

RSPCA Darwin Regional Branch Incorporated (ABN 42 603 546 873)

Special Purpose Financial Report

For the Year Ended 30 June 2020

RSPCA Darwin Regional Branch Incorporated

Contents

For the Year Ended 30 June 2020

	Page
Financial Statements	
Director's Report	1
Statement of Income and Expenditure	2
Statement of Assets and Liabilities	3
Notes to the Financial Statements	4
Independent Audit Report	10

RSPCA Darwin Regional Branch Incorporated

Director's Report 30 June 2020

The board members submit the financial report of the Association for the financial year ended 30 June 2020.

Board members

The names of board members throughout the year and up to the date of this report are:

Daniel Moore	Chair
Ryan Sanders	Vice Chair
David Hunt	Treasurer (resigned 25 November 2019)
Cindy McGrath	Secretary (elected 25 November 2019, resigned 18 May 2020)
John White	Board Member (term ended 25 November 2019)
Lea Aitken	Board Member
Pam Hamill	Board Member (resigned 24 November 2019)
Kerri-Ann Laurence	Board Member
Matthew Moss	Board Member (appointed 16 September 2019), Treasurer (elected 25 November 2019)

Principal activities

The RSPCA is Australia's pre-eminent animal welfare organisation. RSPCA provides a strong voice for all animals that experience cruelty and neglect. The RSPCA is committed to the care and welfare of animals in the local and wider community, and provide comfort and shelter to lost, abandoned, surrendered, neglected unwanted or sick and injured animals. The RSPCA Darwin Regional Branch Incorporated is a financial member of the national organisation, RSPCA Australia. It is represented on the Organisation's Board and adheres to all policies and codes of conduct required by the Organisation.

The objectives and purposes of the RSPCA Darwin Regional Branch are:

- (a) To protect from cruelty animals of all species by every lawful means;
- (b) To relieve the suffering of animals, whether the suffering is caused by cruelty or otherwise;
- (c) To initiate and promote the passing of legislation protecting animals from cruelty;
- (d) To ensure by lawful means the effective observance and enforcement of current legislation that protects animals;
- (e) To take such steps to do such things as may be necessary or advisable in educating all persons in the community in the care, maintenance, control and treatment with kindness and consideration of all animals;
- (f) To promote, participate in and sanction animal welfare activities; and
- (g) To meet the requirements, privileges and obligations of the Animal Welfare Act (NT).

Significant changes

No significant change in the nature of these activities occurred during the year.

Operating results and review of operations for the year

The surplus of the Association for the financial year amounted to \$45,470 (2019: \$160,689).

Signed in accordance with a resolution of the board:



Board member:
(Chair)



Board member:
(Former Treasurer, current Board member)

Dated: 27 October 2020

RSPCA Darwin Regional Branch Incorporated

**Statement of Income and Expenditure
For the Year Ended 30 June 2020**

	2020	2019
	\$	\$
Income		
Fundraising income	150,958	180,469
Animal shelter	217,321	220,306
Donations and bequests	239,943	479,841
Grants	155,000	296,861
Product sales	18,640	37,364
Rental revenue	49,890	37,711
Interest income	1,609	434
Jobkeeper and cashflow boost	127,055	-
Other revenue	107,099	133,095
	1,067,515	1,386,081
Expenditure		
Employee benefits expense	534,811	679,921
Shelter expenses	188,744	187,632
Other operating expenses	188,223	222,107
Fundraising expenses	75,282	97,339
Depreciation	34,985	38,393
	1,022,045	1,225,392
Surplus / (deficit) for the year	45,470	160,689
Accumulated surplus at the beginning of the financial year	1,232,704	1,072,015
Accumulated surplus at the end of the financial year	1,278,174	1,232,704

The accompanying notes form part of these financial statements.

RSPCA Darwin Regional Branch Incorporated

Statement of Assets and Liabilities

As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	334,993	343,459
Inventories		3,574	2,247
Other assets	4	74,869	21,847
TOTAL CURRENT ASSETS		413,436	367,553
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,017,192	986,472
TOTAL NON-CURRENT ASSETS		1,017,192	986,472
TOTAL ASSETS		1,430,628	1,354,025
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	92,498	73,749
Employee benefits	7	36,739	29,696
TOTAL CURRENT LIABILITIES		129,237	103,445
NON-CURRENT LIABILITIES			
Employee benefits	7	23,217	17,876
TOTAL NON-CURRENT LIABILITIES		23,217	17,876
TOTAL LIABILITIES		152,454	121,321
NET ASSETS		1,278,174	1,232,704
MEMBERS' FUNDS			
Accumulated surplus		1,278,174	1,232,704
TOTAL MEMBERS' FUNDS		1,278,174	1,232,704

The accompanying notes form part of these financial statements.

RSPCA Darwin Regional Branch Incorporated

Notes to the Financial Statements For the Year Ended 30 June 2020

1 Basis of Preparation

The financial report is a special purpose financial report prepared in order to satisfy the financial report presentation requirements of the *Associations Act 2003* of the Northern Territory. The directors have determined that the Association is not a reporting entity. RSPCA Darwin Regional Branch Incorporated is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report. The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

The following specific accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this report:

Comparatives are consistent with prior years, unless otherwise stated.

Application of new and revised Accounting Standards

The Association has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 July 2019.

The Association has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 July 2019.

2 Summary of Significant Accounting Policies

(a) Income Tax

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

(b) Revenue and other income

The Association has adopted AASB 15: *Revenue from Contracts with Customers* and AASB 1058: *Income of Not-for-Profit Entities*. Revenue from sale of goods is recognised when the significant risk and rewards of ownership of goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risk and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from rendering services is recognised upon the delivery of the services to the customers.

Grant revenue is recognised in the statement of income and expenditure when controlled. Where binding conditions, or specific milestones, exist relating to the specific purpose for which the grant funds may be applied, grant revenues are recognised in the balance sheet as a liability until such time that all conditions of the grant are met.

Interest revenue is recognised when it becomes receivable on a proportional basis taking in to account the interest rates applicable to the financial assets.

Bequests and donations are recognised upon control.

All revenue is measured net of the amount of goods and services tax (GST).

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(c) **Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand, cash at bank, and short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts.

(d) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is assigned on a specific identification basis. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(e) **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 impairment.

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Association, commencing when the asset is ready for use.

Freehold land and buildings are carried at cost or at independent or committee valuation.

Class of fixed asset	Depreciation rates
Buildings at cost	2.5%
Plant and equipment at cost	33.3%
Motor vehicles at cost	22.5%
Furniture, fixtures and fittings at cost	25%
Computer equipment at cost	20%

(f) **Financial instruments**

Initial recognition and measurement

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

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

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

Classification

On initial recognition, the Association classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - FVOCI

Financial assets are not reclassified subsequent to their initial recognition unless the Association changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Association's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of assets and liabilities.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Association considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Association's historical experience and informed credit assessment and including forward looking information

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in expenses. Once the receivable is determined to be uncollectable then the gross carrying amount is written off

Notes to the Financial Statements
For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

against the associated allowance.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association comprise trade payables and unearned revenue.

(g) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

3 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand	336	192
Cash and cash equivalents	334,657	343,267
	334,993	343,459

4 Other assets

CURRENT		
Trade and other receivables	59,407	8,991
Prepayments	15,462	12,856
	74,869	21,847

Notes to the Financial Statements
For the Year Ended 30 June 2020

5 Property, plant and equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Land		
At cost	<u>170,000</u>	170,000
	170,000	170,000
Buildings		
At cost	1,096,602	1,096,602
Accumulated depreciation	(229,921)	(203,767)
Impairment provision	(220,449)	(220,449)
	<u>646,232</u>	672,386
Total land and buildings	<u>816,232</u>	<u>842,386</u>
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	<u>195,526</u>	129,821
Total capital works in progress	<u>195,526</u>	129,821
Plant and equipment		
At cost	81,526	81,526
Accumulated depreciation	(76,567)	(68,939)
	<u>4,959</u>	12,587
Furniture, fixtures and fittings		
At cost	15,925	15,925
Accumulated depreciation	(15,925)	(15,925)
	<u>-</u>	-
Motor vehicles		
At cost	13,500	13,500
Accumulated depreciation	(13,500)	(12,919)
	<u>-</u>	581
Computer equipment		
At cost	3,113	3,113
Accumulated depreciation	(2,638)	(2,016)
	<u>475</u>	1,097
Total plant and equipment	<u>200,960</u>	<u>144,086</u>
Total property, plant and equipment	<u>1,017,192</u>	<u>986,472</u>

RSPCA Darwin Regional Branch Incorporated

Notes to the Financial Statements For the Year Ended 30 June 2020

6 Trade and other payables

	2020	2019
	\$	\$
CURRENT - Unsecured		
GST payable	(110)	(10,388)
Trade payables	31,269	27,619
Accrued expenses	46,339	56,518
Unearned revenue	15,000	-
	<u>92,498</u>	<u>73,749</u>

7 Employee Benefits

Current liabilities		
Provision for annual leave	36,739	29,696
	<u>36,739</u>	<u>29,696</u>
Non-current liabilities		
Provision for long service leave	23,217	17,876
	<u>23,217</u>	<u>17,876</u>

10 Contingencies

In the opinion of board, the Association did not have any contingencies at 30 June 2020 (30 June 2019: None).

11 Events after the end of the Reporting Period

The financial report was authorised for issue on 19 October 2020 by the Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations or the state of affairs of the Association in future financial years.

12 Statutory Information

The registered office of the association is:

RSPCA Darwin Regional Branch Incorporated
80 Boulter Road
Berrimah NT 0811



Independent auditor's report to the members of RSPCA Darwin Regional Branch Incorporated

Qualified Opinion

We have audited the accompanying special purpose financial report of RSPCA Darwin Regional Branch Incorporated (the "Association"), which comprises the statement of assets and liabilities as at 30 June 2020 and the statement of income and expenditure for the year then ended, director's report and notes comprising a summary of significant accounting policies.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial report of the Association for the year ended 30 June 2020 presents fairly, in all material respects, the financial position of RSPCA Darwin Regional Branch Incorporated as at 30 June 2020 and its financial performance for the year then ended in accordance with the accounting policies described in Note 2 to the financial statements.

Basis for Qualified Opinion

1. The Association has determined that it is impracticable to establish control over the collection of income, other than grant income and animal shelter income, prior to entry into its financial records. Accordingly, as the evidence available to us regarding income was limited, our audit procedures with respect to income had to be restricted to the amounts recorded in the financial records. We therefore are unable to express an opinion whether the income, other than grant income, of the Association is complete.
2. We were unable to obtain support for \$10,269 of receipts and \$10,582 of payments relating to one of the Association's bank accounts.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Association in accordance with the independence requirements of the Australian professional accounting bodies. We have also fulfilled our other ethical responsibilities in accordance with the independence requirements.

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

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note 2 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist the Association meet the requirements of the *Associations Act* and the Association's constitution. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Association and should not be distributed to parties other than the Association.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the Associations Act and the Association's constitution and have determined that the accounting policies used as described in Note 2 are appropriate to meet the needs of the Association and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Association

or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report for the year ended 30 June 2020 as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Merit Partners



Matthew Kennon
Director

Darwin
27 October 2020