

**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 2020

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 2020

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 2020 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	
Dr Ian Roth, Director	25 March 2017	
Ms Sarah Cruickshank, Director	3 August 2010	
Mr Donald Richmond Robinson, Director	30 October 2014	
Mr Stephen Rushton, Director	25 June 2019	
Mr Peter O'Callaghan (co-opted Director for 4 yrs)	25 March 2019	
Ms Maria Steele	27 July 2020	

Name and responsibilities

Qualifications, experience and other directorships

Dr Peter Wright <i>President</i>	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 <i>Senior Vice President</i>	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 <i>Treasurer</i>	Mr B Pickup is a chartered accountant who was formerly a partner at 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. He is interested in all aspects of the RSPCA, and particularly with assisting in financial matters.
Ms Wendy Barrett <i>Director</i>	Ms W Barrett is a member of RSPCA NSW's Animal Welfare Policy Committee and was a long standing 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.
Dr Ian Roth <i>Director</i>	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.

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

Directors' report (continued)

For the year ended 30 June 2020

1 Directors (continued)

Name and responsibilities	Qualifications, experience and other directorship
Ms Sarah Cruickshank <i>Director</i>	Ms S Cruickshank is a Senior Executive of the NSW Department of Premier and Cabinet 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. She is currently on secondment from the Department of Premier and Cabinet, serving as Chief of Staff to the Premier.
Mr Donald Richmond Robinson <i>Director</i>	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.
Mr Stephen Rushton, Director <i>Director</i>	Mr S Rushton is a barrister who has been in practice since 1986. In 2000 he was appointed Senior Counsel. 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 he was appointed Counsel Assisting the Special Commission of Inquiry into the Greyhound Racing Industry. He has been Environmental Counsel to the Environment Authority since 1995 and is a member of the Australian Academy of Forensic Sciences. As well as being a Life Member of RSPCA NSW Mr Rushton is a volunteer at the Sydney shelter.
Mr Peter O'Callaghan <i>Director</i>	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.
Ms Maria Ann Steele <i>Director</i>	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. Appointed 27 July 2020.

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

Directors' report (continued)

For the year ended 30 June 2020

1 Directors (continued)

Name and responsibilities

Mr Steve Coleman
Company Secretary, CEO

Qualifications, experience and other directorship

Mr S Coleman is the Chief Executive Officer of RSPCA NSW and the Society Secretary. He joined RSPCA NSW as an Inspector in 1991 and contributes to animal welfare in many ways. This includes 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.

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	7
Mr Graham Hall, Senior Vice President	6	7
Mr Brian Pickup, Treasurer	7	7
Ms Wendy Barrett, Director	7	7
Dr Ian Roth, Director	7	7
Ms Sarah Cruickshank, Director	4	7
Mr Donald Robinson, Director	6	7
Mr Peter O'Callaghan	7	7
Mr Stephen Rushton, Director	6	7
Mr Steve Coleman (Company Secretary, CEO)	7	7

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.

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

Directors' report (continued)

For the year ended 30 June 2020

3 Principal activities, objectives and strategies (continued)

Measures of performance

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

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 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 7 and forms part of the Directors' report for the financial year ended 30 June 2020.

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



Dr Peter Wright
President



Mr Brian Pickup
Treasurer

Dated at Sydney this 28th day of September 2020



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 2020 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
28 September 2020

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 2020

In AUD 000

	Note	2020	2019
Revenue	4(a)	39,637	27,517
Operating expenses	6	(58,751)	(53,510)
Deficit before legacies and grants		(19,114)	(25,993)
Legacies	4(b)	25,824	25,306
Government grants	4(b)	7,100	1,097
Surplus before finance income		13,810	410
Finance income		1,845	2,252
Finance expenses		(148)	(122)
Net financing income	5	1,697	2,130
Surplus before income tax expense		15,507	2,540
Other comprehensive income			
Net gains and losses on equity investments at FVOCI	18	(4,286)	694
Total comprehensive income for the year		11,221	3,234

The notes on pages 10 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 2020

In AUD 000

	Note	2020	2019
Assets			
Cash and cash equivalents	7	14,421	8,368
Trade and other receivables	8	2,755	4,812
Inventories	9	788	685
Other assets	10(a)	46	83
Assets classified as held for sale	10(b)	620	-
Financial assets	11	9,500	8,000
Total current assets		28,130	21,948
Financial assets	11	38,315	41,795
Investment properties	12	4,492	5,106
Property, plant and equipment	13(a)	53,253	42,302
Right-of-use assets	13(b)	248	-
Total non-current assets		96,308	89,203
Total assets		124,438	111,151
Liabilities			
Trade and other payables	14	6,398	4,788
Provisions	16	4,942	4,185
Deferred income	15	1,378	-
Lease liability - Right-of-use assets	19	115	-
Total current liabilities		12,832	8,973
Provisions	16	342	316
Lease liability - Right-of-use assets	19	181	-
Total non-current liabilities		523	316
Total liabilities		13,355	9,289
Net assets		111,083	101,862
Accumulated funds and reserves			
Accumulated funds	17	108,888	96,320
Reserves	18	2,195	5,542
Total accumulated funds and reserves		111,083	101,862

The notes on pages 10 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 2020

In AUD 000

	Revaluation reserve	Accumulated funds	Total
Balance at 1 July 2018	15,098	83,530	98,628
Surplus for the year	-	2,540	2,540
Net gains and losses on equity investments at FVOCI	694	-	694
Total comprehensive income for the year	<u>694</u>	<u>2,540</u>	<u>3,234</u>
Net amount transferred to retained earnings for the derecognition of equity investments at FVOCI	(10,250)	10,250	-
Balance at 30 June 2019	<u>5,542</u>	<u>96,320</u>	<u>101,862</u>
Balance at 30 June 2019 as previously reported	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 1 July 2019	<u>5,542</u>	<u>94,320</u>	<u>99,862</u>
Surplus for the year	-	15,507	15,507
Net gains and losses on equity investments at FVOCI	(4,286)	-	(4,286)
Net amount transferred to retained earnings for the derecognition of equity investments at FVOCI	939	(939)	-
Total comprehensive income for the year	<u>(3,347)</u>	<u>14,568</u>	<u>11,221</u>
Balance at 30 June 2020	<u>2,195</u>	<u>108,888</u>	<u>111,083</u>

The notes on pages 10 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 2020

In AUD 000

	2020	2019
Cash flows from operating activities		
Receipts from members and customers	28,304	20,189
Payments to suppliers and employees	(56,989)	(50,488)
Donations received	8,796	7,007
Legacies received	28,009	17,367
Government grants	6,478	1,097
Jobkeeper receipts	3,822	-
Contributions from bequeathed properties	620	5,720
Contributions from bequeathed equity investments at FVOCI	-	80
Net cash from operating activities	19,040	972
Cash flow from investing activities		
Rent received	357	291
Interest received	318	412
Dividends received	1,527	1,839
Proceeds from sale of property, plant and equipment	1,967	4,105
Payment for property plant and equipment	(17,156)	(9,859)
Proceeds from sale of investments	-	28,875
Payments for investments acquired	-	(26,434)
Net cash used in investing activities	(12,987)	(771)
Net increase in cash and cash equivalents	6,053	201
Cash and cash equivalents at beginning of year	8,368	8,167
Cash and cash equivalents at end of year	14,421	8,368

The notes on pages 10 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 2020

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 2020. The Society is registered under the Australian Charities and Not-for-profits Commission Act 2012.

2 Basis of preparation

(a) Statement of compliance

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.

This is the first set of the Society's financial statements in which AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 16 Leases have been applied. Changes to significant accounting policies are described in Note 2(e).

The financial statements were authorised for issue by the Board of Directors on 28 September 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for equity securities at fair value through OCI which are measured at fair value. The fair value of these 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. Figures are presented in round thousand dollars unless otherwise stated.

(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.

Changes in significant accounting policies to meet mandatory accounting standards

(i) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities

On 1 July 2019 the Society adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities. These standards establish a comprehensive framework for revenue recognition. They replace AASB 118 Revenue, AASB 111 Construction contracts and related interpretations.

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

Notes to the financial statements

For the year ended 30 June 2020

2 Basis of preparation (continued)

(e) Changes in significant accounting policies to meet mandatory accounting standards (continued)

- (i) AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-profit Entities (continued)

The Society had determined that there is no effect on the financial statements arising from the adoption of AASB 15.

The Society has applied AASB 1058 using the modified retrospective (cumulative catch-up) method under which the comparative information has not been restated. Adjustments arising from the adoption of AASB 1058 have been taken to accumulated funds at 1 July 2019.

The practical effect of this change in accounting policy relates to the treatment of grants received. The previous accounting policy brought all grants to income on receipt. The revised policy requires that capital grants which have specific conditions or obligations attached to them be recognised as income in the same periods as those conditions or obligations are met.

The following table shows the effect of adopting AASB 15 and AASB 1058 on the Society's financial report for the year ended 30 June 2020:

Statement of financial position as at 30 June 2020

In AUD 000

	Carrying amount per Statement of financial position under AASB 15 and AASB 1058	Reversal of effect of adoption	Carrying amount under previous revenue standards
Deferred income	1,378	(1,378)	-
Accumulated funds	108,888	1,378	110,266

Statement of profit or loss and other comprehensive income

In AUD 000

	As reported per Statement of profit or loss under AASB 15 and AASB 1058	Reversal of effect of adoption	As reported under previous revenue standards
Grant income	7,100	(622)	6,478

At 30 June 2019, the Society had received \$2million in grants related to the construction of an auditorium. No construction costs had been incurred at that date and accordingly the accumulated funds at 1 July 2019 have been reduced by \$2million and the grant received has been reclassified as deferred income. Construction expenditure of \$621,579 was incurred in the year ended 30 June 2020 and a corresponding amount of deferred income has been recognised as income in the year. The construction is expected to be completed by June 2021 and the remaining deferred income will be recognised as income in the period.

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

Notes to the financial statements

For the year ended 30 June 2020

2 Basis of preparation *(continued)*

(e) Changes in significant accounting policies to meet mandatory accounting standards *(continued)*

(ii) AASB 16 Leases

On 1 July 2019, the Society adopted AASB 16 Leases which replaces AASB 117. AASB 16 eliminates the classifications of operating leases and finance leases.

The standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a corresponding lease liability. Straight-line operating lease expense recognition is replaced with a depreciation charge for the leased asset and an interest expense on the recognised lease liability (included in finance cost). For classification within the statement of cash flows, the lease payments are separated into principal and interest components.

The Society has adopted AASB 16 from 1 July 2019, using the retrospective approach.

On transition to AASB 16, the Society recognised \$393 (AUD 000) of right-of-use assets and \$393 (AUD 000) of lease liabilities. When measuring lease liabilities, the Society discounted lease payments using its incremental borrowing rate at the date of initial application. The rate applied is 3.5%

The implementation of this standard has an immaterial effect on the Society's income for the year as set out below:

	<i>AUD 000</i>
Rental expense not recognised	149
Depreciation of the right-of-use assets	(146)
Interest expense	(4)
Net effect	(1)

The Society presents right-of-use assets and lease liabilities separately in the statement of financial position.

3 Significant accounting policies

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

(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 22.

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 2020

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;
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity Instruments at FVTOCI

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 2020

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 2020

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 term
- 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

Policy applicable for 1 July 2018 to 30 June 2019

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.

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.

Policy applicable for 1 July 2019 to 30 June 2020

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.

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 2020

3 Significant accounting policies (continued)

(d) Leases (continued)

Policy applicable for 1 July 2019 to 30 June 2020 (continued)

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.

(e) Revenue

The Society has initially adopted AASB 15 and AASB 1058 from 1 July 2019 as detailed in 2(e).

The effective policies are consistent in all material respects for the 2019 and 2020 financial years, unless otherwise stated.

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.

Generally the timing of the payment of sale of goods and rendering of services corresponds to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

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 have been performed.

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 2020

3 Significant accounting policies (continued)

(e) Revenue (continued)

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 company to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the Society (once complete) are recognised as revenue as and when the obligation to purchase or construct is completed.

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.

(f) Finance income and expenses

Finance income comprises interest income on funds invested, investment revaluation, 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.

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 2020

3 Significant accounting policies (continued)

(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.

(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 2020 and earlier application is permitted. None of those standards is expected to have a significant effect on the Society's financial statements in the period of initial application.

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 2020

4 Revenue

<i>In AUD 000</i>	2020	2019
(a) Operating revenue		
Donations	8,796	7,007
Royalty	32	50
Profit on sale of property	740	441
Membership subscriptions	42	18
Fees for service – animals	7,988	8,046
Sale of goods	1,061	1,284
Sale of animals	2,472	2,047
Rent	357	291
Court fines and costs	213	252
Fundraising	12,498	6,895
Sundry income	1,616	1,186
Jobkeeper	3,822	-
	<u>39,637</u>	<u>27,517</u>
(b) Other revenue		
Legacies	25,824	25,306
Government grants	7,100	1,097
	<u>32,924</u>	<u>26,403</u>

5 Net finance income

<i>In AUD 000</i>	2020	2019
Interest income	318	413
Distribution income	1,527	1,839
Finance income	<u>1,845</u>	<u>2,252</u>
Management fees	148	122
Finance expenses	<u>148</u>	<u>122</u>
Net finance income	<u>1,697</u>	<u>2,130</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 2020

6 Operating expenses

In AUD 000

2020 **2019**

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

Salaries and wages expense	31,630	28,877
Contributions to defined superannuation contribution plans	2,655	2,583
Depreciation of investment properties	123	90
Depreciation of non-current assets	2,799	2,735
Depreciation of right of use assets	146	-
Bad debts expense	91	31
Administration expenses	6,917	5,846
Animal related expenses	5,545	4,632
Purchase of merchandise	673	575
Repairs and maintenance	711	555
Fundraising expenses	4,336	5,098
Rent expense	107	350
Interest expense-right of use leases	4	-
Other occupancy expenses	219	213
Other expenses	2,795	1,925
	<u>58,751</u>	<u>53,510</u>

7 Cash and cash equivalents

In AUD 000

2020 **2019**

Cash at bank	14,392	8,336
Cash on hand	29	32
	<u>14,421</u>	<u>8,368</u>

8 Trade and other receivables

In AUD 000

2020 **2019**

Trade receivables	2,320	1,498
Bequests receivable	778	3,583
Allowance for doubtful debts	(343)	(269)
	<u>2,755</u>	<u>4,812</u>

Allowance for doubtful debts

Opening balance	269	238
Impairment losses recognised on receivables	74	31
Closing balance	<u>343</u>	<u>269</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.

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 2020

9 Inventories

<i>In AUD 000</i>	2020	2019
Finished goods	788	685

10(a) Other assets

<i>In AUD 000</i>	2020	2019
Prepayments	46	83

10(b) Assets classified as held for sale

<i>In AUD 000</i>	2020	2019
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>	2020	2019
Current		
Financial assets at amortised cost		
Term deposits (> 3 months maturity)	9,500	8,000
	<u>9,500</u>	<u>8,000</u>
Non-current		
Equity instruments at FVOCI		
Shares held at market value	37,637	41,006
Unlisted trusts and shares at market value	678	789
	<u>38,315</u>	<u>41,795</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 2020

11(b) Movements in investments

<i>In AUD 000</i>	2020	2019
Current Assets-term deposits		
Balance at beginning of financial year	8,000	6,000
Transfer (to) from non-current investments	1,500	2,000
Balance at end of financial year	<u>9,500</u>	<u>8,000</u>
Non-Currents Assets: listed and unlisted securities		
Balance at beginning of financial year	41,795	45,542
Dividends and interest reinvested	1,673	2,122
Management fees	(148)	(122)
Transfer to cash and cash equivalents	(37)	(4,441)
Transfer (to) from current investments	(1,500)	(2,000)
In specie bequests received	818	-
Realised losses	(939)	-
Fair value adjustment at 30 June	(3,347)	694
Balance at end of financial year	<u>38,315</u>	<u>41,795</u>

12 Investment properties

<i>In AUD 000</i>	2020	2019
At cost	5,106	5,650
Additions	510	-
Disposals	(456)	-
Accumulated depreciation	(668)	(544)
	<u>4,492</u>	<u>5,106</u>

An valuation of the investment property portfolio in 2019 by an independent registered valuer indicated a surplus over book value of \$3,000,000.

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 2020

13 (a) Property, plant and equipment

<i>In AUD 000</i>	Capital works in progress \$	Land and buildings \$	Motor vehicles \$	Plant furniture and equipment \$	Total \$
Cost					
Balance at 1 July 2019	3,448	51,723	4,616	7,675	67,462
Additions	12,322	54	4,605	175	17,156
Disposals	-	-	(4,447)	(187)	(4,634)
Balance as at 30 June 2020	15,770	51,777	4,774	7,663	79,984
Accumulated depreciation and impairment losses					
Balance at 1 July 2019	-	(18,081)	(943)	(6,136)	(25,160)
Depreciation for the year	-	(1,499)	(900)	(381)	(2,780)
Disposals	-	-	1,023	186	1,209
Balance as at 30 June 2020	-	(19,580)	(820)	(6,331)	(26,731)
Carrying amount					
At 1 July 2019	3,448	33,642	3,673	1,539	42,302
At 30 June 2020	15,770	32,197	3,954	1,332	53,253

During the 2019 financial year the Society performed impairment analysis of its land and building at cost at the non-cash generating specialised assets level. Fair value of its and land buildings exceeded its carrying value by \$22.3m. No indicators of impairment were noted in financial year 2020.

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 2020

13(b) Right-of-Use assets

<i>In AUD 000</i>	2020	2019
Assets determined in accordance with the policy set out at note 3	394	-
Depreciation for the year	(146)	-
Net book value	<u>248</u>	<u>-</u>

14 Trade and other payables

<i>In AUD 000</i>	2020	2019
Trade payables	3,135	2,594
Other payables and accruals	3,263	2,194
	<u>6,398</u>	<u>4,788</u>

15 Deferred income

<i>In AUD 000</i>	2020	2019
Capital grant received: to be recognised in income as project is completed	1,378	-
	<u>1,378</u>	<u>-</u>

16 Provisions

<i>In AUD 000</i>	2020	2019
Current		
Employee benefits	4,942	4,185
	<u>4,942</u>	<u>4,185</u>
Non-current		
Employee benefits	342	316
	<u>342</u>	<u>316</u>

17 Accumulated funds

<i>In AUD 000</i>	2020	2019
Balance at beginning of financial year	96,320	83,530
Adjustment on initial application of AASB 15 and AASB 1058, net of tax	(2,000)	-
Surplus for the year	15,507	2,540
Net amount transferred to retained earnings for the derecognition of equity investments at FVOCI	(939)	10,250
Balance at end of financial year	<u>108,888</u>	<u>96,320</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 2020

18 Reserves

<i>In AUD 000</i>	2020	2019
Balance at beginning of financial year	5,542	15,098
Net gains and losses on equity investments at FVOCI	(4,286)	694
Net amount transferred to retained earnings for the derecognition of equity investments at FVOCI	939	(10,250)
Balance at end of financial year	<u>2,195</u>	<u>5,542</u>

19 Leases

Operating leases relate to leased land at Yagoona together with sundry leases for equipment. (2019: All property leases treated as operating leases). 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 leases for which the Society is a lessee is presented below:

(i) Right-of-use assets

Refer to note 13(b)

(ii) Lease liability

<i>In AUD 000</i>	2020	2019
Current	115	-
Non-current	181	-
	<u>296</u>	<u>-</u>

The land at Yagoona is held on a peppercorn basis and the other leases are minor in nature. The leases of properties located at Tuggerah, Woy Woy, Tighes Hill and Port Macquarie have been dealt with in accordance with AASB 16 in 2020 as set out in note 3. In 2019, they were treated as operating leases.

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 2020

20 Capital and other commitments

<i>In AUD 000</i>	2020	2019
Capital expenditure commitments		
<i>Contracted but not provided for</i>		
Shelters	9,800	157

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

21 Charitable Fundraising Act 1991

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

(a) *Fundraising appeals*

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

<i>In AUD 000</i>	2020	2019
Gross proceeds from the fundraising appeals		
Head office		
Donations	8,647	6,850
Fundraising	12,384	6,695
Branches		
Donations	149	157
Fundraising	114	201
Gross proceeds from fundraising appeals	<u>21,294</u>	<u>13,903</u>
Cost of fundraising appeals		
Head office	(4,325)	(5,053)
Branches	(11)	(45)
Total costs of fundraising appeals	<u>(4,336)</u>	<u>(5,098)</u>
Net surplus obtained from fundraising	<u>16,958</u>	<u>8,805</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.

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.

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 2020

21 Charitable Fundraising Act 1991 (continued)

- (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>	2020	2019
Net surplus from fundraising appeals	16,958	8,805
<i>Net surplus was applied to the charitable purpose in the following manner:</i>		
Funding RSPCA Inspectors	(6,706)	(6,283)
Animal shelter facilities for stray, abandoned and abused animals	(19,284)	(17,997)
Veterinary clinic services	(11,009)	(10,442)
Expenditure on support services	(14,279)	(12,545)
Volunteer branches	(1,175)	(1,266)
Expenditure for bushfire relief	(2,110)	(1)
	<u>(54,563)</u>	<u>(48,534)</u>
Shortfall	<u>(37,605)</u>	<u>(39,729)</u>
Government grant	7,100	1,097
Legacies	25,824	25,306
Investment income	1,845	2,252
Fees for service - animals	10,460	10,093
Other income - gross	7,883	3,521
Total income from other sources	<u>53,112</u>	<u>42,269</u>

22 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 \$805,661 for the year ended 30 June 2020 (2019: \$1,229,777) In addition post employment benefits (superannuation contributions) amounted to \$76,291 for the year ended 30 June 2020 (2019: \$134,657).

The key management personnel compensation for the year ended 30 June 2019 included termination benefits of \$314,657.

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 2020

22 Related parties *(continued)*

(a) Transactions with key management personnel *(continued)*

(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 2020. In the year ended 30 June 2019:

- the Society paid \$2,226 for the provision of veterinarian services by Mr Peter Wright, President of the Society.
- the Society paid \$1,650 to Wyndarra Consulting for services provided by Mr Peter O'Callaghan who is the Director of Wyndarra Consulting.

No amount was owed to either director at 30 June 2020 (2019: \$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

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

23 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.

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 2020

24 Subsequent events

In July 2020 the Society received the remaining \$6,000,000 government grant funding from the Office of Local Government NSW which is in accordance with the grant agreement for the construction of the Yagoona shelter.

Other than the above, there have been no other events subsequent to balance date which would have a material effect on the Society's financial statements at 30 June 2020.

25 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 financial statements and notes that are set out on pages 6 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 2020 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 28th day of September 2020


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 2020

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 2020;
- (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 2020;
- (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 2020; 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



Dr Peter Wright

President

Dated at Sydney this 28th day of September 2020



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 ("the Society").

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 2020, 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 2020.
- 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 [qualified] 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 (including Independence Standards)* (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, we do 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 Board Members for the Financial Report

The Board Members 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 and whether the use of the going concern basis of accounting is appropriate. 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 judgement 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 Board Members.
- iv. Conclude on the appropriateness of the Board Members' 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.

We communicate with the Directors of the Society regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 2020;
- ii. the Financial Report has been properly drawn up, and the associated records have been properly kept for the period from 1 July 2019 to 30 June 2020, 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 2019 to 30 June 2020 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

28 September 2020