

**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 2021

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

Contents

Directors' report	1
Auditor's independence declaration	6
Consolidated Statement of profit or loss and other comprehensive income	7
Consolidated Statement of financial position	8
Consolidated Statement of changes in equity	9
Consolidated Statement of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	29
Declaration by Executive Officer	30
Independent auditor's report	31

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

Directors' report

For the year ended 30 June 2021

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 2021 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, Director	19 April 1984	
Mr Brian Pickup, Treasurer	13 June 2017	
Ms Wendy Barrett, Director	31 October 2003	30 November 2020
Ms Sarah Cruickshank, Director	3 August 2010	
Mr Donald Richmond Robinson, Director	30 October 2014	
Mr Stephen Rushton, Vice President	25 June 2019	
Mr Peter O'Callaghan, Co-opted Director for 4 years	25 March 2019	
Ms Mia Steele, Co-opted Director for 1 year	27 July 2020	
Ms Margaret Gaal, Director	30 November 2020	
Mr Mark Steele, Co-opted Director for 1 year	16 July 2021	
Dr Ian Roth, Vice President	25 March 2017	

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
Director

Mr G Hall is a Life Member of RSPCA NSW and has been an RSPCA Board Member since 1983. He is the primary producer and owner of a family property near Young. He breeds Shorthorn cattle.

Mr Brian Pickup
Treasurer

Mr B Pickup is a chartered accountant who was formerly a partner at Deloitte. 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. He is interested in all aspects of the RSPCA, and particularly with assisting in financial matters.

Ms Wendy Barrett
Director

Ms W Barrett is a member of RSPCA NSW's Animal Welfare Policy Committee and was a longstanding member of the Animal Care and Ethics Committee at the University of Western Sydney. She previously held the role of President of RSPCA Auxiliary and has a special interest in progressing animal welfare, animal care and ethics. She is also a Senior Executive Governance Manager at Transport for NSW.

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

Directors' report (continued)

For the year ended 30 June 2021

1 Directors (continued)

Name and responsibilities

Qualifications, experience and other directorship

Ms Sarah Cruickshank
Director

Ms S Cruickshank is currently a Senior Executive in the NSW Department of Premier and Cabinet and has amassed three decades of experience in policy development, public affairs and strategic communications. Prior to joining the Australian Public Service in 2012, she spent 10 years as part of a global public relations agency, the last five years of which she was Managing Director of one of its Australian-based companies. Throughout her life, she has been the proud owner of multiple shelter cats and dogs and is passionate about protecting the interests of vulnerable animals in our society.

Mr Donald Richmond Robinson
Director

Mr D 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 RSPCA NSW. He served for eight years, before becoming RSPCA NSW 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.

Ms Mia Steele
Co-opted Director

Ms M Steele is a life member of RSPCA NSW and has been a supporter of the RSPCA since childhood. She has a law degree from Oxford University and has worked as a volunteer with a number of community organisations in NSW over many years, including RSPCA NSW, where she worked with the Education Team and assisted in fundraising activities.

Mr Stephen Rushton,
Vice President

Between 1986 and 2020 Mr Rushton practiced as a barrister, He was appointed Senior Counsel in 2000. In 2017 he was appointed a Commissioner of the Independent Commission against Corruption. He has a passion for animal welfare and the environment. In 2015 Mr Rushton was appointed Counsel Assisting the Special Commission of Inquiry into the Greyhound Racing Industry. Between 1995 and 2020 he also held the statutory appointment of Environmental Counsel to the Environment Protection Authority. As well as being a Life Member of RSPCA NSW, Mr Rushton works as a volunteer at the Sydney shelter.

Mr Peter O'Callaghan
Co-opted Director

Mr P O'Callaghan has over 35 years' experience in risk management for not-for-profit organisations, government enterprises and health services, among many others. He is a member of the Australian Institute of Company Directors (AICD) and was awarded the inaugural Certified Public Accountant (CPA) award for outstanding individual contribution to Victoria. As well as serving on the RSPCA NSW Board of Directors, Mr O'Callaghan is currently Chairman of Andrew Kerr Care Ltd and is a Board Director of Texila College Australia.

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

Directors' report (continued)

For the year ended 30 June 2021

1 Directors (continued)

Name and responsibilities

Qualifications, experience and other directorship

Ms Margaret Gaal
Director

Margaret Gaal joined RSPCA NSW in 1981 and was previously the President of our RSPCA Bathurst Branch, a position which she held for more than 30 years. Margaret brings with her a wealth of knowledge of the organisation and is the founder of the NSW RSPCA CAWS Program which commenced in 2003 and also completed the RSPCA CAWS Program in Tahiti. Outside of RSPCA NSW Margaret has sat on various NSW Government and Taskforces Committees and is the President of the Australian Institute Local Government Rangers Association and a life member of the Australian Institute NSW Rangers Association.

Mr Mark Steele
Co-opted Director

Mr M Steele is a barrister practicing corporate and employment law at the commercial Bar in Sydney. He was appointed Senior Counsel in 2013. Mr Steele has a commerce degree and first class honours law degree from the University of Melbourne and a master's degree in law from Oxford University and is currently studying for a PhD in law at Sydney University. Prior to coming to the Bar in 1995, Mr Steele worked for ten years as an investment banker in London, New York and Sydney. He has been a lifelong supporter of the RSPCA as a donor and as the proud parent of a much-loved terrier cross adopted from Yagoona. In recent years, Mr Steele has assisted RSPCA NSW pro bono on a number of important governance and regulatory matters.

Dr Ian Roth
Vice President

Dr I 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 RSPCA NSW. 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. He is also a Director of RSPCA Australia.

Mr Steve Coleman
Company Secretary, CEO

Mr S Coleman is the Chief Executive Officer of RSPCA NSW. Since joining RSPCA NSW in 1991, Steve has held many positions; Inspector, Deputy Chief Inspector, Chief Inspector, Deputy CEO and now CEO. This has significantly assisted in developing his leadership style and approach, with the primary purpose of RSPCA NSW at the core of his development. Steve's tertiary qualifications include a Graduate Diploma in Investigations Management and a Masters in Business Administration.

Steve has extensive experience in stakeholder management including local, state and federal government, industry and media experience. With many years managing staff (approximately 500), volunteers (approximately 1500) and with a grassroots experience base, Steve is able to guide RSPCA NSW's strategic development and execution.

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

Directors' report (continued)

For the year ended 30 June 2021

2 Director's 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, Director	6	6
Mr Brian Pickup, Treasurer	6	6
Ms Wendy Barrett, Director	2	3
Ms Sarah Cruickshank, Director	4	6
Mr Donald Robinson, Director	3	6
Mr Stephen Rushton, Vice President	6	6
Mr Peter O'Callaghan, Co-opted Director	6	6
Ms Mia Steele, Co-opted Director	5	5
Ms Margaret Gaal, Director	3	4
Mr Mark Steele, Co-opted Director	0	0
Dr Ian Roth, Vice President	6	6
Mr Steve Coleman (Company Secretary, CEO)	6	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

The financial and operational performance of the Society is monitored by reference to appropriate measures on a monthly basis.

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

Directors' report (continued)

For the year ended 30 June 2021

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

The Directors are pleased to report that RSPCA Australia has agreed to contribute \$1.50m from the national bushfire appeal towards the Blue Mountains Wildlife Rehabilitation Facility Construction. The project will be commenced in the FY21/22 financial year at an estimated cost of \$4.14m, with further funding from the NSW Office of Local Government of \$1.34m and the balance to be paid by the RSPCA NSW.

There has not been any other matters or circumstances that have occurred subsequent to the end of the financial year that have 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 Impact of COVID-19

The coronavirus COVID-19 has had an impact on the Society's operations and activities. It is not possible to accurately determine the nature or extent of the impacts or the time over which the Society will be impacted, however it is possible that it will be material to the Society as the effects and consequences are outside the Society's control and are far reaching in Australia and globally. Based on the current available information, the Directors believe that the Society will remain a going concern.

7 Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the financial year ended 30 June 2021.

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



Dr Peter Wright
President



Mr Brian Pickup
Treasurer

Dated at Sydney this 27th day of September 2021



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 2021, there have been:

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

KPMG

Cameron Roan
Partner

Sydney
27 September 2021

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

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

In AUD 000

	Note	2021	2020
Revenue	4(a)	37,382	39,637
Operating expenses	6	(56,830)	(58,751)
Deficit before legacies and grants		<u>(19,448)</u>	<u>(19,114)</u>
Legacies	4(b)	18,165	25,824
Government grants	4(b)	8,385	7,100
Surplus before finance income		<u>7,102</u>	<u>13,810</u>
Finance income		2,322	906
Finance expenses		(157)	(148)
Net financing income	5	<u>2,165</u>	<u>758</u>
Surplus before income tax expense		9,267	14,568
Income tax expense		-	-
Surplus for the year		<u>9,267</u>	<u>14,568</u>
Other comprehensive income			
Net gains and losses on equity investments at FVOCI		5,869	(3,347)
Total comprehensive income for the year		<u>15,136</u>	<u>11,221</u>

The accompanying notes are an integral part of these financial statements

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

Consolidated statement of financial position

As at 30 June 2021

In AUD 000

	Note	2021	2020
Assets			
Cash and cash equivalents	7	11,720	14,421
Trade and other receivables	8	1,078	2,755
Inventories	9	663	788
Other assets	10(a)	367	46
Assets classified as held for sale	10(b)	-	620
Financial assets	11	16,185	9,500
Total current assets		<u>30,013</u>	<u>28,130</u>
Financial assets	11	47,915	38,315
Investment properties	12	7,670	4,492
Property, plant and equipment	13	64,603	53,253
Right-of-use assets	17	156	248
Total non-current assets		<u>120,344</u>	<u>96,308</u>
Total assets		<u>150,357</u>	<u>124,438</u>
Liabilities			
Trade and other payables	14	7,701	6,398
Provisions	16	4,765	4,942
Deferred income	15	11,138	1,378
Lease liability	17	59	115
Total current liabilities		<u>23,663</u>	<u>12,833</u>
Provisions	16	341	342
Lease liability	17	134	181
Total non-current liabilities		<u>475</u>	<u>523</u>
Total liabilities		<u>24,138</u>	<u>13,356</u>
Net assets		<u>126,219</u>	<u>111,083</u>
Accumulated funds and reserves			
Accumulated funds		118,155	108,888
Reserves		8,064	2,195
Total accumulated funds and reserves		<u>126,219</u>	<u>111,083</u>

The accompanying notes are an integral part of these financial statements

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

Consolidated statement of changes in equity

For the year ended 30 June 2021

<i>In AUD 000</i>	Revaluation reserve	Accumulated funds	Total
Balance at 1st July 2019	5,542	96,320	101,862
Adjustment on initial application of AASB 15 and AASB 1058 net of tax	-	(2,000)	(2,000)
Adjusted balance at 1st July 2019	5,542	94,320	99,862
Surplus for the year	-	14,568	15,507
Net loss on equity investments at FVOCI	(3,347)	-	(4,286)
Total Comprehensive income for the year	(3,347)	14,568	11,221
Balance at 30th June 2020	2,195	108,888	111,083
Balance at 1 July 2020	2,195	108,888	111,083
Surplus for the year	-	9,267	9,267
Net gain on equity investments at FVOCI	5,869	-	5,869
Total Comprehensive income for the year	5,869	9,267	15,136
Balance at 30th June 2021	8,064	118,155	126,219

The accompanying notes are an integral part of these financial statements

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

Consolidated statement of cash flows

For the year ended 30 June 2021

In AUD 000

	2021	2020
Cash flows from operating activities		
Receipts from members and customers	18,415	28,304
Payments to suppliers and employees	(56,443)	(57,706)
Donations received	7,725	8,796
Legacies received ¹	13,192	28,009
Government grants	17,507	6,478
Jobkeeper receipts	9,193	3,822
Contributions from bequeathed properties	-	
Net cash from operating activities	<u>9,589</u>	<u>17,703</u>
Cash flows from investing activities		
Net finance receipts	2,165	1,697
Reinvestment of net finance receipts	(2,165)	(1,697)
Rent received	415	357
Proceeds from sale of assets held for sale	620	-
Proceeds from sale of investment property	558	924
Proceeds from property plant and equipment	3,820	4,225
Payment for property plant and equipment	(17,703)	(17,156)
Net cash used in investing activities	<u>(12,290)</u>	<u>(11,650)</u>
Net increase/(decrease) in cash and cash equivalents	(2,701)	6,053
Cash and cash equivalents at beginning of year	14,421	8,368
Cash and cash equivalents at end of year	<u>11,720</u>	<u>14,421</u>

1. The Group receives legacy income in both cash and non-cash forms. Non-cash legacies may include properties, financial investments, companies and other assets. There may also be a difference in the timing of the receipt of cash compared to the recognition of the legacy income.

The accompanying notes 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 2021

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 Society is registered under the Australian Charities and Not-for-profits Commission Act 2012. These consolidated financial statements include the underlying assets and liabilities of a subsidiary company Hansons Properties Pty Ltd acquired during the year as disclosed at note 23. The financial statements are as at and for the year ended 30 June 2021.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are Tier 2 general purpose consolidated 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.

Where necessary, some prior year information has been reclassified to make it comparable to current year presentation for the benefit of users of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 27 September 2021.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for equity securities at fair value through other comprehensive income (OCI) which are measured at fair value determined by reference to their quoted closing exit bid price at the reporting date.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Society's functional currency. Figures are presented in round thousand dollars unless otherwise stated.

(d) Use of estimates and judgements

The preparation of consolidated 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.

3 Significant accounting policies

Unless otherwise stated, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Branch accounts

The consolidated financial statements comprise the accounts of the Society and all its Branches. The consolidated 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 20.

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 2021

3 Significant accounting policies (continued)

(b) Financial instruments

(i) *Recognition and derecognition*

Financial assets and financial liabilities are recognised when the Society becomes a party to the contractual provisions of a financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires..

(ii) Classification and measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transactions costs (where applicable).

(iii) *Subsequent measurement of financial assets*

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

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at fair value through profit or loss (FVTPL)
- Financial assets at amortised cost (see below) ;
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity Instruments at FVTOCI (see below)

The accounting policy is set out below:

(a) Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method.

Financial assets at amortised costs comprise of cash and cash equivalents, term deposits and trade and other receivables.

(b) Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never 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 2021

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

(iii) *Subsequent measurement of financial assets (continued)*

(b) Equity investments at FVOCI (continued)

Equity investments at FVOCI are investments in listed and unlisted shares and investments in trusts.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income and finance expenses, except for impairment of trade receivables which is presented within operating expenses.

(iv) *Impairment of financial assets*

In relation to the impairment of financial assets, the Society uses an expected credit loss methodology which requires the Society to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. The Society has trade and other receivables which are subject to AASB 9's credit loss model.

(v) *Classification and measurement of financial liabilities*

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Society designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

Notes to the financial statements (continued)

For the year ended 30 June 2021

3 Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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

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

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

(d) Leases

Leases which convey the right to control the use of an identified asset for a period of time in exchange for consideration are accounted for in accordance with AASB 16.

The Society recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Society's incremental borrowing rate. Generally, the Society uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Society is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Society is reasonably certain not to terminate early.

Short-term leases and leases of low-value assets

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

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 2021

3 Significant accounting policies (continued)

(e) Revenue

Revenue recognition policy for revenue from contracts with customers (AASB 15)

Revenue is recognised at an amount that reflects the consideration to which the Society is expected to be entitled in exchange for transferring goods or services to a customer.

The timing of the payment of sale of goods and rendering of services generally corresponds to the timing of satisfaction of the performance obligations. Where there is a difference in timing, a receivable, contract asset or contract liability is recognised.

None of the revenue streams of the Society has any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Sale of goods

Revenue from sales of goods comprises revenue earned from the sale of goods purchased for resale and gifts donated for resale. Sales revenue is recognised when the control of goods passes to the customer which is at the time that the goods are physically transferred.

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 are performed. Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Grant income

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but may be property which has been donated or sold to the Society below its fair value.

Capital grants

Capital grants received under an enforceable agreement to enable the Society to acquire or construct an item of property or plant and equipment to identified specifications for its use are recognised as revenue as and when the obligation to purchase or construct is met.

Legacies and bequests

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

Donations and fundraising

Donations collected, including cash and goods for resale, are recognised as revenue when the Society gains control of the asset.

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 2021

3 Significant accounting policies (continued)

(f) Finance income and expenses

Finance income comprises interest income on funds invested, realised gains or losses, dividend income and distributions that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividends and distributions are recognised as revenue when the right to receive payment is established.

Finance expenses comprise interest expense on borrowings, management fees and impairment losses recognised on financial assets that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

(g) Income tax

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

(h) 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.

(i) 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.

(j) 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 12, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is calculated to write off the cost of investment property less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. For the buildings, a useful life of 20 years is used in the calculation of depreciation.

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 2021

3 Significant accounting policies (continued)

(k) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the 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.

(l) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted. None of those standards is expected to have a significant effect on the Society's consolidated financial statements in the period of initial application.

(m) Business combination

When the Society receives a bequest of more than 50% of the share capital of a company, the Society recognises an investment in a subsidiary company based on the fair value of the company's net assets.

The Society's policy is to conduct an orderly realisation of the net assets of the subsidiary company or of the Society's share in it and to recognise any resulting gain or loss through the income statement.

When a subsidiary company is held at balance date, consolidated accounts are prepared in which the underlying assets and liabilities of the subsidiary are recognised, together with a non-controlling interest proportionate to the shareholding of parties other than the Society.

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 2021

4 Revenue

	2021	2020
<i>In AUD 000</i>		
(a) Operating revenue		
Donations	7,725	8,796
Royalty	17	32
Profit on sale of property	1,044	740
Membership subscriptions	19	42
Fees for service – animals	7,240	7,988
Sale of goods	973	1,061
Sale of animals	2,383	2,472
Rent	395	357
Court fines and costs	309	213
Fundraising	6,665	12,498
Sundry income	1,419	1,616
Jobkeeper	9,193	3,822
	<u>37,382</u>	<u>39,637</u>
(b) Other revenue		
Legacies	18,165	25,824
Government grants	8,385	7,100
	<u>26,550</u>	<u>32,924</u>

5 Net finance income

	2021	2020
<i>In AUD 000</i>		
Interest income	89	318
Distribution income	1,418	1,527
Realised gain/(loss)	815	(939)
Finance income	<u>2,322</u>	<u>1,845</u>
Management fees	(157)	(148)
Finance expenses	<u>(157)</u>	<u>(148)</u>
Net finance income	<u>2,165</u>	<u>1,697</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 2021

6 Operating expenses

<i>In AUD 000</i>	2021	2020
<i>An analysis of the Society's operating expenses for the year, is as follows:</i>		
Salaries and wages expense	30,622	31,630
Contributions to defined superannuation contribution plans	2,662	2,655
Depreciation of investment properties	103	123
Depreciation of non-current assets	3,613	2,799
Depreciation of right of use assets	117	146
Bad debts expense	59	91
Administration expenses	7,824	6,917
Animal related expenses	3,966	5,545
Purchase of merchandise	427	673
Repairs and maintenance	1,456	711
Fundraising expenses	3,425	4,336
Rent expense	75	107
Interest expense-right of use leases	7	4
Other occupancy expenses	199	219
Other expenses	2,275	2,795
	<u>56,830</u>	<u>58,751</u>

7 Cash and cash equivalents

<i>In AUD 000</i>	2021	2020
Cash at bank	11,692	14,392
Cash on hand	28	29
	<u>11,720</u>	<u>14,421</u>

8 Trade and other receivables

<i>In AUD 000</i>	2021	2020
Trade receivables	1,387	2,320
Bequests receivable	3	778
Allowance for doubtful debts	(312)	(343)
	<u>1,078</u>	<u>2,755</u>
<i>Allowance for doubtful debts</i>		
Opening balance	343	269
Impairment losses/ (amounts recovered) on receivables	(31)	74
Closing balance	<u>312</u>	<u>343</u>

The average credit period on sale of goods is 30 days. No interest is charged on the overdue trade

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 2021

9 Inventories

<i>In AUD 000</i>	2021	2020
Finished goods	663	788

10(a) Other assets

<i>In AUD 000</i>	2021	2020
Prepayments	367	46

10(b) Assets classified as held for sale

<i>In AUD 000</i>	2021	2020
Freehold land and buildings held for sale	-	620

Freehold land and buildings held for sale represent bequeathed property during the financial year and subsequently marketed for sale.

11(a) Financial assets

<i>In AUD 000</i>	2021	2020
Current		
Financial assets at amortised cost		
Term deposits (> 3 months maturity)	16,185	9,500
	<u>16,185</u>	<u>9,500</u>
Non-current		
Equity instruments at FVOCI		
Shares held at market value	47,086	37,637
Unlisted trusts and shares at market value	829	678
	<u>47,915</u>	<u>38,315</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 2021

11(b) Movements in investments

<i>In AUD 000</i>	2021	2020
Current Assets-term deposits		
Balance at beginning of financial year	9,500	8,000
Transfer/(to) from non-current investments	6,685	1,500
Balance at end of financial year	<u>16,185</u>	<u>9,500</u>
 Non-Currents Assets: listed and unlisted securities		
Balance at beginning of financial year	38,315	41,795
Dividends and interest reinvested	1,478	1,673
Management fees	(156)	(148)
Transfer from/(to) cash and cash equivalents	6,465	(37)
Transfer from/(to) from current investments	(6,685)	(1,500)
In specie bequests received	1,814	818
Realised surplus/(losses)	815	(939)
Fair value adjustment at 30 June	5,869	(3,347)
Balance at end of financial year	<u>47,915</u>	<u>38,315</u>

12 Investment properties

<i>In AUD 000</i>	2021	2020
At cost	4,492	5,106
Additions	3,877	510
Disposals	(590)	(456)
Accumulated depreciation	(109)	(668)
	<u>7,670</u>	<u>4,492</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 2021

13 Property, plant and equipment

In AUD '000	Capital works in progress at cost \$	Land and Buildings \$	Motor vehicles at cost \$	Plant furniture and equipment at cost \$	Computer and Intangible Asset at cost \$	Total \$
Cost						
Balance at 1 July 2020	15,771	51,777	4,774	7,663	-	79,985
Additions	11,802	-	4,298	132	1,471	17,703
Transfers	(15,512)	15,255	-	257	-	-
Disposals	-	-	(3,597)	(575)	-	(4,172)
Balance as at 30 June 2021	12,061	67,032	5,475	7,477	1,471	93,516
Accumulated depreciation and impairment losses						
Balance at 1 July 2020	-	(19,581)	(820)	(6,331)	-	(26,732)
Depreciation for the year	-	(2,032)	(974)	(359)	(212)	(3,577)
Transfers	-	-	-	-	-	-
Disposals	-	-	826	570	-	1,396
Balance as at 30 June 2021	-	(21,613)	(968)	(6,120)	(212)	(28,913)
Carrying amount						
At 1 July 2020	15,771	32,196	3,954	1,332	-	53,253
At 30 June 2021	12,061	45,419	4,507	1,357	1,259	64,603

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 2021

14 Trade and other payables

<i>In AUD 000</i>	2021	2020
Trade payables	2,909	3,135
Other payables and accruals	4,792	3,263
	<u>7,701</u>	<u>6,398</u>

15 Deferred income

<i>In AUD 000</i>	2021	2020
Capital grant	11,138	1,378
	<u>11,138</u>	<u>1,378</u>

16 Provisions

<i>In AUD 000</i>	2021	2020
Employee benefits- Current	4,765	4,942
Employee benefits- Non current	341	342
	<u>5,106</u>	<u>5,284</u>

17 Right-of-use and Lease liability

Operating leases relate to leased land at Yagoona which is held on a peppercorn basis, together with sundry leases for equipment. These 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. These leases are regarded as immaterial for the purpose of disclosure in accordance with AASB 16

Information about other property leases accounted for in accordance with AASB 16 is presented below:

(i) Right-of-use assets

<i>In AUD 000</i>	2021	2020
Opening balance	394	394
Additions	47	-
Accumulated depreciation	(285)	(146)
Closing balance	<u>156</u>	<u>248</u>

(ii) Lease liability

<i>In AUD 000</i>	2021	2020
Current	59	115
Non-current	134	181
	<u>193</u>	<u>297</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 2021

18 Capital and other commitments

In AUD 000

2021 **2020**

Capital expenditure commitments

Contracted but not provided for

Shelters	2,512	9,800
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The Society is in the process of a multi-staged re-development of the Yagoona and Blue Mountains Wildlife Rehabilitation Facility. The capital commitments are contracted costs in relation to the re-development.

19 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:

In AUD 000

2021 **2020**

Gross proceeds from the fundraising appeals

Head office

Donations	7,715	8,647
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Fundraising	6,583	12,384
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Branches

Donations	10	149
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Fundraising	83	114
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Gross proceeds from fundraising appeals	<u>14,391</u>	<u>21,294</u>
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Cost of fundraising appeals

Head office	(3,421)	(4,325)
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Branches	(7)	(11)
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Total costs of fundraising appeals	<u>(3,428)</u>	<u>(4,336)</u>
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Net surplus obtained from fundraising	<u>10,963</u>	<u>16,958</u>
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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.

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 2021

19 Charitable Fundraising Act 1991 (continued)

(a) *Fundraising appeals (continued)*

Costs of fundraising appeals noted above includes amongst other things, costs for events and communications with supporters of the Society who may ultimately bequeath assets to the Society. Income from fundraising appeals does not include assets bequeathed by supporters, as bequest and legacy income is not deemed a fundraising appeal pursuant to the Charitable Fundraising Act 1991. Accordingly, in assessing the return on costs of fundraising appeals, regard should be made to the bequest and legacy income also generated from these activities.

(b) Fundraising appeals conducted during the financial period comprised of appeals, raffles, stalls and social functions.

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

<i>In AUD 000</i>	2021	2020
Net surplus from fundraising appeals	10,963	16,958
<i>Net surplus was applied to the charitable purpose in the</i>		
Funding RSPCA Inspectors	(6,485)	(6,706)
Animal shelter facilities for stray, abandoned and abused	(20,249)	(19,284)
Veterinary clinic services	(11,227)	(11,009)
Expenditure on support services	(14,197)	(14,279)
Volunteer branches	(989)	(1,175)
Expenditure for bushfire relief	(413)	(2,110)
	<hr/>	<hr/>
Shortfall	(53,560)	(54,563)
	<hr/>	<hr/>
Government grant	8,385	7,100
Legacies	18,165	25,824
Investment income	2,322	906
Fees for service - animals	9,623	10,460
Other income - gross	13,368	7,883
Total income from other sources	<hr/>	<hr/>
	51,863	52,173
	<hr/>	<hr/>

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 2021

20 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 \$1,117,112 for the year ended 30 June 2021 (2020: \$805,661) In addition post employment benefits (superannuation contributions) amounted to \$100,785 for the year ended 30 June 2021 (2020: \$76,291).

The key management personnel compensation for the year ended 30 June 2021 included termination benefits/entitlements of \$22,942.

(ii) *Key management personnel and director transactions*

The Society may engage the services of directors to provide their professional services at arm's length rates of remuneration. No services were provided during the year ended 30 June 2021.

No amount was owed to any director at 30 June 2021 (2020: \$nil).

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

(b) Branches

(b) Branches

Albury	Kempsey
Armidale	Orange
Bathurst	Port Macquarie
Blue Mountains	Tamworth
Broken Hill	Taree
Central Coast	Tenterfield
Central West Group	Tweed Shire
Cooma	Shoalhaven
Eurobodalla	Wagga Wagga
Glen Innes	Sydney Auxiliary
Goulburn and Southern Highlands	
Gunnedah	
Illawarra	
Inverell	

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 2021

21 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.

22 Subsequent events

The Directors are pleased to report that RSPCA Australia has agreed to contribute \$1.50m from the national bushfire appeal towards the Blue Mountains Wildlife Rehabilitation Facility Construction. The project will be commenced in the FY21/22 financial year at an estimated cost of \$4.14m, with further funding from the NSW Office of Local Government of \$1.34m and the balance to be paid by the RSPCA NSW.

There has not been any other matters or circumstances that have occurred subsequent to the end of the financial year that have 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.

23 Acquisition of subsidiary

During the year, the Society acquired 100% of the shares in Hansons Properties Pty Ltd (ABN 67 000 382 721) (Hansons) as a bequest. Hansons owns a property which is leased on commercial terms. At the date of acquisition, the balance sheet of Hansons was as follows:

<i>In AUD 000</i>	\$
Investment property	3,044
Cash at bank	1,281
Other assets	198
Other liabilities	(33)
Net assets	<u>4,490</u>

The fair value of the investment property is considered by the Society to be not materially different from the book value as above, based on a valuation obtained by Hansons in September 2020. At 30 June 2021, Hansons had advanced \$1.2m to the Society in the form of a loan. Hanson's net income in the period in which it was owned by the Society was immaterial.

The following information is provided in respect of the Society and excludes the underlying net assets of Hansons as at year ended 30 June 2021:

<i>In AUD 000</i>	\$
Current Assets	17,220
Total Assets	151,593
Current Liabilities	23,300
Total Liabilities	25,338
Net Assets	<u>126,255</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 2021

24 Impact of COVID-19

The coronavirus COVID-19 has had an impact on the Society's operations and activities. It is not possible to accurately determine the nature or extent of the impacts or the time over which the Society will be impacted, however it is possible that it will be material to the Society as the effects and consequences are outside the Society's control and are far reaching in Australia and globally. Based on the current available information, the Directors believe that the Society will remain a going concern.

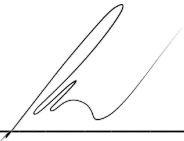
The Royal Society for the Prevention of Cruelty to Animals New South Wales

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 consolidated financial statements and notes that are set out on pages 7 to 28 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 2021 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 27th day of September 2021


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 2021

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 consolidated 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 2021;
- (b) the consolidated 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 2021;
- (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 2021; 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 27th day of September 2021

PLACEHOLDER FOR AUDIT REPORT