Treasurer's Letter

RSPCA Queensland – Financial Results for the Year to June 2022

As we began the financial year there was without doubt a lingering level of economic uncertainty as we adapted to a new normal post the COVID-19 pandemic. This was also the first-year post pandemic without the assistance of Job Keeper or any one-off government grants.

I'm very happy to report that we experienced another strong financial outcome. RSPCA Queensland recorded revenue of $52.3million for the financial year, marginally down from $53.1million in 2020/21.

A huge thank you to our generous supporters who stepped up and continued to give. With donations contributing 22.4%, or nearly $1 2million of our total income, you enable us to deliver our animal outcomes. This result was considerably aided by larger than normal bequests which contributed 38.6%, or $20million, of our income. Our heartfelt thanks go to those who left a gift to the RSPCA with their passing, in an extraordinary year of kindness, so that we could continue to care for the animals. This trend was driven by the impact of COVID-19, and we expect bequests to return to normal levels in the coming years.

Our overall cash position improved again year on year. By year end we had cash reserves of $12.6million, meaning that we also ended with an overall surplus of $3.1 million. Our expenses were $49.1million with $28million being spent on animal welfare outcomes and support, and a further $14million being invested on generating the revenue to ensure we are able to assist animals in the future. Our stronger balance sheet has enabled us to focus on investing in key areas to continue to transform the organisation:

- An additional $1million was spent on providing immediate care for animals compared to last year. Over the last three years, this now represents an additional $4million being spent directly on our core mission of caring for animals
- An additional $900,000 was spent on IT and digital transformation ensuring our data security is in place and providing our teams with technology to help them to better serve our supporters
- We have paid down our debt by nearly $5.5million over the last 3 years, helping to ensure the future sustainability of RSPCA Queensland

Looking towards the future, while we have finished the year in a financially strong position we remain ever alert to the ongoing uncertainties and how these may at any time continue to impact the organisation. Our outlook for the year ahead is continued investment in maintaining and improving our systems to ensure better governance, efficiency and sustainability so that we can always be here for the animals.

Thank you for your generous support, it simply is not possible without you.

Yours Faithfully

Graham Newton
Treasurer, RSPCA Queensalnd

RSPCA Queensland

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

ABN 74 851 544 037

Annual Financial Report

30 June 2022

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

Contents

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

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2022

In AUD	*Note*	Company 2022	Restated* Group 2021
Revenue	5	51,146,784	51,889,483
Other income	6	1,167,453	1,237,583
Finance costs		(378,968)	(405,767)
Inspectorate expense		(5,680,713)	(5,440,948)
Animal training and behaviour expense		(185,176)	(135,577)
Administration expense		(7,353,528)	(6,291,952)
Marketing and public relations expense		(7,621,182)	(6,517,902)
Education expense		(300,371)	(121,432)
Animal shelter expense		(20,269,848)	(18,897,471)
Retail operations expense		(7,268,803)	(7,328,349)
Other expenses		(112,320)	(792,645)
Results from operating activities	7	3,143,328	7,195,023
Profit before tax		3,143,328	7,195,023
Tax expense		-	-
Profit from continuing operations		3,143,328	7,195,023
Profit for the year		3,143,328	7,195,023
Other comprehensive income			
(Loss)/gain on disposal recognised in profit		(186,004)	358,812
Other comprehensive loss for the year		(186,004)	358,812
Total comprehensive income for the year		2,957,324	7,553,835
Profit attributable to:			
Owners of the Company		-	7,211,403
Non-controlling interests		-	(16,380)
Profit for the year		-	7,195,023
Total comprehensive income attributable to:			
Owners of the Company		-	7,570,215
Non-controlling interests		-	(16,380)
Total comprehensive income for the year		-	7,553,835

The notes on pages 6 to 33 are an integral part of these financial statements.

* Refer to note 3(p).

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

Statement of financial position
As at 30 June 2022

In AUD	***Note***	**Company 2022**	**Restated* Company 2021**
Assets			
Cash and cash equivalents	*9*	12,579,287	10,402,453
Trade and other receivables	*10*	1,548,998	1,738,294
Inventories	*11*	980,040	1,001,716
Other assets	*18*	663,523	625,460
Other financial assets	*13*	-	33,500
Total current assets		15,771,848	13,801,423
Other financial assets	*13*	2,493,178	1,918,541
Investment property	*15*	3,738,500	-
Property, plant and equipment	*12*	45,065,297	46,416,287
Right-of-use asset	*16*	6,235,161	6,748,013
Intangible assets	*17*	15,971	31,950
Other assets	*18*	89,207	86,673
Total non-current assets		57,637,314	55,201,464
Total assets		73,409,162	69,002,887
Liabilities			
Trade and other payables	*19*	4,250,874	2,752,678
Loans and borrowings	*20*	6,045,125	1,353,089
Employee benefits	*21*	2,929,547	2,107,059
Deferred revenue		854,537	1,131,814
Total current liabilities		14,080,083	7,344,640
Loans and borrowings	*20*	4,433,270	9,713,866
Employee benefits	*21*	1,137,541	968,767
Provisions		-	174,670
Total non-current liabilities		5,570,811	10,857,303
Total liabilities		19,650,894	18,201,943
Net assets		53,758,268	50,800,944
Equity			
Reserves	*22*	8,663,795	9,495,320
Retained earnings		45,094,473	41,305,624
Total equity		53,758,268	50,800,944

The notes on pages 6 to 33 are an integral part of these financial statements.

* Refer to note 3(p).

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

Statement of changes in equity

For the year ended 30 June 2022

In AUD	**Reserves**	**Retained Earnings**	**Non-controlling Interests**	**Total Equity**
Balance at 1 July 2020	9,864,656	34,316,069	(46,541)	44,134,184
Prior year restatement	-	(949,996)	-	(949,996)
Restated balance at 1 July 2020*	9,864,656	33,366,073	(46,541)	43,184,188
Total comprehensive income for the year				
Profit for the year	-	7,211,403	(16,380)	7,195,023
Other comprehensive income for the year				
Change in fair value of available for sale financial assets	358,812	-	-	358,812
Total comprehensive income for the year	358,812	7,211,403	(16,380)	7,553,835
Transactions and transfers recorded directly in equity				
Contributions by and distributions to owners of the Company				
Transfer of investment revaluation reserve on disposal of investments in equity investments designated as FVTOCI	(82,627)	82,627	-	-
Disposal of subsidiary	-	-	62,921	62,921
Transfers	(645,521)	645,521	-	-
Total transactions and transfers recorded directly in equity	(728,148)	728,148	62,921	62,921
Restated balance at 30 June 2021*	9,495,320	41,305,624	-	50,800,944
Balance at 1 July 2021	9,495,320	41,305,624	-	50,800,944
Total comprehensive income for the year				
Profit for the year	-	3,143,328	-	3,143,328
Other comprehensive income for the year				
Change in fair value of available for sale financial assets	(186,004)	-	-	(186,004)
Total comprehensive income for the year	(186,004)	3,143,328	-	2,957,324
Transfers recorded directly in equity				
Transfer to retained earnings	(645,521)	645,521	-	-
Total transfers recorded directly in equity	(645,521)	645,521	-	-
Balance at 30 June 2022	8,663,795	45,094,473	-	53,758,268

The notes on pages 6 to 33 are an integral part of these financial statements.

* Refer to note 3(p).

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

Statement of cash flows

For the year ended 30 June 2022

In AUD	***Note***	**Company 2022**	**Restated* Group 2021**
Cash flows from operating activities			
Cash receipts from customers		48,868,151	56,968,675
Cash paid to suppliers and employees		(44,442,408)	(44,637,581)
Cash generated from operating activities		4,425,743	12,331,094
Interest received		570	-
Interest paid		(378,968)	(391,961)
Dividend income		153,408	2,326
Net cash from operating activities		4,200,753	11,941,459
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		150,409	46,686
Acquisition of property, plant and equipment		(806,672)	(1,027,016)
Proceeds from sale of subsidiary	*25*	-	1,808,541
Proceeds from sale of assets held for sale		33,500	-
Payment for intangible assets		-	(293,881)
Proceeds from Investments		68,121	-
Net cash (used in)/from investing activities		(554,642)	534,330
Cash flows from financing activities			
Repayment of borrowings		(252,246)	(2,089,286)
Payment of finance lease liabilities	*20*	(1,217,031)	(1,566,318)
Net cash used in financing activities		(1,469,277)	(3,655,604)
Net increase in cash and cash equivalents		2,176,834	8,820,185
Cash and cash equivalents at beginning of year		10,402,453	1,582,268
Cash and cash equivalents at end of year	*9*	12,579,287	10,402,453

The notes on pages 6 to 33 are an integral part of these financial statements.

* Refer to note 3(p).

Notes to the financial statements
For the year ended 30 June 2022

1 Reporting entity

Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited (the 'Company') is a company limited by guarantee, incorporated and domiciled in Australia. The financial statements are as at and for the year ended 30 June 2022.

2 Basis of preparation

(a) Statement of compliance

These financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the *ACNC*. They have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures made by the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012* ("ACNC").

These consolidated financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards - Simplified Disclosures. In the prior year, the consolidated financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements. There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Company as a result of the change in the basis of preparation.

Details of the Company's accounting policies are included in Note 3.

The financial statements were authorised for issue by the Board of Directors on 7 November 2022.

(b) Basis of measurement

The financial statements have been prepared on the basis of historical cost, except for financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

2 Basis of preparation (continued)

(c) Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Companys' accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

- Impairment

  The Company 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.

- Prosecution claims receivable: provision for impairment

  Historically prosecution claims receivable have been extremely difficult to recover in a timely and efficient manner. An expected credit loss for prosecution claims receivable has been recognised 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.

- Fair value of bequeathed investment property

  At the date that the investment property is bequeathed, the fair value of the property is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably.

2 Basis of preparation (continued)

(d) Application of new accounting standards

The Company has initially adopted the following standard and amendments from 1 July 2021:

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (AASB 1060);
- AASB2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current; and
- AASB2020-3 Annual improvements 2018-2020 and Other amendments to four standards, namely AASB1: First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and AASB 141 Agriculture.

The above standard and amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

A number of new Standards and amendments are effective for periods beginning on or after 1 July 2022, however, they are not expected to have a material effect on the Company's financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except for the changes in accounting policies as explained in note 2(d).

Certain comparative amounts in the consolidated statement of profit or loss and other comprehensive income have been reclassified to conform with the current year's presentation.

(a) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

(b) Financial instruments

(i) Recognition and initial measurement

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

(ii) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at amortised cost or fair value through other comprehensive income.

Classification of financial assets

Listed shares that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at amortised cost. Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch in the Company's financial assets.

The Company has elected to recognize traded shares as financial assets held at fair value through other comprehensive income.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on 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 Company always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company'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.

During 2022, an impairment of trade and other receivables has been recorded of $63,322 (2021: nil).

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(b) Financial instruments (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another group. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(ii) Financial liabilities

Financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. All financial liabilities are measured subsequently at amortised cost using the effective interest method.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost.

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of 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.

Derecognition

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3 Significant accounting policies (continued)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Freehold land and buildings

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.

(iii) 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. Plant and equipment is subsequently measured on a cost basis.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(v) 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 is not depreciated.

The depreciation rates used for the current and comparative periods for significant items of property, plant and equipment as follows:

	2022	**2021**
• Buildings	2.5%-25%	2.5%-25%
• Plant and Equipment	2.5%-33.3%	2.5%-33.3%
• Motor Vehicles	22.5%	22.5%

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(v) Depreciation (continued)

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.

(d) Intangible assets

(i) Software

Software assets comprise of acquired software, and until the date of disposal of subsidiary on 18 March 2021. comprised capitalised development expenditure relating to the Shelter Buddy TM software from which the sales and maintenance revenues are derived by the previous subsidiary company.

Costs capitalised include external direct costs and services relating to implementation of acquired software, including configuration and customisation costs.

(ii) 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. 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. On disposal of Shelter Management Pty Ltd on 18 March 2021 this capitalised development expenditure was derecognised.

(iii) Amortisation

Software is amortised on a straight-line basis over its estimated useful life of 8 years and is included within other expenses in the profit or loss.

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

(e) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are initially measured at cost except those that are acquired for significantly less than fair value (ie they are bequeathed). Cost includes expenditure that is directly attributable to the acquisition of the investment property. At the date that the investment property is bequeathed, the fair value of the property is based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3 Significant accounting policies (continued)

(f) Inventories

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

The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business and estimated costs necessary to make the sale.

(g) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Company considers evidence of impairment for financial assets measured at amortised cost (loans and receivables and held-to-maturity financial assets) at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(g) Impairment (continued)

(i) Non-derivative financial assets (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to maturity investment securities. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(iii) Equity accounted investees

An impairment loss in respect of an equity accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(iv) Non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(h) Employee benefits

(i) Short-term employee benefits

Liabilities arising in respect of wages and salaries, annual 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 is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is

(ii) Long-term employee benefit obligations

Long-term employee benefit obligations are presented as current liabilities in the statements of financial position if the group 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 long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(i) Provisions

Provisions are recognised when the Company 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.

(j) Revenue

(i) Grant revenue

AASB 1058 *Income of Not-for-Profit Entities* requires that in cases where there is an ‘enforceable’ contract with a customer with ‘sufficiently specific’ performance obligations, the transaction should be accounted for under AASB 15 *Revenue from Contracts with Customers* where income is recognised when (or as) the performance obligations are satisfied, as opposed to immediate income recognition under AASB 1058.

The Company has conducted an analysis of the government grant contracts and analysed the terms of each contract to determine whether the arrangement meets the enforceability and the ‘sufficiently specific’ criteria under AASB 15. For those grant contracts that are not enforceable, or the performance obligations are not sufficiently specific, this will result in immediate income recognition under AASB 1058.

When grant revenue is received whereby the Company 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.

(ii) Donations and bequests

Donations and bequests are recognised as revenue when they are received.

3 Significant accounting policies (continued)

(j) Revenue (continued)

(iii) Merchandise sales

For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

(iv) Gifted assets or assets acquired at nominal value

These are recognised in profit or loss at their fair value at the date the Company obtains control over the asset.

(v) Software sales and maintenance fees

The Company provided a service of installation of software. Such services are recognised as a performance obligation satisfied over time. On an ongoing basis the software license fees are invoiced on either monthly or quarterly basis per contract terms, as well as maintenance charges when maintenance is performed per customer request and per contract terms.

(vi) Adoption fee, boarding fee and surrender fee income

Revenue relating to these services are processed through the point of sale at the shelters upon adoption, boarding or surrender.

For adoption fees, the revenue is processed as control of the animal transfers to the customer.

For boarding fees, the revenue is processed at the point-of-sale which is when the animal is handed by the customer to the Company.

(vii) Revenue from the sale of tickets

Revenue from the sale of tickets is recognised as revenue once the raffle has been drawn. Monies received for raffle tickets that have not been drawn at reporting date are deferred and recorded as unearned revenue.

(k) Leases

The Company assesses whether a contract is or contains a lease at inception of the contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the lease are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined the Company uses its incremental borrowing rate of 2%.

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

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(k) Leases (continued)

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and provision for made good costs, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.
The Company applies AASB 136 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in profit or loss.

For a contract that contains a lease component and one or more additional non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand- alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(l) Income Tax

The Company is not part of a tax consolidated group. The Company is exempt from tax however the disposed subsidiary, Shelter Management Pty Ltd, was subject to the policies mentioned below, up to the date of disposal.

(i) Current 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.

(ii) Deferred tax

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.

(m) Goods and services tax

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 Australian Tax Office (ATO). 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 statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Assets held for sale or distribution

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

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(o) Investments in associates

An associate is an entity over which the Company 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.

Under the equity method, an investment in an associate is recognised initially in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate or joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the associate has incurred legal or constructive obligations or made payments on behalf of the associate.

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

When a Company transacts with an associate of the Company, profit or losses resulting from the transactions with the associate are recognised in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

(p) Comparative figures

During the current year, the Company identified restatements required for the comparative figures to account for the following transactions:

- Inter-departmental revenue and expenditure that was not eliminated of $648,000; and
- Deferral of fundraising income relating to raffles where the cash was received during the financial year, however the raffle was drawn subsequent to year end of $949,996.

The Company has restated the comparative figures to reflect the correct accounting treatment of these transactions. The impact of the affected financial statement line items are as follows:

Statement of Financial Position

	Previously Reported	Adjustment	Restated
Deferred revenue	(181,818)	(949,996)	(1,131,814)
Total current liabilities	(6,394,644)	(949,996)	(7,344,640)
Total liabilities	(17,251,947)	(949,996)	(18,201,943)
Net assets	51,750,940	(949,996)	50,800,944
Retained earnings	(42,255,620)	949,996	(41,305,624)
Total equity	(51,750,940)	949,996	(50,800,944)

Notes to the financial statements (continued)

For the year ended 30 June 2022

3 Significant accounting policies (continued)

(p) Comparative figures (continued)

Statement of Profit or Loss and Other Comprehensive Income

	Previously Reported	Adjustment	Restated
Revenue and other income	53,775,066	(648,000)	53,127,066
Animal shelter expenses	19,545,471	(648,000)	18,897,471
Profit before tax	7,195,023	-	7,195,023
Profit for the year	7,195,023	-	7,195,023
Total comprehensive income for the year	7,553,835	-	7,553,835

Statement of Cash flows

	Previously Reported	Adjustment	Restated
Receipts from customers	57,616,675	(648,000)	56,968,675
Payments to suppliers and employees	(45,285,581)	648,000	(44,637,581)
Net cash from operating activities	11,941,459	-	11,941,459

4 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) **Investment property**

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

Notes to the financial statements (continued)

For the year ended 30 June 2022

5 Revenue

In AUD	Company 2022	Restated* Group 2021
Adoption, boarding and surrender fees	7,068,862	8,112,928
Inspectorate services	569,627	822,540
Merchandise services	7,946,377	8,651,441
Veterinary services	222,657	188,660
Animal training services	191,619	127,044
Fundraising income	3,856,129	4,126,159
Bequest and donation income	29,920,483	18,236,734
Subsidies and grants	1,371,030	11,501,031
Software sales and maintenance fees	-	122,946
	51,146,784	51,889,483

* Refer to note 3(p).

6 Other income

In AUD	Company 2022	Group 2021
Gain on lease event	6,180	225,721
Gain on sale of fixed assets	110,279	21,734
Gain on sale of subsidiary	-	41,473
Dividend income	153,408	50,910
Interest income	570	645
Other income	897,016	897,100
	1,167,453	1,237,583

7 Operating profit

In AUD	Company 2022	Group 2021
The Company has the following expenses included in Results from operating activities:		
Depreciation and amortisation expense	3,454,089	3,686,689
(Gain) / loss on disposal of property, plant and equipment	(110,279)	(104,360)

Notes to the financial statements (continued)

For the year ended 30 June 2022

8 Employee benefits expenses

In AUD	**Company 2022**	**Group 2021**
Salaries and wages	24,089,808	21,812,023
Contributions to defined contribution plans	2,532,605	1,971,073
Other employment expenses	585,431	728,163
	27,207,844	24,511,259

9 Cash and cash equivalents

In AUD	**Company 2022**	**Company 2021**
Bank balances	12,567,878	10,388,303
Petty cash	11,409	14,150
Cash and cash equivalents in the statement of cash flows	12,579,287	10,402,453

10 Trade and other receivables

In AUD	**Company 2022**	**Company 2021**
Trade receivables	372,767	776,365
Prosecution claims receivable	1,947,618	1,820,743
Loss allowance	(993,285)	(921,296)
Other receivables	221,898	62,482
	1,548,998	1,738,294

11 Inventories

In AUD	**Company 2022**	**Company 2021**
Finished goods	980,040	1,001,716
	980,040	1,001,716

Notes to the financial statements (continued)
For the year ended 30 June 2022

12 Property, plant and equipment

In AUD	Freehold Land	Buildings	Plant and Equipment	Motor Vehicles	Work in Progress	Total
Cost						
Balance at 1 July 2020	3,380,057	51,056,768	10,666,274	2,782,524	47,718	67,933,341
Additions	-	52,014	316,559	342,696	315,747	1,027,016
Disposals	-	(55,900)	(434,267)	(265,090)	-	(755,257)
Balance at 30 June 2021	3,380,057	51,052,882	10,548,566	2,860,130	363,465	68,205,100
Balance at 1 July 2021	3,380,057	51,052,882	10,548,566	2,860,130	363,465	68,205,100
Additions	-	20,470	586,072	150,752	49,378	806,672
Disposals	-	(142,908)	(448,166)	(241,192)	-	(832,266)
Transfers	-	13,972	303,072	46,000	(363,044)	-
Balance at 30 June 2022	3,380,057	50,944,416	10,989,544	2,815,690	49,799	68,179,506
Accumulated depreciation and impairment losses						
Balance at 1 July 2020	-	8,644,855	9,551,133	2,265,141	-	20,461,129
Depreciation for the year	-	1,262,647	524,285	230,396	-	2,017,328
Disposals	-	(21,243)	(403,309)	(265,092)	-	(689,644)
Balance at 30 June 2021	-	9,886,259	9,672,109	2,230,445	-	21,788,813
Balance at 1 July 2021	-	9,886,259	9,672,109	2,230,445	-	21,788,813
Depreciation for the year	-	1,261,468	546,340	236,734	-	2,044,542
Disposals	-	(32,006)	(446,749)	(240,391)	-	(719,146)
Balance at 30 June 2022	-	11,115,721	9,771,700	2,226,788	-	23,114,209
Carrying amounts						
At 1 July 2020	3,380,057	42,411,913	1,115,141	517,383	47,718	47,472,212
At 1 July 2021	3,380,057	41,166,623	876,457	629,685	363,465	46,416,287
At 30 June 2022	3,380,057	39,828,695	1,217,844	588,902	49,799	45,065,297

13 Other financial assets

In AUD	Company 2022	Company 2021
Current investments		
Financial assets classified as held-for-sale	-	33,500
	-	33,500
Non-current investments		
Shares in listed corporations	2,493,178	1,918,541
	2,493,178	1,918,541

14 Interests in associates

(a) Associates

Associate	Nature of relationship	Ownership interest 2022	Ownership interest 2021	Measurement basis	Quoted fair value (if available) 2022	Quoted fair value (if available) 2021
Pet Cloud Pty Ltd*	Business Partner	13.50%	13.50%	Equity	-	-
Country of incorporation: Australia						

* The investment in Pet Cloud Pty Ltd was fully impaired at 30 June 2022 and 2021.

15 Investment property

In AUD	Company 2022	Company 2021
Balance at beginning of year	-	-
Acquisitions through bequests	3,738,500	-
Balance at end of year	3,738,500	-

16 Right-of-use asset

In AUD	Company 2022	Company 2021
Land and buildings		
Right-of-use land and buildings	8,735,239	8,492,546
Accumulated amortisation	(2,846,680)	(2,184,683)
	5,888,559	6,307,863
Motor vehicles		
Right-of-use plant and equipment	892,189	813,448
Accumulated amortisation	(545,587)	(373,298)
	346,602	440,150
Total right-of use assets	**6,235,161**	**6,748,013**

In AUD	Motor vehicles	Land and buildings	Total
Balance at 1 July 2021	440,150	6,307,863	6,748,013
Depreciation charge for the year	(215,470)	(1,178,098)	(1,393,568)
Additions to right-of-use assets	127,587	-	127,587
Lease modifications	(5,665)	758,794	753,129
Balance at 30 June 2022	346,602	5,888,559	6,235,161

The Company's registered place of business, and place of significant activity being 139 Station Road, Wacol, is facilitated through a lease provided by the State of Queensland at terms significantly below that of market rates.

The Company is required to pay $1/year in lease payments, with a lease term of 100 years commencing from 1 October 2008, with an expiry of 30 September 2107.

The lease provides the Company with the right-of-use of the premises for the shelter and welfare of animals, on a not-for-profit basis, and any associated use with or incidental to the shelter and welfare of animals.

Notes to the financial statements (continued)

For the year ended 30 June 2022

17 Intangible assets

In AUD	**Company 2022**	**Company 2021**
Software		
Software at cost	1,686,460	1,686,460
Software accumulated amortisation and impairment	(1,670,489)	(1,654,510)
	15,971	31,950

In AUD	**Software**
Balance at 1 July 2021	31,950
Depreciation	(15,979)
Balance at 30 June 2022	15,971

18 Other assets

In AUD	**Company 2022**	**Company 2021**
Current assets		
Prepayments	663,523	625,460
	663,523	625,460
Non-current assets		
Security deposits	89,207	86,673
	89,207	86,673

19 Trade and other payables

In AUD	Company 2022	Company 2021
Trade payables	1,979,625	830,307
Sundry payables and accrued expenses	2,271,249	1,922,371
	4,250,874	2,752,678

20 Loans and borrowings

In AUD	Company 2022	Company 2021
Current liabilities		
Bank bills	4,740,000	200,005
Lease liabilities	1,305,125	1,153,084
	6,045,125	1,353,089
Non-current liabilities		
Bank bills	2,116,659	6,856,659
Lease liabilities	2,316,611	2,857,207
	4,433,270	9,713,866

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 Company;

(ii) First registered mortgages over the leasehold property at Station Road Wacol and freehold property at Laurenceson Road Gympie; and

(iii) Deed of mortgage over securities held by the Company.

The Company has a bank overdraft facility amounting to $1,700,000 (2021: $1,700,000). This may be terminated at any time at the option of the bank. At 30 June 2022, the unutilised facility was $1,700,000 (2021: $1,700,000). Interest rates are variable.

The bank overdraft is subject to annual review but remains payable on demand. The Company has finance facilities as follows:

	Facility	Unused	Maturity date	Nominal interst rate	Company 2022 Carrying amount	Company 2021 Carrying amount
Bank bill	4,740,000	-	08-Apr-23	4.80%	4,740,000	4,740,000
Bank bill	1,667,900	167,900	23-Dec-24	4.04%	1,500,000	1,500,000
Bank bill	967,700	351,041	23-Dec-24	4.04%	616,659	816,664
					6,856,659	7,056,664

20 Loans and borrowings (continued)

The Company leases land and buildings and motor vehicles. The leases typically run for a period of 2-5 years, with an option to renew the lease after that date.

Information about leases for which the Group is a lessee is presented below.

(i) Amounts recognised in profit or loss

In AUD	**Company 2022**	**Group 2021**
Interest on lease liabilities	98,006	81,895
Expenses relating to short-term and low-value leases	154,802	92,434

(ii) Amounts recognised in statement of cash flows

In AUD	**Company 2022**	**Group 2021**
Total cash outflow for leases	(1,217,031)	(1,566,318)

(iii) Maturity analysis - contractual undiscounted cash flows

	Company 2022	**Group 2021**
Less than one year	1,321,779	1,162,633
One to five years	2,244,138	2,473,588
More than five years	268,662	583,230
Total undiscounted lease liabilities at 30 June	3,834,579	4,219,451

21 Employee benefits

In AUD	**Company 2022**	**Company 2021**
Current		
Employee benefits provision	2,929,547	2,107,059
	2,929,547	2,107,059
Non-current		
Employee benefits provision	1,137,541	968,767
	1,137,541	968,767

Notes to the financial statements (continued)

For the year ended 30 June 2022

22 Reserves

In AUD	**Company 2022**	**Company 2021**
Available-for-sale financial asset reserve	223,296	409,300
Other reserves	8,440,499	9,086,020
	8,663,795	9,495,320

Available-for-sale financial asset reserve

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

Other reserves

The transfers from retained earnings to the Wacol government grant reserve of $645,521 (2021: $645,521) represents the depreciation charge.

23 Related parties

Key management personnel compensation

Key management personnel compensation comprised short-term employee benefits, post-employment benefits, other long-term benefits and termination benefits.

In AUD	**Company 2022**	**Group 2021**
Total key management personnel compensation	1,006,605	1,164,615

Loans to key management personnel

During the year ended 30 June 2022, no loans were provided to key management personnel (2021: nil).

Key management personnel and director transactions

A number of key management personnel and directors, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Details of the transactions with these related entities and the Company dare disclosed below.

Notes to the financial statements (continued)

For the year ended 30 June 2022

23 Related parties (continued)

Other related party transactions

In AUD		***Note***	**Transaction value for the year ended 30 June 2022**	**2021**	**Balance outstanding as at 30 June 2022**	**2021**
Shelter Management Pty Ltd	IT support and maintenance costs		-	93,600	-	-
Shelter Management Pty Ltd	Hosting fees		-	15,795	-	-
Shelter Management Pty Ltd	Recharge of wages		-	161,469	-	-
Shelter Management Pty Ltd	Rent charge		-	4,500	-	-
Shelter Management Pty Ltd	Director fees		-	65,000	-	-
DNR Capital Pty Ltd	Management fees	(i)	14,561	12,551	-	-
Ranbury Management Group	Management fees	(ii)	-	23,760	-	-
McGrath Nicol	Management fees	(iii)	-	90,000	-	-
			14,561	466,675	-	-

(i) Management fees were paid to DNR Capital Pty Ltd of which Justine Hickey is a Director.

(ii) Management fees were paid to Ranbury Management Group of which Ali Sherry is a member of key management.

(iii) Consultancy fees were paid to McGrath Nicol of which Graham Newton is a Partner.

24 Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Company's financial statements at 30 June 2022.

25 Disposal of subsidiaries and non-controlling interests

On 18 March 2021, the Group disposed of their interest in Shelter Management Pty Ltd, for a total cash consideration of $2,315,791. The subsidiary contributed an amount of $112,594 after the elimination of non-controlling interest of $16,380 for the year.

For the purposes of the statement of cash flows, cash flows from the disposal of the subsidiary have been reconciled as follows:

Cash consideration, net of disposal costs incurred	1,920,636
Less: Cash disposed	(112,095)
Proceeds from sale of subsidiary	1,808,541

26 Financial Instruments

The following table shows the carrying amount of financial assets and liabilities:

In AUD	***Note***	**Company 2022**	**Group 2021**
Financial assets measured at amortised cost			
Cash and cash equivalents	9	12,579,287	10,402,453
Trade and other receivables*	10	1,327,100	1,675,812
		13,906,387	**12,078,265**
Financial assets measured at fair value through other comprehensive income			
Other financial assets	13	2,493,178	1,952,041
		2,493,178	**1,952,041**
Financial liabilities measured at amortised cost			
Bank bills	20	6,856,659	7,056,664
Trade and other payables	19	4,250,874	2,752,678
		11,107,533	**9,809,342**

* Other receivables that are not financial instruments (GST Receivable) are not included.

27 Auditors' remuneration

In AUD	**Company 2022**	**Group 2021**
Audit services		
KPMG Australia:		
Audit of the financial statements	37,500	-
	37,500	-
Deloitte Australia		
Audit of the financial statements	-	102,493
	-	102,493
Other services		
KPMG Australia:		
Financial statement compilation	2,500	-
	2,500	-
Total Auditors' remuneration	40,000	102,493

28 Contingent liabilities

The Company has provided bank guarantees to the total value of $75,372 (2021: $75,372) as rental guarantees.

The Company 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 2022, the Company had not received any grant monies which are subject to conditions and are yet to be acquitted as required under the relevant agreements (2021: $nil).

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

29 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 Company is a non-government, not-for-profit 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.

<u>The registered office and principal place of business is:</u>
Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited
139 Wacol Station Rd
Wacol QLD 4076

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

Directors' declaration

In the opinion of the directors of the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited (the Company):

(a) the Company is not publicly accountable;

(b) the financial statements and notes that are set out on pages 2 to 33, are in accordance with 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 2022 and of its performance for the financial year ended on that date; and

  (ii) complying with A*ustralian Accounting Standards - Simplified Disclosures* and the *Australian Charities and Not-for-Profits Regulation 2013;* and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Justine Hickey

Justine Hickey
Director

Dated at Brisbane this 7th day of November 2022.

Auditor's Independence Declaration under *subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012*

To: the directors of the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

B E Lovell
Partner

Brisbane
7 November 2022

Independent Auditor's Report

To the members of the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited

Opinion

We have audited the ***Financial Report*** of the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited (the Company).

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

- giving a true and fair view of the Company's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and
- complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR*).

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2022;
- Statement of profit or loss and other comprehensive income; Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes, including a summary of significant accounting policies; and
- Directors' declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures Framework and the ACNC and ACNCR;

ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

iii. Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the 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 objective is:

i. to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and

ii. to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

ii. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

iv. Conclude on the appropriateness of the Directors' 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 Company'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 Company to cease to continue as a going concern; and

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the Company 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.

KPMG

KPMG

B E Lovell
Partner

Brisbane
7 November 2022