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 2019

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Revenue	3	46,615,730	51,024,669
Less: expenses			
Finance costs		(378,786)	(362,941)
Inspectorate expense		(4,253,770)	(3,801,460)
Animal training and behaviour expense		(391,702)	(397,511)
Administration expense		(6,241,433)	(6,448,217)
Marketing and public relations expense		(9,136,171)	(8,791,573)
Education expense		(173,732)	(264,038)
Animal shelter expense		(20,093,211)	(21,423,459)
Retail operations expense		(7,300,797)	(7,203,744)
Branch expense		-	-
Other expenses		(1,041,906)	(1,191,204)
		(49,011,508)	(49,884,147)
Profit/(Loss) before income tax expense		**(2,395,778)**	**1,140,522**
Income tax expense	5	-	-
Profit/(Loss) for the year		**(2,395,778)**	**1,140,522**
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss			
(Gain)/loss on disposal recognised in profit or loss		-	(67,088)
Items that will not be reclassified subsequently to profit and loss			
Fair value gain/(loss) on investments in equity instruments designated as at FVTOCI		71,636	85,807
Total comprehensive income/(loss)		(2,324,142)	1,159,241
Profit/(Loss) is attributable to:			
- Owners of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited		(2,413,603)	1,143,859
- Non-controlling interests		17,825	(3,337)
		(2,395,778)	1,140,522
Total comprehensive income/(loss) is attributable to:			
- Owners of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited		(2,341,966)	1,162,578
- Non-controlling interests		17,824	(3,337)
		(2,324,142)	1,159,241

The above statement should be read in conjunction with the notes to the financial statements

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	6	1,344,659	1,558,950
Receivables	7	1,875,183	2,366,326
Inventories	8	1,503,204	1,439,828
Other assets	9	461,901	322,121
Assets classified as held for sale		761,239	417,961
Total current assets		**5,946,186**	**6,105,186**
Non-current assets			
Other financial assets	10	1,505,199	1,369,942
Investments accounted for using equity method	12	40,765	100,911
Property, plant and equipment	14	44,521,748	43,508,594
Intangible assets	15	1,586,916	1,946,045
Other assets	9	92,544	72,590
Total non-current assets		**47,747,172**	**46,998,082**
Total assets		**53,693,358**	**53,103,268**
Current liabilities			
Payables	16	6,551,425	4,294,244
Borrowings	17	2,332,402	1,349,292
Provisions	18	1,745,370	1,560,040
Total current liabilities		**10,629,197**	**7,203,576**
Non-current liabilities			
Borrowings	17	6,847,245	7,566,955
Provisions	18	709,901	501,580
Total non-current liabilities		**7,557,146**	**8,068,535**
Total liabilities		**18,186,343**	**15,272,111**
Net assets		**35,507,015**	**37,831,157**
Equity			
Reserves	19	10,658,134	11,262,071
Retained earnings	29	24,860,667	26,598,696
Equity attributable to owners of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited		**35,518,801**	**37,860,767**
Non-controlling interests	20	(11,786)	(29,610)
Total equity		**35,507,015**	**37,831,157**

The above statement should be read in conjunction with the accompanying notes to the financial statements

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Reserves $	Retained earnings $	Non-controlling interests $	Total equity $
Balance as at 1 July 2017	**11,888,873**	**24,809,316**	**(26,273)**	**36,671,916**
Profit/(Loss) for the year	-	1,143,859	(3,337)	1,140,522
Change in fair value of available for sale financial assets, net of tax	85,807	-	-	85,807
Gain or loss on disposal recognised in profit or loss	(67,088)	-	-	(67,088)
Total comprehensive income for the year	**18,719**	**1,143,859**	**(3,337)**	**1,159,241**
Transfers	(645,521)	645,521	-	-
Balance as at 30 June 2018	**11,262,071**	**26,598,696**	**(29,610)**	**37,831,157**
Balance as at 1 July 2018	**11,262,071**	**26,598,696**	**(29,610)**	**37,831,157**
Loss for the year	-	**(2,413,603)**	17,824	(2,395,778)
Change in fair value of equity investments at FVTOCI	71,637	-	-	71,636
Total comprehensive income for the year	**71,367**	**(2,413,603)**	**17,824**	**(2,324,142)**
Transfer of investment revaluation reserve on disposal of investments in equity investments designated as FVTOCI	**(30,052)**	**30,052**		
Transfers	**(645,522)**	**645,522**		
Balance as at 30 June 2019	**10,658,134**	**24,860,667**	**(11,786)**	**35,507,015**

The above statement should be read in conjunction with the accompanying notes to the financial statements

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Cash flow from operating activities			
Receipts from customers		49,139,187	52,022,401
Payments to suppliers and employees		(44,779,981)	(48,148,714)
Interest received		21,798	5,688
Finance costs		(640,380)	(615,232)
Dividend income		-	10,614
Net cash provided by operating activities	22(b)	3,740,624	3,274,756
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		224,420	1,562,175
Payment of security deposit		-	(8,869)
Payment for property, plant and equipment		(3,943,553)	(6,899,355)
Payment for available-for-sale financial assets		-	(455,806)
Payment for intangible assets		(499,182)	(363,800)
Net cash provided by / (used in) investing activities		(4,218,315)	(5,254,043)
Cash flow from financing activities			
Proceeds from borrowings		-	7,772,000
Repayment of borrowings		(896,091)	(4,664,269)
Net cash provided by / (used in) financing activities		(896,091)	3,107,731
Net increase/(decrease) in cash and cash equivalents		(1,373,782)	1,128,444
Cash at beginning of the financial year		1,236,522	108,078
Cash at end of financial year	22(a)	**(137,260)**	**1,236,522**

The above statement should be read in conjunction with the notes to the financial statements

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, other than AASB9 below.

Impact of initial application of AASB 9 Financial Instruments

In the current year, the Group has applied AASB 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other AASB Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of AASB 9 allow an entity not to restate comparatives. The group has elected not to restate comparatives.

IFRS 9 introduced new requirements for:

- The classification and measurement of financial assets and financial liabilities,
- Impairment of financial assets, and
- General hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below. The Group has applied AASB 9 in accordance with the transition provisions set out in AASB 9.

Classification and measurement of financial assets
The date of initial application is 1 July 2018. Accordingly, the Group has applied the requirements of AASB 9 to instruments that continue to be recognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. Comparative amounts in relation to instruments that continue to be recognised as at 1 July 2018 have not been restated.

All recognised financial assets that are within the scope of AASB 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 July 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of AASB 9 has had the following impact on the Group's financial assets as regards their classification and measurement:

- the Group's investments in equity instruments (neither held for trading nor a contingent consideration arising from a business combination) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as at FVTOCI. The change in fair value on these equity instruments continues to be accumulated in the investment revaluation reserve;
- loans and receivables under IAS 39 that were measured at amortised cost continue to be measured at amortised cost under IFRS 9 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The following table reflects the changes in the classification of financial assets upon application of AASB9:

	30 June 2018 $	AASB9 $	1 July 2018 restated $
Available for sale financial assets	1,369,942	(1,369,942)	-
Financial assets at fair value through other comprehensive income		1,369,942	1,369,942

The amount accumulated in the revaluation reserve of $ 281,072 that used to be subsequently reclassified to profit or loss arising on equity investments now designated as FVTOCI , will now not be subsequently reclassified to profit or loss.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 accounting policies. Those estimates and judgements significant to the financial report are disclosed in note 2.

Going Concern

The financial report has been prepared on the going concern basis, which assumes that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

At 30 June 2019 the entity's current liabilities exceed its current assets by $4,683,011 (2018: $1,098,390). Non-current assets include financial assets of $1,505,199 (2018: $1,369,942) 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 2019.

In considering the preparation of the financial report on a going concern basis, the Directors have taken into account that a significant portion of the entity's annual revenues are generated from donation and bequest income which are subject to variability in terms of their timing and amount, and which are therefore difficult to forecast accurately.

In determining that the financial report is appropriately prepared on a going concern basis, the Directors have considered:

- the entity's forecast cash flows for a period of at least twelve months from the date of signing the financial report indicate that the entity will generate sufficient cash flows from operations to meet its financial obligations as and when they become due and payable;
- the entity has a proven track record of generating donation and bequest income on a recurring basis, and the level of bequest and donation commitments in the first two months of the financial year ending 30 June 2020 has exceeded $7m (refer note 25 for further details);
- the entity has long term commercial bill facilities with $3m maturing in 2021 and $4m maturing in 2023. There are no specific lending covenants attaching to these facilities other than in relation to the provision of audited financial reports for the entity. The entity has a further $2.5m available in the form of a new loan facility if required.
- the entity has access to an overdraft facility amounting to $1.7m. As at 30 June 2019 approximately $0.3m of this overdraft facility was undrawn and available;
- the entity has other investments of greater than $1.4m as at 30 June 2019 which can be utilised if necessary; and
- in the event that bequest and donation income is not generated at the forecast levels, or the timing of such income is inconsistent with the forecast timing, the entity has the ability to reduce its outgoings or sell assets to mitigate the impact of such revenue variability.

At the date of this report and having considered the above factors, the directors are confident that the entity will be able to continue as a going concern.

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 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)

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.

(d) Revenue

Revenue is measured at the fair value of consideration received or receivable to the extent it is probable that the economic benefits will flow to the group, net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The following specific recognition criteria must also be met before revenue is recognised:

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).

(e)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.

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, net of transaction costs, with the exception of financial assets and financial liabilities at fair value through profit and loss, where transaction costs are recognised immediately in profit or loss.

Financial assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value depending on the classification of the financial assets.

The classification depends on whether the objective of the entity's business model is to hold financial assets in order to collect contractual cash flows (business model test) and whether the contractual terms of the cash flows give rise on specified dates to cash flows that are solely payments of principal and interest (cash flow test). Financial assets are accordingly classified as either at fair value through other comprehensive income or at fair value through profit or loss.

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

The Group has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment

Trade and other receivables

Trade and other receivables are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method.

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

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. 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)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI and trade receivables . The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

(g) 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.

(h) Inventories

Inventories held for sale are measured at the lower of cost and net realisable value. Cost is determined on the basis of weighted average cost. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

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

(i) 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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Class of fixed asset	Depreciation / amortisation rates	Depreciation/ amortisation method
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.

(j) 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.

(j) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of non-financial assets (continued)

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.

(k) 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.

(l) 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.

(m) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(n) 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.

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.

(p) 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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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.

(r) Comparatives

Where necessary, comparative figures have been amended for any changes to the current year presentation or classification of items in the Statement of Profit or Loss and the Statement of Financial Position. The reclassification of revenue items in Note 3 to the financial statements has resulted in the restatement of the comparatives of that note, the most significant of which were amounts relating to Inspectorate fees, Bequests and donations and other income. There were no other changes to the financials report as a result of these classifications.

(s) Non-current assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

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 prosecution claims receivable have been extremely difficult to recover in a timely and efficient manner. A provision for doubtful debts for prosecution debtors has been recognised at based on the average percentage of provision for doubtful prosecution debtors over the previous six year. The board of directors consider this an appropriate estimate of the expected credit loss over the life of the prosecution claims.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: REVENUE

	2019	2018
	$	$
Adoption, boarding and surrender fees	7,232,224	7,683,095
Inspectorate services	425,953	308,360
Merchandise sales	9,518,842	9,382,422
Veterinary services	845,709	864,456
Animal training services	238,937	142,224
Software sales and maintenance fees	1,276,702	818,182
	19,538,367	19,198,738
Dividend income	60,766	89,161
Interest income	21,798	9,374
Other income	840,558	728,667
	923,122	827,203
Profit on sale of non- current assets	(50,756)	100,215
Fundraising Income	4,784,387	4,740,661
Bequest and donation income	19,098,919	22,418,274
Subsidies and grants	2,321,691	3,739,578
	26,154,241	30,998,728
	46,615,730	**51,024,669**

(i) *Bequests and donations*

The Society received bequest and donations during the 2019 financial year that totaled $19,098,919 (2018: $22,418,274) including $295,000 (2018: $1,148,334) from bequest of property.

NOTE 4: OPERATING PROFIT

	2019	2018
	$	$
Profit / (losses) before income tax has been determined after:		
Finance costs	640,380	615,232
Foreign currency translation (gains)/losses	(26,291)	8,964
Cost of sales	6,140,353	6,310,213
Employee benefits expense	22,445,195	23,130,511
Rental expense on operating leases	1,924,450	1,872,999
Loss / (gain) on disposal of property, plant and equipment	95,485	339,192
(Gain) on disposal of available-for-sale financial assets	-	(67,088)
Impairment of interest in associate	41,591	-
Share of loss from associate	18,555	92,149

NOTE 4: OPERATING PROFIT (Continued)

	2019	2018
Depreciation and amortisation of non-current assets:	$	$
- Buildings	993,471	972,426
- Plant and equipment	973,484	1,167,644
- Motor vehicles	272,793	285,715
- Leasehold land	30,300	30,300
- Software	853,986	854,488
	3,124,034	3,310,573

NOTE 5: INCOME TAX

(a) Components of tax expense

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

(b) Prima facie tax payable

The prima facie tax payable on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit/(loss) before income tax at 27.5% (2018: 27.5%)	(650,575)	313,644
Less tax effect of:		
- Exempt net income	(611,979)	306,418
- Deferred tax asset on tax losses and temporary differences not brought to account	(38,596)	(7,226)
	(650,575)	313,644
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 (2018: $nil). The deferred tax asset not recognised in relation to losses at 30 June 2019 is $nil (2018: $nil).

The Society also has unrecognised deferred tax assets relating to temporary differences of approximately $246,583 (2018: $245,917) 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 2019, 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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

	2019 $	2018 $
NOTE 6: CASH AND CASH EQUIVALENTS		
Cash on hand	30,177	21,256
Cash at bank	1,314,482	1,537,694
	1,344,659	1,558,950
NOTE 7: RECEIVABLES		
Trade debtors	877,493	905,369
Prosecution claims receivable	886,978	665,205
Impairment loss	(449,000)	(195,204)
	437,978	470,001
Loans - unsecured	114,844	74,293
GST receivable	232,593	184,736
Other debtors	212,275	731,927
	1,875,183	2,366,326
Impairment of prosecution claim receivables		
Opening balance at 1 July	195,204	302,300
Charge for the year	253,796	(107,096)
Closing balance at 30 June	449,000	195,204
NOTE 8: INVENTORIES		
CURRENT		
At cost		
Finished goods	1,503,204	1,439,828
NOTE 9: OTHER ASSETS		
CURRENT		
Prepayments	461,901	322,121
NON CURRENT		
Security deposits	92,544	72,590
	92,544	72,590
NOTE 10: OTHER FINANCIAL ASSETS		
At fair value		
Shares in listed corporations	1,505,199	1,369,942

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 2018	2018
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 (2018: $nil)

(i) A subsidiary of Shelter Management Pty Ltd

NOTE 12: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD		**2019 $**	**2018 $**
NON CURRENT			
Interests in associates	13 (a)	40,765	100,911

An impairment of $51,591 was recognised against the value of the Interest in associates at 30 June 2019 (2018: $nil)

NOTE 13: INTERESTS IN ASSOCIATES

(a) Associates

	Nature of relationship	**Ownership interest**		**Measurement basis**	**Quoted fair value (if available)**	
Associate		**2019 %**	**2018 %**		**2019 $**	**2018 $**
Pet Cloud Pty Ltd	Business Partner	18.3	20	Equity accounted	-	-
Country of incorporation: Australia						

NOTE 14: PROPERTY, PLANT AND EQUIPMENT	2019 $	2018 $
Land		
Freehold land		
At cost	3,586,307	3,576,250
Leasehold land		
At cost	3,000,000	3,000,000
Accumulated amortisation	(232,819)	(202,519)
	2,767,181	2,797,481
Buildings		
At cost	41,170,355	38,027,360
Accumulated depreciation	(7,633,492)	(6,640,583)
	33,536,863	31,386,777
Total land and buildings	39,890,351	37,760,508
Plant and equipment		
At cost	9,768,547	9,480,215
Accumulated depreciation	(8,820,504)	(7,868,394)
	948,043	1,611,821
Motor vehicles		
At cost	2,725,254	2,533,418
Accumulated depreciation	(2,183,608)	(2,037,751)
	541,646	495,667
Work in progress	3,141,708	3,640,598
Total plant and equipment	4,631,397	5,748,086
Total property, plant and equipment	44,521,748	43,508,594

NOTE 14: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations:

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Motor Vehicles	Work in progress
Balance at 1 July 2017	576,250	2,827,781	32,177,908	1,999,911	657,195	1,342,086
Additions	3,000,000	-	758,826	788,796	127,512	3,612,643
Disposals	-	-	(1,891,662)	(9,242)	(3,325)	-
Depreciation and amortisation expense	-	(30,300)	(972,426)	(1,167,644)	(285,715)	-
Transfer from work in progress	-	-	1,314,131	-	-	(1,314,131)
Balance at 30 June 2018	3,576,250	2,797,481	31,386,777	1,611,821	495,667	3,640,598
Balance at 1 July 2018	3,576,250	2,797,481	31,386,777	1,611,821	495,667	3,640,598
Additions	10,057	-	5,377	316,029	319,815	3,290,915
Disposals	-	-	(71,625)	(6,323)	(1,043)	(30,000)
Depreciation expense	-	(30,300)	(993,471)	(973,484)	(272,793)	-
Transfer from work in progress	-	-	3,209,805	-	-	(3,759,805)
Balance at 30 June 2019	3,586,307	2,767,181	33,536,863	948,043	541,646	3,141,708

NOTE 15: INTANGIBLE ASSETS

	2019 $	2018 $
Software at cost	5,896,218	5,397,038
Accumulated amortisation and impairment	(4,309,302)	(3,455,316)
	1,586,916	1,941,722
Software intangible work in progress	-	4,323
Total intangible assets	1,586,916	1,946,045

Reconciliations:

	Software at cost	Software intangible work in progress
Balance at 1 July 2017	1,351,410	628,642
Additions	540,156	280,325
Amortisation expense	(854,488)	-
Transfer from Work in Progress	904,644	(904,644)
Balance at 30 June 2018	1,941,722	4,323

NOTE 15: INTANGIBLE ASSETS (continued)

Reconciliations:	**Software at cost**	**Software intangible work in progress**
Balance at 1 July 2018	1,941,722	4,323
Additions	499,180	-
Disposals	-	(4,323)
Amortisation expense	(853,986)	-
Transfer from work in progress	-	-
Balance at 30 June 2019	1,586,916	-

NOTE 16: PAYABLES	**2019 $**	**2018 $**
CURRENT		
Unsecured liabilities		
Trade creditors	4,715,796	2,743,612
Sundry payables and accrued expenses	1,835,629	1,550,632
	6,551,425	4,294,244

NOTE 17: BORROWINGS		
CURRENT		
Unsecured liabilities		
Bank overdraft	1,481,919	322,428
	1,481,919	322,428
Secured liabilities		
Bank bills	589,500	676,800
Finance lease liability	260,983	350,064
	850,483	1,026,864
Total current borrowings	2,332,402	1,349,292
NON CURRENT		
Unsecured liabilities		
Finance lease liability	225,380	475,970
Redeemable preference shares	80,000	80,000
	305,380	555,970
Secured liabilities		
Bank bills	6,541,865	7,010,985
	6,541,865	7,010,985
Total non-current borrowings	6,847,245	7,566,955

NOTE 17: BORROWINGS (CONTINUED)

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 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.

The Society has a bank overdraft facility amounting to $1,700,000 (2018: $1,700,000). This may be terminated at any time at the option of the bank. At 30 June 2019, the unutilised facility was $218,081 (2018: $1,377,572). 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
Bank Bill	$3,032,000	9 April 2021	$2,391,365	Interest + $56,400 per month
Bank Bill	$4,740,000	9 April 2023	$4,740,000	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.

NOTE 18: PROVISIONS	**2019**	**2018**
	$	**$**
CURRENT		
Employee benefits	1,745,370	1,560,040
	1,745,370	1,560,040
NON CURRENT		
Employee benefits	709,901	501,580
	709,901	501,580

NOTE 19: RESERVES	2019	2018
	$	$
Available for sale financial asset reserve	281,072	239,488
Other reserves	10,377,062	11,022,583
	10,658,134	11,262,071

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 government grant reserve of $ 645,522 (2018: $645,521) represents the depreciation charge.

NOTE 20: NON-CONTROLLING INTERESTS	2019	2018
	$	$
Interest held by minority shareholders in subsidiary	(11,786)	(29,610)

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:

	Parent	
	2019	2018
	$	$
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 loan is fully impaired at balance date. No additional impairment recorded was in 2019.	347,918	347,918
Working account owed by Shelter Management Pty Ltd. This account is interest free and unsecured. The loan is fully impaired at balance date. No additional impairment was recorded in 2019.	1,546,669	1,263,039
Recharge of executive and administrative wages to Shelter Management Pty Ltd	304,690	244,225
Rent charged from RSPCA to Shelter	6,000	-

Management Pty Ltd

NOTE 21: RELATED PARTY TRANSACTIONS (continued)

Other related party transactions

Management fees were paid to DNR Capital Pty Ltd of $11,288 (2018: $11,278) of which Justine Hickey (RSPCA QLD Treasurer) is a Director.

Management fees were paid to Ranbury Management Group of $36,400 of which Ali Shery is a member of key management.

NOTE 22: CASH FLOW INFORMATION

(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 and cash equivalents (Note 6)	1,344,659	1,558,950
Bank overdraft (Note 17)	(1,481,919)	(322,428)
	(137,260	1,236,522

***(b)* Reconciliation of cash flow from operations with profit after income tax**

Profit/(Loss) from ordinary activities after income tax	(2,395,778)	1,140,522
Adjustments and non-cash items		
Amortisation	853,957	854,488
Depreciation	2,270,051	2,456,085
Non-cash bequest	-	(550,001)
Net (gain) / loss on disposal of property, plant and equipment	97,003	342,052
Net (gain) / loss on disposal of financial Instruments	-	(67,088)
Net (gain) on sale of properties held for sale		(37,846)
Impairment of equity accounted investment	41,591	-
Share of associated company's net profit after dividends	18,555	92,149
Net movement in share portfolio, net of gains`	(63,618)	(33,243)
Changes in assets and liabilities		
(Increase) / decrease in receivables	539,000	(230,200)
(Increase) / decrease in other assets	(207,591)	250,756
(Increase) / decrease in inventories	(63,376)	149,961
Increase / (decrease) in payables	2,251,181	(1,417,680)
Increase / (decrease) in provisions	393,648	324,801
Cash flows from operating activities	3,740,624	3,274,756

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)

	2019 $	2018 $
Key management personnel compensation	927,630	907,478

NOTE 24: CAPITAL AND LEASING COMMITMENTS

	Consolidated and Parent	
	2019 $	2018 $
a) Finance leasing commitments		
Payable		
- not later than one year	261,137	350,068
- later than one year and not later than five years	261,293	605,399
Minimum lease payments	522,430	955,467
Less future finance charges	(36,067)	(129,433)
Total finance lease liability	486,363	826,034
Represented by:		
Current liability	260,983	350,064
Non-current liability	225,380	475,970
	486,363	826,034
b) Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements:		
Payable		
- not later than one year	1,473,657	1,624,309
- later than one year and not later than five years	1,468,850	1,934,440
	2,942,507	3,558,749

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 17 motor vehicle leases expiring in 2019 to 2023 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.

Estimates of the maximum amounts of contingent assets that may become receivable:

	Consolidated and Parent	
	2019	2018
	$	$
Probate advised - written	5,701,192	1,136,000
Provide advised - verbal	572,713	8,000
Probate not advised – written & verbal	770,175	1,339,200
	7,044,080	2,483,200

NOTE 26: CONTINGENT LIABILITIES

The Society has provided bank guarantees to the total value of $ 92,343(2018: $89,372) as rental guarantees.

The Society receives a number of government 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 2019 the Society had not received any grant monies which are subject to conditions and, that had yet to be acquitted as required under the relevant agreements. (2018: $87,955)

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 2019 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2019, of the group, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2019, of the group.

The financial report was authorised for issue by the Board of Directors of the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited on 21 September 2019.

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

NOTE 29: RETAINED EARNINGS

	2019 $	2018 $
Retained earnings at beginning of year	26,598,696	24,809,316
Net profit/(loss)	(2,413,603)	1,143,859
Transfers from reserves	675,574	645,521
	24,860,667	26,598,696

NOTE 30: PARENT ENTITY INFORMATION

	2019 $	2018 $
Financial Position		
Assets		
Current assets	5,741,406	5,634,769
Non-current assets	46,364,199	45,859,062
Total assets	52,105,605	51,493,831
Liabilities		
Current liabilities	10,616,900	6,837,867
Non-current liabilities	7,477,146	7,988,536
Total liabilities	18,094,046	14,826,403
Equity		
Retained earnings	23,353,426	25,405,357
Reserves		
Available for sale financial asset reserve	281,072	239,488
Other reserves	10,377,062	11,022,583
Total equity	34,011,560	36,667,428
Financial performance		
Profit/(loss) for the year	(2,727,505)	829,600
Other comprehensive income	71,637	18,719
Total comprehensive income	(2,655,868)	848,319

The accounting policies of the parent entity, which have been applied in determining the financial information shown above, are the same as those applied in the consolidated financial statements except as set out below. See note 1 for a summary of the significant accounting policies relating to the Group.

Investments in subsidiaries, associates and joint ventures
Investments in subsidiaries, associates and joint ventures are accounted for at cost. Dividends received from subsidiaries, associates and joint ventures are recognised in profit or loss when a right to receive the dividend is established (provided that it is probable that the economic benefits will flow to the Parent and the amount of income can be measured reliably).

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 - 29 presents fairly the society's financial position as at 30 June 2019 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-profit s 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.

Dated this 24th day of September 2019

Deloitte.

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited (the "Entity") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other 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 other explanatory information, and the declaration by the directors.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Regime 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 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 Group's annual report for the year ended 30 June 2019, 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 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.

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Responsibilities of the directors for the Financial Report

The directors of the Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the ACNC Act and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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 the 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 this financial report.

As part of an audit in accordance with the 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 the directors.

- Conclude on the appropriateness of the director's 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.

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We communicate with the directors 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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Vanessa de Waal
Partner
Chartered Accountants
Brisbane, 24/09/2019