Treasurer's Letter

RSPCA QLD – Financial Results for the Year to June 2021

We are thrilled to provide another strong financial result for RSPCA Queensland for the year ending 30 June 2021, which has afforded us the opportunity to now invest on future sustainability and outcomes.

With the uncertainty brought about due to COVID-19, our financial approach was to ensure that RSPCA Qld would be well positioned for the future. Pleasingly our focus on costs and ensuring we diverted our spend back to the core has paid dividends, enabling us to record a surplus of $7.2m

Revenue declined from $58.0m to $53.8m year on year, driven largely by a poor year in Estates income which was due to a lower mortality rate in Queensland throughout COVID-19. Our Estatees pipeline however is strong and we are confident this trend will not continue. Social enterprises, fundraising and donations held strong. The existence of the Job Keeper subsidy offset the one off BBRF grant received in FY20 and helped ensure that RSPCA Qld remained in a sustainable financial position.

However, strong cost controls and a refocus of costs back on our core operations allowed us to reduce costs from $49.3m to $46.6m, even while investing heavily into our Inspectorate function and Wildlife with additional resources. Pleasingly, spend attributable directly to animal outcomes increased year on year, while our administrative costs (non animal or revenue generating costs) also dropped, sitting at 9.1% of all expenditure for the year.

Our recent surpluses have enabled us to now invest in the future sustainability of RSPCA Qld and we have committed to deliver on...

- More resources and new programs – focused on the animals in our care so we can continue to strive for even better animal outcomes
- Community Outreach – an increase in resources to deliver education and support to the community to make for a better world for animals

- Digital Customer Experience – an overhaul of our websites, CRM and marketing automation to allow us to reach more supporters across Queensland and drive great awareness, education and community support
- Regular Giving – an increased focus on increasing the number of Regular Givers to increase revenue and help ensure the financial future of RSPCA Qld

RSPCA Qld is well placed with the ability to now invest in delivering outstanding outcomes into the future.

As we head into 2022, the Board is committed to ensuring the long term financial sustainability of our wonderful organisation. We are excited about the future and RSPCA Qld ability to deliver some excellent results both financially and especially 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 and controlled entities

ABN 74 851 544 037

Consolidated financial report for the year ended 30 June 2021

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ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (QUEENSLAND) LIMITED AND CONTROLLED ENTITIES
ABN 74 851 544 037

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
Revenue	3	53,775,066	58,007,727
Less: expenses			
Finance costs		(405,767)	(494,196)
Inspectorate expense		(5,440,948)	(4,588,606)
Animal training and behaviour expense		(135,577)	(252,593)
Administration expense		(6,291,952)	(6,422,338)
Marketing and public relations expense		(6,517,902)	(7,132,942)
Education expense		(121,432)	(163,372)
Animal shelter expense		(19,545,471)	(21,391,981)
Retail operations expense		(7,328,349)	(7,463,146)
Other expenses		(792,645)	(1,379,996)
	4	(46,580,043)	(49,289,170)
Profit before income tax expense		**7,195,023**	**8,718,557**
Income tax expense	5	-	-
Profit for the year		**7,195,023**	**8,718,557**
Other comprehensive income			
Gain /(loss) on disposal recognised in profit		358,812	(91,388)
Total comprehensive income		**7,553,835**	**8,627,169**
Profit/(loss) is attributable to:			
- Owners of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited		7,211,403	8,753,312
- Non-controlling interests		(16,380)	(34,755)
		7,195,023	**8,718,557**
Total comprehensive income is attributable to:			
- Owners of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited		7,570,215	8,661,924
- Non-controlling interests		(16,380)	(34,755)
		7,553,835	**8,627,169**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021	2020
Assets		$	**$**
Current assets			
Cash and cash equivalents	6	10,402,453	1,582,268
Trade and other receivables	7	1,738,294	2,601,670
Inventories	8	1,001,716	1,310,066
Other current assets	9	625,460	298,432
Assets classified as held for sale		33,500	-
Total current assets		**13,801,423**	**5,792,436**
Non-current assets			
Other financial assets	10	1,918,541	1,440,782
Property, plant and equipment	13	49,122,868	50,209,094
Right-of-use asset	13	4,041,432	2,485,596
Intangible assets	14	31,950	1,708,813
Other non-current assets	9	86,673	92,544
Total non-current assets		**55,201,464**	**55,936,829**
Total assets		**69,002,887**	**61,729,265**
Liabilities			
Current liabilities			
Trade and other payables	15	2,752,678	2,853,223
Borrowings	16	200,004	2,089,286
Lease liabilities	16	1,153,085	1,431,785
Provisions	17	2,107,059	1,904,060
Accrued income		181,818	-
Total current liabilities		**6,394,644**	**8,278,354**
Non-current liabilities			
Borrowings	16	6,856,659	7,136,663
Lease liabilities	16	2,857,207	1,387,692
Provisions	17	1,143,437	792,372
Total non-current liabilities		**10,857,303**	**9,316,727**
Total liabilities		**17,251,947**	**17,595,081**
Net assets		**51,750,940**	**44,134,184**
Equity			
Reserves	18	9,495,320	9,864,656
Retained earnings	27	42,255,620	34,316,069
Equity attributable to owners of Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited		**51,750,940**	**44,180,725**
Non-controlling interests	19	-	(46,541)
Total equity		**51,750,940**	**44,134,184**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Reserves $	Retained Earnings $	Non-controlling Interests $	Total Equity $
Balance as at 1 July 2019	**10,658,134**	**24,860,667**	**(11,786)**	**35,507,015**
Profit for the year	-	8,753,312	(34,755)	8,718,557
Change in fair value of equity investments at FVTOCI	(91,388)	-	-	(91,388)
Total comprehensive income for the year	**(91,388)**	**8,753,312**	**(34,755)**	**8,627,169**
Transfer of investment revaluation reserve on disposal of investments in equity investments designated as FVTOCI	(56,569)	56,569	-	-
Transfers	(645,521)	645,521	-	-
Balance as at 30 June 2020	**9,864,656**	**34,316,069**	**(46,541)**	**44,134,184**
Balance as at 1 July 2020	**9,864,656**	**34,316,069**	**(46,541)**	**44,134,184**
Profit for the year	-	7,211,403	(16,380)	7,195,023
Change in fair value of available for sale financial assets, net of tax	358,812	-	-	358,812
Total comprehensive income for the year	**358,812**	**7,211,403**	**(16,380)**	**7,553,835**
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	-	-
Balance as at 30 June 2021	**9,495,320**	**42,255,620**	**-**	**51,750,940**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $	2020 $
Cash flow from operating activities			
Receipts from customers		57,616,675	60,049,363
Payments to suppliers and employees		(45,285,581)	(50,314,976)
Interest received		-	1,532
Finance costs		(391,961)	(494,196)
Dividend income		2,326	-
Net cash generated by operating activities	21(b)	11,941,459	9,241,723
Cash flow from investing activities			
Proceeds from sale of property, plant and equipment		46,686	414,174
Payment for property, plant and equipment		(1,027,016)	(8,107,776)
Net Proceeds from sale of subsidiary	21(c)	1,808,541	-
Proceeds from sale of assets held for sale		-	585,599
Payment for intangible assets		(293,881)	(609,632)
Net cash generated by / (used in) investing activities		534,330	(7,717,635)
Cash flow from financing activities			
Proceeds from borrowings		-	2,500,000
Repayment of borrowings raised		(2,089,286)	(485,415)
Repayment of lease liabilities		(1,566,318)	(1,819,145)
Net cash (used in)/ generated by financing activities		(3,655,604)	195,440
Net increase in cash and cash equivalents		8,820,185	1,719,528
Cash at beginning of the financial year		1,582,268	(137,260)
Cash at end of financial year	21(a)	**10,402,453**	**1,582,268**

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not-for-profits Commission Act 2012 ('ACNC')*.
The financial report is for the consolidated entity consisting of the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited and its subsidiaries disclosed in Note 11, together referred to as the "Group".

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

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

(a) Basis of preparation of the financial report

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

Fair value and historical cost
The financial statements have been prepared on the basis of historical cost, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in each respective section below. 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 Group 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.

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

(b) Application of new accounting standards

New and revised Standards and amendments thereof and Interpretations effective for future financial periods that are relevant to the Group include:

AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) implements the new Simplified Disclosures framework and applies to annual reporting periods beginning on or after 1 July 2021. This standard replaces the current 'Reduced Disclosure Requirements' (RDR) framework. The new standard requires less disclosures than the current RDR framework. The Group have not opted to early adopt and will implement this standard for the next financial period (FY22). The group does not expect the standard to have a material impact on the financial report.

AASB2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. This Standard applies to annual reporting periods beginning on or after 1 January 2022.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 changes to AASB9, to the extent it may impact on the Group's financial report, clarifies the application of the "10 per cent" test to the derecognition of financial liabilities. The amendments apply to annual reporting periods beginning on or after 1 January 2022.

(c) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Group and entities controlled by the Group (its subsidiaries) up to 30 June 2021. Control is achieved when the Group:

- has the power over the investee.
- is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affects its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translations and balances

Transactions and Balances

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

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year. Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

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

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

(e) Income tax

The Group is not a consolidated tax group. The society is exempt from tax. The subsidiary Shelter Management Pty Ltd was subject to the policies mentioned below, up to the date of disposal of 18 March 2021.

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

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

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

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

(f) Revenue recognition

The Group recognises income from the following major sources:

<u>Merchandise sales</u>
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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant revenue
AASB 1058 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 where income is recognised when (or as) the performance obligations are satisfied, as opposed to immediate income recognition under AASB 1058.

The Group 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.

Bequests and donations
These are recognised upon the Group obtaining control of the bequests or donation.

Gifted assets or assets acquired at a nominal value
These are recognised in the statement of profit or loss and other comprehensive income at their fair value at the date the Group obtains control over the asset.

Software sales and maintenance fees
The Group provides 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.

Adoption fee, boarding fee and surrender fee income
These incomes are processed through the point of sale at the shelters upon adoption, boarding or surrender. For adoption the revenue is processed as control of the animal transfers to the customer. For boarding the revenue is processed at point of sale as the animal is handed by the customer to RSPCA upon commencement of boarding.

(g) Financial instruments

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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

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

The Group 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.

Impairment of financial assets

The group 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 group 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 group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

During 2021, no impairment of trade receivables has been recorded (2020: 31,528).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

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 group'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 group in accordance with the contract and all the cash flows that the group expects to receive, discounted at the original effective interest rate.

If the Group 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 group 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 group 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.

Derecognition of financial assets
The group 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 group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group 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.

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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition
The group derecognises financial liabilities when, and only when, the group'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 consolidated 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.

(h) Cash and cash equivalents

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

(i) Inventories

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

(j) Property, plant and equipment

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

Property

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

Plant and equipment

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

Depreciation

The depreciable amount of all property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of property, plant and equipment is depreciated/amortised the straight-line method over the lease period.

Class of property, plant and equipment	Depreciation rates	Depreciation
Leasehold land	Over lease period	Straight-line
Buildings at cost	2.5%-25%	Straight-line
Plant and equipment at cost	2.5%-33.3%	Straight-line
Motor vehicles at cost	22.5%	Straight-line

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Right-of-use assets and lease liabilities

The Group 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 Group 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 Group 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 Group uses its incremental borrowing rate.

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.

The lease liability is presented as a separate line in the consolidated 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 Group 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 Group did not make any such adjustments during the periods presented.

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 Group 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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Group 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 consolidated statement of financial position. The Group applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in (j).

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 Group 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.

(i) Intangibles

Software

Software assets comprise of acquired software assets, 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. Amortisation is calculated on a straight-line basis over a 3 year period.

Capitalised development expenditure

Software is initially recorded at the fair value of costs incurred during the development phase. The software is considered to have a finite life and is carried at cost less any accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over its estimated useful life of 8 years and is included within other expenses in the income statement. All costs associated with the research phase and the ongoing maintenance of the software are expensed to the profit or loss in the period incurred. On disposal of Shelter Management Pty Ltd on 18 March 2021 this capitalised development expenditure was derecognised.

(j) Impairment of tangible and intangible assets

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets (continued)

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

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

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

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

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

(k) Investments in associates

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

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group 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. Details relating to associates are set out in note 13.

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

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

(l) Provisions

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Employee benefits

(i) Short-term employee benefit obligations

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

(ii) Long-term employee benefit obligations

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

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 statements of financial position.

(n) Borrowing costs

Borrowing costs including 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.

(o) Goods and services tax (GST)

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

(p) Comparatives

Where necessary, comparative figures have been amended for any changes to the current year presentation or classification of items in the statement of profit or loss and other comprehensive income and the statement of financial position. There were no other changes to the financials report as a result of these classifications.

(q) Non-current assets held for sale

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

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value- in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No triggers of impairment were noted in the current or prior year.

(b) 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.

NOTE 3: REVENUE

	2021	2020
	$	$
Adoption, boarding and surrender fees	8,112,928	8,247,086
Inspectorate services	822,540	692,136
Merchandise sales	8,651,441	8,653,310
Veterinary services	188,660	183,265
Animal training services	127,044	122,551
Software sales and maintenance fees	770,946	1,136,381
	18,673,559	19,034,729
Dividend income	50,910	49,595
Interest income	645	1,532
Other income	897,100	773,815
	948,655	824,942
Gain on lease event	225,721	35,386
Profit on sale of non-current assets	21,734	23,214
Gain on sale of subsidiary	41,473	-
Fundraising Income	4,126,159	4,371,235
Bequest and donation income	18,236,734	22,758,708
Subsidies and grants for construction	-	4,073,196
Subsidies and grants – other*	11,501,031	6,886,316
	34,152,852	38,148,055
	53,775,066	**58,007,727**

* Includes an amount of $8,324,000 (2020: $3,290,000) received in respect of JobKeeper subsidiary.

NOTE 4: PROFIT BEFORE INCOME TAX

	2021 $	2020 $
Profit before income tax has been determined after:		
Finance costs - leases	82,210	110,582
Finance costs – borrowings	307,946	354,830
Finance costs – other	12,436	28,784
Cost of sales	5,006,799	5,364,651
Employee benefits expense	24,372,768	24,229,212
Rental expense on operating leases	214,088	321,839
Loss on disposal of property, plant and equipment	40,174	175,640
Impairment of interest in associate	-	40,764

NOTE 4: OPERATING PROFIT (CONTINUED)

	2021 $	2020 $
Depreciation and amortisation of non-current assets:		
- Buildings	1,262,647	1,105,769
- Plant and equipment	524,285	730,627
- Motor vehicles	230,396	245,731
- Leasehold land	30,300	30,300
- Software	263,664	487,735
- Right-of-use	1,375,397	1,560,348
	3,686,689	4,160,510

NOTE 5: INCOME TAX

(a) Components of tax expense

	2021	2020
Current tax	-	-
	-	-

(b) Prima facie tax payable

	2021	2020
The prima facie tax payable on profit/(loss) before income tax is reconciled to the income tax expense as follows:		
Prima facie income tax payable on profit/(loss) before income tax at 27.5% (2020: 27.5%)	1,978,631	2,397,603
Less tax effect of:		
- Exempt net income	2,014,224	2,472,860
- Deferred tax asset on tax losses and temporary differences not brought to account	(35,593)	(75,257)
	1,978,631	2,397,603
Income tax expense attributable to profit	-	-

(c) Deferred tax assets not brought to account

The subsidiary, Shelter Management Pty Ltd was sold during the period. The disposed subsidiary previously had accumulated tax losses of approximately $nil (2020: $nil). The deferred tax asset not recognised in relation to losses at 30 June 2021 is $nil (2020: $nil).

The Society no longer has unrecognised deferred tax assets relating to temporary differences as the subsidiary generating these unrecognized deferred tax assets was sold during the period (2020: $321,840). These previously consisted mainly of software assets being written off for tax purposes over 25 years.

Deferred tax assets relating to temporary differences and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available for which the benefits of the deferred tax asset can be utilised. As the probability criteria have not been met, these deferred tax assets were not recognised in the financial statements.

NOTE 6: CASH AND CASH EQUIVALENTS	**2021 $**	**2020 $**
Cash on hand	14,150	14,082
Cash at bank	10,388,303	1,568,186
	10,402,453	1,582,268

NOTE 7: TRADE AND OTHER RECEIVABLES

Trade receivables	776,365	542,618
Prosecution claims receivable	1,820,743	1,326,870
Loss allowance	(921,296)	(671,446)
	1,675,812	1,198,042
GST receivable	44,637	(20,915)
Other receivables	17,845	1,424,543
	1,738,294	2,601,670

Impairment of prosecution claim receivables

Opening balance at 1 July 2020	671,446	449,000
Charge for the year	249,850	222,446
Closing balance at 30 June 2021	921,296	671,446

NOTE 8: INVENTORIES

At cost		
Finished goods	1,001,716	1,310,066

NOTE 9: OTHER ASSETS

Current		
Prepayments	625,460	298,432
Non-current		
Security deposits	86,673	92,544

NOTE 10: OTHER FINANCIAL ASSETS

At fair value		
Shares in listed corporations	1,918,541	1,440,782

NOTE 11: CONTROLLED ENTITIES

The ultimate parent entity of the Group is Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited. During the period ended 30 June 2021 the parent entity disposed of its subsidiaries and at 30 June 2021 no longer has any subsidiaries. The subsidiaries previously accounted for in the group are listed below.

Subsidiaries:	**Country of Incorporation**	**Percentage Owned 2021**	**Percentage Owned 2020**
Shelter Management Pty Ltd	Australia	0%	87.3%
Shelter Management Inc (dormant) (i)	USA	0%	100%
Tap Tins Pty Ltd	Australia	0%	100%

Shelter Management Pty Ltd was sold on 18 March 2021 to a US incorporated entity. The fair value of the consideration was $2,017,525 and the net asset value disposed of on consolidation was $1,976,053 to give a gain on disposal of subsidiary of $41,473. Out of the proceeds intercompany loan balances were settled. Shelter Management Pty Ltd is now transacted with on an arms length basis post sale.

(i) A subsidiary of Shelter Management Pty Ltd

NOTE 12: INTERESTS IN ASSOCIATES

(a) *Associates*

Associate	**Nature of relationship**	**Ownership interest 2021 %**	**Ownership interest 2020 %**	**Measurement basis**	**Quoted fair value (if available) 2021 $**	**Quoted fair value (if available) 2020**
Pet Cloud Pty Ltd* Country of incorporation: Australia	Business Partner	13.5	13.5	Equity accounted	0.0	0.0

* The investment in Pet Cloud Pty Ltd was fully impaired at 30 June 2021 and 2020.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

i)

	2021 $	2020 $
Land		
Freehold land		
At cost	3,380,057	3,380,057
Leasehold land		
At cost	3,000,000	3,000,000
Accumulated amortisation	(293,419)	(263,119)
	2,706,581	2,736,881
Buildings		
At cost	51,052,882	51,056,768
Accumulated depreciation	(9,886,259)	(8,644,855)
	41,166,623	42,411,913
Total land and buildings	47,253,261	48,528,851
Plant and equipment		
At cost	10,548,566	10,666,274
Accumulated depreciation	(9,672,109)	(9,551,133)
	876,457	1,115,141
Motor vehicles		
At cost	2,860,130	2,782,524
Accumulated depreciation	(2,230,445)	(2,265,140)
	629,685	517,384
Work in progress	363,465	47,718
Total property, plant and equipment	49,122,868	50,209,094

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations:

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Motor Vehicles	Work in progress
Balance at 1 July 2019	3,586,307	2,767,181	33,536,863	948,043	541,646	3,141,709
Additions	-	-	12,529	380,391	221,468	7,493,378
Disposals	(206,250)	-	(190,998)	-	(164,199)	(5,153)
Transfer from work in progress	-	-	10,064,882	517,334	-	(10,582,216)
Depreciation and amortisation expense	-	(30,300)	(1,105,769)	(730,627)	(245,731)	-
Accumulated depreciation Disposals	-	-	94,406	-	164,199	-
Balance at 30 June 2020	3,380,057	2,736,881	42,411,913	1,115,141	517,384	47,718
Balance at 1 July 2020	3,380,057	2,736,881	42,411,913	1,115,141	517,384	47,718
Additions	-	-	52,014	316,559	342,698	315,747
Disposals	-	-	(55,900)	(434,267)	(265,092)	-
Depreciation and amortisation expense	-	(30,300)	(1,262,647)	(524,285)	(230,396)	-
Accumulated depreciation disposals	-	-	21,243	403,309	265,092	-
Balance at 30 June 2021	3,380,057	2,706,581	41,166,623	876,457	629,685	363,465

NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(ii) Right-of-use assets	2021 $	2020 $
Right-of-use plant and equipment	813,447	931,436
Accumulated amortisation	(373,297)	(317,259)
	440,150	614,177
Right-of-use land and buildings	5,492,546	3,114,508
Accumulated amortisation	(1,891,264)	(1,243,089)
	3,601,282	1,871,419
Total right-of-use assets	4,041,432	2,485,596

(iii) Right-of-use assets	2021 $	2020 $
Opening Balance	2,485,596	3,040,028
Additions	2,931,233	1,016,762
Disposals	-	(10,846)
Depreciation expense	(1,375,397)	(1,560,348)
Closing Balance	4,041,432	2,485,596

NOTE 14: INTANGIBLE ASSETS	2021 $	2020 $
Software at cost	1,686,460	6,505,850
Accumulated amortisation and impairment	(1,654,510)	(4,797,037)
	31,950	1,708,813
Total intangible assets	31,950	1,708,813

Reconciliations:	Software at cost
Balance at 1 July 2019	1,586,916
Additions	609,632
Amortisation expense	(487,735)
Balance at 30 June 2020	1,708,813

Reconciliations:	Software at cost
Balance at 1 July 2020	1,708,813
Additions	293,881
Amortisation expense	(263,664)
Disposals	(1,707,080)
Balance at 30 June 2021	31,950

NOTE 15: TRADE AND OTHER PAYABLES

	2021 $	2020 $
Unsecured liabilities		
Trade payables	830,307	1,746,521
Sundry payables and accrued expenses	1,922,371	1,106,702
	2,752,678	2,853,223

NOTE 16: BORROWINGS & LEASE LIABILITY

(i) Borrowings

Current		
Unsecured liabilities		
Bank bills	200,004	2,089,286
Total current borrowings	200,004	2,089,286
Non-current		
Unsecured liabilities		
Redeemable preference shares	-	80,000
	-	80,000
Secured liabilities		
Bank bills	6,856,659	7,056,663
Total non-current borrowings	6,856,659	7,136,663

(ii) Lease Liabilities

Current Lease Liabilities		
Lease Liabilities	1,153,085	1,235,341
Finance Lease Liabilities	-	196,444
Total current lease liabilities	**1,153,085**	**1,431,785**
Non-current Lease Liabilities		
Lease Liabilities	2,857,207	1,343,267
Finance Lease Liabilities	-	44,425
Total non-current lease liabilities	**2,857,207**	**1,387,692**

NOTE 16: BORROWINGS & LEASE LIABILITY (CONTINUED)

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

Redeemable Preference Shares
During the 2006 financial year and in consideration for the sum of $80,000, Shelter Management Pty Ltd issued preference shares to a minority shareholder. The agreement states that 75% of post tax operating profits are payable to the holder as dividends until such time that 150 preference dividends at $2,400 each have been fully paid. On the basis that the subsidiary has an obligation to repay this amount to the holder of the preference shares, management have classified the instrument as a financial liability. Upon sale of the subsidiary at 18 March 2021, this agreement was extinguished and the liability derecognised.

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

The Society has a bank overdraft facility amounting to $1,700,000 (2020: $1,700,000). This may be terminated at any time at the option of the bank. At 30 June 2021, the unutilised facility was $1,700,000 (2020: $1,700,000). Interest rates are variable.

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

Facilities	Facilities	Maturity	Utilised	Repayments
Bank Bill	$4,740,000	9 April 2023	$4,740,000	Interest only
Bank Bill	$1,500,000	23 December 2024	$1,500,000	Interest only
Bank Bill	$816,663	23 December 2024	$816,663	Interest + $16,667 per month

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

NOTE 17: PROVISIONS

	2021 $	2020 $
CURRENT		
Employee benefits	2,107,059	1,904,060
	2,107,059	1,904,060
NON-CURRENT		
Employee benefits	968,767	792,372
Makegood provision	174,670	-
	1,143,437	792,372

NOTE 18: RESERVES	2021	2020
	$	$
Available for sale financial asset reserve	409,300	133,115
Other reserves	9,086,020	9,731,541
	9,495,320	9,864,656

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

The transfers from retained earnings to the Wacol government grant reserve of $645,521 (2020: $645,521) represents the depreciation charge.

NOTE 19: NON-CONTROLLING INTERESTS	2021	2020
	$	$
Interest held by minority shareholders in subsidiary	-	(46,541)

As outlined in Note 5(c), the Group interest in its subsidiary was disposed of during the year

NOTE 20: RELATED PARTY TRANSACTIONS
Transactions with Subsidiaries

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

	Parent	
	2021	2020
	$	$
IT support and maintenance costs charged to RSPCA by Shelter Management Pty Ltd.	93,600	120,000
Hosting fees charged by Shelter Management Pty Ltd to RSPCA	15,795	21,060
Loan to Shelter Management Pty Ltd. This loan is interest free, unsecured and at call. The Society has agreed not to call on this loan should it jeopardise the liquidity of the subsidiary. This loan was repaid upon the sale of Shelter Management Pty Ltd 18 March 2021.	-	347,918
Working account owed by Shelter Management Pty Ltd. This account is interest free and unsecured. This loan was repaid upon the sale of Shelter Management Pty Ltd 18 March 2021.	-	1,841,871
Recharge of executive and administrative wages to Shelter Management Pty Ltd	161,469	334,262
Rent charged from RSPCA to Shelter Management Pty Ltd	4,500	6,000

Other related party transactions

Management fees were paid to DNR Capital Pty Ltd of $12,551 (2020: $11,599) of which Justine Hickey (RSPCA QLD Chair) is a Director.

Management fees were paid to Ranbury Management Group of $23,760 (2020: $142,335) of which Ali Shery is a member of key management.

Consultancy fees were paid to McGrath Nicol of $90,000 (2020: $nil) of which Graham Newton (RSPCA QLD Treasurer) is a Partner.

Directors fees totaling $65,000 (2020: $nil) were paid to Robert Hair, Cameron Priem and Nick Sheard of which all are directors of Shelter Management Pty Ltd.

NOTE 21: CASH FLOW INFORMATION

(a) Reconciliation of cash	2021 $	2020 $
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:		
Cash and cash equivalents (Note 6)	10,402,453	1,582,268
	10,402,453	1,582,268

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

	2021	2020
Profit/(Loss) from ordinary activities after income tax	7,195,023	8,718,557
Adjustments and non-cash items		
Amortisation	263,664	487,735
Depreciation	3,423,026	3,672,775
Net (gain)/loss on disposal of property, plant and equipment	18,440	117,038
Impairment of equity accounted investment	-	40,765
Credit losses	-	31,528
(Gain) on sale of subsidiary	(41,473)	-
Net movement in share portfolio, net of gains	(118,948)	(49,595)
Redeemable preference shares forgiven	(80,000)	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	763,523	(979,996)
(Increase)/decrease in other assets	(427,203)	466,573
(Increase)/decrease in inventories	308,350	193,138
Increase/(decrease) in payables	(98,826)	(3,698,203)
Increase/(decrease) in provisions	554,065	241,408
Increase/(decrease) in other liabilities	181,818	-
Cash flows from operating activities	11,941,459	9,241,723

(c) Proceeds on disposal of subsidiary

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 interests of $16,380 for the years.

For the purposes of the cash flow statement, 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)
Net cash inflows from disposal of subsidiary	1,808,541

NOTE 22: KEY MANAGEMENT PERSONNEL COMPENSATION

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

Darren Maier (Chief Executive Officer)
Nick Crethar (Chief Financial Officer)
Todd Franks (Executive Manager of People Services)
Serena Dean (General Manager Strategy and Business operations)
Samantha Jacklin (General Manager Fundraising)

	2021 $	2020 $
Key management personnel compensation	1,164,615	1,026,064

NOTE 23: CONTINGENT ASSETS

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

	Consolidated and Parent	
	2021 $	2020 $
Probate advised - written	6,579,498	2,063,133
Provide advised - verbal	4,230,570	1,007,764
Probate not advised – written & verbal	118,121	355,569
	10,928,189	3,426,466

NOTE 24: CONTINGENT LIABILITIES

The Society has provided bank guarantees to the total value of $75,372 (2020: $75,372) as rental guarantees.

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

As at 30 June 2021 the Society had not received any grant monies which are subject to conditions and, that had yet to be acquitted as required under the relevant agreements (2020: $nil).

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

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

The COVID-19 pandemic is ongoing, with aspects of RSPCA's operations relating to retail, adoptions, boarding and donations continuing to be impacted post 30 June 2021.

As the situation remains fluid (due to evolving changes in government policy and evolving business and customer reactions thereto) as at the date these financial statements are authorised for issue, the directors of the group considered that the financial effects of COVID-19 on the Group's financial statements cannot be reasonably estimated for future financial periods.

Other than this, there has been no matter or circumstance, which has arisen since 30 June 2021 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2021, of the group, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2021, of the group.

The financial report was authorised for issue by the Board of Directors of the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited on 23 October 2021.

NOTE 26: ENTITY DETAILS

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

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

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

139 Wacol Station Rd

Wacol QLD 4076

NOTE 27: RETAINED EARNINGS

	2021 $	2020 $
Retained earnings at beginning of year	34,316,069	24,860,667
Net profit/(loss)	7,211,403	8,753,312
Transfers from reserves	728,148	702,090
	42,255,620	34,316,069

NOTE 28: PARENT ENTITY INFORMATION

	2021 $	2020 $
Financial Position		
Assets		
Current assets	13,801,422	5,727,637
Non-current assets	55,201,464	54,311,004
Total assets	69,002,886	60,038,641
Liabilities		
Current liabilities	6,394,644	8,224,054
Non-current liabilities	10,857,304	9,236,728
Total liabilities	17,251,948	17,460,782
Equity		
Retained earnings	42,255,620	32,713,203
Reserves		
Available for sale financial asset reserve	409,300	133,115
Other reserves	9,086,020	9,731,541
Total equity	51,750,940	42,577,859
Financial performance		
Profit/(loss) for the year	8,537,531	8,718,525
Other comprehensive income	358,812	(91,388)
Total comprehensive income	8,896,343	8,627,137

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

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

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

STATEMENT BY THE DIRECTORS OF THE BOARD

The directors of the society declare that:

1. The financial statements and notes, as set out on pages 1 – 30 presents fairly the society's financial position as at 30 June 2021 and performance for the year ended on that date of the society in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and other mandatory professional reporting requirements under the *Australian Charities and Not-for-profit s Commission Act* 2012; and
2. In the directors' opinion there are reasonable grounds to believe that the society will be able to pay its debts as and when they become due and payable.

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

Justine Hickey, Director

Dated this day of 23 October 2021

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