TREASURER'S LETTER

RSPCA Queensland – Financial Results for the Year to June 2023

Financial Year 2022/23 was another year where RSPCA Queensland was able to further strengthen its financial position, ensuring that long term sustainability is now secure. Despite delivering a $1.1m deficit, RSPCA Queensland has continued to build financial strength and long-term sustainability. This year, RSPCA Queensland successfully:

- Repaid $6m of debt, resulting in being debt free for the first time in 20 years.
- Increased spending on direct animal outcomes by $2m.
- Invested over $1m in community outreach as we proactively take education and care for animals in need into the community and work to keep people and pets together.
- Increased spending in IT by another $900k, with focuses like cyber security, data safety and staff safety front of mind.
- Invested $400k increasing access to learning and development and most importantly mental health support for our teams.

In difficult economic times, RSPCA Queensland marginally increased revenue by 1% to $52.7m.

The support from the community was once again overwhelming with our generous supporters contributing 23.8% of our total income through donations. Our ability to deliver the very best outcomes for the animals we care for can only occur thanks to you. This result was considerably aided by another incredible year of immense kindness with 33.9% of our income coming from those who have left a gift in their will. Our heartfelt thanks goes to those whose legacies make sure we can continue to care for the animals.

We also saw a much-improved contribution from our social enterprises with a 14% improvement in performance. This has not only meant a much healthier profit being generated to be invested into our mission, but also an increase in customers and therefore future supporters for RSPCA Queensland.

Our expenses increased to $53.8m as we delivered the investment noted above, including an increase in direct spend on animal welfare outcomes and support at $30.7m in total. A further $15m was invested in generating the revenue and successfully growing our supporter base, despite challenging economic times, to make sure we are able to assist animals in the future. Pleasingly we have maintained the costs of running the organisation effectively and efficiently and doing things the right way at only 17% of our total expenses.

RSPCA Queensland sustainability has also improved, with the current ratio increasing from 1.12 in FY22 to 1.24 in FY23. This shows sustained improvement over the last 4 years when the current ratio was 0.56, ensuring RSCPA Queensland is in a far healthier financial position and will be here for the animals for many years to come.

Looking towards the future, the hard work to achieve a strong financial position now underpins our plans for the year ahead as we seek to increase the impact we have through community outreach, improving our animal facilities and delivering the best animal outcomes possible.

The generosity of our community and our supporters will never be taken for granted. Thank you for trusting us. Your kindness changes the lives of animals in need.

Yours Faithfully

Graham Newton
Treasurer, RSPCA Queensland

RSPCA Queensland

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

ABN 74 851 544 037

General Purpose Financial Report

For the year ended 30 June 2023

Contents

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue	2	51,403,295	51,146,784
Other income	3	1,272,333	1,167,453
Inspectorate expense		(6,016,330)	(5,680,713)
Animal training and behaviour expense		(807,073)	(185,176)
Administration expense		(8,614,335)	(7,353,528)
Marketing and public relations expense		(8,394,606)	(7,621,182)
Education expense		(606,995)	(300,371)
Animal shelter expense		(20,422,929)	(20,269,848)
Retail operations expense		(8,135,426)	(7,268,803)
Other expenses		(463,610)	(112,320)
(LOSS)/PROFIT FROM OPERATIONS		(785,676)	3,522,296
Finance cost		(382,888)	(378,968)
(LOSS)/PROFIT BEFORE INCOME TAX		(1,168,564)	3,143,328
Income tax		-	-
(LOSS)/PROFIT FOR THE YEAR		(1,168,564)	3,143,328
OTHER COMPREHENSIVE INCOME			
Change in fair value of financial assets		256,108	(186,004)
TOTAL OTHER COMPREHENSIVE INCOME		256,108	(186,004)
TOTAL COMPREHENSIVE INCOME		(912,456)	2,957,324

The notes on pages 7 to 27 are an integral part of these financial statements.

Statement of Financial Position

As at 30 June 2023

	Note	2023 $	2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	7,265,208	12,579,287
Trade and other receivables	7	1,707,217	1,548,998
Inventories	8	940,311	980,040
Other assets	9	1,007,188	663,523
TOTAL CURRENT ASSETS		10,919,924	15,771,848
NON-CURRENT ASSETS			
Other financial assets	10	3,087,589	2,493,178
Investment property	11	-	3,738,500
Property, plant and equipment	12	44,134,115	45,065,297
Right-of-use assets	13	7,095,975	6,235,161
Intangible assets	14	393,407	15,971
Other assets	9	182,428	89,207
TOTAL NON-CURRENT ASSETS		54,893,514	57,637,314
TOTAL ASSETS		65,813,438	73,409,162
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	4,195,418	4,250,874
Loans and borrowings	16	1,550,605	6,045,125
Employee benefits	17	2,129,547	2,929,547
Deferred revenue		868,185	854,537
TOTAL CURRENT LIABILITIES		8,743,755	14,080,083
NON-CURRENT LIABILITIES			
Loans and borrowings	16	3,086,330	4,433,270
Employee benefits	17	1,137,541	1,137,541
TOTAL NON-CURRENT LIABILITIES		4,223,871	5,570,811
TOTAL LIABILITIES		12,967,626	19,650,894
NET ASSETS		52,845,812	53,758,268
EQUITY			
Reserves	18	8,274,382	8,663,795
Retained earnings		44,571,430	45,094,473
TOTAL EQUITY		52,845,812	53,758,268

Statement of Changes in Equity

For the year ended 30 June 2023

	Reserves	Retained earnings	Total equity
	$	$	$
BALANCE AT 1 JULY 2021	9,495,320	41,305,624	50,800,944
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the year	-	3,143,328	3,143,328
Other comprehensive income for the year			
Change in fair value of financial assets	(186,004)	-	(186,004)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(186,004)	3,143,328	2,957,324
TRANSFERS RECORDED DIRECTLY IN EQUITY			
Transfer to retained earnings	(645,521)	645,521	-
TOTAL TRANSFERS RECORDED DIRECTLY IN EQUITY	(645,521)	645,521	-
BALANCE AT 30 JUNE 2022	8,663,795	45,094,473	53,758,268
BALANCE AT 1 JULY 2022	8,663,795	45,094,473	53,758,268
TOTAL COMPREHENSIVE LOSS FOR THE YEAR			
Loss for the year	-	(1,168,564)	(1,168,564)
Other comprehensive income for the year			
Change in fair value of financial assets	256,108	-	256,108
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	256,108	(1,168,564)	(912,456)
TRANSFERS RECORDED DIRECTLY IN EQUITY			
Transfer to retained earnings	(645,521)	645,521	-
TOTAL TRANSFERS RECORDED DIRECTLY IN EQUITY	(645,521)	645,521	-
BALANCE AT 30 JUNE 2023	8,274,382	44,571,430	52,845,812

Statement of Cash Flows

For the year ended 30 June 2023

	2023	2022
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	53,232,104	48,868,151
Cash paid to suppliers and employees	(52,325,344)	(44,442,408)
CASH GENERATED FROM OPERATING ACTIVITIES	906,760	4,425,743
Interest received	5,517	570
Interest paid	(382,888)	(378,968)
Dividend income	62,108	153,408
NET CASH FROM OPERATING ACTIVITIES	591,497	4,200,753
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	11,273	150,409
Acquisition of property, plant and equipment	(1,250,564)	(806,672)
Acquisition of intangibles	(390,600)	-
Proceeds from sale of assets held for sale	4,225,355	33,500
Investments in term deposits	(400,000)	68,121
NET CASH FROM/(USED) IN INVESTING ACTIVITIES	2,195,464	(554,642)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(6,856,659)	(252,246)
Payment of finance lease liabilities	(1,244,381)	(1,217,031)
NET CASH USED IN FINANCING ACTIVITIES	(8,101,040)	(1,469,277)
Net (decrease)/increase in cash and cash equivalents	(5,314,079)	2,176,834
Cash and cash equivalents at beginning of year	12,579,287	10,402,453
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,265,208	12,579,287

Notes to the Financial Statements

For the year ended 30 June 2023

Note 1 Accounting Policies

Reporting Entity

Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited (the 'Company') is a Company limited by guarantee, incorporated and domiciled in Australia. The Company's registered office is at 139 Wacol Station Rd, Wacol, QLD, 4076.

The Company is a not-for-profit entity and is primarily involved in the welfare of animals.

Basis of Preparation

a) Statement of Compliance

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

These financial statements were authorised for issue by the Director as of the date of the Director Declaration.

b) Basis of measurement

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

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

c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

d) Use of judgements and estimates

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

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

i. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Leases term: whether the Company is reasonably certain to exercise extension options;

ii. Assumptions and estimation uncertainties

Impairment

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

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

Prosecution claims receivable: provision for impairment

- Historically prosecution claims receivable have been extremely difficult to recover in a timely and efficient manner. An expected credit loss for prosecution claims receivable has been recognised based on the review of prosecution debtors: balances aged more than 365 days and paid 10% or less during the period were impaired . The board of directors consider this an appropriate estimate of the expected credit loss over the life of the prosecution claims.

Fair value of bequeathed investment property

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

Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

Investments in Associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

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

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

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

Foreign Currency

Foreign currency transactions

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

Revenue from Contracts with Customers

a) Grant revenue

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

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

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

b) Donations and bequests

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

c) Merchandise sales

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

d) Gifted assets or assets acquired at nominal value

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

e) Adoption fee, boarding fee and surrender fee income

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

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

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

f) Revenue from the sale of tickets

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

Investment Property

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

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

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

Inventories

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

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

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

Property, Plant and Equipment

a) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

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

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

b) Freehold land and buildings

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

c) Plant and equipment

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

d) Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

e) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Notes to the Financial Statements

For the year ended 30 June 2023

Depreciation is calculated to write-off the cost of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives. Depreciation is generally recognised in profit or loss, unless the amount is included in the carrying amount of another asset. Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

	2023	2022
Buildings	2.5%	2.5% - 25%
Plant and equipment	25% - 33.3%	25% - 33.3%
Motor vehicles	22.5%	22.5%

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

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

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company presents lease liabilities in ‘loans and borrowings’ in the statement of financial position.

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

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

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

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

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

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

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

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

b) Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial Instruments

a) Recognition and initial measurement

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

b) Financial assets

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

i. Classification of financial assets

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

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

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

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

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

ii. Amortised cost and effective interest method

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

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

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

iii. Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses (ECL) for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

During 2023, an impairment of trade and other receivables has been recorded of $178,365 (2022: $63,322).

iv. Measurement and recognition of expected credit losses

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

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

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

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

v. Derecognition of financial assets

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

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

c) Financial liabilities

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

d) Loans and borrowings

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

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

e) Derecognition

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

Notes to the Financial Statements

For the year ended 30 June 2023

f) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Intangible Assets

a) *Software*

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

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

b) *Capitalised development expenditure*

Software is initially recorded at the fair value of costs incurred during the development phase. The software is considered to have a finite life and is carried at cost less any accumulated amortisation and impairment losses. All costs associated with the research phase and the ongoing maintenance of the software are expensed to the profit or loss in the period incurred.

c) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

d) *Amortisation*

Software is amortised on a straight-line basis over its estimated useful life of 3 years and is included within other expenses in the profit or loss.

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

Employee Benefits

a) *Short-term employee benefits*

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

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

b) *Long-term employee benefits obligations*

Long-term employee benefit obligations are presented as current liabilities in the statements of financial position if the group does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Income Tax

The Company is exempt from income tax under *Division 50 of the Income Tax Assessment Act 1997*.

Goods and Services Tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Finance Costs

The Company's finance costs include:

- interest expense;

Interest expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit- impaired) or to the amortised cost of the liability. However, for financial assets that have become credit impaired subsequent to initial recognition.

Impairment

a) Non-derivative financial assets

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

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

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

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

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

b) Equity accounted investees

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

c) Non-financial assets

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

Note 2 Revenue

	2023 $	2022 $
Adoption, boarding and surrender fees	6,798,270	7,068,862
Inspectorate services	195,149	569,627
Merchandise services	9,132,759	7,946,377
Veterinary services	227,638	222,657
Animal training services	195,892	191,619
Fundraising income	4,404,062	3,856,129
Bequest and donation income	26,939,321	29,920,483
Subsidies and grants	3,510,204	1,371,030
TOTAL REVENUE	51,403,295	51,146,784

Note 3 Other income

	2023 $	2022 $
Gain on lease event	6,090	6,180
Gain on sale of investment property and property, plant and equipment	144,363	110,279
Dividend income	62,108	153,408
Interest income	5,517	570
Other income	1,054,255	897,016
TOTAL OTHER INCOME	1,272,333	1,167,453

Note 4 Operating profit

	2023 $	2022 $
The Company has the following expenses included in Results from operating activities:		
Depreciation and amortisation expense	3,588,039	3,454,089
Loss on disposal of investment property (included in other expenses)	368,313	-

Note 5 Employee benefit expenses

	2023 $	2022 $
Salaries and wages	27,573,109	24,089,808
Contributions to defined contribution plans	2,746,984	2,532,605
Other employment expenses	336,026	585,431
	30,656,119	27,207,844

Notes to the Financial Statements

For the year ended 30 June 2023

Note 6 Cash and cash equivalents

For the purpose of cash and cash equivalents in the statement of financial position and in the statement of cash flows comprises of below:

	2023	2022
	$	$
Bank balances	7,252,258	12,567,878
Petty cash	12,950	11,409
TOTAL CASH AND CASH EQUIVALENTS	7,265,208	12,579,287

Note 7 Trade and other receivables

	2023	2022
	$	$
Trade receivables	953,146	372,767
Prosecution claims receivables	1,802,816	1,947,618
Loss allowance	(1,171,650)	(993,285)
Other receivables	122,905	221,898
TOTAL TRADE AND OTHER RECEIVABLES	1,707,217	1,548,998

Note 8 Inventories

	2023	2022
	$	$
Finished goods	906,811	980,040
Bequested goods	33,500	-
TOTAL INVENTORIES	940,311	980,040

Note 9 Other assets

	2023	2022
	$	$
CURRENT		
Prepayments	607,188	663,523
Term deposits	400,000	-
TOTAL CURRENT	1,007,188	663,523
NON-CURRENT		
Security deposits	182,428	89,207
TOTAL NON-CURRENT	182,428	89,207

Notes to the Financial Statements

For the year ended 30 June 2023

Note 10 Other financial assets

	2023 $	2022 $
Shares in listed corporations	3,046,824	2,452,413
Investments in associates	40,765	40,765
TOTAL OTHER FINANCIAL ASSETS	3,087,589	2,493,178

a) Associates

Associates	Nature of relationship	Ownership interest 2023	Ownership interest 2022	Measurement basis
Pet Cloud Pty Ltd*	Business Partner	13.50%	13.50%	Equity

Country of incorporation Australia

*Quoted prices are not available for Pet Cloud Pty Ltd

Note 11 Investment property

	2023 $	2022 $
Balance at beginning of year	3,738,500	-
Acquisitions through bequests	716,500	3,738,500
Disposals	(4,455,000)	-
BALANCE AT END OF YEAR	-	3,738,500

Notes to the Financial Statements

For the year ended 30 June 2023

Note 12 Property, plant and equipment	Freehold land $	Buildings $	Plant and equipment $	Motor vehicles $	Work in progress $	Total $
BALANCE AT 1 JULY 2022						
Gross carrying amount	3,380,057	50,944,416	10,989,544	2,815,690	49,799	68,179,506
Accumulated depreciation and impairment losses	-	(11,115,721)	(9,771,700)	(2,226,788)	-	(23,114,209)
NET CARRYING AMOUNT AT 1 JULY 2022	3,380,057	39,828,695	1,217,844	588,902	49,799	45,065,297
Additions	-	38,756	802,067	124,195	285,546	1,250,564
Disposals	-	-	-	(5,637)	-	(5,637)
Transfers	-	-	49,800		(49,800)	-
Depreciation	-	(1,324,186)	(609,726)	(242,197)	-	(2,176,109)
NET CARRYING AMOUNT AT 30 JUNE 2023	3,380,057	38,543,265	1,459,985	465,263	285,545	44,134,115
Balance at 30 June 2023						
Gross carrying amount	3,380,057	50,904,095	11,727,346	2,807,167	285,545	69,104,210
Accumulated depreciation and impairment losses	-	(12,360,830)	(10,267,361)	(2,341,904)	-	(24,970,095)
NET CARRYING AMOUNT AT 30 JUNE 2023	3,380,057	38,543,265	1,459,985	465,263	285,545	44,134,115

Note 13 Right-of-use assets

Leases as lessee

a) *Right-of-use assets*

Right-of-use assets related to leased properties are presented as property, plant and equipment.

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

	Company 2023 $	Company 2022 $
LAND AND BUILDINGS		
Right-of-use land and buildings	10,302,737	8,735,239
Accumulated amortisation	(3,426,956)	(2,846,680)
	6,875,781	5,888,559
MOTOR VEHICLES		
Right-of-use plant and equipment	678,309	892,189
Accumulated amortisation	(458,115)	(545,587)
	220,194	346,602

	Motor vehicles $	Land and buildings $	Total $
BALANCE AT 1 JULY 2022	346,602	5,888,559	6,235,161
Additions to right-of-use assets	55,292	2,049,302	2,104,594
Depreciation charge for the year	(213,476)	(1,185,290)	(1,398,766)
Lease modifications	31,776	123,210	154,986
BALANCE AT 30 JUNE 2023	220,194	6,875,781	7,095,975

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2023

Note 14 Intangible assets

a) Reconciliation of carrying amount

	Software
	$
Balance at 1 July 2022	1,686,460
Amortisation	(1,670,489)
NET CARRY AMOUNT AT 1 JULY 2022	15,971
Acquisitions	390,600
Depreciation charge for the year	(13,164)
NET CARRY AMOUNT AT 30 JUNE 2023	393,407
BALANCE AT 30 JUNE 2023	
Gross carrying amount	2,075,188
Amortisation	(1,681,781)
NET CARRY AMOUNT AT 30 JUNE 2023	393,407

Note 15 Trade and other payables

	2023	2022
	$	$
Trade payables	1,020,486	1,979,625
Sundry payables and accrued expenses	3,174,932	2,271,249
TOTAL TRADE AND OTHER PAYABLES	4,195,418	4,250,874

Note 16 Loans and borrowings

	2023	2022
	$	$
CURRENT		
Bank bills	-	4,740,000
Lease liabilities	1,550,605	1,305,125
TOTAL CURRENT	1,550,605	6,045,125
NON-CURRENT		
Bank bills	-	2,116,659
Lease liabilities	3,086,330	2,316,611
TOTAL NON-CURRENT	3,086,330	4,433,270

a) Terms and repayment schedule

The bank overdraft and bank loans are secured by way of:

i) Bill of sale and mortgage over all assets and uncalled capital of the Company;

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

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

The Company had a bank overdraft facility in 2022 for an amount of $1,700,000. At 30 June 2022 the unutilised facility was $1,700,000. Interest rates were variable.

The terms and conditions of outstanding loans and borrowings are as follows:

	2023		2022				Company	
	Facility	Unused	Facility	Unused	Maturity date	Nominal interest rate	Carrying amount 2023	Carrying amount 2022
Bank bill	-	-	4,740,000	-	08-Apr-23	4.80%	-	4,740,000
Bank bill	-	-	1,667,900	167,900	23-Dec-24	4.04%	-	1,500,000
Bank bill	-	-	967,700	351,041	23-Dec-24	4.04%	-	616,659
Bank bill	5,000,000	5,000,000	-	-	11-Apr-26	5.52%	-	-
TOTAL INTEREST-BEARING LIABILITIES							-	6,856,659

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

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

i) Amounts recognised in profit or loss

	2023	2022
	$	$
Interest on lease liabilities	95,348	98,006
Expenses relating to short-term and low-value leases	276,327	154,802

ii) Amounts recognised in statement of cash flows

	2023	2022
	$	$
Total cash outflow for leases	(1,244,381)	(1,217,031)

Notes to the Financial Statements

For the year ended 30 June 2023

iii) Maturity analysis - contractual undiscounted cash flows

	2023	2022
	$	$
Less than one year	1,576,098	1,321,779
One to five years	3,359,337	2,244,138
More than five years	-	268,662
TOTAL UNDISCOUNTED LEASE LIABILITIES AT 30 JUNE	4,935,435	3,834,579

Note 17 Employee benefits

	2023	2022
	$	$
CURRENT		
Employee benefits provision	2,129,547	2,929,547
TOTAL CURRENT	2,129,547	2,929,547
NON-CURRENT		
Employee benefits provision	1,137,541	1,137,541
TOTAL NON-CURRENT	1,137,541	1,137,541

Note 18 Reserves

	2023	2022
	$	$
Financial asset reserve	479,404	223,296
Other reserves	7,794,978	8,440,499
TOTAL RESERVES	8,274,382	8,663,795

Financial asset reserve

The financial asset reserve is used to record movements in fair values of listed investments and managed funds.

Other reserves

The transfers to retained earnings from the Wacol government grant reserve of $645,521 (2022: $645,521) represents the depreciation charge.

Notes to the Financial Statements

For the year ended 30 June 2023

Note 19 Financial instruments

a) *Accounting classifications*

The following table shows the carrying amounts of financial assets and financial liabilities.

	Note	2023 $	2022 $
FINANCIAL ASSETS MEASURED AT AMORTISED COST			
Cash and cash equivalents	6	7,265,208	12,579,287
Trade and other receivables*	7	1,636,831	1,327,100
Security deposit	9	182,428	89,207
Term deposit	9	400,000	-
		9,484,467	13,995,594
FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME			
Other financial assets**	10	3,087,589	2,493,178
		3,087,589	2,493,178
FINANCIAL LIABILITIES MEASURED AT AMORTISED COST			
Trade and other payables	15	4,195,418	4,250,874
Bank bills	16	-	6,856,659
		4,195,418	11,107,533

* Other receivables that are not financial instruments (GST Receivable) are not included.
** Fair value determined based on quoted market price in an active market.

Note 20 Commitments

As at 30 June 2023 there existed no commitments for the Company.

Note 21 Related parties

a) *Transactions with key management personnel*

i. *Key management personnel compensation*

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

	2023 $	2022 $
Total key management personnel compensation	1,048,697	1,006,605

ii. *Loans to key management personnel*

During the year ended 30 June 2023, no loans were provided to key management personnel (2022: $nil).

Notes to the Financial Statements

For the year ended 30 June 2023

iii. Key management personnel and director transactions

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

Details of the transaction with these related entities and the Company are disclosed below.

iv. Other related party transactions

		Note	Transaction values for the year ended 30 June		Balance outstanding as at 30 June	
			2023	2022	2023	2022
			$	$	$	$
DNR Capital Pty Ltd	Management fees	i	14,182	14,561	-	-

i) Management fees were paid to DNR Capital Pty Ltd of which one of the Company's Director is a Director.

Note 22 Auditors' remuneration

	2023	2022
	$	$
AUDIT AND REVIEW SERVICES		
Auditors of the Company - KPMG		
- Audit of the financial statements	61,000	37,500
- Audit of grant acquittal	3,000	-
	64,000	37,500
OTHER SERVICES		
Auditors of the Company - KPMG		
- Financial statement compilation	4,000	2,500
	4,000	2,500
TOTAL AUDITORS' REMUNERATION	68,000	40,000

Note 23 Subsequent events

There have been no events subsequent to balance date which would have a material effect on the Company's financial statements at 30 June 2023.

Note 24 Contingent liabilities

The Company has provided bank guarantees to the total value of $160,855 (2022: $75,372) as rental guarantees.

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

As at 30 June 2023, the Company had not received any grant monies which are subject to conditions and are yet to be acquitted as required under the relevant agreements (2022: $nil).

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

Directors' Declaration

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

a) The Company is not publicly accountable;

b) The financial statements and notes that as set out on pages 3 to 27 are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including:

   i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance, for the financial year ended on that date; and

   ii) complying with Australian Accounting Standards - Simplified Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Regulation 2022; and*

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

Signed in accordance with a resolution of the directors:

Dated at Brisbane this 21st day of October 2023.

Justine Hickey

Justine Hickey
Director

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

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2023 there have been:

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

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

KPMG

KPMG

B E Lovell
Partner

Brisbane
20 October 2023

Independent Auditor's Report

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

Opinion

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

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

i. giving a true and fair view of the Company's financial position as at 30 June 2023, and of its financial performance and its cash flows for the year ended on that date; and

ii. complying with *Australian Accounting Standards – Simplified Disclosures Framework* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2022 (ACNCR)*.

The ***Financial Report*** comprises:

i. Statement of financial position as at 30 June 2023;

ii. Statement of profit or loss and other comprehensive income; Statement of changes in equity, and Statement of cash flows for the year then ended;

iii. Notes, including a summary of significant accounting policies; and

iv. Directors' declaration.

Basis for opinion

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

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

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

We confirm that the independence declaration required by the ACNC Act 2012, which has been given to the Directors of the Royal Society for the Prevention of Cruelty to Animals (Queensland) Limited, would be in the same terms if given to the Directors as at the time of this Auditor's Report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

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

iii. Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

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

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

We also:

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

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

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

iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Company to cease to continue as a going concern.

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

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

KPMG

KPMG

B E Lovell
Partner

Brisbane
23 October 2023