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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (SOUTH AUSTRALIA) INCORPORATED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Royal Society For the Prevention of Cruelty to Animals (South Australia) Incorporated (the registered entity), which comprises the statement of financial position as at 30 June 2022, the statement of surplus or deficit and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of The Royal Society For the Prevention of Cruelty to Animals (South Australia) Incorporated, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the registered entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards – Simplified Disclosures and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

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 registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Simplified Disclosures and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.

The responsible entities of the registered entity are responsible for overseeing the registered entity'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 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO

BDO Audit Pty Ltd

Andrew Tickle
Director

Adelaide, 2 September 2022

RSPCA
South Australia

AUDITED STATUTORY FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2022

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (SA) INCORPORATED

ABN: 60 740 135 753

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (SA) INCORPORATED
ABN: 60 740 135 753

STATEMENT OF SURPLUS OR DEFICIT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Year ended 30/06/2022 $	Year ended 30/06/2021 $
Revenue from operations	4	11,443,248	9,338,779
Legacies	4	3,376,261	2,344,665
Other revenue	4	572,301	2,602,759
Total revenue		**15,391,810**	**14,286,203**
Expenditure from ordinary activities:			
Inspectorate & rescue expenditure		1,654,310	1,449,019
Fundraising & marketing expenditure		1,458,816	1,423,277
Commercial expenditure		3,033,920	2,725,265
Animal operations expenditure		5,784,442	4,977,172
Administration expenditure		2,240,823	2,454,663
Total expenditure		**14,172,311**	**13,029,396**
Surplus / (deficit) for the year		**1,219,499**	**1,256,807**
Other comprehensive income that will not be reclassified subsequently to surplus/(deficit)			
Gain/(loss) on the revaluation of equity instruments at fair value through other comprehensive income		(910,167)	2,015,604
Gain/(loss) on revaluation of property		3,478,338	1,064,841
Total comprehensive income attributable to members		**3,787,670**	**4,337,252**

The statement of surplus or deficit and other comprehensive income should be read in conjunction with the accompanying notes

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (SA) INCORPORATED
ABN: 60 740 135 753

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Notes	As at 30/06/2022 $	As at 30/06/2021 $
Assets			
Current assets			
Cash and cash equivalents	5	2,468,643	1,838,498
Other financial assets	6	152,656	152,316
Trade and other receivables	7	246,171	250,329
Other current assets	8	621,269	518,387
Inventories	9	339,784	307,071
Asset held for sale	10	10,000,000	-
Total current assets		**13,828,523**	**3,066,601**
Non-current assets			
Property, plant and equipment	11	2,473,879	8,281,603
Intangible assets	12	104,500	139,703
Right-of-use assets	13	3,879,422	3,741,240
Other financial assets	6	13,446,175	14,463,422
Total non-current assets		**19,903,976**	**26,625,968**
Total assets		**33,732,499**	**29,692,569**
Liabilities			
Current liabilities			
Trade and payables	14	1,019,065	1,019,131
Provisions for employee benefits	15	831,713	796,417
Lease Liabilities	16	545,995	467,993
Total current liabilities		**2,396,773**	**2,283,541**
Non-current liabilities			
Provisions for employee benefits	15	200,649	193,590
Lease Liabilities	16	3,615,511	3,483,542
Total non-current liabilities		**3,816,160**	**3,677,132**
Total liabilities		**6,212,933**	**5,960,673**
NET ASSETS		**27,519,566**	**23,731,896**
Members Funds			
Capital and reserves			
Reserves	17	6,746,504	4,687,449
Retained earnings	17	20,773,062	19,044,447
TOTAL EQUITY		**27,519,566**	**23,731,896**

The statement of financial position should be read in conjunction with the accompanying notes

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (SA) INCORPORATED
ABN: 60 740 135 753

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Properties Revaluation Reserve	Financial Assets Reserve	Retained Earnings	Total
		$	$	$	$
Balance at 1 July 2020		1,969,946	(435,958)	17,860,656	19,394,644
Surplus / (deficit) for the year		-	-	1,256,807	1,256,807
Other comprehensive income for the year		1,064,841	2,015,604	-	3,080,445
Transfer (from)/ to retained earnings		62,340	10,676	(73,016)	-
Total comprehensive income for the year		1,127,181	2,026,280	1,183,791	4,337,252
Balance at 30 June 2021		3,097,127	1,590,322	19,044,447	23,731,896
Surplus / (deficit) for the year		-	-	1,219,499	1,219,499
Other comprehensive income for the year		3,478,338	(910,167)	-	2,568,171
Transfer to retained earnings		-	(509,116)	509,116	-
Total comprehensive income for the year		3,478,338	(1,419,283)	1,728,615	3,787,670
Balance at 30 June 2022	17	6,575,465	171,039	20,773,062	27,519,566

The statement of changes in equity should be read in conjunction with the accompanying notes

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (SA) INCORPORATED
ABN: 60 740 135 753

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	Year ended 30/06/2022	Year ended 30/06/2021
		$	$
Cash flows from operating activities			
Receipts from customers		9,657,847	8,793,276
Government and other grants received		2,518,026	2,615,436
Legacies received		3,243,040	1,604,308
Payments to supplier and employees		(13,527,475)	(12,577,952)
Net cash generated by/ (used in) operating activities		**1,891,438**	**435,068**
Cash flows from financing activities			
Interest and dividends received		1,123,415	1,172,692
Proceeds from/(investment in) term deposits		(340)	4,390
Payment of principal portion of lease liabilities		(532,967)	(427,160)
Interest paid in relation to lease liabilities		(160,798)	(184,182)
Net cash generated by financing activities		**429,309**	**565,740**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,070,943)	(410,408)
Proceeds from sale of Property, Plant & Equipment		-	214,024
Net proceeds from sale of/ (payments for) financial assets		(599,338)	(1,481,593)
Payments for intangible assets		(20,322)	(81,490)
Net cash used in investing activities		**(1,690,603)**	**(1,759,467)**
Net increase/(decrease) in cash and cash equivalents		630,145	(758,659)
Cash and cash equivalents at the beginning of the year		1,838,498	2,597,157
Cash and cash equivalents at the end of the year	**5**	**2,468,643**	**1,838,498**

The statement of cash flows should be read in conjunction with the accompanying notes

The Association had the following non cash financing and investing transactions throughout the 2022 year;
- Non cash bequests totalling $133,221.
- Gift in kind contributions totalling $346,357 which relate to operating supplies.

Notes to the Financial Statements
For the Year Ended 30 June 2022

1 General information and statement of compliance

The financial statements cover Royal Society for the Prevention of Cruelty to Animals (SA) Incorporated ('RSPCA SA' or the 'Association') as an individual entity for the year ended 30 June 2022. RSPCA SA is a not-for-profit association, incorporated and domiciled in South Australia under the *Associations Incorporation Act 1985 (SA)*. The financial statements are presented in Australian dollars, which is the Association's functional and presentation currency.

The registered office and principal place of business is 16 Nelson Street, Stepney, SA 5069.

During the financial year, the principal activities of the Association is dedicated to improving the lives of all animals across South Australia.

These financial statements are general purpose financial statements that have been prepared in accordance with *Australian Accounting Standards – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*, the *Association Incorporations Act 1985 (South Australia)* and the *Australian Charities and Not-for-profits Commission Act 2012*.

The financial statements for the year ended 30 June 2022 were approved and authorised for issue by the Board Members on 24 August 2022

2 Significant accounting policies

2.1 Overall considerations

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities

This is the Association's first general purpose financial statements prepared in accordance with AASB 1060 *General Purpose Financial Statement - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities ('Simplified Disclosures)*. In the previous reporting period, the Association prepared general purpose financial statement in accordance with Australian Accounting Standards - Reduced Disclosures Requirements ('Reduced Disclosures'). Overall, the transition from Reduced Disclosures to Simplified Disclosures has minimal impact on the Association's financial reporting. Overall, there are fewer disclosure requirements under the new Simplified Disclosures regime. Comparative information for any new disclosures required under Simplified Disclosures have been provided as required in accordance with AASB 1060.

The financial statements have been prepared using the measurement bases specified by Australian Accounting Standards for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

2.2 Revenue

Revenue is recognised at an amount that reflects the consideration to which the incorporated association is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the incorporated association: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

(i) Sale of goods

Revenue from the sale of goods comprises revenue earned from the sale of goods donated and purchased for resale. Sales revenue is recognised when the control of goods passes to the customer.

(ii) Grants

Grant income is recognised in surplus or deficit when the association satisfies the performance obligations stated within the funding agreements.

If there are sufficiently specific performance obligations attached to the grant, the grant will be recognised in the statement of financial position as a liability until those performance obligations are fulfilled and income will be recognised accordingly.

The Association's role in terms of enforcing the Animal Welfare Act are supported by grants received from the state government.

(iii) Donations and Bequests

Donations are recognised at the time the pledge is made.

Bequests are recognised when the legacy is received or receivable. Revenue from legacies comprising bequests of shares or other property are recognised at fair value, being the market value of the shares or property at the date the Association becomes legally entitled to the shares or property.

The Association receives, through the generosity of its donors, food and other goods for use by animals in its care. Gifts in kind have been recognised in the financial statements for such donated goods at their fair value.

2 Significant accounting policies (continued)

2.2 Revenue (continued)

(iv) Interest and dividend income
Interest income is recognised on an accrual basis using the effective interest method. Dividend income are recognised at the time the right to receive payment is established.

(v) Volunteer services
The Association has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

2.3 Operating expenses

Operating expenses are recognised in surplus or deficit upon utilisation of the service or at the date of their origin.

2.4 Property, plant and equipment

(i) Land & Buildings
Land held for use in production or administration is stated at re-valued amounts. Re-valued amounts are fair market values based on appraisals prepared by external professional valuers once every three years or more frequently if market factors indicate a material change in fair value.

Any revaluation surplus arising upon appraisal of land is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in surplus or deficit, a revaluation increase is credited to surplus or deficit with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in surplus or deficit. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

(ii) Plant and other equipment
Plant and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Association's management.

Plant and other equipment are subsequently measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, plant and other equipment. The following useful lives are applied:

- buildings: 25-50 years
- plant and equipment: 3-10 years
- motor vehicles: 4 years

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in surplus or deficit within other income or other expenses.

2.5 Intangible assets

Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives of 4 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2.6 Impairment testing of property, plant and equipment

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the current replacement cost of an asset.

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

2 Significant accounting policies (continued)

2.7 Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in surplus or deficit.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Association intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Association recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Association's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in surplus or deficit.

2.8 Inventories

Inventories comprises goods for resale and goods for distribution at no or nominal consideration as part of the Association's charitable activities. Inventories may be purchased or received by way of donation.

(i) Goods for resale

Inventories of goods for resale are valued at the lower of cost and net realisable value. No value is ascribed to goods for resale that have been donated to the Association where fair value cannot be reliably determined. Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

(ii) Goods held for distribution

Donated goods and goods purchased for nominal consideration held for distribution are initially recognised at their current replacement cost at date of acquisition. Inventories of goods purchased and held for distribution are initially recognised at costs. The cost of bringing each product to its present location and condition is determined on a first-in, first-out basis.

2.9 Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.10 Trade and other payables

These amounts represent liabilities for goods and services provided to the Association prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

2 Significant accounting policies (continued)

2.11 Income taxes

No provision for income tax has been raised as the Association is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

2.13 Reserves

Properties revaluation reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings.

Financial assets reserve
The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

2.14 Post-employment benefits and short-term employee benefits

Employee benefits comprise salaries and wages, annual and long service leave, training and development, contributions to superannuation plans and other on-costs such as workers compensation.

Provisions are made for the Association's liability for employee benefits arising from services rendered by employees as at the reporting date. Employee entitlements expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Contributions are made by the Association to employee superannuation funds and are charged as an expense when incurred.

2.15 Provisions, contingent liabilities and contingent assets

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

2.16 Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the 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 components of investing and financing activities, which are disclosed as operating cash flows.

2.17 Economic dependence

The Association is dependent upon the ongoing receipt of government grants and community and corporate donations to ensure the ongoing continuance of its programs. At the date of this report management has no reason to believe that this financial support will not continue.

2.18 Right-of-use asset

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Association expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Class of right-of-use asset	Lease term (including extension options)
Properties	1-20 years
Plant & equipment	4 years

The Association has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to surplus or deficit as incurred.

2 Significant accounting policies (continued)

2.19 Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Association's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to surplus or deficit if the carrying amount of the right-of-use asset is fully written down.

2.20 Non-current assets or disposal groups classified as held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

2.21 Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

(i) Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(ii) Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Association's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Association reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

3 New or amended Accounting Standards and Interpretations adopted

3.1 New and revised AASBs affecting amounts reported and/or disclosures in the financial statements

The Association has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Note 4: Revenue and Expenditure

	Year ended 30/06/2022	Year ended 30/06/2021
Revenue	$	$
The Association's revenue may be analysed as follows for each major product and service category		
Revenue from operations:		
Animal based income	2,431,788	2,083,271
Donations & sponsorship	2,762,596	2,618,434
Gifts in Kind	346,357	223,543
Sale of goods	3,131,780	2,718,370
Commercial Based Income	252,701	241,451
Government grants	1,217,000	1,188,000
Other grants	1,301,026	265,710
	11,443,248	9,338,779
Revenue from operations are recognised at a point in time.		
Other revenue		
Investment income	1,190,196	806,932
Gain/ (loss) on financial assets at fair value through surplus or deficit	(839,646)	315,504
Gain on sale of assets	62,264	-
Government grants	-	1,254,000
Other corporate income	159,487	226,323
	572,301	2,602,759
Revenue from legacies:		
Legacies/bequests	3,376,261	2,344,665
	3,376,261	2,344,665
Total revenue	**15,391,810**	**14,286,203**

Surplus/(Deficit) for the year includes the following expenses:

	Year ended 30/06/2022	Year ended 30/06/2021
	$	$
Employee benefits expense		
Salaries and wages	7,245,800	6,818,394
Post-employment benefits	743,025	613,735
Workcover levy	184,369	157,306
Employee benefit provisions	182,052	224,039
Total employee benefit expense	**8,355,246**	**7,813,474**
Depreciation, amortisation and impairment expense		
Depreciation of property, plant and equipment	419,269	403,108
Amortisation of intangible assets	55,525	46,317
Depreciation of right-of-use assets	604,756	507,464
Total depreciation, amortisation and impairment expense	**1,079,550**	**956,889**
Cost of Sales	**835,813**	**792,886**
Short term leases and variable lease payments	**66,160**	**35,232**
Interest expense on lease liabilities	**160,798**	**184,182**
Loss on disposal of assets	**-**	**24,172**

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 5: Cash and cash equivalents

Cash and cash equivalents consist the following:

	As at 30/06/2022 $	As at 30/06/2021 $
Cash and cash equivalents		
Cash on hand	4,188	3,883
Cash at bank	2,464,455	1,834,615
Total cash and cash equivalents	**2,468,643**	**1,838,498**

Note 6: Other financial assets

Other financial assets consist of the following:

	As at 30/06/2022 $	As at 30/06/2021 $
Term deposits carried at amortised cost		
Current assets		
Term deposits held to maturity	152,656	152,316
Total term deposits	**152,656**	**152,316**
Financial assets at fair value through other comprehensive income		
Non current assets		
Listed shares	4,149,788	4,826,930
Right to future income	3,268,570	3,580,990
Financial assets at fair value through profit or loss		
Non current assets		
Managed investments	6,027,817	6,055,502
Total financial assets at fair value	**13,446,175**	**14,463,422**

Financial assets at fair value include listed shares and managed investments held for the year ended 30 June 2022, and shares received during the financial year as legacies from deceased estates. The shares held during the entire year experienced an decrease in value during the period from 1 July 2021 to 30 June 2022, the value of which is reflected in other comprehensive income for listed shares and in surplus or deficit for managed investments in the financial statements.

The right to future income represents listed shares held in trust for a period of 25 years, and was recognised in September 2015. The ownership of these shares will transfer to RSPCA (SA) Inc in September 2040. The proceeds from this are to be used for the general purpose of the organisation but not for marketing or administration.

Note 7: Trade and other receivables

	As at 30/06/2022 $	As at 30/06/2021 $
Current		
Trade receivables		
Trade receivables	287,982	271,478
Provision for impairment	(41,811)	(57,671)
Other receivables		
GST receivable	-	36,522
Total trade and other receivables	**246,171**	**250,329**

All of the Association's trade and other receivables have been reviewed for indicators of impairment.

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Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 8: Other assets

Other assets consist of the following:

	As at 30/06/2022	As at 30/06/2021
	$	$
Current		
Other assets		
Prepayments	171,652	135,551
Accrued interest	-	257
Accrued Income	243,726	300,723
Imputation Credits Refundable	205,891	81,856
Total other assets	**621,269**	**518,387**

Note 9: Inventories

	As at 30/06/2022	As at 30/06/2021
	$	$
At cost:		
Inventory	339,784	307,071
Total inventory	**339,784**	**307,071**

Note 10: Asset held for sale

	As at 30/06/2022	As at 30/06/2021
	$	$
Current		
Asset held for sale	10,000,000	-
Total asset held for sale	**10,000,000**	-

During the year, the Association has been granted a peppercorn lease from the State Government to develop a new Animal Care Centre. To facilitate this new investment, the Association committed to the sale of its land and buildings at Stepney and Lonsdale. As a result, these had been transferred from Property, Plant and Equipment to Asset held for sale at the time such commitment was made. The assets were revalued to their fair value immediately prior to the transfer to assets held for sale, which resulted in a revaluation increment of $3,478,338 credited to the asset revaluation reserve. Two sale contracts with a total value of $11,690,000 consideration have been entered into prior to 30 June 2022 for these properties and are expected to be settled in September 2022.

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 11: Property, plant and equipment

Details of the Association's property, plant and equipment and their carrying amount are as follows:

	Land	Buildings	Plant and equipment	Motor vehicles	Capital Work in Progress	Total
	At revaluation	At revaluation	At cost	At cost	At cost	
	$	$	$	$	$	$
Gross carrying amount						
Balance as at 1 July 2021	4,425,000	3,243,957	2,369,991	1,015,648	-	11,054,596
Additions	-	-	144,897	181,540	811,506	1,137,943
Disposals	-	-	-	(103,536)	-	(103,536)
Transfers to assets held for sale	(6,599,824)	(3,933,235)	-	-	-	(10,533,059)
Transfers to Capital WIP	-	(295,958)	-	-	295,958	-
Revaluation	2,264,824	1,213,514	-	-	-	3,478,338
Balance as at 30 June 2022	90,000	228,278	2,514,888	1,093,652	1,107,464	5,034,282
Depreciation and impairment						
Balance as at 1 July 2021	-	540,915	1,606,592	625,486	-	2,772,993
Disposals	-	-	-	(98,800)	-	(98,800)
Depreciation	-	54,032	227,505	137,732	-	419,269
Transfers to assets held for sale	-	(533,059)	-	-	-	(533,059)
Balance as at 30 June 2022	-	61,888	1,834,097	664,418	-	2,560,403
Carrying amount as at 30 June 2022	**90,000**	**166,390**	**680,791**	**429,234**	**1,107,464**	**2,473,879**

Land & buildings held by the Association at the reporting date was independently valued at 30 June 2021 by McGees Property. The valuation was based on fair value being the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction. Fair values were determined directly by reference to observable prices in an active market using recent sales data for similar properties on arm's length terms.

Further revaluation increment was credited to the asset revaluation reserve in relation to land and buildings that were transferred to assets held for sale during the year as disclosed at note 10 of the financial statements.

Note 12: Intangible assets

Details of the Association's intangible assets and their carrying amount are as follows:

	IT Software	Total
	$	$
Gross carrying amount		
Balance as at 1 July 2021	481,218	481,218
Additions	20,322	20,322
Balance as at 30 June 2022	501,540	501,540
Depreciation and impairment		
Balance as at 1 July 2021	341,515	341,515
Amortisation	55,525	55,525
Balance as at 30 June 2022	397,040	397,040
Carrying amount as at 30 June 2022	**104,500**	**104,500**

Note 13: Right-of-use assets

	Properties	Plant & equipment	Total
At 1 July 2021	3,735,253	5,987	3,741,240
Addition	737,665	-	737,665
Reassessment	5,273	-	5,273
Depreciation expense	(598,769)	(5,987)	(604,756)
At 30 June 2022	**3,879,422**	-	**3,879,422**

Right of use assets were acquired by means of leases on adoption of AASB 16 *Leases* and are non-cash transactions.

The Association leases properties for its retail shops under agreements that span for periods from 1 year to 8 years, some with extension options. If extension options are exercisable only by the Association, the Association assesses whether it is reasonably certain to exercise the options. For the year end 30 June 2022, the Association has assessed that it is reasonably certain to exercise all extension options available except for one retail space.

The entity has a lease in relation to a portion of Glenthorne National Park, on which the entity will be developing a facility comprising a native animal and wildlife hospital, an animal care campus and accommodation facilities for dogs and cats. The lease commences on the completion of the development and has an initial term of 40 years, with two 15 year options to renew. Payments due under the lease are an annual rental of $1 and Environment Payment of $5,000 per annum, indexed by CPI.

Note 14: Trade and other payables

Trade and other payables recognised consist of the following:

	As at 30/06/2022 $	As at 30/06/2021 $
Trade and other payables		
Trade payables	339,725	411,092
Other payables and Accrued expenses	435,833	361,312
GST payable	-	-
Unearned income	243,507	246,727
Total trade and other payables	**1,019,065**	**1,019,131**

Note 15: Provision for employee benefits

The liabilities recognised for employee benefits consist of the following amounts:

	As at 30/06/2022 $	As at 30/06/2021 $
Employee benefits		
Current		
Annual leave	465,956	478,699
Long service leave	365,757	317,718
	831,713	796,417
Non-current		
Long service leave	200,649	193,590
Total employee benefits	**1,032,362**	**990,007**

Note 16: Lease Liabilities

	As at 30/06/2022	As at 30/06/2021
Current		
Lease Liabilities - right-of-use properties	545,995	461,874
Lease Liabilities - right-of-use plant & equipment	-	6,119
	545,995	**467,993**
Non-current		
Lease Liabilities - right-of-use properties	3,615,511	3,483,542
	3,615,511	**3,483,542**
Total cash outflow on leases (includes principal and interest)	660,365	611,342

Lease categories	Original non-cancellable lease term	Renewal options available
Properties	1-8 years	3-15 years
Plant & equipment	4 years	Nil

Future lease payments in relation to lease liabilities as at period end are as follows:

Within one year	753,440	646,635
Later than one year but not later than two years	646,977	648,633
Later than two years but not later than five years	1,889,706	1,621,083
Later than five years	1,419,732	1,786,457
	4,709,855	**4,702,808**

Note 17: Reserves

The details of reserves are as follows:

	As at 30/06/2022	As at 30/06/2021
	$	$
Properties Revaluation Reserve	6,575,465	3,097,127
Financial Assets Reserve	171,039	1,590,322
Retained Earnings	20,773,062	19,044,447
	27,519,566	**23,731,896**

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties revaluation reserve will not be reclassified subsequently to surplus or deficit.

The financial assets reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income. Items of other comprehensive income included in the financial assets reserve will not be reclassified subsequently to surplus or deficit.

Note 18: Related Party Transactions

18a: Transactions with related parties

The Association's related parties include its Key Management Personnel as described below.
Unless otherwise stated, no transactions with related parties incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Members of the Board who held office during the reporting period are:

Mr Rob DiMonte
Mr Andrew Carter
Ms Jill Bottrall (deceased 16 April 2022)
Mr Marcus Gehrig
Mr Paul Hutchinson
Ms Leanna Read
Ms Sheenagh Edwards
Mr Stephen Voss
Professor Chris Daniels
Ms Kate Gray
Ms Susan Hazel

During the year the Association paid a premium in respect of a contract insuring the Board members and the executive officer against a liability incurred as such as a Board member or executive officer. The Association's Liability Insurance Policy is to cover the loss for which a Board member or executive officer is not indemnified by the Association. The Insurance Policy also covers the association against loss if it grants an indemnity to the Board and the executive officer.

The Association has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer of the association against a liability incurred.

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

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

During the year, a company that Kevin Tinkler, a former member of key management personnel, is a director of, provided software development support service for $22,600 (2021: $82,775). Kevin ceased being a member of key management personnel on 24 September 2021.

Note 18: Related Party Transactions

18b: Transactions with key management personnel

Key management of the Association are the members of the Board and the Executive Management team of RSPCA SA. During the reporting period, there was no remuneration paid to Board members, however the following remuneration has been paid to the Executive Management team:

	Year ended 30/06/2022	Year ended 30/06/2021
Total remuneration ($)	1,120,698	922,026

Note 19: Contingent liabilities

There are no contingent liabilities that have been incurred by the Association in relation to 2021 or 2022.

Note 20: Remuneration of auditors

During the year the following fees were paid or payable for services provided by BDO Audit Pty Ltd (BDO) as the auditor of the Association.

	Year ended 30/06/2022	Year ended 30/06/2021
	$	$
Audit of the financial statements	16,500	17,000
Other services		
Fees in relation to the compilation of the financial statements	1,500	1,500
Fees in relation to the assistance of lease accounting review	-	1,500
Total	**18,000**	**20,000**

Note 21: Capital commitments

As at 30 June 2022, the Association did not have any capital commitments.

Note 22: Post-reporting date events

Investments held as listed shares have been received as legacies from deceased estates. There has been fluctuation in the market value of these investments between 30 June 2022 and the date when the financial report is authorised for issuance. This fluctuation does not relate to the condition of the investments at the reporting date, but reflects a general movement in the market, therefore the amounts recognised in these financial statements for the investments have not been adjusted.

As disclosed at Note 10, the Association entered into two contracts to dispose of its land and buildings at Stepney and Lonsdale. These contracts are expected to be settled in September 2022.

Furthermore, subsequent to the year end, the Board has resolved to divest its operations at Petville.

ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (SA) INCORPORATED
ABN: 60 740 135 753

Board Members' Declaration

In the opinion of the Board of the Royal Society for the Prevention of Cruelty to Animals (SA) Incorporated (the Association):

(a) the financial statements and notes are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including compliance with Australia Accounting Standards - Simplified Disclosures and give a true and fair view of the financial position and performance of the Association; and

(b) as at 30 June 2022, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they become due and payable.

In accordance with section 35 (5) of the Associations Incorporations Act (SA) 1985, the Board of the Association hereby states that during the financial period ended 30 June 2022:

(a)

(i) no officer of the Royal Society for the Prevention of Cruelty to Animals (SA) Incorporated

(ii) no firm which an officer is a member; and

(iii) no body corporate in which an officer has substantial financial interest, has received or become entitled to receive a benefit as a result of a contract between an officer, firm or body corporate and the Royal Society of Prevention of Cruelty to Animals (SA) Incorporated.

(b) No officer of the Royal Society for the Prevention of Cruelty to Animals (SA) Incorporated received any payment or other benefit of pecuniary value, except as disclosed in note 18.

No income was received, or is due and receivable by any other member.

Signed in accordance with a resolution of the directors made pursuant to s.60.15 of the Australian Charities and Not-for-profits Commission Regulations 2013.

Signature:
Name: ROBERT DIMONTE
Position: CHAIR / PRESIDENT

Signature:
Name: ANDREW CARTER
Position: BOARD MEMBER

Dated 2/9/22