

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

ABN 87 000 001 641

General Purpose Tier 2 Financial Report
(Reduced Disclosure Requirements)

30 June 2018

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

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

Directors' report

For the year ended 30 June 2018

The Directors present their report together with the financial report of The Royal Society for the Prevention of Cruelty to Animals New South Wales (the Society) for the financial year ended 30 June 2018 and the auditor's report thereon. In order to comply with the provisions of the Australian Charities and Not-for-profits Commission Act 2012, the directors report as follows:

1 Directors

The Directors of the Society at any time during or since the end of the financial year are:

| | Appointed | Resigned |
|---|------------------|-----------------|
| Dr Peter Wright, President | 22 January 2002 | |
| Mr Graham Hall, Senior Vice President | 19 April 1984 | |
| Mr Brian Pickup, Treasurer | 13 June 2017 | |
| Ms Wendy Barrett, Director | 31 October 2003 | |
| Mr Andrew Givney, Director | 3 August 2010 | |
| Mr Paul O'Donnell, Ex-Junior Vice President | 16 October 1998 | 15 January 2018 |
| Dr Ian Roth, Director | 25 March 2017 | |
| Ms Sarah Cruickshank, Director | 3 August 2010 | |
| Mr Donald Richmond Robinson, Director | 30 October 2014 | |

Name and responsibilities

Qualifications, experience and other directorships

Dr Peter Wright
President

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. He has a long involvement with animal care groups, including WIRES, and in assisting the region's local RSPCA inspector.

Mr Graham Hall
Senior Vice President

Mr Hall is a life member of the Society and has been an RSPCA board member for 34 years. He is the primary producer and owner of a family property near Young. He breeds Shorthorn Stud cattle, along with sheep and crops.

Mr Paul O'Donnell
Ex- Junior Vice President

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

Mr Brian Pickup
Treasurer

Mr B Pickup B.Ec ACA is a retired partner with Deloitte Touche Tohmatsu. His work involves accounting for businesses, as well as various not-for-profit organisations. As a registered company auditor with over 25 years' experience, his work often requires him to provide expert evidence in litigation matters, which involve accounting and business issues. Brian is interested in all aspects of the RSPCA, and particularly with assisting in financial matters.

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

Directors' report (continued)

For the year ended 30 June 2018

1 Directors (continued)

Name and responsibilities

Qualifications, experience and other directorship

Ms Wendy Barrett
Director

Ms W Barrett Exec MBA, B Bus Dip Corporate Director, Grad Dip IR – Ms Barrett is Chair of the Society's Animal Welfare Committee . She has previously been a long serving member of the Animal Care and Ethics Committee at the University of Western Sydney and has held the role of president of RSPCA Auxiliary. She has a special interest in progressing animal welfare, animal care and ethics. She is also the senior executive governance for Transport for NSW.

Mr Andrew Givney
Director

Mr Givney was elected to the Board in 2010. He has worked as a barrister-at-law since 1987, following his retirement as a partner in a solicitors' practice.

Dr Ian Roth
Director

Dr Ian Roth worked as a veterinarian with the NSW Department of Primary Industries (NSW DPI) for 40 years in biosecurity and animal welfare. He managed the NSW DPI's Animal Welfare Unit and worked closely with the Society. Until his retirement in December 2015, he was the Chief Veterinary Officer for NSW. His career successes were recognised with a Public Service Medal for outstanding public service to veterinary science, particularly pertaining to animal welfare and biosecurity in NSW.

Ms Sarah Cruickshank
Director

Ms Cruickshank is a Senior Executive for the NSW Public Service and has amassed two decades of experience in policy development, advocacy and strategic communications. Prior to this, she spent 10 years in a national public affairs company, the last five years of which she was Managing Director. Throughout her life, she has been the proud owner of several shelter cats and dogs, and is passionate about protecting the interests of vulnerable animals in our society.

Mr Donald Richmond Robinson
Director

Mr Robinson joined the Board in November 2014. Born in Young in NSW, he had a varied career before joining the NSW Police in 1971. He served in small rural communities across the state for 23 years, but resigned to take up the position of Chief Inspector for the Society. He served for eight years, before becoming the Society Manager of Branches and Properties. He is keenly interested in all facets of the RSPCA, but particularly in the branches and their operations. As an RSPCA Australia farm assessor, he carried out inspections of piggeries accredited under the Approved Farming Scheme. In 2012, Mr Robinson retired to a 60-acre farm in Grenfell in the mid-West NSW, where he now runs a few cattle and an alpaca.

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

Directors' report (continued)

For the year ended 30 June 2018

1 Directors (continued)

Qualifications and Experience

Company secretary

Mr Steve Coleman

GDip of Inv Mgt, MBA - Mr Coleman is the Chief Executive Officer of the Society and the Society Secretary. He joined the Society as an inspector in 1991, and has contributed to animal welfare in many ways, including sitting on numerous government and industry committees and advisory councils, including the Animal Welfare Advisory Council that reports directly to the Minister for Primary Industries.

Mr Andrew Cooper Clachers

Mr Clachers LLB (Hons) is the Chief Operating Officer and Company Secretary of the Society. He joined the Society as General Counsel in 2013 and has extensive experience in animal welfare law and policy. He also has significant experience in Not-for-profit governance and management.

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

Directors' report (continued)

For the year ended 30 June 2018

2 Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Society during the financial year are:

| Director | Board meetings | |
|--|----------------|----------|
| | Attended | Entitled |
| Dr Peter Wright, President | 6 | 6 |
| Mr Graham Hall, Senior Vice President | 6 | 6 |
| Mr Paul O'Donnell, Ex-Junior Vice President | 3 | 3 |
| Mr Brian Pickup, Treasurer | 6 | 6 |
| Ms Wendy Barrett, Director | 6 | 6 |
| Mr Andrew Givney, Director | 5 | 6 |
| Dr Ian Roth, Director | 6 | 6 |
| Ms Sarah Cruickshank, Director | 5 | 6 |
| Mr Donald Robinson, Director | 5 | 6 |
| Mr Steve Coleman (Company Secretary, CEO) | 6 | 6 |
| Mr Andrew Cooper Clachers (Company Secretary, COO) | 4 | 6 |

3 Principal activities, objectives and strategies

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

There were no significant changes in the nature of the activities of the Society during the year.

Short-term objectives and strategies

- Improve animal outcomes;
- Provide a safe and happy work environment;
- Exceed supporters' satisfaction;
- Increase the number of financial supporters;
- Increase income; and
- Maintain vigilance on cost control.

Long-term objectives and strategies

- Continuous investment in fundraising;
- Grow our volunteer network;
- Continue focus on cruelty prevention;
- Educate the community on the importance of animal welfare;
- Invest in rehoming and reduction in length of stay strategies; and
- Partner with government, local councils and industry for the betterment of animals.

Measures of performance

A key performance indicator tool has been developed during the current year to monitor the progress of the above strategies with updates at each month-end. Wherever feasible, measurable metrics have been expressed in conventional units of measurement. Other results have been given in the affirmative for a successful outcome and in the negative where we have not been successful.

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

Directors' report (continued)

For the year ended 30 June 2018

4 Membership liability

The Society is a public company limited by guarantee. There is no liability of any member under the guarantee should the Society be wound up.

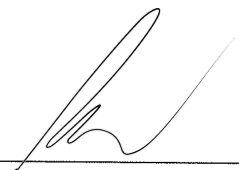
5 Subsequent events


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.

6 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 8 and forms part of the Directors' report for the financial year ended 30 June 2018.

This report is made in accordance with a resolution of the Directors:



Dr Peter Wright
President

Mr Brian Pickup
Treasurer

Dated at Sydney this 29th day of September 2018



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

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2018, there have been:

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

A handwritten signature in black ink, appearing to read 'Cameron Roan', with a stylized flourish at the end.

Cameron Roan
Partner

Sydney

29 September 2018

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

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2018

| <i>In AUD</i> | Note | 2018 | 2017 |
|--|-------------|------------------|--------------------|
| Revenue | 4(a) | 32,257,613 | 30,865,749 |
| Operating expenses | 5 | (54,152,446) | (50,261,867) |
| Deficit before legacies and grants | | (21,894,833) | (19,396,118) |
| Legacies | 4(b) | 26,068,643 | 15,673,481 |
| Government grants | 4(b) | 1,074,421 | 1,096,691 |
| Surplus/(deficit) before income tax | | 5,248,231 | (2,625,946) |
| Income tax expense | 3(h) | - | - |
| Surplus/(Deficit) for the year | | 5,248,231 | (2,625,946) |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| Net fair value gain on available-for-sale financial asset | | 1,612,676 | 3,749,746 |
| Total comprehensive income for the year | | 6,860,907 | 1,123,800 |

The notes on pages 13 to 29 are an integral part of these financial statements.

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

Statement of financial position

As at 30 June 2018

In AUD

| | Note | 2018 | 2017 |
|---|-------------|--------------------|--------------------|
| Assets | | | |
| Cash and cash equivalents | 6 | 8,167,315 | 7,254,944 |
| Trade and other receivables | 7 | 3,115,937 | 2,397,500 |
| Inventories | 8 | 579,549 | 813,413 |
| Other assets | 9 | 64,473 | 69,375 |
| Financial assets | 10 | 6,000,000 | 6,000,000 |
| Total current assets | | <u>17,927,274</u> | <u>16,535,232</u> |
| Financial assets | 10 | 45,542,151 | 40,085,182 |
| Property, plant and equipment | 12 | 42,141,240 | 42,117,405 |
| Investment properties | 11 | 1,896,085 | 1,962,304 |
| Total non-current assets | | <u>89,579,476</u> | <u>84,164,891</u> |
| Total assets | | <u>107,506,750</u> | <u>100,700,123</u> |
| Liabilities | | | |
| Trade and other payables | 13 | 4,605,574 | 4,466,947 |
| Provisions | 14 | 4,004,461 | 3,807,505 |
| Finance lease liability | 18 | 2,964 | 2,964 |
| Total current liabilities | | <u>8,612,999</u> | <u>8,277,416</u> |
| Provisions | 14 | 262,840 | 301,991 |
| Finance lease liability | 18 | 2,223 | 5,187 |
| Total non-current liabilities | | <u>265,063</u> | <u>307,178</u> |
| Total liabilities | | <u>8,878,062</u> | <u>8,584,594</u> |
| Net assets | | <u>98,628,688</u> | <u>92,115,529</u> |
| Members' equity and specific funds | | | |
| Specific funds | 15 | - | 347,748 |
| Accumulated funds | 16 | 83,530,395 | 78,282,164 |
| Reserves | 17 | 15,098,293 | 13,485,617 |
| Total equity and funds | | <u>98,628,688</u> | <u>92,115,529</u> |

The notes on pages 13 to 29 are an integral part of these financial statements.

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

Statement of changes in equity

For the year ended 30 June 2018

| <i>In AUD</i> | Specific funds | Revaluation reserve | Accumulated funds | Total |
|---|-----------------------|----------------------------|--------------------------|-------------------|
| Balance at 1 July 2016 | 347,748 | 9,735,871 | 80,908,110 | 90,991,729 |
| Surplus/(Deficit) for the year | - | - | (2,625,946) | (2,625,946) |
| Change in fair value of available for sale assets | - | 3,749,746 | - | 3,749,746 |
| Total comprehensive income/(loss) for the year | - | 3,749,746 | (2,625,946) | 1,123,800 |
| Movement in specific funds | - | - | - | - |
| Balance at 30 June 2017 | 347,748 | 13,485,617 | 78,282,164 | 92,115,529 |
| Balance at 1 July 2017 | 347,748 | 13,485,617 | 78,282,164 | 92,115,529 |
| Surplus for the year | - | - | 5,248,231 | 5,248,231 |
| Change in fair value of available for sale assets | - | 1,612,676 | - | 1,612,676 |
| Total comprehensive income for the year | - | 1,612,676 | 5,248,231 | 6,860,906 |
| Movement in specific funds | (347,748) | - | - | (347,748) |
| Balance at 30 June 2018 | - | 15,098,293 | 83,530,395 | 98,628,688 |

The notes on pages 13 to 29 are an integral part of these financial statements.

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

Statement of cash flows

For the year ended 30 June 2018

In AUD

| | 2018 | 2017 |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Receipts from members and customers | 21,351,598 | 22,080,832 |
| Payments to suppliers and employees | (50,096,899) | (47,660,425) |
| Donations received | 6,773,972 | 5,726,960 |
| Legacies received | 22,958,730 | 14,235,211 |
| Government subsidy | 1,074,421 | 1,096,691 |
| Net cash from/(used in) operating activities | <u>2,061,822</u> | <u>(4,520,731)</u> |
| Cash flows from investing activities | | |
| Rent received | 282,919 | 289,687 |
| Interest received | 391,901 | 401,549 |
| Dividends received | 2,328,011 | 2,186,074 |
| Proceeds from the sale of property, plant and equipment | 4,428,090 | 3,722,978 |
| Payment for property, plant and equipment | (6,330,244) | (5,069,068) |
| Payment for Investment acquired | (4,955,929) | (790,409) |
| Contributions from bequeathed properties | 2,705,000 | 1,693,000 |
| Contributions from bequeathed available-for-sale assets | 801 | 2,412 |
| Net cash (used in)/from investing activities | <u>(1,149,451)</u> | <u>2,436,223</u> |
| Net increase/(decrease) in cash and cash equivalents | 912,371 | (2,084,508) |
| Cash and cash equivalents at beginning of year | 7,254,944 | 9,339,452 |
| Cash and cash equivalents at end of year | <u>8,167,315</u> | <u>7,254,944</u> |

The notes on pages 13 to 29 are an integral part of these financial statements.

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

Notes to the financial statements

For the year ended 30 June 2018

1 Reporting entity

The Royal Society for the Prevention of Cruelty to Animals New South Wales (the "Society") is a public company limited by guarantee. The Society is a not-for-profit entity and registered under the Australian Charities and Not-for-profits Commission. The Society is domiciled in Australia. The address of the Society's registered office is 201 Rookwood Road, Yagoona NSW 2199. The financial statements are as at and for the year ended 30 June 2018. The Society is registered under the Australian Charities and Not-for-profits Commission.

2 Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the company is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board (AASB) and the Australian Charities and Not-for-profits Commission Act 2012.

The financial statements were authorised for issue by the Board of Directors on 29 September 2018.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for available-for-sale financial assets which are measured at fair value. The fair value of available-for-sale financial assets is determined by reference to their quoted closing exit bid price at the reporting date.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Society's functional currency.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

It was concluded that judgements made by management on the application of Australian Accounting Standards did not have a significant effect on the financial report. No estimates with a significant risk of material adjustment in the next year were noted.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(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 21(b).

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(b) Financial instruments

The Society classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets

The Society classifies non-derivative financial liabilities into the other financial liabilities category.

(i) *Non-derivative financial assets and financial liabilities – recognition and derecognition*

The Society initially recognises loans and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Society derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Society is recognised as a separate asset or liability.

The Society derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Society has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

The Society classifies non-derivative financial assets into the following categories: held-to-maturity financial assets, loans and receivables and available-for-sale financial assets

(ii) *Non-derivative financial assets – measurement*

Held-to-maturity financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Society's cash management.

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses are recognised in OCI and accumulated in the revaluation reserve. When these assets are derecognised, the gain or loss in equity is reclassified to profit or loss.

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) *Non-derivative financial liabilities - measurement (continued)*

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest rate method.

(c) Property, plant and equipment

(i) *Recognition and measurement*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Society.

(iii) *Depreciation*

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Society will obtain ownership by the end of the lease term. Land is not depreciated.

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

| | 2018 | 2017 |
|----------------------------------|------------------------------|------------------------------|
| • Buildings | 20 years, or lease term | 20 years, or lease term |
| • Animal shelters | 20 - 50 years, or lease term | 20 - 50 years, or lease term |
| • Motor vehicles | 5 years | 5 years |
| • Plant, furniture and equipment | 3-10 years | 3-10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(d) Impairment

(i) *Non-derivative financial assets*

Financial assets not classified as at fair value through profit or loss, including an interest in an equity accounted investee, are assessed at each reporting date to determine whether there is objective evidence that it is impaired.

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(d) Impairment (continued)

(i) *Non-derivative financial assets (continued)*

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to the Society on terms that the Society would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security; or
- observable data indicating that there is measurable decrease in expected cash flows from a group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. The Society considers a decline of 20 percent to be significant and a period of 9 months to be prolonged.

Financial assets measured at amortised cost

The Society considers evidence of impairment for financial assets measured at both a specific asset and a collective level. All individually significant assets are assessed for specific impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Society uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account. When the Society considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss recognised previously in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss, otherwise, it is reversed through OCI.

(ii) *Non-financial assets*

At each reporting date, the Society reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment.

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(d) Impairment (continued)

Non-financial assets (continued)

- (ii) For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. In respect of CGUs, they are allocated to reduce the carrying amounts of assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(e) Employee benefits

- (i) *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

- (ii) *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

- (iii) *Other long-term employee benefits*

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

(f) Leases

- (i) *Leased assets*

Assets held by the Society under leases which transfer to the Society substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Society's statement of financial position.

- (ii) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(g) Revenue

Revenue is recognised at the fair value of the consideration received or receivable when the Society is legally entitled to receive it. Revenues are recognised net of the amounts of goods and services tax (GST) payable to the Australian Taxation Office. Revenue is recognised for the major business activities as follows

(i) *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

(ii) *Rendering of services*

The Society is involved in the provision of veterinary services and related services. The Society recognises revenue from rendering of services when the services has been performed.

(iii) *Legacies and bequests*

Legacies are recognised when the Society obtains control of the contribution or the right to receive the contribution, which is the earlier of receipt of funds or notification by the Executor of uncontested entitlement.

Revenues from legacies comprising bequests of property or shares are recognised at fair value, being the market value of the property at the date the Society becomes legally entitled to the property. Subsequently, these assets are measured in accordance with the accounting policies adopted by the Society for that type of asset.

(iv) *Donations and fundraising*

Donations and fundraising income are recognised when received. The Society conducts a number of fundraising appeals throughout the year.

The Royal Society for the Prevention of Cruelty to Animals New South Wales has implemented systems of control to ensure the monies received at its offices are properly recorded in the accounting records.

(v) *Contributions received / receivable*

Contributions received or receivable are recognised as revenue when the Society obtains control of the contribution or the right to receive the contribution, it is probable that the economic benefits comprising the contribution will flow to the entity and the amount of the contribution can be measured reliably.

(vi) *Interest, dividends and distributions*

Interest income is recognised as it accrues. Dividends and distributions are recognised as revenue when the right to receive payment is established.

(vii) *Government grants*

Grants and subsidies from governments are recognised at their fair value in the period in which the services are provided, having regard to the stage of completion of the service obligations, where a performance and return obligation exists. Where no such obligation exists, the grants are recognised when the right to receive the grant is established as contributions received/receivable (refer to g(v)).

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(g) Revenue (continued)

(viii) *Royalties*

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

(ix) *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.

(h) Income tax

The Society is an income tax exempt charity endorsed by the Australian Taxation Office.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(j) Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

(k) Investment property

Investment properties are properties held to earn rentals and/or capital appreciation. Where such property is acquired by legacy, investment properties are measured initially at deemed cost (being fair value as per note 3(g)(iii), including transaction costs. Subsequent to initial recognition, investment properties are measured at cost.

Depreciation is provided on investment properties, including freehold buildings but excluding land.

Depreciation is calculated on a straight line basis so as to write off the net cost or 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. For the buildings, a useful life of 20 years is used in the calculation of depreciation.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

3 Significant accounting policies (continued)

(l) Specific funds

Income and expenditure relating to Specific Funds is brought to account through the Statement of Profit or Loss and Other Comprehensive Income. 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) Goods and services tax

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

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

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

(n) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2017, and have not been applied in preparing the financial statements. Those which may be relevant to the Society are set out below. The Society does not plan to adopt these standards early.

AASB 9 Financial Instruments (and applicable amendments), (effective from 1 January 2019)

AASB 9, approved in December 2014, replaces the existing guidance in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 9.

AASB 15 Revenue from Contracts with Customers, (effective from 1 January 2019)

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Group is assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Lease, (effective from 1 January 2019)

AASB 16 introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 16.

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

4 Revenue

| <i>In AUD</i> | 2018 | 2017 |
|--|-------------------|-------------------|
| (a) Operating revenue | | |
| Donations | 6,773,972 | 5,726,960 |
| Interest received on term deposits and available-for-sale financial assets | 391,901 | 401,549 |
| Dividends received on available-for-sale financial assets | 2,328,011 | 2,186,074 |
| Royalty | 58,209 | 133,023 |
| Profit on sale of property | 845,275 | 653,398 |
| Membership subscriptions | 35,253 | 56,166 |
| Fees for service – animals | 8,731,389 | 8,526,951 |
| Sale of goods | 1,458,164 | 1,440,290 |
| Sale of animals | 2,165,094 | 1,878,867 |
| Rent | 282,919 | 289,687 |
| Court fines and costs | 255,838 | 575,668 |
| Fundraising | 7,275,562 | 7,484,469 |
| Sundry income | 1,656,026 | 1,171,296 |
| Gain on sale of investments | - | 341,351 |
| | <u>32,257,613</u> | <u>30,865,749</u> |
| (b) Other revenue | | |
| Legacies | 26,068,643 | 15,673,481 |
| Government grants - animal welfare services | 1,074,421 | 1,096,691 |
| | <u>27,143,064</u> | <u>16,770,172</u> |

5 Operating expenses

| <i>In AUD</i> | 2018 | 2017 |
|---|-------------------|-------------------|
| <i>An analysis of the Society's operating expenses for the year, is as follows.</i> | | |
| Salaries and wages expense | 27,817,321 | 26,051,437 |
| Contributions to defined superannuation contribution plans | 2,414,664 | 2,229,837 |
| Depreciation on investment properties | 65,245 | 69,561 |
| Depreciation of non-current assets | 2,723,595 | 2,758,480 |
| Impairment loss on available-for-sale financial assets | 764,863 | - |
| Impairment loss on shelters and land | - | - |
| Bad debts (recovered)/ expense | (30,390) | 46,422 |
| Administration expenses | 5,830,989 | 5,681,827 |
| Animal related expenses | 5,035,720 | 4,538,924 |
| Purchase of merchandise | 763,147 | 688,035 |
| Repairs and maintenance | 628,934 | 706,242 |
| Fundraising expenses | 5,070,412 | 5,081,047 |
| Occupancy expenses | 561,459 | 526,873 |
| Other expenses | 2,506,487 | 1,883,182 |
| | <u>54,152,446</u> | <u>50,261,867</u> |

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

6 Cash and cash equivalents

| <i>In AUD</i> | 2018 | 2017 |
|---------------|------------------|------------------|
| Cash at bank | 8,138,309 | 7,216,373 |
| Cash on hand | 29,006 | 38,571 |
| | <u>8,167,315</u> | <u>7,254,944</u> |

7 Trade and other receivables

| <i>In AUD</i> | 2018 | 2017 |
|---|------------------|------------------|
| Trade receivables | 1,909,259 | 1,631,038 |
| Bequests receivable | 1,444,884 | 1,040,773 |
| Allowance for doubtful debts | (238,206) | (274,311) |
| | <u>3,115,937</u> | <u>2,397,500</u> |
| <i>Allowance for doubtful debts</i> | | |
| Opening balance | 274,311 | 227,889 |
| Impairment losses recognised on receivables | (36,105) | 46,422 |
| Closing balance | <u>238,206</u> | <u>274,311</u> |

The average credit period on sale of goods is 30 days. No interest is charged on the overdue trade receivables. Allowances for doubtful debts are recognised against trade receivables based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

8 Inventories

| <i>In AUD</i> | 2018 | 2017 |
|----------------|----------------|----------------|
| Finished goods | <u>579,549</u> | <u>813,413</u> |

9 Other assets

| <i>In AUD</i> | 2018 | 2017 |
|---------------|---------------|---------------|
| Prepayments | <u>64,473</u> | <u>69,375</u> |

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

10 Financial assets

| <i>In AUD</i> | 2018 | 2017 |
|--|-------------------|-------------------|
| Current | | |
| Held to maturity financial assets | | |
| Term deposits (> 3 months maturity) | 6,000,000 | 6,000,000 |
| | <u>6,000,000</u> | <u>6,000,000</u> |
| Non-current | | |
| Available for sale investments carried at fair value | | |
| Shares held at market value | 44,739,066 | 39,400,724 |
| Unlisted trusts and shares at market value | 803,085 | 684,458 |
| | <u>45,542,151</u> | <u>40,085,182</u> |

The carrying value of financial assets approximate their fair value. Fair value is determined with reference to quoted market prices.

11 Investment properties

| <i>In AUD</i> | 2018 | 2017 |
|-------------------------------|------------------|------------------|
| Investment properties at cost | <u>1,896,085</u> | <u>1,962,304</u> |

Investment properties are held at cost less accumulated depreciation and accumulated impairment losses.

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

12 Property, plant and equipment

| <i>In AUD</i> | Capital works 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 |
|---|--|---------------------|--------------------------|------------------------------------|-----------------------------------|--|--------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | |
| Balance at 1 July 2017 | 3,187,959 | 2,079,504 | 970,249 | 45,674,571 | 4,034,282 | 8,081,410 | 64,027,975 |
| Additions | 1,211,625 | - | - | - | 4,894,284 | 224,336 | 6,330,245 |
| Transfers | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | (4,345,192) | (212,694) | (4,557,886) |
| Balance as at 30 June 2018 | 4,399,584 | 2,079,504 | 970,249 | 45,674,571 | 4,583,374 | 8,093,052 | 65,800,334 |
| Accumulated depreciation and impairment losses | | | | | | | |
| Balance at 1 July 2017 | - | (327,368) | (752,797) | (14,290,339) | (709,030) | (5,831,036) | (21,910,570) |
| Depreciation for the year | - | - | (8,482) | (1,327,192) | (870,595) | (517,326) | (2,723,595) |
| Transfers | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | 785,263 | 189,808 | 975,071 |
| Balance as at 30 June 2018 | - | (327,368) | (761,279) | (15,617,531) | (794,362) | (6,158,554) | (23,659,094) |
| Carrying amount | | | | | | | |
| At 1 July 2017 | 3,187,959 | 1,752,136 | 217,452 | 31,384,232 | 3,325,252 | 2,250,374 | 42,117,405 |
| At 30 June 2018 | 4,399,584 | 1,752,136 | 208,970 | 30,057,040 | 3,789,012 | 1,934,498 | 42,141,240 |

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

13 Trade and other payables

| <i>In AUD</i> | 2018 | 2017 |
|-----------------------------|------------------|------------------|
| Trade payables | 2,586,900 | 2,692,999 |
| Other payables and accruals | 2,018,674 | 1,773,948 |
| | <u>4,605,574</u> | <u>4,466,947</u> |

14 Provisions

| <i>In AUD</i> | 2018 | 2017 |
|--------------------|------------------|------------------|
| Current | | |
| Employee benefits | 4,004,461 | 3,807,505 |
| | <u>4,004,461</u> | <u>3,807,505</u> |
| Non-current | | |
| Employee benefits | 262,840 | 301,991 |
| | <u>262,840</u> | <u>301,991</u> |

15 Specific funds

| <i>In AUD</i> | 2018 | 2017 |
|---|-------------|----------------|
| RSPCA DiDi Redford Memorial Trust Fund | - | 345,248 |
| The Winifred & Maurice Neirous Trust Fund | - | 2,500 |
| | <u>-</u> | <u>347,748</u> |

(a) 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>-</u> | <u>345,248</u> |
|------------------------|----------|----------------|

This fund has been fully written off due to closure of the fund account in 2018. This was the result of the Society's revision of fund management.

(b) 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>-</u> | <u>2,500</u> |
|------------------------|----------|--------------|

This fund has been fully written off due to closure of the fund account in 2018. This was the result of the Society's revision of fund management.

16 Accumulated funds

| <i>In AUD</i> | 2018 | 2017 |
|--|-------------------|-------------------|
| Balance at beginning of financial year | 78,282,164 | 80,908,110 |
| Surplus/(deficit) for the year | 5,248,231 | (2,625,946) |
| Balance at end of financial year | <u>83,530,395</u> | <u>78,282,164</u> |

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

17 Reserves

| <i>In AUD</i> | 2018 | 2017 |
|---|-------------------|-------------------|
| <i>Available for sale asset revaluation reserve</i> | | |
| Balance at beginning of financial year | 13,485,617 | 9,735,871 |
| Net valuation adjustment recognised | <u>1,612,676</u> | <u>3,749,746</u> |
| Balance at end of financial year | <u>15,098,293</u> | <u>13,485,617</u> |

The available-for-sale asset revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of the amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

18 Leases

Operating leases

| <i>In AUD</i> | 2018 | 2017 |
|---|----------------|----------------|
| Leases as lessee | | |
| Non-cancellable operating lease commitments are payable as follows: | | |
| Less than one year | 387,677 | 275,117 |
| Between one and five years | 151,472 | 225,902 |
| Greater than five years | <u>6,877</u> | <u>7,406</u> |
| | <u>546,026</u> | <u>508,425</u> |

Operating leases relate to leased premises at Yagoona, Rouse Hill, Tuggerah, Broken Hill, Woy Woy, Tighes Hill and Port Macquarie. The leases are for differing terms in accordance with the contractual agreements. The Society does not have an option to purchase the leased assets at the expiry of the lease periods.

Finance leases

| | | |
|---|--------------|--------------|
| Non-cancellable finance lease commitments are payable as follows: | | |
| Less than one year | 2,964 | 2,964 |
| Between one and five years | <u>2,223</u> | <u>5,187</u> |
| | <u>5,187</u> | <u>8,151</u> |

19 Capital and other commitments

| <i>In AUD</i> | 2018 | 2017 |
|--|------------------|----------------|
| Capital expenditure commitments | | |
| <i>Contracted but not provided for</i> | | |
| Shelters | <u>1,554,656</u> | <u>121,305</u> |

The Society is in the process of a multi-staged re-development of the Yagoona and Blue Mountains Shelter. The above capital commitments are in the relation to the contracted costs at year end in relation to the re-development.

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

20 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:

| <i>In AUD</i> | 2018 | 2017 |
|---|--------------------|--------------------|
| Gross proceeds from the fundraising appeals | | |
| Head office | | |
| Donations | 6,614,375 | 5,433,494 |
| Fundraising | 7,061,660 | 7,222,616 |
| Branches | | |
| Donations | 159,597 | 293,466 |
| Fundraising | 213,902 | 261,853 |
| Gross proceeds from fundraising appeals | <u>14,049,534</u> | <u>13,211,429</u> |
| Cost of fundraising appeals | | |
| Head office | (5,041,239) | (5,043,180) |
| Branches | (29,173) | (37,867) |
| Total costs of fundraising appeals | <u>(5,070,412)</u> | <u>(5,081,047)</u> |
| Net surplus obtained from fundraising | <u>8,979,122</u> | <u>8,130,382</u> |

Fundraising from cash donations and cash legacies are 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 comprise: Appeals, raffles, stalls, social functions.

| | 2018 | 2017 |
|---|---------------------|---------------------|
| (c) Statement showing how funds received were applied to charitable purposes | | |
| Net surplus from fundraising appeals | 8,979,122 | 8,130,382 |
| <i>Net surplus was applied to the charitable purpose in the following manner.</i> | | |
| Funding RSPCA Inspectors | (6,825,823) | (6,537,010) |
| Animal shelter facilities for stray, abandoned and abused animals | (22,915,878) | (21,792,854) |
| Veterinary clinic services | (10,814,450) | (10,481,027) |
| Expenditure on support services | (17,211,518) | (15,632,812) |
| | <u>(57,767,669)</u> | <u>(54,443,703)</u> |
| Shortfall | <u>(48,788,547)</u> | <u>(46,313,321)</u> |
| Government grant | 1,074,421 | 1,096,691 |
| Legacies | 26,068,643 | 15,673,481 |
| Investment income | 2,719,912 | 2,928,974 |
| Fees for service - animals | 10,896,483 | 10,405,818 |
| Other income - gross | 4,591,684 | 4,319,528 |
| Total income from other sources | <u>45,351,143</u> | <u>34,424,492</u> |

The amount applied towards charitable purposes above includes internal purchases that are incurred between Shelters and Clinics, however the value of operating expenses as per note 5, is net of internal sales and internal purchases, as the net impact on profit for internal sales and internal purchases is Nil.

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

21 Related parties

(a) Transactions with key management personnel

(i) Key management personnel compensation

During the financial year the Society has not compensated or agreed to compensate any director of the Society.

The key management personnel compensation was \$1,754,035 for the year ended 30 June 2018 (2017: \$1,693,084). In addition to this, the post employment benefits (i.e. superannuation contributions) amounted to \$165,677 for the year ended 30 June 2018 (2017: \$173,886).

There was one key management personnel who terminated their employment in FY18, and the sum of their termination benefits (i.e. redundancy payments) amounted to \$63,525 (2017:\$180,603).

(ii) Key management personnel and director transactions

The Society paid for waste disposal services from Veolia Environmental Services (Australia) Pty Ltd in the amount nil (2017: \$2,160) at arms length commercial rates. Mr Doug Dean was a Director of the Society in FY17 and is the Chairman of Veolia Environmental Services (Australia) Pty Ltd. There was no outstanding balance owing to Veolia Environmental Services (Australia) Pty Ltd at 30 June 2018 (2017: nil).

The Society paid for veterinarian services from Mr Peter Wright who is the President of the Society. The transaction was at arms length and amounted to \$14,550 (2017: \$15,264). There was no outstanding balance owing to Mr Peter Wright at 30 June 2018 (2017: nil).

During the year the Society incurred costs reimbursed to directors for attendance of board meetings of \$10,391 (2017: \$7,032) at arms length commercial rates. There was no balances outstanding to the board of directors at 30 June 2018 (2017: nil).

All other transactions between the Society and its key management personnel in the ordinary course of business and have been conducted on an arms length basis.

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

Notes to the financial statements (continued)

For the year ended 30 June 2018

21 Related parties (continued)

(b) Branches

Albury
Armidale
Bathurst
Blue Mountains
Broken Hill
Central Coast
Cobar
Cooma
Dubbo
Eurobodalla
Glen Innes
Goulburn and Southern Highlands
Gunnedah
Illawarra
Inverell
Kempsey
Moree
Mudgee and District
Nowra
Orange
Port Macquarie
Sapphire Coast
Tamworth
Taree
Tenterfield
Tweed Shire
Ulladulla and District
Wagga Wagga
Sydney Auxiliary

22 Contingent liabilities

In the ordinary course of operations, the Society receives claims against it which may involve litigation. Where the outcome is probable and can be reasonably quantified, provision is made in these financial statements

23 Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Society's financial statements at 30 June 2018.

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

Directors' declaration


In the opinion of the directors of The Royal Society for the Prevention of Cruelty to Animals New South Wales ('the Society'):

- (a) the Society is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 9 to 29 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:
 - (i) giving a true and fair view of the Society's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date;
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime and the Australian Charities and Not-for-profits Commission Regulation 2013 ; and
- (c) there are reasonable grounds to believe that the Society will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Dr Peter Wright
President



Mr Brian Pickup
Treasurer

Dated at Sydney this 29th day of September 2018

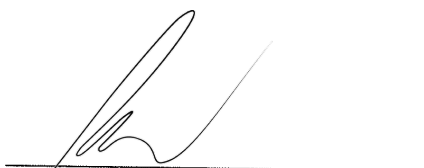
The Royal Society for the Prevention of Cruelty to Animals New South Wales

Declaration by Executive Officer in accordance with the Charitable Fundraising Act (NSW) 1991

For the year ended 30 June 2018

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 financial report gives a true and fair view of all income and expenditure of The Royal Society for the Prevention of Cruelty to Animals New South Wales with respect to fundraising appeal activities for the financial year ended 30 June 2018;
- (b) the statement of financial position gives a true and fair view of the state of affairs with respect to fundraising appeal activities as at 30 June 2018;
- (c) the provisions of the *Charitable Fundraising Act 1991 and Regulations* and the conditions attached to the authority have been complied with for the financial year ended 30 June 2018; and
- (d) the internal controls exercised by The Royal Society for the Prevention of Cruelty to Animals New South Wales are appropriate and effective in accounting for all income received and applied from any fundraising appeals.



Dr Peter Wright
President

Dated at Sydney this 29th day of September 2018



Independent Auditor's Report

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

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report**, of The Royal Society for the Prevention of Cruelty to Animals New South Wales.

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

- i. giving a true and fair view of the Society's financial position as at 30 June 2018, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards – Reduced Disclosure Requirements* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2018.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration.
- v. Declaration by the Executive Officer in respect of fundraising appeals of the Society.

Basis for opinion

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

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

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



Other information

Other Information is financial and non-financial information in The Royal Society for the Prevention of Cruelty to Animals New South Wales' annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosures Requirements and the ACNC.
- ii. Preparing the Financial Report in accordance with Section 24(2) of the Charitable Fundraising (NSW) Act 1991 and Regulations.
- iii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iv. Assessing the Society's ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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



We also:

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

In addition we have:

- i. Obtained an understanding of the internal control structure for fundraising appeal activities.
- ii. Examined on a test basis of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising appeal activities pursuant to the Act and Regulation.

We have not audited on a continuous basis the accounting records relied upon for reporting on fundraising appeal activities. These do not necessarily reflect accounting adjustments after the event or normal year-end financial adjustments required for the preparation of Financial Report such as accruals, prepayments, provisioning and valuations.

Report on Other Legal and Regulatory Requirements

Opinion pursuant to the Charitable Fundraising Act (NSW) 1991

In our opinion:

- i. the Financial Report gives a true and fair view of the Society's financial result of fundraising appeal activities for the financial year ended 30 June 2018.
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2017 to 30 June 2018, in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations;
- iii. money received as a result of fundraising appeal activities conducted during the period from 1 July 2017 to 30 June 2018 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act (NSW) 1991* and Regulations; and
- iv. there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.



KPMG



Cameron Roan

Partner

Sydney

29 September 2018