The Royal Society for the Prevention of Cruelty to Animals New South Wales

ABN 87 000 001 641

Annual report for the financial year ended 30 June 2013

The Royal Society for the Prevention of Cruelty to Animals New South Wales
Annual Financial Report
for the Financial Year Ended 30 June 2013

Pages

Directors' report

The directors of The Royal Society for the Prevention of Cruelty to Animals New South Wales ("the Society") submit herewith the annual financial report of the Society for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the Society during or since the end of the financial year are:

Directors

Dr Peter Wright, President
Mr Graham Hall, Vice President
Mr Doug Dean, Treasurer
Ms Wendy Barrett, Director
Mr Andrew Givney, Director
Mrs Dulcie Goldstien, Vice President
Mr Paul O'Donnell, Director
Mrs Carol Youdan, Director
Ms Sarah Cruickshank, Director

Particulars of directors

The following particulars are given in respect of each of the Directors of the Society:

Dr P Wright BVSc, Grad Dip Ag Ec **-** Dr Wright is a veterinarian who runs his own practice at Goulburn, NSW and treats domestic pets, livestock, wildlife and other exotic species. Dr Wright has a long involvement with animal care groups including WIRES and in assisting the local RSPCA inspector.

Mr G Hall – Mr Hall is a life member of RSPCA NSW. He has been an RSPCA board member for 28 years. Mr Hall is a primary producer and partner in a family property near Young breeding stud Shorthorn cattle, cross bred fat lambs and crops.

Mr D Dean B Comm, FCPA, FAIM, AM – Mr Dean is Chairman of Veolia Environment Australia. He is the longest serving CEO in Australia's waste management and industrial services sectors. He is also chairman of the Veolia group in New Zealand and director of various other group companies around the world. He is a councilor on ABAF and on the Board of Advice for ITLS University of Sydney and a Director of MCA.

Ms W Barrett Exec MBA, B Bus Dip Corporate Director, Grad Dip IR – Ms Barrett has held a previous role of President of the RSPCA Auxiliary and has a special interest in progressing animal welfare, animal care and ethics. She is chair of the RPSCA NSW Animal Welfare Policy Committee and is a member of the Animal Care and Ethics Committee at the University of Western Sydney. She is Manager of Business Strategy and Reporting for the Department of Transport.

Mrs D Goldstien – Mrs Goldstien's father was a farrier/blacksmith in South Africa, and during her youth she shared her life with many farm and domestic animals which were cared for by the family. Today her life remains dominated with animals, and as a Director of Annangrove Dog Training, her greatest joy is to work with and rehabilitating problem dogs. She has had the opportunity to teach children the correct ways to treat animals and enjoys this immensely. She was granted Honorary Life Membership of RSPCA NSW 1979 and has always been proud to support this organisation.

Mr P O'Donnell LLB (Hons) – Barrister of Supreme Court of NSW, Mr O'Donnell was elected to the Board in October 1998. A Barrister at Law, Mr O'Donnell is particularly interested in the Society's efforts to respond to animal cruelty.

Directors' report (cont'd)

Mrs C Youdan OAM – Mrs Youdan joined the RSPCA through the Taree branch in 1979 and has held all branch positions at some time including five years as voluntary branch Inspector, when the nearest Inspector was over three hours away. Joined the board in 1996. Awarded the order of Australia Medal for service to the community through RSPCA in 2001. Granted Life Honorary Membership in 2007.

Ms S Cruickshank – Ms Cruickshank has two decades' experience in policy development, advocacy and strategic communications. Prior to joining the Australian Public Service in a Senior Executive role she spent ten years in a national public affairs company with the last five years as Managing Director. Throughout her life she has been the proud owner of several shelter cats and dogs and is passionate about protecting the interests of vulnerable animals in our society.

Mr A Givney **-** Mr Givney was elected to the Board in 2010. Mr Givney is a Barrister at Law and became a barrister in 1987 following his retirement as a partner in a solicitors' practice.

Company secretary

Mr S Coleman GDip of Inv Mgt and MBA **-** Mr Coleman is the Chief Executive Officer of the RSPCA and the Society secretary.

Principal activities

The principal activity of the Society in the course of the financial year was the prevention of cruelty to animals through the operation of shelters, clinics, and the sale of animals and associated products.

Results

The net deficit of the Society for the year from principal activities was $962,936 (2012: surplus $10,155,635).

Dividends

The Society is a non-profit organization and no dividends are payable.

Review of operations

During the financial year, the Society conducted the activities described above resulting in the deficit as shown above.

Changes in state of affairs

There was no significant change in the state of affairs of the Society during the financial year.

Subsequent events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Society, the results of its operations, or the state of affairs of the Society in future financial years.

Future developments

It is the expectation of the Directors that the Society will further expand its activities where possible in the prevention of cruelty to animals and it is expected that the cost of these operations will increase but will be met from the traditional sources of income available to the Society.

Directors' report (cont'd)

Directors' benefits

Since the end of the previous financial year, no Director of the Society has received or has become entitled to receive a benefit by reason of a contract made by the Society or a related corporation with him or her or with a firm of which he or she is a member or with a company in which he or she has a substantial financial interest, other than disclosed in note 25 to the financial statements.

Indemnification of officers and auditors

During the financial year, the Society paid a premium in respect of a contract insuring the directors of the Society (as named above), the Society secretary, and all employees of the Society against a liability incurred as such a director, secretary, officer, or employee to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the year, 6 board meetings were held.

	Board of Directors' Meetings	
Directors	**Held**	**Attended**
Dr Peter Wright	6	6
Mr Doug Dean	6	4
Mr Graham Hall	6	5
Mrs Dulcie Goldstien	6	4
Ms Wendy Barrett	6	4
Mr Paul O'Donnell	6	6
Mrs Carol Youdan	6	4
Ms Sarah Cruickshank	6	4
Mr Andrew Givney	6	6

Auditor's independence declaration

The auditor's independence declaration is included on page 4 of the financial report.

Signed this 1st of October 2013, in accordance with a resolution of the Directors.

On behalf of the Directors

Dr P Wright
President

Mr Douglas Dean
Treasurer

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
RSPCA NSW
P.O. Box 34
Yagoona NSW 2199

1 October 2013

Dear Board Members

The Royal Society for the Prevention of Cruelty to Animals New South Wales

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The Royal Society for the Prevention of Cruelty to Animals New South Wales.

As lead audit partner for the audit of the financial statements of The Royal Society for the Prevention of Cruelty to Animals New South Wales for the financial year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit ; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Eric Angelucci
Partner
Chartered Accountant

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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Independent Auditor's Report to the Members of The Royal Society for the Prevention of Cruelty to Animals – New South Wales Inc.

We have audited the accompanying financial report of The Royal Society for the Prevention of Cruelty to Animals – New South Wales Inc. ("RSPCA NSW"), which comprises the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 7 to 33. In addition, we have audited RSPCA NSW's compliance with specific requirements of the Charitable Fundraising Act 1991 for the year ended 30 June 2013.

Directors' Responsibility for the Financial Report and for Compliance with the Charitable Fundraising Act 1991

The directors of the Society are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for compliance with the *Charitable Fundraising Act 1991*. The directors are also responsible for such internal control as the directors determine is necessary to enable compliance with requirements of the *Charitable Fundraising Act 1991* and the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Society's compliance with specific requirements of the *Charitable Fundraising Act 1991* and the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the entity has complied with specific requirements of the *Charitable Fundraising Act 1991* and the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the Society's compliance with specific requirements of the *Charitable Fundraising Act 1991* and amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of non-compliance with specific requirements of the *Charitable Fundraising Act 1991* and material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the Society's compliance with the *Charitable Fundraising Act 1991* and preparation of the financial report that gives a true and fair view, 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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Deloitte

Inherent Limitations

Because of the inherent limitations of any compliance procedure, it is possible that fraud, error, or non-compliance with the *Charitable Fundraising Act 1991* may occur and not be detected. An audit is not designed to detect all weaknesses in RSPCA NSW's compliance with the *Charitable Fundraising Act 1991* as an audit is not performed continuously throughout the period and the tests are performed on a sample basis.

Any projection of the evaluation of compliance with the *Charitable Fundraising Act 1991* to future periods is subject to the risk that the procedures, may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

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

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of RSPCA NSW's, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of RSPCA NSW is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Society's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

(b) the financial report agrees to the underlying financial records of RSPCA NSW, that have been maintained, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations for the year ended 30 June 2013; and

(c) monies received by RSPCA NSW, as a result of fundraising appeals conducted during the year ended 30 June 2013, have been accounted for and applied, in all material respects, in accordance with the *Charitable Fundraising Act 1991* and its regulations.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Eric Angelucci
Partner
Chartered Accountants
Parramatta, 1 October 2013

Directors' declaration

The directors declare that:

(a) 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; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Society.

Signed in accordance with a resolution of the directors made pursuant to s. 295(5) of the Corporations Act 2001.

On behalf of the Directors

Dr P Wright	Mr D Dean
President	Treasurer

Sydney, 1st October 2013

Declaration in accordance with the Charitable Fundraising Act 1991

I, Peter Wright, President of The Royal Society for the Prevention of Cruelty to Animals, New South Wales, state that in my opinion:

(a) the accompanying Statement of Profit of Loss and Other Comprehensive Income gives a true and fair view of all income and expenditure of the Society with respect to fundraising appeals; and

(b) the accompanying Statement of Financial Position gives a true and fair view of the state of affairs with respect to fundraising appeals; and

(c) provisions of the Charitable Fundraising Act 1991, the regulations under the Act and the conditions attached to the Society's fundraising authority have been complied with; and

(d) internal controls exercised by the Society are appropriate and effective in accounting for all income received and applied from any fundraising appeals.

Signed this 1st October 2013

Dr P Wright
President

Statement of profit or loss and other comprehensive income for the financial year ended 30 June 2013

	Note	2013 $	2012 $
Revenue	3(a)	28,407,669	28,156,540
Operating expenses	4	(44,092,691)	(39,082,819)
Surplus/(deficit) before legacies and grants		(15,685,022)	(10,926,279)
Legacies	3(b)	10,268,615	16,886,125
Government grants	3(b)	4,453,471	4,195,789
Surplus/(deficit) for the year		(962,936)	10,155,635
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain/(loss) on available-for-sale financial assets during the year		6,314,309	(1,398,019)
Total comprehensive income for the year		5,351,373	8,757,616

Notes to the financial statements are included on pages 12 to 33.

Statement of financial position as at 30 June 2013

	Note	2013 $	2012 $
Current Assets			
Cash and cash equivalents	6	6,166,395	11,923,209
Trade and other receivables	7	1,674,060	1,766,984
Inventories	8	912,855	721,332
Other Assets	9	299,211	276,085
		9,052,521	14,687,610
Assets classified as held for sale	10	2,920,729	1,468,675
Total Current Assets		11,973,250	16,156,285
Non-Current Assets			
Financial assets	11	35,675,592	28,690,300
Property, plant and equipment	12	41,730,547	39,338,124
Investment properties	13	6,192,734	6,084,644
Total Non-Current Assets		83,598,873	74,113,068
Total Assets		95,572,123	90,269,353
Current Liabilities			
Trade and other payables	14	2,996,661	3,853,982
Provisions	15	2,027,588	1,511,016
Borrowings	16	-	150,462
Total Current Liabilities		5,024,249	5,515,460
Non-Current Liabilities			
Provisions	15	1,560,866	1,118,258
Total Non-Current Liabilities		1,560,866	1,118,258
Total Liabilities		6,585,115	6,633,718
Net Assets		88,987,008	83,635,635
Members' Equity and Specific Funds			
Specific funds	17	346,748	345,345
Accumulated funds	18	82,506,489	83,470,828
Reserves	19	6,133,771	(180,538)
Total Equity and Funds		88,987, 008	83,635,635

Notes to the financial statements are included on pages 12 to 33.

Statement of changes in equity for the financial year ended 30 June 2013

	Specific Funds $	Revaluation Reserve $	Accumulated funds $	Total $
Balance at 1 July 2011	346,436	1,217,481	73,315,193	74,879,110
Surplus for the year	-	-	10,155,635	10,155,635
Change in fair value of available for sale assets	-	(1,398,019)	-	(1,398,019)
Movement in specific funds	(1,091)	-	-	(1,091)
Balance at 30 June 2012	345,345	(180,538)	83,470,828	83,635,635
Balance at 1 July 2012	345,345	(180,538)	83,470,828	83,635,635
(Deficit) for the year	-	-	(962,936)	(962,936)
Change in fair value of available for sale assets	-	6,314,309	-	6,314,309
Transfer to specific funds	1,403	-	(1,403)	-
Balance at 30 June 2013	346,748	6,133,771	82,506,489	88,987,008

Notes to the financial statements are included on pages 12 to 33.

Statement of cash flows for the financial year ended 30 June 2013

	Note	2013 $	2012 $
Cash flow from operating activities			
Receipts from members and customers		21,312,527	25,664,897
Payments to suppliers and employees		(41,070,030)	(39,108,584)
Donations received		3,705,036	3,108,076
Legacies received		8,159,316	11,787,519
Government subsidy		4,453,471	4,178,748
Subscriptions		46,088	35,676
Net cash (outflow)/inflow from operating activities	21(b)	(3,393,592)	5,666,332
Cash flow from investing activities			
Rent received		748,508	610,767
Interest received		10,375	455,659
Dividends received		1,903,873	1,112,986
Proceeds for the sale of property, plant and equipment		5,980,679	6,797,253
Proceeds for the sale of investment securities		434,435	63,190
Payment for investment securities		(1,454,057)	-
Payment for property, plant and equipment		(10,020,035)	(9,747,022)
Net cash (outflow)/inflow from investing activities		(2,363,222)	(707,167)
Cash flow from financing activities			
Proceeds/(Application) of specific funds		-	(1,091)
Net cash (outflow)/inflow from financing activities		-	(1,091)
Net (decrease)/increase in cash and cash equivalents		(5,756,814)	4,958,074
Cash and cash equivalents at the beginning of the financial year		11,923,209	6,965,135
Cash and cash equivalents at the end of the financial year	21(a)	6,166,395	11,923,209

Notes to the financial statements are included on pages 12 to 33.

Notes to the financial statements for the financial year ended 30 June 2013

1. Significant accounting policies

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and comply with other requirements of the law and the Charitable Fundraising Act 1991 (NSW).

For the purposes of preparing the financial statements, the Society is a not-for-profit entity. Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). The financial statements comply with all Australian equivalents to International Financial Reporting Standards ('A-IFRS') in their entirety as applicable to not-for-profit entities.

The Society is incorporated and domiciled in Australia and is a Company limited by guarantee without share capital.

The financial statements were authorised for issue by the directors on 1 October 2013.

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

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments, which are measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

(a) Branch accounts

The financial statements comprise the accounts of the Society and all its Branches. The financial statements are inclusive of Branch balances at balance date and transactions during the year, after elimination of balances and transactions between Branches and Head Office. A listing of Branches is shown in note 28.

(b) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

(c) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Society in respect of services provided by employees up to reporting date.

<u>Defined contribution plans</u>
Contributions to defined contribution superannuation plans are expensed when employees have rendered service entitling them to the contributions.

Notes to the financial statements for the financial year ended 30 June 2013

1. Significant accounting policies (Cont'd)

(d) Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Available-for-sale financial assets

Certain shares and units in unlisted trusts held by the Society are classified as being available-for-sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses and interest calculated using the effective interest method which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

Dividends on available-for-sale equity instruments are recognised in profit and loss when the Society's right to receive the dividends is established.

The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in equity.

Unlisted Trusts

Unlisted trusts are brought to account at market value where received by legacy, otherwise at cost. Distributions are brought to account as they are received.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

Notes to the financial statements for the financial year ended 30 June 2013

1. Significant accounting policies (Cont'd)

(d) Financial assets (cont'd)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

(e) Government grants

Grant revenue is recognised in the profit or loss in accordance with AASB 1004 Contribution s. Grant revenue is recognised when and only when all of the following conditions have been satisfied:

a) the entity obtains control of the contribution or the right to receive the contribution;

b) it is probable that the economic benefits comprising the contribution will flow to the entity; and

c) the amount of the contribution can be measured reliably.

Notes to the financial statements for the financial year ended 30 June 2013

1. Significant accounting policies (Cont'd)

(f) Impairment of other tangible assets

At each reporting date, the Society reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Society estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Income tax

The Society is an income tax exempt charity endorsed by the Australian Taxation Office.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to inventories by the method most appropriate to each particular class of inventory, with all categories being valued on a first in first out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Notes to the financial statements for the financial year ended 30 June 2013

1. Significant accounting policies (Cont'd)

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Society has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Society retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services
Revenue from a contract to provide services is recognised when the services have been performed.

Fundraising
Amounts received through fundraising activities are recognised upon receipt.

Bequests and donations
Cash donations are recognised upon receipt. Share and property bequests acquired at nominal value are recognised in the profit or loss and statement of financial position at their fair value at the date the Society obtains control over the asset.

Royalties
Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend and interest revenue
Dividend revenue from investments is recognised when the Society's right to receive payment has been established.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income
Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. However, contingent rentals arising under operating leases are recognised as income in a manner consistent with the basis on which they are determined.

(j) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

Notes to the financial statements for the financial year ended 30 June 2013

1. Significant accounting policies (Cont'd)

(k) Specific funds

Income and expenditure relating to Specific Funds is brought to account through the Statement of Profit or Loss and Other Comprehensive Income. An amount equivalent to the income and expenditure is transferred to/from the Specific Fund from/to Accumulated funds. Capital expenditure incurred within the terms of the Specific Funds is capitalised in the financial statements of the Society as property, plant and equipment and depreciated accordingly. An amount equivalent to the expenditure is transferred from the Specific Fund to Accumulated funds.

(l) Payables

Trade and other payables are recognised when the Society becomes obliged to make future payments resulting from the purchase of goods and services.

(m) Property, plant and equipment

Land and buildings, and plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Land and buildings acquired by legacy are brought to account at fair value at the date of transfer of ownership, which is taken to be the asset's deemed cost at this time.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following estimated useful lives are used in the calculated depreciation:

Buildings	20 years
Animal shelters	20 – 50 years
Motor vehicles	5 years
Plant, furniture and equipment	3 – 10 years

(n) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

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

Notes to the financial statements for the financial year ended 30 June 2013

1. Significant accounting policies (Cont'd)

(o) Investment properties

Investment properties are properties held to earn rentals and/or capital appreciation. Where such property is acquired by legacy, investment properties are measured initially at deemed cost (being fair value as per note 1(i)), including transaction costs. Subsequent to initial recognition, investment properties are measured at cost.

Depreciation is provided on investment properties, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period. For the buildings, a useful life of 20 years is used in the calculation of depreciation .

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised

(p) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards.

Society as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Society as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

(q) Borrowing costs

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Standards and Interpretations issued not yet adopted

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standard is not expected to materially affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Society's financial report:

• AASB 9 Financial Instruments, and the relevant amending standards	Effective for annual reporting periods beginning on or after 1 January 2015
• AASB 10 Consolidated Financial Statements and AASB 2011-7 Amendments to Australia Accounting Standards arising from the consolidation and Joint Arrangements standards	Effective for annual reporting periods beginning on or after 1 January 2013

Notes to the financial statements for the financial year ended 30 June 2013

1. Significant accounting policies (Cont'd)

(r) Standards and Interpretations issued not yet effective (cont'd)

• AASB 13 Fair Value Measurement and related AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	Effective for annual reporting periods beginning on or after 1 January 2013
• AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'	Effective for annual reporting periods beginning on or after 1 January 2013
• AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Effective for annual reporting periods beginning on or after 1 July 2013
• AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	Effective for annual reporting periods beginning on or after 1 January 2013
• AASB 2012-3 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	Effective for annual reporting periods beginning on or after 1 January 2014
• AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle	Effective for annual reporting periods beginning on or after 1 January 2013
• AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	Effective for annual reporting periods beginning on or after 1 January 2015
• AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments	Effective for annual reporting periods beginning on or after 1 January 2013

The directors have given due consideration to all new and revised standards and interpretations issued by the AASB that are not yet effective and have not been adopted in this financial report, and do not believe that they will have a material impact on the financial report in the period of initial application.

(s) Comparative amounts

Where required, the figures for the previous year are reclassified to facilitate comparison.

Notes to the financial statements for the financial year ended 30 June 2013

1. Significant accounting policies (Cont'd)

(t) Application of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

Amendments to AASB101 'Presentation of Financial Statements'	The amendment (part of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income' introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss, and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Standards and Interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reported results or financial position.

Notes to the financial statements for the financial year ended 30 June 2013

2. Critical accounting estimates and judgements

In the application of the Society's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies
The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the Society's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Fair value of assets
As described in Note 11, the Society holds available for sale financial assets which are carried at fair value as at the balance sheet date. The investments are held in listed equity instruments and the fair value is obtained from fund managers, which the directors believe to be appropriate in determining the fair value of the available for sale financial assets.

The Society has classified certain land and buildings as assets held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' and these assets are carried at fair value as at the balance sheet date (refer to Note 10). The directors have determined the sale value, as agreed upon subsequent to the balance sheet date, being reflective of the appropriate fair value of these assets at 30 June 2013.

Useful lives of property, plant and equipment
As described at Note 1(m) above, the Society reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. For the year ended 30 June 2013, the directors have agreed that the useful lives of all property, plant and equipment do not need to be revised. The Society will continue to review the estimated useful lives in future reporting periods.

Notes to the financial statements for the financial year ended 30 June 2013

		2013 $	2012 $
3.	**Revenue**		
(a)	Operating Revenue		
	Donations	3,705,036	3,117,569
	Interest received – other entities	10,375	455,659
	Dividends received – other entities	1,936,873	1,804,559
	Royalty	159,449	80,941
	Profit on sale of property	515,536	1,119,182
	Membership subscriptions	46,088	35,675
	Fees for service - animals	8,730,890	8,422,035
	Sale of goods	1,631,248	1,487,664
	Sale of animals	2,282,737	2,340,195
	Rent	748,508	610,767
	Court fines and costs	153,850	153,863
	Fundraising	7,006,126	6,978,920
	Sundry income	1,480,953	1,549,511
		28,407,669	28,156,540
(b)	Other Revenue		
	Legacies	10,268,615	16,886,125
	Government grants:		
	Animal welfare and services	703,471	445,789
	Animal shelter	3,750,000	3,750,000
		4,453,471	4,195,789
		14,722,086	21,081,914

(i) **State Government contribution – animal shelter**

The Society has received funding from the State Government for the construction of an animal shelter at Yagoona, NSW. These amounts are recognised as other income when the Society has established control over the contribution. This treatment is in accordance with AASB 1004 Contributions. The related costs incurred in construction are capitalised as work in progress until complete and then depreciated over the life of the asset.

4. Operating expenses

An analysis of the Society's operating expenses for the year, is as follows:

	2013 $	2012 $
Depreciation of non-current assets	2,652,191	2,275,852
Losses on sale of investments	408,072	6,034
Bad debts written off	75,188	300,092
Employee benefits expense:		
Salaries and wages	22,648,940	19,210,958
Defined contribution plans	1,809,136	1,746,648
Administration	4,821,647	5,098,242
Animal related	3,962,379	3,410,243
Purchase of merchandise	645,634	678,635
Repairs and maintenance	578,825	856,800
Fundraising	2,470,853	2,689,066
Occupancy	982,821	850,788
Other	3,037,005	1,959,461
	44,092,691	39,082,819

Notes to the financial statements for the financial year ended 30 June 2013

		2013 $	2012 $
5.	**Key management personnel compensation**		
	The total compensation of the key management personnel of the Society is as follows:		
	Short term employee benefit	1,160,186	1,082,288
	Post-employment benefit	120,347	268,888
		1,280,533	1,351,176
6.	**Cash and cash equivalents**		
	Cash at bank	6,125,789	11,881,154
	Cash on hand	40,606	42,055
		6,166,395	11,923,209
7.	**Trade and other receivables**		
	Trade receivables	1,950,986	2,036,910
	Allowance for doubtful debts	(276,926)	(269,926)
		1,674,060	1,766,984
	Allowance for doubtful debts		
	Opening balance	269,926	50,000
	Impairment losses recognised on receivables	75,189	219,926
	Amounts written off	-	-
	Amounts recovered	(68,189)	-
	Closing balance	276,926	269,926

The average credit period on sale of goods is 30 days. No interest is charged on the overdue trade receivables. Allowances for doubtful debts are recognised against trade receivables based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position.

		2013	2012
8.	**Inventories**		
	Finished goods	912,855	721,332
9.	**Other assets**		
	Prepayments	299,211	276,085
10.	**Assets classified as held for sale**		
	Freehold land held for sale	948,300	1,072,000
	Buildings held for sale	1,972,429	396,675
		2,920,729	1,468,675

The Society intends to dispose of freehold land and buildings not utilised in the next 12 months. The freehold land and buildings has been bequeathed to the Society through legacies and are not used in operating activities. A search is underway for a buyer.

Notes to the financial statements for the financial year ended 30 June 2013

	2013 $	2012 $
11. Financial assets		
Available-for-sale investments carried at fair value:		
Shares held at market value	34,840,788	27,941,454
Unlisted Trusts and Shares at market value	834,804	748,846
	35,675,592	28,690,300

12. Property, Plant and Equipment

	Capital works in progress at cost $	Land at cost $	Buildings at cost $	Animal Shelters at cost $	Motor vehicles at cost $	Plant, furniture and equipment at cost $	Total $
Net book value							
Balance as at 1 July 2011	2,196,776	6,202,598	3,584,613	24,153,826	3,458,623	2,511,873	42,108,309
Additions	3,906,615	1,391,600	1,445,203	352,781	4,778,240	867,147	12, 741,586
Transfers	-	(4,148,144)	(3,405,175)	-	-	-	(7,553,319)
Disposals	(624,806)	(923,250)	(235,495)	-	(3,899,085)	-	(5,682,636)
Depreciation expense	-	-	(263,033)	(727,728)	(768,076)	(516,979)	(2,275,816)
Balance as at 30 June 2012	5,478,585	2,522,804	1,126,113	23,778,879	3,569,702	2,862,041	39,338,124
Additions	665,835	380,000	180,000	6,632,420	4,942,916	1,563,067	14,364,238
Transfers	(3,794,667)	(948,300)	(590,651)	-	-	-	(5,333,618)
Disposals	-	-	-	-	(3,993,558)	(2,910)	(3,996,468)
Depreciation expense	-	-	(541,214)	(707,701)	(789,022)	(603,792)	(2,641,729)
Balance as at 30 June 2013	2,349,753	1,954,504	174,248	29,703,598	3,730,038	3,818,406	41,730,547

13. Investment properties

Investment properties at cost	6,192,734	6,084,644

Investment properties are held at cost less accumulated depreciation and accumulated impairment losses.

14. Trade and other payables

Trade payables	2,996,661	3,853,982

15. Provisions

Current		
Employee benefits	2,027,588	1,511,016
Non-Current		
Employee benefits	1,560,866	1,118,258
	3,588,454	2,629,274

Notes to the financial statements for the financial year ended 30 June 2013

	Note	2013 $	2012 $
16. Borrowings			
Unsecured			
At amortised cost			
Current			
Bushfire appeal funds		-	118,141
Drought appeal funds		-	29,578
Broken Hill appeal funds		-	2,743
		-	150,462
Disclosed in the financial statements as:			
Current borrowings		-	150,462
		-	150,462
17. Specific Funds			
RSPCA DiDi Redford Memorial Trust Fund	17(a)	344,248	342,845
The Winifred & Maurice Neirous Trust Fund	17(b)	2,500	2,500
		346,748	345,345

(a) **RSPCA DiDi Redford Memorial Trust Fund**

The Fund was established to pay for surgery on cruelty cases, injured strays and unwanted animals.

	2013 $	2012 $
Balance at end of year	344,248	342,845

This fund is currently frozen, it is proposed to review with the trustees how to best apply this money. There are allocations in the current shelter and veterinary budgets to provide the services targeted in this trust fund.

(b) **The Winifred and Maurice Neirous Trust Fund**

The Fund was established to assist in the purchase of medicines for RSPCA animals from the income earned.

	2013 $	2012 $
Balance at end of year	2,500	2,500

Interest has not been accrued for the above specific funds as those funds are not in operation during this financial year.

Notes to the financial statements for the financial year ended 30 June 2013

	2013 $	2012 $
18. Accumulated Funds		
Balance at beginning of financial year	83,470,828	73,315,193
Surplus/(deficit) for the year	(962,936)	10,155,635
Movement in specific funds	(1,403)	-
Balance at end of financial year	82,506,489	83,470,828

19. Reserves

Available-for-sale investments revaluation	6,133,771	(180,538)
Movement:		
Balance at beginning of financial year	(180,538)	1,217,481
Net valuation adjustment recognised	6,314,309	(1,398,019)
Balance at end of financial year	6,133,771	(180,538)

The available-for-sale investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

20. Remuneration of auditors

Auditing of the financial statements:

Remuneration of the Society auditor	80,000	75,400
Remuneration of other auditors	1,400	2,900
	81,400	78,300

The auditor of the Society is Deloitte Touche Tohmatsu. Deloitte Touche Tohmatsu did not provide any non-audit services during the year ended 30 June 2013.

Notes to the financial statements for the financial year ended 30 June 2013

	2013 $	2012 $
21. Cash Flow Information		
(a) Reconciliation of Cash and Cash Equivalents		
Cash and cash equivalents	6,166,395	11,923,209
(b) Reconciliation of surplus for the year to net cash flows from operating activities		
(Deficit)/surplus for the year	(962,936)	10,155,635
Depreciation	2,652,191	2,275,817
Loss on sale of investments	408,072	6,034
(Profit) on sale of property	(515,536)	(1,119,182)
Rent received	(748,508)	(610,767)
Interest received	(10,375)	(455,659)
Dividends received	(1,936,873)	(1,804,559)
Share investment legacies received	(59,433)	(1,961,999)
Property legacies received	(2,049,866)	(2,990,000)
Movement in working capital		
(Increase)/decrease in assets:		
Trade and other receivables	92,924	1,296,463
Inventory	(191,523)	12,101
Other assets	(23,126)	59,163
Increase/(decrease) in liabilities:		
Trade and other payables	(1,007,783)	512,805
Provisions	959,180	290,480
Net cash (outflow)/inflow from operating activities	(3,393,592)	5,666,332
(c) Financing facilities		
Bank loan facility		
Used	-	-
Unused	15,500,000	15,500,000
	15,500,000	15,500,000

Notes to the financial statements for the financial year ended 30 June 2013

	2013 $	2012 $
22. Commitments for expenditure		
Non-cancellable operating lease commitments		
Not longer than 1 year	1,336,012	492,476
Longer than 1 year and not longer than 5 years	1,473,545	550,993
	2,809,557	1,043,469

Leasing arrangements

Operating leases relates to the office space being rented at Chullora and Rouse Hill. The lease term is for 3 years. The Society does not have an option to purchase the leased asset at the expiry of the lease period.

23. Charitable Fundraising Act 1991

The following additional information is provided in accordance with the requirements of the above Act.

(a) Fundraising Appeals

Head Office and Branches have conducted various fundraising appeals during the year. Details of aggregate gross income and total expenses of fundraising appeals, as disclosed in these financial statements were as follows:

	2013 $	2012 $
Gross proceeds from fundraising appeals:		
Head office		
Donations	3,402,893	2,936,717
Fundraising	6,573,420	6,687,287
Branches		
Donations	302,143	180,852
Fundraising	432,706	291,633
Gross proceeds from fundraising appeals	10,711,162	10,096,489
Cost of fundraising appeals		
Head office	(2,438,597)	(2,629,707)
Branches	(32,256)	(59,359)
Total costs of fundraising appeals	(2,470,853)	(2,689,066)
Net surplus obtained from fundraising appeals	8,240,309	7,407,423

Fundraising from cash donations and cash legacies generally conducted on an honorary basis by members of the Society supported by officers who are employed for specific inspectorial, veterinary or other necessary administrative purposes.

Notes to the financial statements for the financial year ended 30 June 2013

23.	**Charitable Fundraising Act 1991 (cont'd)**	**2013 $**	**2012 $**

(b) Fundraising appeals conducted during the financial period – appeals, raffles, stalls, social functions.

(c) Statement showing how funds received were applied to charitable purposes

	2013 $	2012 $
Net surplus from fundraising appeals	8,240,309	7,407,423
Net surplus was applied to the charitable purpose in the following manner		
Funding RSPCA Inspectors	(5,193,481)	(4,643,150)
Animal shelter facilities for stray, abandoned and abused animals	(15,522,008)	(13,232,850)
Veterinary clinic services	(9,599,897)	(7,466,348)
Expenditure on support services	(12,712,800)	(10,026,829)
	(43,028,186)	(35,369,177)
Shortfall	(34,787,877)	(27,961,754)
Government grant	4,453,471	4,195,789
Legacies	10,268,615	16,886,125
Investment income	2,106,697	2,695,561
Fees for service – animals	8,730,890	8,422,035
Other income – gross	6,858,920	6,936,421
Total income from other sources	32,418,593	39,135,931

(d) Comparisons by monetary figures and percentages

	2013	2012
Total cost of fundraising/gross income from fundraising $2,470,853 / $10,711,162 (2012: $2,689,066 / $10,096,489)	23.07%	26.63%
Total surplus from fundraising/gross income from fundraising $8,240,309 / $10,711,162 (2012: $7,407,423 / $10,096,489)	76.93%	73.37%
Total costs of services/total costs $30,315,387 / $43,028,186 (2012: $25,342,348 / $35,369,177)	70.45%	71.65%
Total costs of services/total income received $30,315,387 / $43,129,755 (2012: $25,342,348 / $39,135,931)	70.29%	64.75%

Notes to the financial statements for the financial year ended 30 June 2013

24. Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Society, the results of its operations, or the state of affairs of the Society in future financial years.

25. Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties. Mr O'Donnell provides legal services to the Society. Dr Wright, at times, provides veterinary and consulting services.

26. Contingent Liabilities

As at the date of this report, there are no significant contingent liabilities to note in these financial statements.

27. Financial Instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

(a) Capital risk management

The Society manages its capital to ensure that branches in the Society will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Society's overall strategy remains unchanged from 2012. The capital structure of the Society consists of cash and cash equivalents and equity attributable to members of the Society comprising of specific funds, accumulated funds and reserves as disclosed in notes 17, 18 and 19 respectively.

Operating cash flows are used to maintain the Society's activities and distribution of assets.

The Society's board of directors reviews the structure of the entity on an annual basis.

Gearing Ratio

There was no debt at 30 June 2013.

Notes to the financial statements for the financial year ended 30 June 2013

27. Financial Instruments (cont'd)

(b) Categories of financial instruments	**2013** **$**	**2012** **$**
Cash and cash equivalents	6,166,395	11,923,209
Loans and receivables	1,674,060	1,766,984
Available-for-sale financial assets	35,675,592	28,690,300
Financial liabilities		
Amortised cost	2,996,661	4,004,444

At the reporting date there are no significant concentrations of credit risk. The carrying amount reflected above represents the Society's maximum exposure to credit risk for loans and receivables.

(c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange (currency risk), market interest rates (interest rate risk) and market prices (price risk). The risk is managed by ensuring that all activities are transacted by the outsourced investment manager in accordance with mandates, the overall investment strategy and within approved limits.

(i) Foreign currency risk management

The Society does not have any exposures to foreign currencies at the reporting date (2012: $nil).

(ii) Interest rate risk

The Society is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, as follows:

The Society is exposed to interest rate risk primarily through the interest income the Society earns on its cash balance. The weighted average effective interest rate is 3.9% on the cash at bank balance of $6,125,789 (2012: 4.6% on a cash balance of $11,881,154).

If interest rates had been 1% higher/lower than the weighted average effective interest rate, loss for the year ended 30 June 2013 would decrease/increase by $61,258 (2012: profit would increase/decrease by $118,812). This is mainly attributable to the Group's exposure to variable interest rates on its cash at bank balance.

(iii) Other price risks

The Society is exposed to equity price risks arising from equity investments held as available for sale assets. This arises from investments held by the fund for which prices are uncertain. They are classified on the statement of financial position at fair value through equity. All investments in equity securities, property securities and bonds present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Investment Fund Manager mitigates price risk through diversification and a careful selection of equity and fixed income securities and other financial instruments within specified limits as directed by the Board. The majority of the equity investments are publicly traded on stock exchanges located in Australia.

The Society's exposure to price risk on financial assets is set out in note 11.

These investments are available-for-sale financial assets and are carried at fair value through the investment revaluation reserve included within equity.

Notes to the financial statements for the financial year ended 30 June 2013

27. Financial Instruments (cont'd)

(c) Market risk (cont'd)

(iii) Other price risks (cont'd)

Equity price sensitivity analysis:

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. If equity prices had been 5% higher/ lower:

- Loss for the year ended 30 June 2013 would have been unaffected as the equity investments are classified as available-for-sale and no investments were disposed of or impaired; and

- Equity for the year ended 30 June 2013 would increase/ decrease by $1,783,780 (2012: increase/ decrease by $1,434,515) as a result of the changes in the fair value of available-for-sale shares.

The Society's other exposure to price risks at the reporting date include assets classified as held for sale (refer note 10).

(d) Credit Risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any allowance for doubtful debts, as disclosed in the balance sheet and notes to the financial statements. The Society does not have any material risk exposure to any single debtor or group of debtors under financial instruments entered into by the Society (refer to Note 7).

(e) Liquidity risk management

Liquidity risk is the risk that the Society will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments. Cash flow risk is the risk that the future cash flows from holding financial instruments will fluctuate.

The Society's risk management is designated to minimise liquidity and cash flow risk through ensuring that there is no significant exposure to illiquid or thinly traded financial instruments.

The Society is expected to pay the trade payables of $2,996,661 (2012: $3,853,982) within one year from the reporting date.

(f) Fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

The fair value of financial assets and liabilities are determined as follows:

- The fair value of financial of assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory.

Within the context of AASB7, the financial assets classified as assets available for sale are in level 1 hierarchy.

Notes to the financial statements for the financial year ended 30 June 2013

28. Branches

Branches:
- Albury
- Armidale
- Bathurst
- Blue Mountains
- Broken Hill
- Central Coast
- Cobar
- Cooma
- Dubbo
- Eurobodalla
- Glen Innes
- Goulburn and Southern Highlands
- Gunnedah
- Illawarra
- Inverell
- Kempsey
- Moree
- Mudgee and District
- Nowra
- Orange
- Port Macquarie
- Sapphire Coast
- Tamworth
- Taree
- Tenterfield
- Tweed Shire
- Ulladulla and District
- Wagga Wagga
- New South Wales Auxiliary

29. Superannuation Commitments

A superannuation plan administered by BT Business Super has been established by the Society for the provision of benefits to employees on retirement, death or disability. Benefits provided under the plan are based on contributions for each employee. The Society contributes the super guarantee employer superannuation support. Benefits provided under the plan are based on contributions for each employee under the Superannuation Guarantee Scheme. Employees may elect to contribute various percentages of their gross income into the plan. As benefits provided under the plan are based on contributions for each employee, no actuarial review is required.

30. Segment Information

The Society operates in one business segment relating to the prevention of cruelty to animals. The Society operates in New South Wales, Australia.

31. General Information

The Royal Society for the Prevention of Cruelty to Animals New South Wales, registered office and its principal place of business are as follows:

201 Rookwood Rd
Yagoona NSW 2199
Tel: (02) 9770 7555

DETAILED INCOME AND EXPENDITURE STATEMENT for the year ended 30 June 2013 – UNAUDITED

	Support Services		Shelters		Clinics		Inspectorate		RSPCA NSW		Branches Auxiliary		Consolidation Adjustments		RSPCA NSW Incl Branches/Auxiliary	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
Income	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Donations	2,923,287	2,658,989	407,443	223,098	33,684	23,397	37,076	31,233	3,401,491	2,936,717	302,143	180,852	-	-	3,703,633	3,117,569
Fundraising – gross	6,544,523	6,603,083	30,101	82,704	200	-	-	1,500	6,574,824	6,687,288	432,706	291,633	-	-	7,007,530	6,978,921
Government grant	3,924,722	3,750,000	279	-	84,525	-	437,636	424,000	4,447,162	4,174,000	6,310	21,789	-	-	4,453,472	4,195,789
Investments	2,356,870	2,496,231	2,999	3,589	300	6,411	-	-	2,360,169	2,506,231	154,600	189,330	-	-	2514769	2,695,561
Legacies & Bequests	10,133,483	16,675,650	19,750	69,343	-	54,653	10,000	-	10,163,233	16,799,646	105,382	86,480	-	-	10,268,615	16,886,125
Rent received	726,472	587,284	9,224	13,887	-	-	-	80	735,696	601,252	12,812	9,515	-	-	748,508	610,767
Fees for service - animals	53,687	312,491	4,362,468	3,110,463	4,051,260	4,932,815	16,418	154	8,483,833	8,355,924	247,057	66,112	-	-	8,730,890	8,422,035
Internal vet/shelter fees	-	-	-	-	2,450,972	2,248,505	-	-	2,450,972	2,248,505	-	-	-2,450,972	-2,248,505	-	-
Internal vet/inspectors fees	-	-	-	-	364,905	473,010	-	-	364,905	473,010	-	-	-364,905	-473,010	-	-
Internal shelter/inspectors fees	-	-	373,720	279,252	-	1,233	-	-	373,720	280,485	-	-	-373,720	-280,485	-	-
Internal shelter/clinic	-	-	7,398	14,931	-	-	-	-	7,398	14,931	-	-	-7,398	-14,931	-	-
Internal shelter/pound	-	-	-	-	-	-	-	-	-	-	9,000	-	-9,000	-	-	-
Internal shelter/Legacy	-	-	156,623	40,418	-1,258	9,991	-	-	155,365	50,408	-	-	-155,365	-50,408	-	-
Internal Clinic/Legacy	-	-	-	251	159,897	61,846	-	-	159,897	62,097	-	-	-159,897	-62,097	-	-
Internal Clinic/Retail	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internal Subsidies & Donations	-	-	-	-	-	-	-	-	-	-	9,000	-	-9,000	-	-	-
Sales – other	54,572	517,073	2,304,066	405,830	1,336,180	111,463	-	-	3,694,818	1,034,367	219,167	617,514	-	-	3,913,985	1,651,881
Court fines & costs	8,191	-	-	445	-	-	145,659	153,412	153,850	153,857	-	-	-	-	153,850	153,857
Subscriptions	46,088	35,511	-	164	-	-	-	-	46,088	35,675	-	-	-	-	46,088	35,675
Surplus on disposal of non-current assets	525,042	1,119,989	-3,815	-806	-	-	-5,692	-	515,535	1,119,182	-	-	-	-	515,536	1,119,182
Other	648,655	658,913	308,988	2,366,343	55,066	112,633	16,150	196,725	1,028,859	3,328,580	44,021	36,478	-	-	1,072,880	3,371,092
Total Income	27,945,592	35, 415,214	7,979,244	6,609,912	8,535,731	8,035,957	657,247	807,104	45,117,814	50,862,153	1,542,198	1,499,703	-3,530,257	-3,129,436	43,129,755	49,238,454

DETAILED INCOME AND EXPENDITURE STATEMENT for the year ended 30 June 2013 (Continued) – UNAUDITED

	Support Services		Shelters		Clinics		Inspectorate		RSPCA NSW		Branches Auxiliary		Consolidation Adjustments		RSPCA NSW Incl Branches/Auxiliary	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Expenditure	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Animal related																
Food	99,291	1,533	111,215	116,640	15,811	3,099	5,174	2,990	231,491	124,262	40,712	36,052		-	272,203	160,314
Medicines	2,467	2,700	262,355	300,596	1,761,551	1,641,152	1,012	757	2,027,385	1,945,206	14,845	-		-	2,042,230	1,945,206
Veterinary expenses	899	4,318	677,446	601,903	276,363	22,218	211,815	79,776	1,166,523	708,215	481,423	481,784		-	1,647,946	1,189,999
Internal shelter/pound	-	-	-	-	-	-	-	-	-	-	9,000	-	-9,000	-	-	-
Internal shelter/Legacy	-	50,115	903	293	154,462	-	-	-	155,365	50,408	-	-	-155,365	-50,408	-	-
Internal vet/shelter fees	-	-	2,445,268	2,248,505	5,704	-	-	-	2,450,972	2,248,505	-	-	-2,450,972	-2,248,505	-	-
Internal vet/inspectors fees	-	-	-	-	-	-	364,905	473,010	364,905	473,010	-	-	-364,905	-473,010	-	-
Internal shelter/inspectors fees	-	-	-150	-	-20	-	373,890	280,485	373,720	280,485	-	-	-373,720	-280,485	-	-
Internal shelter/clinic	-	-	-	-	7,398	14,931	-	-	7,398	14,931	-	-	-7,398	-14,931	-	-
Internal Clinic/Legacy	16,022	55,501	19,960	6,596	123,914	-	-	-	159,896	62,097	-	-	-159,897	-62,097	-	-
Internal Clinic/Retail	-	-	-	-			-	-	-	-	-	-	-	-	-	-
Internal Subsidies & Donations	4,000	-	-	-	-	-	-	-	4,000	-	5,000	-	-9,000	-	-	-
Laboratory	-	-	-	-	192,877	132,346	2,166	459	195,043	132,806	-	-		-	195,043	132,806
Employment,super,fbt,al,lst etc	5,604,427	5,054,652	10,173,821	8,773,633	5,869,213	4,519,190	2,899,231	2,610,130	24,546,692	20,957,606	13,585	-		-	24,560,276	20,957,606
Investments	421,571	307,885	29,604	-	41,239	-	2,092	-	494,506	307,885	491	-		-	494,997	307,885
Plant and building expenses	614,115	629,134	1,385,830	1,064,682	407,662	283,251	415,357	372,098	2,822,964	2,349,165	55,716	39,065		-	2,878,680	2,388,230
Occupancy costs	25,256	473,321	535,880	117,356	192,683	91,457	161,509	122,113	915,328	804,247	67,494	64,013		-	982,821	868,260
Purchases merchandise	955	282,161	492,469	291,664	79,407	68,301	-	-	572,831	642,125	72,804	40,859		-	645,634	682,984
Fundraising	2,433,423	2,609,643	4,153	20,064	1,020	-	-	-	2,438,596	2,629,708	32,256	59,359		-	2,470,853	2,689,066
Repairs & maintenance	87,653	191,204	397,912	497,921	61,093	57,944	778	1,770	547,436	748,838	31,389	104,090		-	578,825	852,928
Membership services	73	196,714	-	-	-	-	-	-	73	196,714	395	1,211		-	468	197,925
Receivable costs	-	236,650	12,326	43,807	67,841	4,049	-	-	80,167	284,506	-	-		-	80,168	284,506
Animals other	24,488	-	214,068	-	153,422	-	77,219	-	469,197	-	14,749	-		-	483,946	-
Board expenses	18,150	17,489	-	-	2,169	-	-	-	20,319	17,489	3,290	-		-	23,609	17,489
Legal	77,123	163,524	6,327	4,601	27,448	-	580,960	586,337	691,858	754,462	-	-		-	691,858	754,462
Communication	116,555	144,771	105,315	75,859	48,249	30,433	81,397	60,232	351,516	311,294	17,750	18,162		-	369,266	329,457
Insurance	60,576	67,144	62,475	48,517	18,846	10,408	3,404	2,599	145,301	128,668	1,062	-		-	146,363	128,668
Motor vehicle	196,689	245,639	286,960	235,202	62,019	44,602	564,889	538,049	1,110,557	1,063,492	10,787	8,121		-	1,121,344	1,071,613
Auditors remuneration	102,985	69,600	-	-	-	-	-	-	102,985	69,600	1,750	2,900		-	104,735	72,500
Computer expenses	119,034	165,950	3,511	1,743	4,421	4,229	1,909	5,360	128,875	177,282	1,657	-		-	130,532	177,282
RSPCA Australia levy	657,072	603,447	-	-	-	-	27	-	657,099	603,447	-	-		-	657,099	603,447
Other	2,049,998	1,175,027	760,341	1,058,723	316,563	553,671	184,542	260,480	3,311,444	3,041,867	202,351	222,286		-	3,513,795	3,270,187
Total Expenditure	12,732,822	12,748,122	17,987,989	15,508,305	9,891,355	7,481,281	5,932,276	5,396,645	46,544,442	41,128,319	1,078,506	1,077,902	-3,530,257	-3,129,436	44,092,691	39,082,819
Surplus / -Deficit	15,212,770	22,673,126	-10,008,745	-8,898,393	-1,355,624	554,676	-5,275,029	-4,589,541	-1,426,628	9,733,834	463,692	421,801	0	0	-962,936	10,155,635