300,605)	22.83%	11.89%
Total surplus from fundraising/gross income from fundraising \$5,366,894/\$6,954,429 (2008: \$4,670,434/\$5,300,605)	77.17%	76.90%
Total costs of services/total costs \$22,401,000/\$30,489,741 (2008: \$21,009,569/\$28,334,720)	73.47%	74.15%
Total costs of services/total income received \$22,401,000/\$24,962,306 (2008: \$21,009,569/\$28,795,489)	89.74%	72.96%

22. 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.

23. 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
 Mr John Graham Hall
 Dr Peter David Wright
 Ms Wendy Maree Barrett
 Mr Douglas Thomas Dean
 Mr Paul O'Donnell
 Mrs Dulcie Goldstien
 Mrs Carol Edna Youdan
 Ms Neen Brown
 Ms Jodhi Meares

Notes to the financial statements for the financial year ended 30 June 2009

24. Contingent Liabilities

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

25. 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 2008.

The capital structure of the Society consists of debt, which includes borrowing as disclosed in note 12, 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 13, 16 and 17 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:

	2009 \$	2008 \$
Financial assets		
Debt (i)	3,691,687	4,180,199
Cash and cash equivalents	(3,301,145)	(1,036,465)
Net debt	390,542	3,143,734
Equity (ii)	61,171,030	59,265,830
Net debt to equity ratio	1%	5%

- i) Debt is consisted of current and non current borrowings as detailed in note 12
- ii) Equity includes specific funds, accumulated funds and reserves

Notes to the financial statements for the financial year ended 30 June 2009

	2009 \$	2008 \$
25. Financial Instruments (cont'd)		
(b) Categories of financial instruments		
Cash and cash equivalents	3,301,145	1,036,465
Loans and receivables	1,623,128	2,786,400
Available-for-sale financial assets	20,455,370	21,283,747
Term Deposits	1,570,078	1,427,975

Financial liabilities

Amortised cost	6,384,847	6,903,284
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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 (2008: 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:

2009	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Total \$
			Within Year \$	1 to 5 Years \$	Non- interest Bearing \$	
Financial Assets						
Cash	3%	3,255,772	-	-	45,373	3,301,145
Receivables	-	-	-	-	1,360,628	1,360,628
Other financial asset	8%	22,287,948	-	-	-	22,287,948
Total Financial Assets	-	25,543,720	-	-	1,406,001	26,949,721
Financial Liabilities						
Payables	-	-	-	-	2,693,160	2,693,160
Provisions	-	-	-	-	1,896,613	1,896,613
Borrowings	7%	3,541,225	-	-	150,462	3,691,687
Total Financial Liabilities	-	3,541,225	-	-	4,740,235	8,281,460

Notes to the financial statements for the financial year ended 30 June 2009

25. Financial Instruments (cont'd)

2008	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate Maturing			Total \$
			Within Year \$	1 to 5 Years \$	Non- interest Bearing \$	
Financial Assets						
Cash	7%	998,826	-	-	37,639	1,036,465
Receivables	-	-	-	-	1,873,900	1,873,900
Other financial asset	7%	23,624,222	-	-	-	23,624,222
Total Financial Assets	-	24,623,048	-	-	1,911,539	26,534,587
Financial Liabilities						
Payables	-	-	-	-	2,723,085	2,723,085
Provisions	-	-	-	-	1,633,204	1,633,204
Borrowings	9%	4,029,737	-	-	150,462	4,180,199
Total Financial Liabilities	-	4,029,737	-	-	4,506,751	8,536,488

(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 (2008: nil).

Notes to the financial statements for the financial year ended 30 June 2009

25 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.

26. Branches

Head Office:

Yagoona

Branches:

Albury

Armidale

Bathurst

Blue Mountains

Broken Hill

Central Coast

Cooma

Dubbo

Glen Innes

Goulburn and Southern Highlands

Gunnedah

Inverell

Kempsey

Moree

Mudgee and District

Nowra

Orange

Port Macquarie

Tamworth

Taree

Tenterfield

Tweed Shire

Ulladulla and District

Wollongong

Wagga Wagga

New South Wales Auxiliary

Notes to the financial statements for the financial year ended 30 June 2009

27. 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.

28. 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	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income																
Donations	1,739,682	1,427,318	237,990	346,216	38,461	55,203	33,772	11,886	2,049,905	1,840,623	285,937	249,948			2,335,842	2,090,571
Fundraising - gross	4,289,478	1,885,399	34,499	41,371	27,527	59,428	0	0	4,351,503	1,986,199	267,084	283,720			4,618,587	2,269,918
Government grant	0	0	0	10,818	0	0	424,000	424,000	424,000	434,818	0	0			424,000	434,818
Investments	(2,424,966)	2,097,978	2,085	5,361	9,056	0	0	0	(2,413,826)	2,103,339	34	110			(2,413,792)	2,103,449
Legacies & Bequests	12,935,469	10,672,580	92,626	0	0	0	8,452	37,539	13,036,547	10,710,120	34,471	38,126			13,071,018	10,748,245
Rent received	521,476	546,844	21,480	38,846	0	0	0	0	542,956	585,690	21,662	20,957			564,618	606,647
Fees for service - animals	(100)	15,958	2,437,231	2,526,571	4,098,437	3,992,269	60	10,488	6,535,628	6,545,286	228,105	173,317			6,763,733	6,718,603
Internal vet/shelter fees	0	0	142	1,846	2,165,818	1,459,434	0	0	2,165,960	1,461,280	0	0	(2,165,960)		(1,461,280)	0
Internal vet/inspectors fees	0	0	0	0	245,098	303,051	0	0	245,098	303,051	0	0	(245,098)		(303,051)	0
Internal shelter/inspectors fees	0	0	288,535	232,067	7,493	0	0	0	296,027	232,067	0	0	(296,027)		(232,067)	0
Internal shelter/clinic	0	0	17,211	23,804	0	0	0	0	17,211	23,804	0	0	(17,211)		(23,804)	0
Internal Clinic/Legacy	0	0	0	0	59,781	67,200	0	0	59,781	67,200	0	0	(59,781)		(67,200)	0
Internal Subsidies & Donations	0	0	155,534	1,000,000	0	0	0	0	155,534	1,000,000	3,000	129,399	(158,534)		(1,129,399)	0
Sales – other	873,704	1,071,657	234,662	14,404	88,067	0	0	0	1,196,433	1,086,062	352,037	326,425			1,548,469	1,412,487
Court fines & costs	5,223	0	940	825	0	0	164,631	274,505	170,794	275,330	0	0			170,794	275,330
Subscriptions	30,818	15,829	48	50	0	0	0	0	30,866	15,879	16,087	20,449			46,953	36,328
Surplus on disposal of non-current assets	1,759,210	3,394,623	81,337	159,956	9,424	15,568	177,656	302,261	2,027,627	3,872,409	0	0			2,027,627	3,872,409
Other	150,742	53,118	2,306,243	2,242,449	109,796	126,935	26,030	18,363	2,592,811	2,440,865	166,075	80,330	0	0	2,758,886	2,521,195
Total Income	19,880,733	21,181,304	5,910,564	6,644,584	6,858,957	6,079,088	834,601	1,079,043	33,484,855	34,984,019	1,374,491	1,322,780	(2,942,611)	(3,216,800)	31,916,735	33,089,999
Expenditure																
Animal related																
Food	1,099	584	77,324	103,876	1,724	162	2,168	5,670	82,315	110,292	28,753	45,880			111,069	156,172
Medicines	559	1,741	210,758	205,129	1,449,594	1,440,495	340	440	1,661,251	1,647,805	0	0			1,661,251	1,647,805
Veterinary expenses	1,700	1,999	443,221	511,018	66,358	129,252	77,433	105,386	588,712	747,655	354,380	351,032			943,091	1,098,686
Internal vet/shelter fees	0	0	2,164,597	1,459,434	1,362	1,846	0	0	2,165,960	1,461,280	0	0	(2,165,960)		(1,461,280)	0
Internal vet/inspectors fees	0	0	0	0	0	0	245,098	303,051	245,098	303,051	0	0	(245,098)		(303,051)	0
Internal shelter/inspectors fees	0	0	0	0	0	0	296,027	232,067	296,027	232,067	0	0	(296,027)		(232,067)	0
Internal shelter/clinic	0	0	0	0	17,211	23,804	0	0	17,211	23,804	0	0	(17,211)		(23,804)	0
Internal Clinic/Legacy	44,127	67,200	15,654	0	0	0	0	0	59,781	67,200	0	0	(59,781)		(67,200)	0
Internal Subsidies & Donation	3,000	129,399	0	0	0	0	0	0	3,000	129,399	155,534	1,000,000	(158,534)		(1,129,399)	0
Laboratory	0	0	0	165	96,665	93,868	136	257	96,801	94,291	0	0			96,801	94,291
Employment,super,fbt,al,1st etc	2,832,883	2,545,029	8,410,154	8,034,587	3,605,928	3,476,980	2,317,523	2,060,270	17,166,487	16,116,867	0	0			17,166,487	16,116,867
Investments	283,390	0	0	0	0	0	0	0	283,390	0	0	0			283,390	0
Plant and building expenses	491,372	484,009	938,399	49,443	260,156	6,456	432,602	18,626	2,122,529	558,534	10,045	7,569			2,132,574	566,103
Occupancy costs	199,661	444,086	106,016	0	40,429	0	141,388	0	487,494	444,086	0	0			487,494	444,086
Purchases merchandise	420,807	683,359	165,370	106,464	50,936	54,963	0	6	637,113	844,792	88,522	53,339			725,635	898,131
Fundraising	1,505,870	501,621	10,684	5,764	0	15,776	0	0	1,516,554	523,160	70,981	106,971			1,587,535	630,131
Repairs & maintenance	273,894	167,039	186,099	231,652	62,788	36,853	3,160	1,300	525,942	436,845	17,064	12,912			543,006	449,756
Membership services	163,146	97,807	0	221	0	2,774	0	72	163,146	100,874	1,585	3,661			164,732	104,535
Receivables cost	1,536	1,490	5,410	18,296	5,143	195,083	0	2,469	12,089	217,338	0	0			12,089	217,338

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 2008		RSPCA NSW Total		Branches, Auxiliary		Consolidation Adjustment		RSPCA NSW Incl Branches, Auxiliary	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Administration	0	0	0	0	0	0	0	0	0	0	0	0			0	0
Board expenses	35,733	32,137	0	0	0	0	151	0	35,884	32,137	0	0			35,884	32,137
Legal	56,960	34,589	1,500	2,030	0	0	600,793	855,720	659,253	892,338	0	0			659,253	892,338
Communication	134,976	163,329	84,556	122,141	32,283	30,168	88,943	132,257	340,758	447,895	17,699	18,788			358,457	466,683
Insurance	21,685	26,395	58,972	86,438	17,446	22,928	5,220	5,732	103,323	141,494	550	132			103,873	141,626
Motor vehicle	167,172	185,317	218,850	254,300	30,196	37,821	498,375	504,291	914,592	981,729	9,495	5,904			924,088	987,633
Auditors remuneration	79,500	69,600	0	0	0	0	0	0	79,500	69,600	2,586	3,049			82,086	72,649
Computer expenses	66,580	50,868	1,869	5,612	6,220	13,944	1,308	2,210	75,978	72,635	0	0			75,978	72,635
RSPCA Australia levy	218,312	151,651	0	0	0	0	0	0	218,312	151,651	0	0			218,312	151,651
Other	1,287,441	1,560,301	921,653	1,881,981	379,762	630,755	284,997	788,042	2,873,853	4,861,078	417,194	408,382			3,291,047	5,269,461
Total Expenditure	8,291,403	7,399,550	14,021,085	13,078,551	6,124,201	6,213,928	4,995,663	5,017,868	33,432,352	31,709,897	1,174,388	2,017,618	(2,942,611)	(3,216,800)	31,664,130	30,510,715
Surplus / -Deficit	11,589,330	13,781,755	(8,110,522)	(6,433,967)	734,756	(134,840)	(4,161,062)	(3,938,825)	52,502	3,274,122	200,103	(694,838)	0	0	252,605	2,579,284