Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited and controlled entities

ABN 74 851 544 037

Consolidated Financial report
For the year ended 30 June 2017

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ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (QUEENSLAND) LIMITED AND CONTROLLED ENTITIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
Revenue	3	49,400,663	47,599,176	48,560,578	46,757,368
Less: expenses					
Finance costs		(459,873)	(405,964)	(458,800)	(404,980)
Inspectorate expense		(3,816,664)	(3,603,683)	(3,867,064)	(3,654,083)
Animal training and behaviour expense		(402,207)	(355,100)	(402,207)	(355,100)
Administration expense		(5,856,197)	(4,958,773)	(5,615,763)	(4,858,551)
Marketing and public relations expense		(9,054,591)	(9,459,716)	(9,003,314)	(9,416,731)
Education expense		(257,747)	(273,146)	(257,747)	(273,146)
Animal shelter expense		(20,041,036)	(17,442,286)	(20,073,436)	(17,474,686)
Retail operations expense		(7,349,399)	(7,406,650)	(7,349,399)	(7,406,650)
Branch expense		(1,102,253)	(1,145,781)	(1,102,253)	(1,145,781)
Other expenses		(673,904)	(651,091)	(304,029)	22,989
		(49,013,871)	(45,702,190)	(48,434,012)	(44,966,719)
Profit before income tax expense		386,792	1,896,986	126,566	1,790,649
Income tax expense	5	-	-	-	-
Profit for the year		386,792	1,896,986	126,566	1,790,649
Other comprehensive income					
Items that may be reclassified subsequently to profit and loss					
Change in fair value of available for sale financial assets, net of tax		132,746	67,081	132,746	67,081
Gain or loss on disposal recognised in profit or loss		(225,587)	(82,026)	(225,587)	(82,026)
Total comprehensive income		293,951	1,882,041	33,725	1,775,704
Profit is attributable to:					
- Owners of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited		375,664	1,885,057	126,566	1,790,649
- Non-controlling interests		11,128	11,929	-	-
		386,792	1,896,986	126,566	1,790,649
Total comprehensive income is attributable to:					
- Owners of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited		282,823	1,870,112	33,725	1,775,704
- Non-controlling interests		11,128	11,929	-	-
		293,951	1,882,041	33,725	1,775,704

The accompanying notes form part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Note	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
Current assets					
Cash and cash equivalents	6	978,112	1,691,410	913,272	1,690,931
Receivables	7	2,136,126	1,910,124	1,762,098	1,703,694
Inventories	8	1,589,789	1,783,083	1,589,789	1,783,083
Other assets	9	572,879	601,474	567,313	698,617
		5,276,906	5,986,091	4,832,472	5,876,325
Assets classified as held for sale		500,000	900,000	500,000	900,000
Total current assets		5,776,906	6,886,091	5,332,472	6,776,325
Non-current assets					
Other financial assets	10	1,250,891	2,440,029	1,250,891	2,440,029
Investments accounted for using equity method	12	193,060	300,000	193,060	300,000
Intangible assets	15	1,980,052	1,127,967	1,182,523	416,155
Property, plant and equipment	14	39,581,131	38,829,963	39,579,113	38,827,082
Other assets	9	1,063,721	43,721	1,063,721	43,721
Total non-current assets		44,068,855	42,741,680	43,269,308	42,026,987
Total assets		49,845,761	49,627,771	48,601,780	48,803,312
Current liabilities					
Payables	16	5,711,924	4,537,719	5,400,754	4,385,845
Borrowings	17	1,638,823	2,966,669	1,638,823	2,966,669
Provisions	18	1,625,739	1,487,732	1,625,739	1,487,732
Total current liabilities		8,976,486	8,992,120	8,665,316	8,840,246
Non-current liabilities					
Borrowings	17	4,086,279	4,135,859	4,006,279	4,055,859
Provisions	18	111,080	121,827	111,080	121,827
Total non-current liabilities		4,197,359	4,257,686	4,117,359	4,177,686
Total liabilities		13,173,845	13,249,806	12,782,675	13,017,932
Net assets		36,671,916	36,377,965	35,819,105	35,785,380
Equity					
Reserves	19	11,888,873	12,627,235	11,888,873	12,627,235
Retained earnings	29	24,809,316	23,788,131	23,930,232	23,158,145
Equity attributable to owners of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited		36,698,189	36,415,366	35,819,105	35,785,380
Non-controlling interests	20	(26,273)	(37,401)	-	-
Total equity		36,671,916	36,377,965	35,819,105	35,785,380

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Reserves $	Retained earnings $	Non-controlling interests $	Total equity $
Consolidated				
Balance as at 1 July 2015	13,287,701	21,257,553	(49,330)	34,495,924
Profit for the year	-	1,885,057	11,929	1,896,986
Change in fair value of available for sale financial assets, net of tax	67,081	-	-	67,081
Gain or loss on disposal recognised in profit or loss	(82,026)	-	-	(82,026)
Total comprehensive income for the year	(14,945)	1,885,057	11,929	1,882,041
Transfers	(645,521)	645,521	-	-
Balance as at 30 June 2016	12,627,235	23,788,131	(37,401)	36,377,965
Balance as at 1 July 2016	12,627,235	23,788,131	(37,401)	36,377,965
Profit for the year	-	375,664	11,128	386,792
Change in fair value of available for sale financial assets, net of tax	132,746	-	-	132,746
Gain or loss on disposal recognised in profit or loss	(225,587)	-	-	(225,587)
Total comprehensive income for the year	(92,841)	375,664	11,128	293,951
Transfers	(645,521)	645,521	-	-
Balance as at 30 June 2017	11,888,873	24,809,316	(26,273)	36,671,916

The accompanying notes form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Reserves $	Retained earnings $	Non-controlling interests $	Total equity $
Parent Entity				
Balance as at 1 July 2015	13,287,701	20,721,975	-	34,009,676
Profit for the year	-	1,790,649	-	1,790,649
Change in fair value of available for sale financial assets, net of tax	67,081	-	-	67,081
Gain or loss on disposal recognised in profit or loss	(82,026)	-	-	(82,026)
Total comprehensive income for the year	(14,945)	1,790,649	-	1,775,704
Transfers	(645,521)	645,521	-	-
Balance as at 30 June 2016	12,627,235	23,158,145	-	35,785,380
Balance as at 1 July 2016	12,627,235	23,158,145	-	35,785,380
Profit for the year	-	126,566	-	126,566
Change in fair value of available for sale financial assets, net of tax	132,746	-	-	132,746
Gain or loss on disposal recognised in profit or loss	(225,587)	-	-	(225,587)
Total comprehensive income for the year	(92,841)	126,566	-	33,725
Transfers	(645,521)	645,521	-	-
Balance as at 30 June 2017	11,888,873	23,930,232	-	35,819,105

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	Note	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
Cash flow from operating activities					
Receipts from customers		50,478,593	48,718,032	49,755,974	47,894,040
Payments to suppliers and employees		(44,755,227)	(45,083,284)	(44,321,109)	(44,337,613)
Interest received		29,849	33,078	29,849	33,078
Finance costs		(610,861)	(405,925)	(609,788)	(404,941)
Dividend income		118,586	93,064	118,586	93,064
Net cash provided by operating activities	22(b)	5,260,940	3,354,965	4,973,512	3,277,628
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment		312,134	9,730	312,134	9,730
Payment of security deposit		(20,000)	-	(20,000)	-
Payment for property, plant and equipment		(4,621,064)	(3,243,572)	(4,621,064)	(3,243,572)
Payment for available-for-sale financial assets		(869,905)	-	(869,905)	-
Proceeds from sale of available-for-sale financial assets		2,191,789	-	2,191,789	-
Payment for intangible assets		(895,824)	(256,936)	(672,757)	(172,313)
Loan to related party		(14,597)	-	(14,597)	-
Payment for shares in associate		-	(300,000)	-	(300,000)
Net cash provided by / (used in) investing activities		(3,917,467)	(3,790,778)	(3,694,400)	(3,706,155)
Cash flow from financing activities					
Proceeds from borrowings		236,267	219,488	236,267	219,488
Repayment of borrowings		(883,074)	(752,773)	(883,074)	(752,773)
Net cash provided by / (used in) financing activities		(646,807)	(533,285)	(646,807)	(533,285)
Reconciliation of cash					
Cash at beginning of the financial year		(588,588)	380,510	(589,067)	372,745
Net increase / (decrease) in cash held		696,666	(969,098)	632,305	(961,812)
Cash at end of financial year	22(a)	108,078	(588,588)	43,238	(589,067)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012 ('ACNC Act')*.

This financial report includes separate financial statements for the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited as an individual entity and the controlled entities as a consolidated group.

The Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The following is a summary of the material accounting policies adopted by the group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements
The consolidated financial statements of the group also comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Application of new accounting standards
The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period. There was no material impact on the financial report as a result of the adoption of these standards.

Historical Cost Convention
The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Critical Accounting Estimates
The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accouting accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Legal status

During the 2016 year the Society amended their constitution to become a company limited by guarantee effective 29 June 2016. The financial report is no longer prepared in accordance with the *Associations Incorporation Act (QLD) 1981* and is now prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012.* The transition for financial reporting purposes is treated as a continuation.

Section 106F of the *Associations Incorporations Act (QLD) 1981* sets out the effect of a transfer of incorporation and refers to section 601BM of the *Corporations Act 2001* on whether a new entity is created and the effect on existing property, rights and obligations. Section 601BM of the *Corporations Act 2001* confirms that a a new legal entity is not created as a result of the transfer. Further, section 601BC of the Corporations Act 2001 does not outline any requirements to lodge final accounts with the Registrar.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entities to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the group are presented as non-controlling interests. Non-controlling interests in the result of subsidiaries are shown separately in the statements of comprehensive income and statements of financial position respectively.

(d) Foreign currency translations and balances

Functional and presentation currency

The financial statements of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translations and balances (Continued)

Subsidiaries that have a functional currency different from the presentation currency of the group are translated as follows:

- Assets and liabilities are translated at the closing rate on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised in other comprehensive income.

(e) Revenue

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Grant revenue is recognised in the profit or loss when it is controlled. Where binding conditions, or specified milestones, exist relating to the specific purposes for which the grant funds may be applied, grant revenues are recognised in the statement of financial position as a liability until such time that all conditions of the grant are met.

Bequests and donations are recognised upon control.

Gifted assets or assets acquired at a nominal value are recognised in the profit or loss and statement of financial position at their fair value at the date the Society obtains control over the asset.

All revenue is measured net of the amount of goods and services tax (GST).

(f) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Income tax (Continued)

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(g) Financial instruments

Classification

The group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the nature of the item and the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories or are designated as such on initial recognition. Available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit or loss.

Non-listed investments for which the fair value cannot be reliably measured, are carried at cost and tested for impairment.

Donated financial assets

Financial assets donated to the group are recognised at fair value at the date the group obtains the control of the assets.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are subsequently measured at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (Continued)

Impairment of financial assets

For loans and receivables and held-to-maturity investments carried at amortised cost, impairment losses are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

For available-for-sale financial assets carried at fair value, the impairment loss is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. If the asset is impaired, the cumulative loss is reclassified from equity to the profit or loss. For equity investments, the impairment loss is not reversed through profit or loss. For debt investments, the impairment loss is reversed through profit or loss if the fair value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment losses was recognised in profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statements of financial position.

(i) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value.

For inventory acquired at no or nominal consideration, cost is the current replacement cost at the date of acquisition.

(j) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

Property

Freehold land and buildings are initially recorded at cost. Where freehold land and buildings were acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

Property is subsequently measured on a cost basis.

Plant and equipment

Plant and equipment is measured at cost. Where plant and equipment was acquired at no cost or for a nominal amount, cost is deemed to be the fair value as at the acquisition date.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (Continued)

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is not depreciated.

Class of fixed asset	Depreciation/amortisation rates	Depreciation/amortisation basis
Leasehold land	over lease period	Straight line
Buildings at cost	2.5%-25%	Straight line
Plant and equipment at cost	2.5%-33.3%	Straight line
Motor vehicles at cost	22.5%	Straight line

At each period end date the leases in relation to buildings on leasehold land are reviewed to determine that, in the foreseeable future, there is no reason why they would not be renewed for a period covering at least the current useful life of the building. Where it is determined that the lease would not continue to be renewed for a period covering the useful life of the building, the balance would be written off over the likely period that the lease would continue to be renewed.

(k) Intangibles

Patents and trademarks

Patents, trademarks and licences are recognised at cost. They are amortised over their estimated useful lives, which range from 5 to 10 years. Patents, trademarks and licences are carried at cost less accumulated amortisation and any impairment losses.

Software assets comprise of acquired software assets and capitalised development expenditure relating to the Shelter Buddy TM software from which the sales and maintenance reviews are derived by the subsidiary company.

Capitalised development expenditure

Software is initially recorded at the fair value of costs incurred during the development phase. The software is considered to have a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software is amortised on a straight line basis over its estimated useful life of 8 years and is included within other expenses in the income statement. All costs associated with the research phase and the ongoing maintenance of the software are expensed to the profit or loss in the period incurred.

Software

Costs capitalised include external direct costs and services relating to implementation of acquired software. Amortisation is calculated on a straight-line basis over a 3 year period.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

(m) Investments in associates

An associate is an entity over which the group is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The group's interests in associates are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits and losses of the associate is recognised in the group's profit or loss and the group's share of other comprehensive income items is recognised in the group's other comprehensive income. Details relating to associates are set out in Note 13.

Unrealised gains and losses on transactions between the group and an associate are eliminated to the extent of the group's share in an associate.

(n) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(p) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statements of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (Continued)

Other long-term employee benefit obligations are presented as current liabilities in the statements of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statements of financial position.

(q) Borrowing costs

Borrowing costs including interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(r) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statements of financial position are shown inclusive of GST.

Cash flows are presented in the statements of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(t) Net asset deficiency

At 30 June 2017 the entity’s current liabilities exceed its current assets by $3,199,580 (2016: $2,106,029).

Non-current assets include financial assets of $1,250,891 (2016: $2,440,029) which are shares in listed corporations. This balance has been recorded as non-current on the basis that that the entity does not intend to realise this asset for a period of 12 months from 30 June 2017.

The entity has contingent assets of $4,195,598 (2016: $3,472,710) from bequests and estates (refer Note 25).

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment

The Society assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.
No triggers of impairment were noted in the current or prior year.

(b) Court costs receivable: provision for impairment

Historically court costs have been extremely difficult to recover in a timely and efficient manner. The Directors of the Board have determined that all court costs owing for over 12 months in respect of individuals that have failed to make at least partial repayment during the financial year will be provided for.

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
NOTE 3: REVENUE				
Adoption, boarding and surrender fees	6,800,493	5,318,055	6,821,553	5,339,115
Inspectorate services	2,010,875	2,132,976	2,010,875	2,132,976
Merchandise sales	9,753,150	9,775,893	9,753,150	9,775,893
Veterinary services	528,749	214,202	528,749	214,202
Animal training services	76,821	265,559	76,821	265,559
Software sales and maintenance fees	861,145	862,868	-	-
	20,031,233	18,569,553	19,191,148	17,727,745
Dividend income	118,586	93,064	118,586	93,064
Interest income	29,849	33,078	29,849	33,078
	20,179,668	18,695,695	19,339,583	17,853,887
Profit on sale of non current assets	226,377	90,131	226,377	90,131
Fundraising Income	4,358,277	4,742,133	4,358,277	4,742,133
Bequest and donation income	22,669,758	23,283,687	22,669,758	23,283,687
Subsidies and grants	1,966,583	787,530	1,966,583	787,530
	29,220,995	28,903,481	29,220,995	28,903,481
	49,400,663	47,599,176	48,560,578	46,757,368

(i) *Bequests and donations*

The Society received bequest and donations during the 2017 financial year that totaled $22,669,758 (2016: $23,283,687) including $863,750 (2016: $890,000) from bequest of property.

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$

NOTE 4: OPERATING PROFIT

Profit / (losses) before income tax has been determined after:				
Finance costs	610,861	405,925	609,788	404,941
Foreign currency translation losses	(422)	8,318	-	-
Cost of sales	6,413,661	6,518,183	6,413,661	6,518,183
Employee benefits expense	21,742,757	19,654,323	21,742,757	19,654,323
Rental expense on operating leases	1,652,270	1,601,326	1,635,281	1,568,947
Loss / (gain) on disposal of property, plant and equipment	105,050	(8,105)	105,050	(8,105)
(Gain) on disposal of available-for-sale financial assets	(225,587)	(82,026)	(225,587)	(82,026)
Depreciation and amortisation of non-current assets:				
- Buildings	979,476	948,546	979,476	948,546
- Plant and equipment	1,153,724	997,431	1,152,861	996,216
- Motor vehicles	289,212	244,566	289,212	244,566
- Leasehold land	30,300	30,300	30,300	30,300
- Software	723,084	362,689	585,734	239,403
	3,175,796	2,583,532	3,037,583	2,459,031
Impairment losses/(reversal) in relation to:				
- Amounts receivable from controlled entity	-	-	172,915	12,737

NOTE 5: INCOME TAX

(a) Components of tax expense

Current tax	-	-	-	-
Deferred tax	-	-	-	-
Under/(over) provision in prior years	-	-	-	-
	-	-	-	-

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$

NOTE 5: INCOME TAX (CONTINUED)

(b) Prima facie tax payable

	2017	2016	2017	2016
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:				
Prima facie income tax payable on profit before income tax at 27.5% (2016: 30.0%)	106,368	569,096	34,806	537,195
Add tax effect of:				
Less tax effect of:				
- Exempt net income/(loss)	82,357	541,016	34,806	537,195
- Deferred tax asset on tax losses and temporary differences not brought to account	24,011	28,080	-	-
	106,368	569,096	34,806	537,195
Income tax expense attributable to profit	-	-	-	-

(c) Deferred tax assets not brought to account

The Directors of the Board are currently reviewing the taxation position of the subsidiary, Shelter Management Pty Ltd. The subsidiary has accumulated tax losses of approximately $nil (2016: $143,000). The deferred tax asset not recognised in relation to losses at 30 June 2017 is $nil (2016: $43,000).

The Society also has unrecognised deferred tax assets relating to temporary differences of approximately $245,917 (2016: $49,000) consisting mainly of software assets being written off for tax purposes over 25 years.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probably that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. At 30 June 2017, the Directors of the Board are of the view that the probability criteria have not been met. Accordingly, these deferred tax assets are not recognised in the financial statements.

NOTE 6: CASH AND CASH EQUIVALENTS

	2017	2016	2017	2016
Cash on hand	28,438	24,060	28,369	23,991
Cash at bank	949,674	1,562,442	884,903	1,562,032
Cash on deposit	-	104,908	-	104,908
	978,112	1,691,410	913,272	1,690,931

	Consolidated		Parent Entity	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
NOTE 7: RECEIVABLES				
CURRENT				
Trade debtors	1,473,267	1,001,573	1,111,594	804,982
Prosecution claims receivable	512,755	355,868	512,755	355,868
Impairment loss	(302,300)	(191,931)	(302,300)	(191,931)
	210,455	163,937	210,455	163,937
Loans - unsecured	14,597	-	14,597	-
GST receivable	117,014	153,935	112,708	152,145
Other debtors	320,793	590,679	312,744	582,630
- other controlled entities	-	-	711,055	538,140
Impairment loss	-	-	(711,055)	(538,140)
	2,136,126	1,910,124	1,762,098	1,703,694
NON CURRENT				
Amounts receivable from:				
Subsidiaries	-	-	347,918	347,918
Impairment loss	-	-	(347,918)	(347,918)
	-	-	-	-

Amounts receivable from subsidiaries

The Society has made unsecured interest-free loans to its subsidiary Shelter Management Ply Ltd (the controlled entity). These loans have no set repayment terms.

The controlled entity develops, sells and maintains a software product called Shelter BuddyTM. As the company is still incurring extensive expenditure in relation to the ongoing improvement and expansion of the software, the company is in a net liability position at balance date.

The Directors of the Board consider the current financial position of the controlled entity to be an indicator of impairment in relation to these loans receivable. Accordingly, amounts receivable at 30 June 2017 and 30 June 2016 have been impaired in full. The total impairment loss/(reversal) in relation to these recognised in the profit or loss during the current period was $172915 (2016: 12,737) and is included within other expenses in the profit or loss.

Impairment of prosecution claim receivables

	Consolidated		Parent Entity	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
Opening balance at 1 July	191,931	150,251	191,931	150,251
Charge for the year	110,369	41,680	110,369	41,680
Closing balance at 30 June	302,300	191,931	302,300	191,931

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$

NOTE 8: INVENTORIES

CURRENT				
At cost				
Finished goods	1,589,789	1,783,083	1,589,789	1,783,083

NOTE 9: OTHER ASSETS

CURRENT				
Prepayments	572,879	601,474	567,313	698,617
NON CURRENT				
Deposit on land purchase	1,000,000	-	1,000,000	-
Security deposits	63,721	43,721	63,721	43,721
	1,063,721	43,721	1,063,721	43,721

NOTE 10: OTHER FINANCIAL ASSETS

NON CURRENT				
Available-for-sale financial assets				
Shares in subsidiary	-	-	624,505	624,505
Provision for impairment loss	-	-	(624,505)	(624,505)
	-	-	-	-
At fair value				
Shares in listed corporations	1,250,891	2,440,029	1,250,891	2,440,029

See note 7 for a discussion on the reasons for considering the carrying value of the investment in the subsidiary to be impaired at that date.

NOTE 11: CONTROLLED ENTITIES

The ultimate parent entity of the Group is Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited

Subsidiaries:	Country of Incorporation	Percentage Owned 2016	2015
Shelter Management Pty Ltd	Aust	87.3%	87.3%
Shelter Management Inc (dormant) (i)	USA	100%	100%

Shelter Management Pty Ltd is restricted from transferring funds to the parent entity in the form of cash dividends or repayment of loans as it has issued 150 redeemable preference shares to a minority shareholder whereby 75% of post tax operating profits are payable in settlement of the $2,400 dividend per preference share until such time that the dividends have been fully paid. At this time the shares will expire.

As the company has accumulated losses, no preference shares have been paid (2016: $nil)

(i) A subsidiary of Shelter Management Pty Ltd

NOTE 12: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

NON CURRENT				
Equity accounted associated entities	193,060	300,000	193,060	300,000

NOTE 13: INTERESTS IN ASSOCIATES

(a) Associates

Associate	Nature of relationship	Ownership interest 2017 %	Ownership interest 2016 %	Measurement basis	Quoted fair value (if available) 2017 $	Quoted fair value (if available) 2016 $
Pet Cloud Pty Ltd	Business Partner	20	20	Equity accounted	-	-

Country of incorporation: Australia

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
Land				
Freehold land				
At cost	576,250	576,250	576,250	576,250
Leasehold land				
At cost	3,000,000	3,000,000	3,000,000	3,000,000
Accumulated amortisation	(172,219)	(141,919)	(172,219)	(141,919)
	2,827,781	2,858,081	2,827,781	2,858,081
Buildings				
At cost	38,789,202	37,745,207	38,789,202	37,745,207
Accumulated depreciation	(6,611,294)	(5,647,423)	(6,611,294)	(5,647,423)
	32,177,908	32,097,784	32,177,908	32,097,784
Total land and buildings	35,581,939	35,532,115	35,581,939	35,532,115
Plant and equipment				
Plant and equipment at cost	8,908,302	7,672,763	8,876,972	7,641,433
Accumulated depreciation	(6,908,391)	(5,754,667)	(6,879,079)	(5,726,218)
	1,999,911	1,918,096	1,997,893	1,915,215
Motor vehicles at cost	2,409,906	2,220,994	2,409,906	2,220,994
Accumulated depreciation	(1,752,711)	(1,492,905)	(1,752,711)	(1,492,905)
	657,195	728,089	657,195	728,089
Work in progress	1,342,086	651,663	1,342,086	651,663
Total plant and equipment	3,999,192	3,297,848	3,997,174	3,294,967
Total property, plant and equipment	39,581,131	38,829,963	39,579,113	38,827,082

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
Freehold land				
Opening carrying amount	576,250	576,250	576,250	576,250
Closing carrying amount	576,250	576,250	576,250	576,250
Leasehold land				
Opening carrying amount	2,858,081	2,888,381	2,858,081	2,888,381
Amortisation expense	(30,300)	(30,300)	(30,300)	(30,300)
Closing carrying amount	2,827,781	2,858,081	2,827,781	2,858,081

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations (Continued)

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Buildings				
Opening carrying amount	32,097,784	31,393,850	32,097,784	31,393,850
Additions	1,145,313	1,447,281	1,145,313	1,447,281
Disposals	(417,184)	-	(417,184)	-
Depreciation expense	(979,476)	(948,546)	(979,476)	(948,546)
Transfer from work in progress	331,471	205,199	331,471	205,199
Closing carrying amount	32,177,908	32,097,784	32,177,908	32,097,784
Plant and equipment				
Opening carrying amount	1,918,096	2,107,984	1,915,215	2,103,887
Additions	984,088	807,544	984,088	807,544
Depreciation expense	(1,153,724)	(997,432)	(1,152,861)	(996,216)
Transfer from work in progress	251,451	-	251,451	-
Closing carrying amount	1,999,911	1,918,096	1,997,893	1,915,215
Motor vehicles				
Opening carrying amount	728,089	637,196	728,089	637,196
Additions	218,318	337,085	218,318	337,085
Disposals	-	(1,626)	-	(1,626)
Depreciation expense	(289,212)	(244,566)	(289,212)	(244,566)
Closing carrying amount	657,195	728,089	657,195	728,089
Work in progress				
Opening carrying amount	651,663	205,199	651,663	205,199
Additions	1,273,345	651,663	1,273,345	651,663
Transfers	(582,922)	(205,199)	(582,922)	(205,199)
Closing carrying amount	1,342,086	651,663	1,342,086	651,663

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
NOTE 15: INTANGIBLE ASSETS				
Software at cost	3,952,237	2,856,801	2,068,931	1,196,562
Accumulated amortisation and impairment	(2,600,827)	(1,877,743)	(1,515,050)	(929,316)
	1,351,410	979,058	553,881	267,246
Software intangible work in progress	628,642	148,909	628,642	148,909
	-	-	-	-
Total intangible assets	1,980,052	1,127,967	1,182,523	416,155

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
Software at cost				
Opening balance	979,058	1,233,720	267,246	483,245
Additions	1,095,436	108,027	872,369	23,404
Amortisation expense	(723,084)	(362,689)	(585,734)	(239,403)
Closing balance	1,351,410	979,058	553,881	267,246
Software intangible work in progress				
Opening balance	148,909	-	148,909	-
Additions	479,733	148,909	479,733	148,909
Closing balance	628,642	148,909	628,642	148,909

NOTE 16: PAYABLES

	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
CURRENT				
Unsecured liabilities				
Trade creditors	4,328,811	3,622,493	4,182,215	3,501,077
Sundry payables and accrued expenses	1,383,113	915,226	1,218,539	884,768
	5,711,924	4,537,719	5,400,754	4,385,845

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17: BORROWINGS

	Consolidated		Parent Entity	
	2017	**2016**	**2017**	**2016**
	$	**$**	**$**	**$**
CURRENT				
Unsecured liabilities				
Bank overdraft	870,034	2,279,998	870,034	2,279,998
Insurance Premium Funding	221,832	189,542	221,832	189,542
	1,091,866	2,469,540	1,091,866	2,469,540
Secured liabilities				
Commercial bills	432,000	432,000	432,000	432,000
Finance lease liability	114,957	65,129	114,957	65,129
	546,957	497,129	546,957	497,129
	1,638,823	2,966,669	1,638,823	2,966,669
NON CURRENT				
Unsecured liabilities				
Finance lease liability	450,279	67,859	450,279	67,859
Redeemable preference shares	80,000	80,000	-	-
	530,279	147,859	450,279	67,859
Secured liabilities				
Commercial bills	3,556,000	3,988,000	3,556,000	3,988,000
	4,086,279	4,135,859	4,006,279	4,055,859

Lease Liabilities
Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default..

Redeemable Preference Shares
During the 2006 financial year and in consideration for the sum of $80,000, the subsidiary issued preference shares to a minority shareholder. The agreement states that 75% of post tax operating profits are payable to the holder as dividends until such time that 150 preference dividends at $2,400 each have been fully paid. On the basis that the subsidiary has an obligation to repay this amount to the holder of the preference shares, management have classified the instrument as a financial liability.

Bank Facilities
The bank overdraft, commercial bills and bank loans are secured by way of:
(i) Bill of sale and mortgage over all assets and uncalled capital of the Society;
(ii) First registered mortgages over the leasehold property at Station Road Wacol and freehold property at Laurenceson Road Gympie;
(iii) Deed of mortgage over securities held by the Society.

NOTE 17: BORROWINGS (CONTINUED)

The Society has a bank overdraft facility amounting to $2,200,000 (2016: $2,200,000). This may be terminated at any time at the option of the bank. At 30 June 2017 the unutilised facility was $1,329,966 (2016: ($79,998)). Interest rates are variable.

The bank overdraft is subject to annual review, but remains payable on demand.

The Society has finance facilities as follows:

Facilities	Facilities	Maturity	Utilised	Repayments
Commercial Bill	$3,360,000	27 December 2018	$2,180,000	Interest + $108,000 per quarter
Commercial Bill	$2,240,000	29 November 2018	$2,240,000	Interest only

The interest only commercial bill facility has specific conditions applied to it that if any event occurs that alters the risk of the financial institution accepting interest only repayments the financial institution can call upon the entity to make principal reductions as opposed to interest only repayments.

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
NOTE 18: PROVISIONS				
CURRENT				
Employee benefits	1,625,739	1,487,732	1,625,739	1,487,732
NON CURRENT				
Employee benefits	111,080	121,827	111,080	121,827
NOTE 19: RESERVES				
Available for sale financial asset reserve	220,769	313,610	220,769	313,610
Other reserves	11,668,104	12,313,625	11,668,104	12,313,625
	11,888,873	12,627,235	11,888,873	12,627,235

The available for sale financial asset reserve is used to record movements in fair values of financial assets classified as available for sale.

The transfers from retained earnings to the Wacol goverment grant reserve of $645,521 (2016: $645,521) represents the depreciation charge.

NOTE 20: NON-CONTROLLING INTERESTS

Retained Earnings	(26,273)	(37,401)	-	-

NOTE 21: RELATED PARTY TRANSACTIONS

Transactions with Subsidiaries

Transactions between related parties are on normal commercial terms and conditions no more favourable that those available to other parties unless otherwise stated:

	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
IT support and maintenance costs charged to RSPCA by Shelter Management Pty Ltd.	-	-	120,000	120,000
Hosting fees charged by Shelter Management Pty Ltd to RSPCA	-	-	21,060	21,060
Loan to Shelter Management Pty Ltd. This loan is interest free, unsecured and at call. The Society has agreed not to call on this loan should it jeopardise the liquidity of the subsidiary. The carrying value is shown after impairment loss / (reversal) of $nil (2016: $nil) recorded within other expenses.	-	-	347,918	347,918
Working account owed by Shelter Management Pty Ltd. This account is interest free and unsecured. The carrying value is shown after impairment loss / (reversal) of $172,915 (2016: $12,737) recorded within other expenses.	-	-	711,055	538,140
Recharge of executive and administrative wages to Shelter Management Pty Ltd.	-	-	193,975	33,624

Other related party transactions

Management fees were paid to Dalton Nicol Reid of $22,294 (2016: $20,554) of which Justine Hickey (RSPCA QLD Treasurer) is a Director.

During 2017 the Association was awarded the Ipswich Pound Contract. Andrew Antoniolli (RSPCA Director) was a councillor at the Ipswich City Council at the time the contract was awarded and he is now the Mayor of Ipswich. He was excluded from all discussions and decisions pretaining to the award of this contract.

NOTE 22: CASH FLOW INFORMATION

	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
(a) Reconciliation of cash				
Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position is as follows:				
Cash on hand	28,438	24,060	28,369	23,991
Cash at bank	949,674	1,562,442	884,903	1,562,032
At call deposits with financial institutions	-	104,908	-	104,908
Bank overdrafts	(870,034)	(2,279,998)	(870,034)	(2,279,998)
	108,078	(588,588)	43,238	(589,067)
(b) Reconciliation of cash flow from operations with profit after income tax				
Profit from ordinary activities after income tax	386,792	1,896,986	126,566	1,790,649
Adjustments and non-cash items				
Amortisation	723,084	362,689	585,734	239,403
Depreciation	2,452,712	2,220,844	2,451,849	2,219,628
Net (gain) / loss on disposal of property, plant and equipment	105,050	(8,105)	105,050	(8,105)
Net (gain) / loss on disposal of financial instruments	(225,587)	(82,026)	(225,587)	(82,026)
Share of associated company's net profit after dividends	106,940	-	106,940	-
Properties held for sale	400,000	(890,000)	400,000	(890,000)
Changes in assets and liabilities				
(Increase) / decrease in receivables	(211,405)	(286,806)	(43,807)	(215,943)
(Increase) / decrease in other assets	28,595	(172,501)	131,304	(273,697)
(Increase) / decrease in inventories	193,294	(226,368)	193,294	(234,414)
Increase / (decrease) in payables	1,174,205	246,815	1,014,909	438,696
Increase / (decrease) in provisions	127,260	293,437	127,260	293,437
Cash flows from operating activities	5,260,940	3,354,965	4,973,512	3,277,628

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$

NOTE 23: KEY MANAGEMENT PERSONNEL COMPENSATION

Remuneration paid to key management personnel includes salary, contributions to members' superannuation and other benefits paid to them on their behalf. The following individuals are considered to be the key management personnel for the group:

Mark Townend (Chief Executive Officer)
Sheila Collecott (Executive Manager of Animal Focus)
Nick Crethar (Chief Financial Officer)
Todd Franks (Executive Manager of People Services)
Kirsty Graham (Executive Manager of Fundraising and Customer Experience) - appointed as an Executive Manager on 30 June 2015 and resigned on 11 October 2016.

Key management personnel compensation	1,076,452	1,083,787	1,054,543	1,061,878

NOTE 24: CAPITAL AND LEASING COMMITMENTS

	Consolidated 2017 $	Consolidated 2016 $	Parent Entity 2017 $	Parent Entity 2016 $
(a) **Finance leasing commitments**				
Payable				
- not later than one year	156,132	69,385	156,132	69,385
- later than one year and not later than five years	531,993	71,791	531,993	71,791
Minimum lease payments	688,125	141,176	688,125	141,176
Less future finance charges	(122,889)	(8,188)	(122,889)	(8,188)
Total finance lease liability	565,236	132,988	565,236	132,988
Represented by:				
Current liability	114,957	65,129	114,957	65,129
Non-current liability	450,279	67,859	450,279	67,859
	565,236	132,988	565,236	132,988
(b) **Operating lease commitments**				
Non-cancellable operating leases contracted for but not capitalised in the financial statements:				
Payable				
- not later than one year	1,258,162	1,183,339	1,258,162	1,183,339
- later than one year and not later than five years	2,316,845	2,724,793	2,316,845	2,724,793
- later than five years	-	78,134	-	78,134
	3,575,007	3,986,266	3,575,007	3,986,266

NOTE 24: CAPITAL AND LEASING COMMITMENTS (CONTINUED)

The Society has 12 non-cancellable property leases with terms ranging from 1 to 5 years, with rent payable monthly in advance. Escalation clauses within the lease agreements require that the minimum lease payments shall be increased by CPI per annum. Options exist to renew the leases at the end of their terms, with terms between 1 and 5 years. The Society also has 19 motor vehicle leases expiring in 2018 and 2019 and a number of equipment leases with terms ranging from 3 to 5 years.

NOTE 25: CONTINGENT ASSETS

A contingent asset exists for bequests advised up to the date of signing of the financial statements that had not been received at balance date. The bequests have been advised via written or verbal advice from an executor or solicitor.

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
Estimates of the maximum amounts of contingent assets that may become receivable:				
Probate advised - written	2,547,085	1,524,957	2,547,085	1,524,957
Provide advised - verbal	7,410	18,789	7,410	18,789
Probate not advised - written	1,387,103	1,928,964	1,387,103	1,928,964
Probate not advised - verbal	254,000	-	254,000	-
	4,195,598	3,472,710	4,195,598	3,472,710

NOTE 26: CONTINGENT LIABILITIES

The Society has provided bank guarantees to the total value of $89,372 (2016: $89,372) as rental guarantees.

The Society receives a number of goverment grants subject to various conditions. Until such time as these conditions are met and the grant acquitted, there is a possibility that some or all of the monies may need to be returned to the grantor.

As at 30 June 2017 the Society received grant monies amounting to $191,674 (2016: $404,973) which are subject to conditions and, at that date, had yet to be acquitted as required under the relevant agreements.

These monies have been recognised as revenue in the period they were received as control is deemed to have passed at that point.

NOTE 27: EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance, which has arisen since 30 June 2017 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2017, of the group, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2017, of the group.

NOTE 28: ENTITY DETAILS

The Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited is the State's leading animal welfare authority. It is also the oldest animal welfare authority in Queensland. The Society is a non-government, registered animal welfare charity, with powers to enforce an Act of the Queensland Parliament - The Animal Care and Protection Act 2001, which was proclaimed on March 1, 2002.

The registered office and principal place of business of the group is:

Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited
139 Wacol Station Rd
Wacol QLD 4076

	Consolidated		Parent Entity	
	2017	2016	2017	2016
	$	$	$	$
NOTE 29: RETAINED EARNINGS				
Retained earnings at beginning of year	23,788,131	21,257,553	23,158,145	20,721,975
Net profit	375,664	1,885,057	126,566	1,790,649
Transfers to / (from) reserves	645,521	645,521	645,521	645,521
	24,809,316	23,788,131	23,930,232	23,158,145

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (QUEENSLAND) LIMITED AND CONTROLLED ENTITIES

STATEMENT BY THE DIRECTORS OF THE BOARD

The directors of the society declare that:

1. The financial statements and notes, as set out on pages 1 - 30 presents fairly the society's financial position as at 30 June 2017 and performance for the year ended on that date of the society in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements under the *Australian Charities and Not-for-profits Commission Act* 2012; and

2. In the directors' opinion there are reasonable grounds to believe that the society will be able to pay its debts as and when they become due and payable.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation* 2013.

Andrew Tribe (President)	Justine Hickey (Treasurer)

Dated this 3rd day of October 2017

PITCHER PARTNERS
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Independent Auditor's Report to the Members of the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited

Opinion

We have audited the financial report of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited (the Society) and its subsidiaries "the Group", which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion the financial report of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Group in accordance with the auditor independence requirements of the *Australian Charities and Not for-profits Commission Act 2012* "ACNC Act" and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Society's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

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 and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Responsible Entities for the Financial Report

The responsible entities of the Society are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the responsible entities are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and 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 and 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 the 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:

- 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.
- 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by responsible entities.

- Conclude on the appropriateness of the responsible entities' 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 Group'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 Group to cease to continue as a going concern.
- 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.
- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
3 October 2017