RSPCA Western Australia

RSPCA WA 2018/19 Annual Report

FINANCIAL STATEMENTS APPENDIX

The Royal Society For Prevention of Cruelty to Animals, Western Australia.

Special Purpose Financial Statements for the financial year ended 30 June 2019.

ABN 48 626 609 587

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GENERAL INFORMATION

The financial statements cover The Royal Society For Prevention of Cruelty to Animals, Western Australia as an individual entity. The financial statements are presented in Australian dollars, which is RSPCA WA's functional and presentation currency.

The financial statements were authorised for issue on 26 September 2019.

Directors' Report

The Directors of The Royal Society for the Prevention of Cruelty to Animals, Western Australia ("RSPCA WA") present the following annual report of the company for the financial year ended 30 June 2019.

INFORMATION ABOUT THE DIRECTORS

The names and particulars of the Directors of the company during or since the end of the financial year are:

Lynne Bradshaw	30+ years in business development industry	Chairperson
Ian Cowie	M.S. (Econs), B.A. (Hons)	Deputy Chairperson
Michelle McKenzie	M.A. (Public Policy), B.A. (Hons), AdvDip Management	Non-Executive Director
Giselle di San Marzano	BJuris/LLB, Barrister & Solicitor	Non-Executive Director
Pamela Hass	LLM, LLB (Hons). B.A. (Journalism)	Non-Executive Director
Renata Paliskis	GradCert Australian Rural Leadership, GradCert Professional Accounting, AdvDip Leadership and Management, MBA, PostGrad Grazing Animal Husbandry, Diploma Applied Science in Agriculture.	Non-Executive Director
Michelle De Ronchi	GradCert Infection Control and Palliative Care, CertIV Workplace Assessment and Training, Dipl Nursing and Midwifery, Dipl Frontline Management	Non-Executive Director
Darren Smith	B.E. Mech, Exec Program in Competition and Strategy Harvard School	Non-Executive Director
Alice Manners	M.A (Psychology)	Non-Executive Director
Heather MacFarquhar	B.A (Hons), PostGrad Dipl Social Work, Social Work Certificate, and Exec Management Cert	Non-Executive Director
Jamie Hamilton	Bcoms, GradDipAppFin	Non-Executive Director

The above named Directors held office during the whole of the financial year and since the end of the financial year unless otherwise stated.

The names and qualifications of the secretaries of the company during or since the end of the financial year are:

Jane Marie Betjeman	LLBs, GradCertMgmt, Company Secretarial Practice Course	1/7/18-29/03/19
Johanna Edwards	LLB (Hons)	13/02/18-26/4/19
Ben Cave	MBA	13/12/18-03/03/19
Melanie Power	BCom, GradDipCorpGov, Member of the Chartered Accountants Australia and New Zealand, Associate member of the Governance Institute of Australia, Associate member of The Taxation Institute, Registered Tax Agent – Tax Practitioners Board	26/04/19-current

Directors' Meetings

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each director.

	Board of Directors		Audit & Risk Committee		Remuneration & Nominations Committee		
Directors	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	Eligible to attend	Meetings attended	
Lynne Bradshaw	11	11			5	5	
Ian Cowie	11	10			5	3	
Michelle McKenzie	11	4					
Giselle di San Marzano	11	9					
Pamela Hass	11	7					
Renata Paliskis	11	5	6	2			
Michelle De Ronchi	11	9	6	5	5	5	
Darren Smith	7	6	6	6			Appointed 1/11/18
Alice Manners	6	6					Appointed 29/11/18
Heather MacFarquhar	6	6					Appointed 29/11/18
Jamie Hamilton	6	4					Appointed 29/11/18

PRINCIPAL ACTIVITIES, OBJECTIVES AND PERFORMANCE

The long-term objective of the organisation is to prevent or suppress cruelty to animals, and in doing so, do all such lawful acts as the company may consider conducive or incidental to the attainment of these purposes, and establish and operate the Public Fund.

Activities may include the application of resources to ensure the enforcement of laws protecting animals from cruelty and promoting animal welfare; take whatever steps are necessary to educate the community with regard to the humane treatment of animals; sustain an informed public opinion regarding animal welfare; disperse information on the care, protection and treatment of animals; procure the passage of such amending or new legislation and policy as is necessary for the protection of animals; conduct, manage, operate or encourage clinics, hospitals, homes or shelters for the care, treatment, maintenance and protection of animals, and develop and maintain productive relationships with key stakeholders for the benefit of animal welfare.

DETAILS OF MEMBERSHIP

The RSPCA WA is a public company limited by guarantee operating in Western Australia. The guarantee is $10 per member and at 30 June 2019 there were 233 members (225 members in July 2018, which was the date of transition to Company Limited by Guarantee).

REVIEW OF OPERATIONS

RSPCA WA recorded a net deficit of $1,843,678 for the 2019 financial year (2018 deficit $1,392,596). Total income amounted to $8,872,218 (2018: $10,125,561). Bequest income for 2019 totalled $1,967,966 (2018: $2,907,944). Grants income grew from $619,000 in 2018 to $786,569 in the 2019. Shelter adoptions sales income has declined from $442,727 in the 2018 financial year to $346,545 in the 2019 financial year.

Total expenditure for the 2019 financial year totalled $10,715,896, down from $11,518,157 the previous year. Total incoming animals was in line with the previous year, with 61% coming from Inspectorate activities. Animals taken in by inspectorate tend to stay for longer periods of time and require higher levels of support. During the year RSPCA WA continued to invest in our fundraising strategy that is aimed at growing supporters, donations and increasing resources available for strategic priorities on a sustainable basis.

CHANGES IN STATE OF AFFAIRS

In accordance with the resolution passed by members at the Extraordinary General meeting held on 1 March 2018, the RSPCA WA has transitioned to a public company limited by guarantee under the *Corporations Act 2001* (Cth). It was registered by the Australian Securities and Investments Commission on 24 July 2018 and the new Constitution came into effect on that date.

SUBSEQUENT EVENTS

The Board advised on 19 August 2019 that the permanent appointment of Iain Torrance as Chief Executive Officer of RSPCA WA will not proceed. Mr Torrance, who commenced in the role in March 2019, had been on leave since mid-July and whilst on Mr Torrance was on leave, Ben Cave, Executive Manager Business Services, had been acting in the role. Mr Cave is continuing to act in the role and the Board will continue its search for a new CEO to take over the reins of the organisation from David van Ooran, who left RSPCA WA in mid-2018 after seven years as CEO.

ENVIRONMENTAL REGULATION

The organisations operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of State or Territory.

INDEMNIFYING OFFICER

The organisation paid a premium in respect of a contract insuring the directors (as named above), the company secretary and all executive officers against liability incurred as such a director, secretary or executive officer to the extent permitted by the Law.

The organisation has not otherwise during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the organisation or of any related body corporate against liability incurred as such as officer or auditor.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the organisation is party for the purpose of taking responsibility on behalf of the organisation for all or any part of those proceedings. The organisation was not a party to any such proceedings during the financial year.

The Directors report is signed in accordance with the resolution of the Directors.

On behalf of the Directors

Lynne Bradshaw AM
Chairperson / Director
Perth, 26 September 2019

Ian Cowie
Deputy Chairperson / Director
Perth, 26 September 2019

DIRECTORS' DECLARATION

As stated in Note 1 (Basis of Preparation) to the financial statements, in the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the *Australian Charities and Not-for-profits Commission Act 2012*, the *Corporations Act 2001 (Cth)*, the *Charitable Collections Act 1946 (WA)* and the *Charitable Collections Regulations 1947 (WA)*. The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of RSPCA WA.

The Director(s) of the company declare that in the Directors' opinion:

a) The financial report and notes set out on pages 7 to 20:

   i. comply with Accounting Standards and other mandatory professional reporting requirements; and

   ii. give a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

b) In accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*:

   i. there are reasonable grounds to believe that the company is able to pay all of its debts, as and when they become due and payable; and

   ii. the financial statements and notes satisfy the requirements of the A*ustralian Charities and Not-for-profits Commission Act 2012*.

Lynne Bradshaw AM
Chairperson / Director
Responsible Persons' declaration

Ian Cowie
Deputy Chairperson / Director

Perth, 26 September 2019

The Royal Society for Prevention of Cruelty to Animals, Western Australia
Statement of Profit or Loss and Other Comprehensive Income
for the financial year ended 30 June 2019

	NOTE	2019	2018
		$	$
Revenue	2	8,872,218	10,125,561
EXPENSES			
Employee expense		(6,171,811)	(6,433,432)
Depreciation and amortisation expense	8	(354,708)	(306,723)
Operating lease expense		(382,418)	(388,583)
Other operating costs	3	(3,750,764)	(4,333,060)
Finance and investment costs	12	(45,057)	(56,359)
Loss on sale of assets		(11,138)	-
Deficit before income tax expense		**(1,843,678)**	**(1,392,596)**
INCOME TAX EXPENSE		-	-
Deficit after income tax expense		**(1,843,678)**	**(1,392,596)**
Other Comprehensive Income that may be reclassified subsequently to profit or loss			
Gain/(loss) on available for sale financial assets	13	-	(74,837)
Items that cannot be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments through other comprehensive income	13	(101,408)	-
Total comprehensive loss for the year		**(1,945,086)**	**(1,467,433)**

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

The Royal Society for Prevention of Cruelty to Animals, Western Australia
Statement of Financial Position as at 30 June 2019

	NOTE	2019	2018
		$	$
CURRENT ASSETS			
Cash and cash equivalents	4	1,205,027	1,515,036
Trade and other receivables	5	372,146	394,801
Inventory	6	54,923	65,286
Financial assets	7	212,617	185,244
Total current assets		**1,844,713**	**2,160,367**
NON CURRENT ASSETS			
Financial assets	7	3,207,168	4,761,716
Property plant and equipment	8	3,243,686	3,153,561
Leased Assets	8	50,157	-
Intangible assets	9	9,128	11,425
Total non current assets		**6,510,139**	**7,926,702**
TOTAL ASSETS		**8,354,852**	**10,087,069**
CURRENT LIABILITIES			
Trade and other payables	10	813,187	591,526
Employee provisions	11	334,421	357,207
Total current liabilities		**1,147,608**	**948,733**
NON CURRENT LIABILITIES			
Employee provisions	11	62,678	48,681
Non current liabilities		**62,678**	**48,681**
TOTAL LIABILITIES		**1,210,286**	**997,414**
NET ASSETS		**7,144,566**	**9,089,655**
EQUITY			
Retained surplus	13	6,741,187	8,584,868
Financial assets reserve	13	403,379	504,787
TOTAL EQUITY		**7,144,566**	**9,089,655**

The above statement of financial position should be read in conjunction with the accompanying notes

The Royal Society for Prevention of Cruelty to Animals, Western Australia
Statement of Changes in Equity for the financial year ended 30 June 2019

	RETAINED SURPLUSES	FINANCIAL ASSETS RESERVE	TOTAL EQUITY
	$	$	$
Balance at 1 July 2017	**9,977,464**	**579,624**	**10,557,088**
Deficit for the year	(1,392,596)	-	(1,392,596)
Financial assets revaluation	-	(74,837)	(74,837)
Total comprehensive loss	**(1,392,596)**	**(74,837)**	**(1,467,433)**
Balance at 30 June 2018	**8,584,868**	**504,787**	**9,089,655**
Balance at 1 July 2018	**8,584,868**	**504,787**	**9,089,655**
Deficit for the year	(1,843,681)	-	(1,843,681)
Financial assets revaluation	-	(101,408)	(101,408)
Total comprehensive loss	**(1,843,681)**	**(101,408)**	**(1,945,089)**
Balance at 30 June 2019	**6,741,187**	**403,379**	**7,144,566**

The above statement of changes in equity should be read in conjunction with the accompanying notes

The Royal Society for Prevention of Cruelty to Animals, Western Australia
Statement of Cash Flows for the financial year ended 30 June 2019

	NOTE	2019	2018
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donors and other services provided		5,915,090	6,455,017
Legacies and bequest (including trust interest)		1,967,966	2,907,944
Grant receipts		786,569	619,000
Payment to suppliers and employees		(10,092,121)	(11,336,324)
Franking credits received		112,055	85,838
Interest paid		(45,057)	(56,359)
Interest received		123,558	155,565
Net cash used in operating activities	**19**	**(1,231,940)**	**(1,169,319)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(503,835)	(107,466)
Proceeds from the sale of financial assets		1,522,078	834,951
Purchase of financial assets		(96,312)	(923,856)
Net cash (used in)/provided by investing activities		**921,931**	**(196,371)**
Net increase/(decrease) in cash and cash equivalents		(310,009)	(1,365,690)
Cash and cash equivalents at the beginning of the year		1,515,036	2,880,726
Cash and cash equivalents at the end of the year	**4**	**1,205,027**	**1,515,036**

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1: Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Accounting Standards not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting year ending 30 June 2019. The Company's assessment of the impact of relevant new standards and interpretations is set out below.

(i) AASB 1058 Income of Not-for-Profit Entities

AASB 1058 introduces changes to the income recognition by public and private sector not-for-profit (NFP) entities. Rather than accounting for all contribution transactions under AASB 1004 Contributions, NFPs will now need to determine whether a transaction is a genuine donation (accounted for under AASB 1058,) or a contract with a customer (accounted for under AASB 15 Revenue from Contracts with Customers). Implementation guidance has been added to AASB 15 to assist with this determination. A contract is within the scope of AASB 15 if:

- The Company has an enforceable contract with a customer, and
- The contract includes sufficiently specific promises for the NFP Company to transfer goods or services to the customer of third party beneficiaries.

Under AASB 15 income will only be recognised as the obligations under the contract are satisfied, potentially resulting in a deferral of income as compared to the current accounting under AASB 1004.AASB 1058 also introduces new requirements for income recognition in several other types of transactions which do not fall within the scope of AASB, including:

- below-market leases
- obligations to acquire or construct a specific asset for an entity's own use, and
- other transactions such as volunteer services, donated inventories, endowments and bequests.

If NFPs account for income under AASB 15, the relevant disclosures will also apply. In addition, AASB 1058 includes incremental disclosures for NFPs such as the disaggregation of income.

The mandatory application date of AASB 15 has been deferred to 1 January 2019 for NFP entities.

Management is currently assessing the impact of the new rules and at this stage, the Company is not able to estimate the impact of the new rules on the Company's financial statements.

(ii) AASB 16 - Leases

The following new standard issued by the AASB, which is not yet mandatorily applicable to the Company, has not been applied in preparing these financial statements:

AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019). AASB 16 provides a new lessee accounting model which will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.

Basis of preparation

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the *Australian Charities and Not-for-profits Commission Act 2012*, the *Corporations Act 2001* (Cth), the *Charitable Collections Act 1946* (WA) and the *Charitable Collections Regulations 1947* (WA). The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of RSPCA WA.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

RSPCA WA became a Company Limited by Guarantee during the period and as a result the comparative information is that of the Incorporated Association and the current year information is that of the Company. We have applied continuous accounting throughout the periods reported within the financial report, and therefore while the financial information in the comparative period is that of the Incorporated Association and the current period is that of the Company this has not impacted the accounting within the financial report.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company'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 1(n).

(a) Income Tax

As the Company is a charitable institution in terms of Subsection 50-5 of the *Income Tax Assessment Act 1997*, as amended, it is exempt from paying income tax.

(b) Inventories

Inventories for sale are measured at the lower of cost and net realisable value. Inventories not for resale or use with no recharge are valued at fair value. Donated inventories which are not able to be valued are carried at nil value in the Statement of Financial Position.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Items of plant and equipment are depreciated over their estimated useful lives to their estimated residual value on a diminishing value or straight line basis so as to write off their value progressively over their estimated useful lives commencing from the time the asset is ready for use.

The following depreciation rates are used:

Buildings	15 to 40 yrs	straight line based on the effective life of the asset
Motor vehicles	4 to 8 yrs	diminutive based on the effective life of the asset
Software, Plant and equipment	1 to 8 yrs	diminutive and straight line based on the effective life of the asset
Infrastructure & outbuildings	5 to 30 yrs	straight line based on the effective life of the asset
Intangible assets	1 to 3 yrs	diminutive based on the effective life of the asset

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company.

Gains and losses on disposals are determined by comparing proceeds to the carrying amount of the asset. These are included in the statement of profit or loss and other comprehensive income.

(d) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

From 1 July 2018, the Company assessed expected credit losses (ECLS) associated on a forward-looking basis. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(e) Investments and other financial assets

AASB 9 Financial Instruments replaces the provisions of AASB 139 *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 Financial Instruments from incorporation did not give rise to any material transitional adjustments. The new accounting policies (applicable from incorporation) are set out below.

Certain investments were reclassified from financial assets available-for-sale to financial assets at fair value through other comprehensive income (FVOCI). They do not meet the AASB 9 Criteria for classification at amortised cost, because their cash flows do not represent solely payments of principal and interest.

In accordance with the transitional provisions in AASB 9(7.2.15) and (7.2.26), comparative figures have not been restated.

Classification and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through profit or loss and fair value through other comprehensive income. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company's financial assets at amortised cost includes trade receivables, and financial assets at fair value through other comprehensive income that include equity instruments under non-current financial assets.

Equity Instruments

The Company elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. In this event, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the profit or loss as other income when the Group's right to receive payments is established. As a result, assets with a fair value of $4,761,716 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value losses of $504,787 were re-classified from AFS reserve to the FVOCI reserve on incorporation.

(f) Financial liabilities

Financial liabilities are derecognised where they relate to obligations either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party at fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in the statement of profit or loss and other comprehensive income.

(g) Impairment of Assets

At each reporting date, the Company reviews the carrying value of its definite useful life tangible and intangible assets to determine if whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed in the statement of profit or loss and other comprehensive income. Intangible assets that have an indefinite useful life are assessed for impairment annually as required by the standard. The assessment process is the same as definite useful life assets where an indication of impairment exists.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs.

(h) Employee Benefits

Short term Employee Benefits

Short term employee benefits are employee benefits (other than termination benefits) which fall due wholly within 12 months after the end of period in which those services were rendered. They comprise wages, salaries and short-term compensation absences payable within 12 months and non mandatory benefits such as salary continuance and permanent and temporary insurance benefits.

Other long term employee benefits

Other long term employee benefits include long service leave payable 12 months or more after the end of the period in which employee services are rendered. Recognition of long service leave commences when the employee has reached 5 years of service and under legislation can be paid out after 7 years of service.

(i) Cash and cash equivalents

Cash and cash equivalents which include cash on hand, cash in banks and other short term highly liquid investments.

(j) Revenue Recognition

Sale of Goods – revenue from the sale of goods is recognised when the Company sells a product to the customer. Payment of the transaction price is due immediately when the customer purchases the goods in store.

Rendering of a service – revenue from providing a service is recognised in the accounting period in which the services are rendered.

Revenue from grants is recognised when control of monies is obtained and the amount of revenue can be measured reliably.

Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

Short term interest and managed funds distributions are recognised when the right of payment is established.

Donations and bequests are recognised upon receipt.

Material donations of goods in kind are recognised as income at the fair value of the underlying asset received.

Revenue from the recovery of court awarded costs in relation to prosecutions are recognised upon receipt.

(k) GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST included is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense. Receivable and payables in the Statement of Financial Position are shown inclusive of GST.

(l) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) Trade and other payables

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The Company evaluates estimates and judgements incorporated into the Financial Statement based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

Long service leave provision

As discussed in note 1(h), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant, and equipment and intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated useful lives, or technical obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(o) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(p) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

Note 2: Revenue	2019	2018
	$	$
Donations	1,264,381	1,150,524
Legacies and bequests	1,967,966	2,907,944
Fundraising activities	2,551,265	2,875,736
Services - dog training	488,898	381,425
Services - inspectorate	56,496	58,208
Services - shelter	346,545	442,727
Goods Sold - shelter	101,032	104,849
Goods Sold - stores	1,026,218	1,083,369
Goods Sold - auxiliaries	24,043	162,914
Grants - government	500,000	500,000
Grants - other	286,569	119,000
Dividends	131,945	173,223
Investment income	124,086	155,565
Membership subscriptions	2,774	10,077
Total revenue	**8,872,218**	**10,125,561**

Note 3: Other operating costs	2019	2018
	$	$
AGM & board expenses	18,716	29,378
Animal welfare direct costs	727,348	893,228
Dog training expenses	235,524	164,143
Membership costs	126	80
Fundraising costs	1,279,073	1,712,576
Inventory purchased - shelter	73,296	73,690
Inventory purchased - stores	1,996	3,001
Retail expenses	78,838	130,971
Administrative costs	971,230	943,184
Motor vehicle expense/lease	118,130	129,040
Subscription to the National Body	246,487	253,769
Total other costs	**3,750,764**	**4,333,060**

Auditor remuneration	2019	2018
During the year the following fees were paid or payable for services	$	$
provided by the auditor for auditing the financial statements	21,149	24,250
Total	**21,149**	**24,250**

Note 4: Cash and cash equivalents	2019	2018
	$	$
Cash at bank	1,193,079	1,500,195
Cash on hand	11,948	14,841
Total	**1,205,027**	**1,515,036**

Note 5: Trade and other receivables	2019	2018
	$	$
TRADE		
Receivables	141,196	152,539
	141,196	**152,539**
OTHER RECEIVABLES		
Prepayments	184,560	176,596
Franking credits receivables	46,390	65,666
	230,950	**242,262**
Total	**372,146**	**394,801**

Note 6: Inventories	2019	2018
	$	$
Goods for resale - at cost	10,674	13,489
Goods not for resale - net realisable value	44,249	51,797
Total	**54,923**	**65,286**

Note 7: Financial assets	2019	2018
	$	$
CURRENT		
Financial assets - current	212,617	185,244
Total	**212,617**	**185,244**
NON-CURRENT		
Financial assets - non-current	3,207,168	4,761,716
Total	**3,207,168**	**4,946,960**

Note 8: Property, plant and equipment	2019	2018
	$	$
Land and buildings at cost	3,904,123	3,780,302
Less: Accumulated depreciation	(1,804,077)	(1,546,938)
	2,100,046	**2,233,364**
Software, plant and equipment	1,332,763	1,311,736
Less: Accumulated depreciation	(1,109,853)	(1,108,225)
	222,910	**203,511**
Infrastructure & Outbuildings	1,111,372	759,049
Less: Accumulated depreciation	(469,437)	(161,945)
	641,935	**597,104**
Motor vehicles	850,877	755,926
Less: Accumulated depreciation	(572,083)	(636,344)
	278,795	**119,582**
Total property, plant and equipment	**3,243,686**	**3,153,561**
Right of Use Leased Assets	50,157	0
	50,157	**0**

Note 8: Property Plant and equipment (continued)

Movements in Carrying Amounts	Land and Buildings $	Motor Vehicles $	Software, Plant and Equipment $	Infrastructure & Outbuildings $	Property, Plant and Equipment Total $
Opening balance at 1 July 2017	2,289,483	154,346	236,223	669,686	3,349,738
Additions for the year	64,438	-	43,028	-	107,466
Depreciation/amortisation expense	(120,557)	(34,764)	(75,740)	(72,582)	(303,643)
Closing balance at 30 June 2018	**2,233,364**	**119,582**	**203,511**	**597,104**	**3,153,561**
Opening balance at 1 July 2018	2,233,364	119,582	203,511	597,104	3,153,561
Additions for the year	9,557	213,276	115,752	118,732	457,318
Disposals of assets		(14,712)	(66)		(14,778)
Depreciation/amortisation expense	(142,875)	(39,350)	(96,287)	(73,900)	(352,412)
Closing balance at 30 June 2019	**2,100,046**	**278,795**	**222,910**	**641,935**	**3,243,688**

**Note Land & Buildings additions for the year includes work in progress for the Vet clinic*

Land and buildings included an amount of $2,085,754 (2018: $2,092,590) representing the carrying value of its building at the Malaga site. The Malaga buildings and grounds are situated on Crown Land, held as a reserve under a management order with the Company as the primary interest holder, which states that the land must be used for the purpose of an approved activity. In the event that the usage of the site no longer complies with its restricted use, the Governor of the State of Western Australia has the power to cancel the management order, in which case the value of the buildings improvements thereon may be forfeited.

Note 9: Intangible assets	2019 $	2018 $
Web development and other intangibles	39,027	39,027
Less: Accumulated amortisation	(29,899)	(27,602)
Total	**9,128**	**11,425**

Note 10: Trade and other payables	2019 $	2018 $
Trade and other payables	775,386	557,962
Revenue received in advance	37,801	33,564
Total	**813,187**	**591,526**

There are no amounts expected to be settled greater than 12 months.

Note 11: Employee provisions	2019 $	2018 $
CURRENT		
Provision for annual leave	265,816	293,913
Provision for long service leave	68,605	63,294
Total	**334,421**	**357,207**

NON CURRENT		
Provision for long service leave	62,678	48,681
Total	**62,678**	**48,681**

Note 12: Finance and investment costs	2019	2018
	$	$
Investment management fees	45,057	56,359
Total	**45,057**	**56,359**

Note 13: Equity

FINANCIAL ASSETS RESERVE	2019	2018
	$	$
Financial assets revaluation	**403,379**	**504,787**
Movements:		
Financial assets reserve		
Balance 1 July	504,787	579,624
Movement during the year	(101,408)	(74,837)
Balance 30 June	**403,379**	**504,787**

RETAINED SURPLUS	2019	2018
	$	$
Balance 1 July	8,584,868	9,977,464
Deficit for the year	(1,843,681)	(1,392,596)
Balance 30 June	**6,741,187**	**8,584,868**

Note 14: Fair Value Measurement

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1); Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and Inputs for the assets or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Company's financial assets and financial liabilities measured and recognised at fair value at 30 June 2019 on a recurring basis:

Note 15: Contingent Liabilities and Contingent Assets

The company had no contingent liabilities and assets as at 30 June 2019.

Note 16: Commitments

The Company's future minimum lease payments are as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Assets				
Financial assets at fair value through other comprehensive income	3,207,168	–	–	3,207,168
	3,207,168	**–**	**–**	**3,207,168**

There were no financial assets or liabilities held at fair value as at 30 June 2018.

The Company did not measure any other financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2019 and did not transfer any fair value amounts between the fair value hierarchies during the year ended 30 June 2019.

	Minimum lease payments due			
	Within 1 year	1 to 5 years	after 5 years	Total
30 June 2019	336,931	274,774		611,706
30 June 2018	382,418	610,689	-	993,107

Lease expense during the period amounted to $382,418 (2018: $388,583) representing minimum lease payments.

The operating lease commitments relate six properties at 30 June 2019 which decreased from seven properties at 30 June 2018 and one motor vehicle.

Provisions with the lease agreements require than minimum lease payments on properties increase annually between 0% and 5%.

Note 17: Events after the Reporting Date

The Board advised on 19 August 2019 that the permanent appointment of Iain Torrance as Chief Executive Officer of RSPCA WA will not proceed. Mr Torrance, who commenced in the role in March 2019, had been on leave since mid-July and whilst on Mr Torrance was on leave, Ben Cave, Executive Manager Business Services, had been acting in the role. Mr Cave is continuing to act in the role and the Board will continue its search for a new CEO to take over the reins of the organisation from David van Ooran, who left RSPCA WA in mid-2018 after seven years as CEO.

Note 18: Members' guarantee

The Company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $10 towards meeting any outstanding obligations of the entity. At 30 June 2019, the number of members was 233 (2018: Nil as the Company was incorporated in the current period).

Note 19: Reconciliation of net cash used in operating activities to deficit for the year

	2019 $	2018 $
Deficit for the year	(1,843,678)	(1,392,596)
Non cash Items in surplus		
Depreciation & amortisation	354,708	306,723
Loss on disposal of assets	11,138	0
Changes in assets & liabilities net		
Decrease / (increase) in debtors	22,655	106,823
Increase / (decrease) in creditors	221,663	(206,694)
Decrease / (increase) in inventories	10,363	(9,021)
Increase / (decrease) in provisions	(8,789)	25,446
Net cash used in operating activities	**(1,231,940)**	**(1,169,319)**

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INDEPENDENT AUDITOR'S REPORT

To the members of RSPCA WA

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of RSPCA WA (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of RSPCA WA, is in accordance with the *Corporations Act 2001* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the Company's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards to the extent described in Note 1, the *Corporations Regulations 2001* 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 Company in accordance with the auditor independence requirements of the *Corporations Act 2001, 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of matter – Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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Other Matter

The financial statements of RSPCA WA for the year ended 30 June 2018 were audited by other auditors. Those auditors expressed an unqualified opinion on the financial statements in their report dated 10 October 2018.

Other information

The directors are responsible for the other information. The other information comprises the information in the Directors' report for the year ended 30 June 2019, but does not include the financial report and the 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.

Responsibilities of the directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

Glyn O'Brien

Director

Perth, 26 September 2019

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DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF RSPCA WA

As lead auditor of RSPCA WA for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 26 September 2019

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