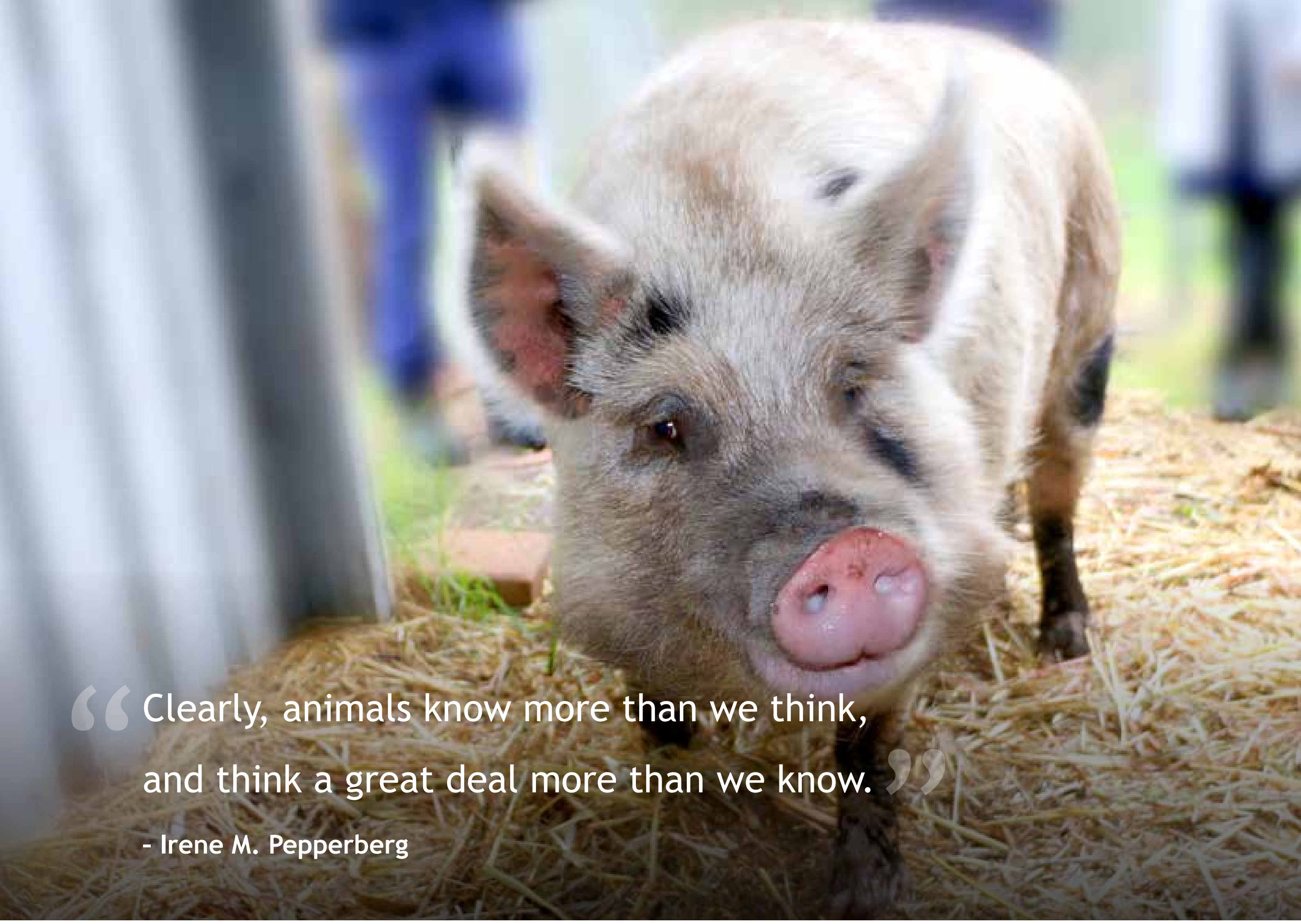
RSPCA Western Australia

RSPCA WA INC. 2016/17 ANNUAL REPORT

FINANCIAL STATEMENTS APPENDIX



For the Royal Society for Prevention of Cruelty to Animals Western Australia, Inc. for the year ended 30 June 2017

GENERAL INFORMATION

The financial statements cover RSPCA WA Inc. as an individual entity. The financial statements are presented in Australian dollars, which is RSPCA WA Inc.'s functional and presentation currency.

The financial statements were authorised for issue on 28 September 2017.

STATEMENT BY THE BOARD OF DIRECTORS

For the year ended 30 June 2017

In the Board's opinion:

- RSPCA WA Inc is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Australian Charities and *Not-for-profits Commission Act 2012 (ACNC Act)* and the *Associations Incorporation Act 2015 (WA);*

- The attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements;

- The attached financial statements and notes give a true and fair view of RSPCA WA Inc.'s financial position as at 30 June 2017 and of its performance for the financial year ended on that date;

- There are reasonable grounds to believe that RSPCA WA Inc. will be able to pay its debts as and when they become due and payable;

- The financial statements have been properly prepared and the associated records have been properly kept for the year ended 30 June 2017, in accordance with the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA); and*

- Funds received as a result of fundraising activities conducted during the year ended 30 June 2017 have been properly accounted for and applied in accordance with the *Charitable Collections Act (1946) (WA)* and the *Charitable Collections Regulations (1947) (WA).*

This statement is made in accordance with a resolution of the RSPCA WA Inc. Board of directors and is signed for and on behalf of the Board by:

Lynne Bradshaw
President
28 September 2017

Graeme Boden
Chair, Audit and Risk Committee
28 September 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	2017	2016
		$	$
Revenue	2	8,031,197	8,681,532
Profit on sale of asset	8	2,282,910	-
Total revenue		10,314,107	8,681,532
EXPENSES			
Employee expense		(6,247,323)	(5,503,271)
Depreciation expense		(344,037)	(381,099)
Operating lease expense		(326,876)	(210,359)
Other operating costs	3	(4,409,823)	(2,941,633)
Finance and investment costs	13	(62,593)	(58,776)
Deficit before income tax expense		(1,076,545)	(413,606)
INCOME TAX EXPENSE	1 (a)	-	-
Deficit after income tax expense		(1,076,545)	(413,606)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Changes in the fair value of financial assets	14	195,718	(178,279)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		(880,827)	(591,885)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

	NOTE	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	4	2,880,726	2,699,353
Trade and other receivables	5	501,623	906,017
Inventory	6	56,265	58,382
Financial assets	7	138,870	98,541
Assets classified as held for sale	8	-	168,403
Total current assets		3,577,484	3,930,696
NON CURRENT ASSETS			
Financial assets	7	4,794,024	5,026,206
Property plant and equipment	9	3,349,738	3,373,278
Intangible assets	10	14,505	14,030
Total non current assets		8,158,267	8,413,514
TOTAL ASSETS		11,735,751	12,344,210
CURRENT LIABILITIES			
Trade and other payables	11	798,221	641,939
Employee provisions	12	353,204	250,408
Total current liabilities		1,151,425	892,347
NON CURRENT LIABILITIES			
Employee provisions	12	27,238	13,948
Total non current liabilities		27,238	13,948
TOTAL LIABILITIES		1,178,663	906,295
NET ASSETS		10,557,088	11,437,914
EQUITY			
Retained surplus	14	9,977,464	1,054,009
Financial assets reserve	14	579,624	383,906
TOTAL EQUITY		10,557,088	11,437,914

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

STATEMENT OF CHANGES IN EQUITY

	RETAINED SURPLUSES	FINANCIAL ASSETS RESERVE	TOTAL EQUITY
	$	$	$
Balance at 1 July 2015	11,467,615	562,185	12,029,800
Deficit for the year	(413,606)	-	(413,606)
Financial assets revaluation	-	(178,279)	(178,279)
Total comprehensive loss	(413,606)	(178,279)	(591,885)
Balance at 30 June 2016	11,054,009	383,906	11,437,915
Balance at 1 July 2016	11,054,009	383,906	11,437,915
Deficit for the year	(1,076,545)	-	(1,076,545)
Financial assets revaluation	-	195,718	195,718
Total comprehensive loss	(1,076,545)	195,718	(880,827)
Balance at 30 June 2017	9,977,464	579,624	10,557,088

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

STATEMENT OF CASHFLOWS

	NOTE	2017	2016
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donors and other services provided		6,244,734	4,915,265
Legacies and bequest (including trust interest)		1,397,455	2,652,260
Grant receipts		559,199	500,000
Payment to suppliers and employees		(10,711,654)	(8,882,718)
Franking credits received		85,640	81,480
Interest paid		(62,593)	(58,776)
Interest received		150,680	185,096
Net cash used in operating activities	18	(2,336,539)	(607,393)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment		(319,659)	(244,437)
Proceeds from disposal of assets		2,450,000	-
Proceeds from the sale of financial assets		1,143,410	3,337,471
Purchase of financial assets		(755,839)	(662,108)
Net cash provided by investing activities		2,517,912	2,430,926
Net increase in cash and cash equivalents		181,373	1,823,533
Cash and cash equivalents at the beginning of the year		2,699,353	875,820
Cash and cash equivalents at the end of the year	4	2,880,726	2,699,353

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

In the directors' opinion, the incorporated association is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Australian Charities and Not-for-profits Commission Act 2012, the Associations Incorporation Act 2015 (WA), the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulations (1947) (WA). The Directors have determined that the accounting policies adopted are appropriate to meet the needs of the members of RSPCA WA Inc.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for not-for-profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(n).

(a) Income Tax

As the association is a charitable institution in terms of Subsection 50-5 of the Income Tax Assessment Act 1997, as amended, it is exempted from paying tax.

(b) Inventories

Inventories for sale are measured at the lower of cost and net realisable value. Inventories not for resale or use with no recharge are valued at fair value. Donated inventories which are not able to be valued are carried at nil value in the Statement of Financial Position.

(c) Property, Plant and Equipment

Each class of property, plant and equipment is carried at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Items of plant and equipment are depreciated over their estimated useful lives to their estimated residual value on a diminishing value or straight line basis so as to write off their value progressively over their estimated useful lives commencing from the time the asset is ready for use.

The following depreciation rates are used:

Buildings	15 to 40 yrs	straight line based on the effective life of the asset
Motor vehicles	4 to 8 yrs	diminutive based on the effective life of the asset
Plant and equipment	1 to 8 yrs	diminutive and straight line based on the effective life of the asset
Infrastructure & outbuildings	5 to 30 yrs	straight line based on the effective life of the asset
Intangible assets	1 to 3 yrs	diminutive based on the effective life of the asset

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the incorporated association.

Gains and losses on disposals are determined by comparing proceeds to the carrying amount of the asset. These are included in the statement of profit or loss and other comprehensive income.

(d) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for doubtful debts and impairment.

Collectability of trade receivables are reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for bad debts) is used when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

The amount of the impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(e) Investments and other financial assets

Classification

The Association classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value and those to be measured at amortised cost. The classification depends on the Association's plan for managing the financial assets and the contractual terms of the cash flows.

(1) Equity investments - at fair value

At initial recognition the Association may make an irrevocable election to recognise the change in fair value in equity instruments in other comprehensive income. This election is permitted for equity instruments that are not held for short-term trading purposes.

(2) Financial investments - at amortised cost

A financial asset is measured at amortised cost if the following conditions are met:

(a) the objective of the Association's in relation to those instruments is to hold the asset to collect the contractual cash flows; and

(b) the contractual cash flows give rise on specific dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method. The Association subsequently measures all equity instruments at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and presented within equity in the financial assets reserve. When an instrument is derecognised, the cumulative gain or loss is not transferred out of other comprehensive income and therefore not recognised in profit or loss. Dividends or other distributions received from these investments are still recognised in profit or loss as part of finance income.

Recognition and de-recognition

Regular purchases of financial assets are recognised on trade date - the date on which the Association commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership.

Investments held-to-maturity

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Impairment

Amortised cost is measured using the effective interest rate method and amortised cost assets must be assessed for impairment losses. Equity instruments fair valued through other comprehensive income are no longer required to be assessed for impairment. The Association assesses at each balance date whether there is objective evidence that a financial asset is impaired.

(f) Financial liabilities

Financial liabilities are derecognised where they relate to obligations either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party at fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in the statement of profit or loss and other comprehensive income.

(g) Impairment of Assets

At each reporting date, the Association reviews the carrying value of its definite useful life tangible and intangible assets to determine if whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed in the statement of profit or loss and other comprehensive income. Intangible assets that have an indefinite useful life are assessed for impairment annually as required by the standard. The assessment process is the same as definite useful life assets where an indication of impairment exists.

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.

(h) Employee Benefits

Short term Employee Benefits

Short term employee benefits are employee benefits (other than termination benefits) which fall due wholly within 12 months after the end of period in which those services were rendered. They comprise wages, salaries and short-term compensation absences payable within 12 months and non mandatory benefits such as salary continuance and permanent and temporary insurance benefits.

Other long term employee benefits

Other long term employee benefits include long service leave payable 12 months or more after the end of the period in which employee services are rendered. Recognition of long service leave commences when the employee has reached 5 years of service and under legislation can be paid out after 7 years of service.

(i) Cash and cash equivalents

Cash and cash equivalents which include cash on hand, cash in banks and other short term highly liquid investments.

(j) Revenue Recognition

Revenue from the sale of goods is recognised when control has passed to the purchaser.

Revenue from the rendering of a service is recognised upon delivery of the service to the customer.

Revenue from grants is recognised when control of monies is obtained and the amount of revenue can be measured reliably.

Non-reciprocal grant revenue is recognised in the profit or loss when the entity obtains control of the grant and it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably. If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

When grant revenue is received whereby the entity 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.

Short term interest and managed funds distributions are recognised when the right of payment is established.

Donations and bequests are recognised upon receipt.

Material donations of goods in kind are recognised as income at the fair value of the underlying asset received.

Revenue from the recovery of court awarded costs in relation to prosecutions are recognised upon receipt.

(k) GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST included is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense. Receivable and payables in the Statement of Financial Position are shown inclusive of GST.

(l) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(m) Trade and other payables

These amounts represents liabilities for goods and services provided to the Association prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Critical Accounting Estimates and Judgements

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the incorporated association's accounting policies. The Association evaluate estimates and judgements incorporated into the Financial Statement based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

Long service leave provision

As discussed in note 1(h), the liability for long service leave is recognised and measured at the present value of the estimated future 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.

Estimation of useful lives of assets

The association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant, and equipment and intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated useful lives, or technical obsolete or non-strategic assets that have been abandoned or sold will be written off or writtend down.

(o) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

(p) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Note 2: Revenue	2017	2016
	$	$
Donations	690,842	725,901
Legacies and bequests	1,397,455	2,652,260
Fundraising activities	2,680,441	2,460,892
Services - Dog training	294,967	293,680
Services - inspectorate	94,348	93,219
Services - shelter	467,679	453,525
Goods Sold - shelter	92,361	80,146
Goods Sold - stores	1,195,251	826,546
Goods Sold - auxiliaries	149,359	152,934
Grants - government	500,000	500,000
Grants - other	59,199	-
Dividends	247,841	244,965
Investment income	150,680	185,096
Membership subscriptions	10,774	12,368
Total revenue	8,031,197	8,681,532

Note 3: Other operating costs	2017	2016
	$	$
AGM & board expenses	20,826	12,175
Animal welfare direct costs	928,157	907,773
Dog training expenses	113,313	124,362
Membership costs	514	853
Fundraising costs	1,660,068	374,520
Inventory purchased - shelter	70,261	54,369
Retail expenses	61,282	13,407
Administrative costs	1,194,704	1,119,529
Motor vehicle expense/lease	133,299	112,331
Subscription to the National Body	227,399	222,314
Total other costs	4,409,823	2,941,633

Auditor remuneration	2017	2016
During the year the following fees were paid or payable for services provided by the auditor for auditing or reviewing the financial statements	$	$
- RSM Australia	24,000	23,000
	24,000	23,000

Note 4: Cash and cash equivalents	2017	2016
	$	$
Cash at bank	2,868,656	2,690,395
Cash on hand	12,070	8,958
	2,880,726	2,699,353

Note 5: Trade and other receivables	2017	2016
	$	$
Trade		
Receivables	294,930	674,801
	294,930	674,801

Other receivables		
Prepayments	120,855	145,576
Franking credits receivables	85,838	85,640
	206,693	231,216
Total	501,623	906,017

Note 6: Inventories	2017	2016
	$	$
Goods for resale - at cost	20,830	33,207
Goods not for resale - net realisable value	35,435	31,662
Provision for obsolesence	-	(6,487)
	56,265	58,382

Note 7: Financial assets	2017	2016
	$	$
Current		
Financial assets		
- Held to maturity *	138,870	98,541
	138,870	98,541
* Held to maturity financial assets represents term deposits with maturities of greater than 3 months.		
Non-Current		
Financial assets available for sale	4,794,024	5,026,206
Total	4,932,894	5,124,747

Note 8: Assets classified as held for sale

Assets held for sale related to land and building in Palmyra which was sold in October 2016.

Note 9: Property, plant and equipment	2017	2016
	$	$
Land and buildings at cost	3,715,864	3,700,998
Less: Accumulated depreciation	(1,426,381)	(1,426,381)
	2,289,483	2,274,617
Software, plant and equipment	1,268,706	1,182,002
Less: Accumulated depreciation	(1,032,483)	(937,664)
	236,223	244,338
Infrastructure	759,049	739,993
Less: Accumulated depreciation	(89,363)	(85,402)
	669,686	654,591
Motor vehicles	755,924	756,324
Less: Accumulated depreciation	(601,578)	(556,592)
	154,346	199,732
Total Property, plant and equipment	3,349,738	3,373,278

Note 10: Intangible assets	2017	2016
	$	$
Web development and other intangibles	65,620	61,220
Less: Amortisation	(51,115)	(47,190)
	14,505	14,030

Note 11: Trade and other payables	2017	2016
	$	$
Trade and other payables	671,585	615,571
Revenue received in advance	126,636	26,368
	798,221	641,939

There are no amounts expected to be settled greater than 12 months.

Note 12: Employee provisions	2017	2016
	$	$
Current		
Provision for annual leave	306,345	210,056
Provision for long service leave	46,859	40,352
	353,204	250,408
Non Current		
Provision for long service leave	27,238	13,948
	380,442	264,356

Note 13: Finance and investment costs	2017	2016
	$	$
Investment management fees	62,593	58,776
	62,593	58,776

Note 14: Equity

Financial assets reserve	2017	2016
	$	$
Financial assets revaluation	579,624	383,906
Movements:		
Financial assets reserve		
Balance 1 July	383,906	562,185
Movement during the year	195,718	(178,279)
Balance 30 June	579,624	383,906

Retained surplus	2017	2016
	$	$
Balance 1 July	11,054,009	11,467,615
Deficit for the year	(1,076,545)	(413,606)
Balance 30 June	9,977,464	11,054,009

Financial assets reserve
The financial reserve records revaluation of available for sale financial assets to reconcile the value with the current market price.

As explained in note 1(e), the Association has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated in a separate reserve within equity. The entity does not have any policy on transferring amounts from this reserve to another reserve or to retained earnings when the relevant equity securities are sold.

Note 15: Contingent Liabilities and Contingent Assets

During the reporting period, a costs claim against RSPCA WA was pending. At this time, it is not possible to predict the potential financial impact on RSPCA WA of this claim but it is likely to be immaterial.

Note 16: Events after the Reporting Date

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the incorporated association's operations, the results of those operations, or the incorporated association's state of affairs in future financial years.

Note 17: Related Parties and Key Management Personnel

Transactions entered into during the year with Directors, their firms and associated entities are within normal customer relationships on terms and conditions no more favourable to those available to other members and customers. This includes the payment of usual members' subscription and receipt of normal benefits of membership.

As a special purpose financial report, the financial statements do not apply to the disclosure requirement of all Australian Accouting Standards including AASB 124 (Related Party transactions). However the Association considers it apprropriate to disclose the following;

- Transactions with related parties

a) Directors - Transactions entered into during the year with Directors, their firms and associated entities are within normal customer relationships on terms and conditions no more favourable to those available to other members and customers. This includes the payment of usual members' subscription and receipt of normal benefits of membership.
b) Key Management Personal - relates to the sole remuneration as employees of the Association.

- Receivables from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

- Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 18: Reconciliation of net cash used in operating activities to deficit for the year	2017	2016
	$	$
Deficit for the year	(1,076,545)	(413,606)
Non cash Items in surplus		
Depreciation & amortisation	344,037	381,099
Profit on disposal of assets	(2,282,910)	-
Changes in assets & liabilities net		
Decrease / (increase) in debtors	404,394	(347,431)
Increase / (decrease) in creditors	156,282	(195,130)
Decrease / (increase) in inventories	2,117	(3,241)
Increase / (decrease) in provisions	116,087	(29,084)
Net cash used in operating activities	(2,336,538)	(607,393)

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE ROYAL SOCIETY FOR PREVENTION OF CRUELTY TO ANIMALS WESTERN AUSTRALIA INC (RSPCA WA INC)

Opinion

We have audited the financial report of RSPCA WA Inc (RSPCA), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss 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 statements, including a summary of significant accounting policies, and statement by board of directors.

In our opinion, the financial report of RSPCA has been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act 2015 (WA), including:

(a) giving a true and fair view of RSPCA's financial position as at 30 June 2017 and of its financial performance and cash flows for the year ended on that date; and

(b) complying with Australian Accounting Standards, the Australian Charities and Not-for-profits

Commission Regulation 2013 and the Associations Incorporation Act 2015 (WA).

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 RSPCA, in accordance with the ethical requirements of the Accounting

Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist RSPCA to meet the requirements of the Australian Charities and Not-for-profits

Commission Act 2012 and the Associations Incorporation Act 2015 (WA). As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

The Board of RSPCA is responsible for the preparation of the financial report that gives a true and fair view in accordance with the basis of preparation described in Note 1, the Australian Charities and Not-for-profits Commission Act 2012 and the Associations Incorporation Act 2015 (WA), and for such internal control as the Board determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing RSPCA'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 management either intends to liquidate RSPCA or to cease operations, or has no realistic alternative but to do so.

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 at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Report on the requirements of the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulations (1947) (WA)

Opinion

We have audited the financial report of RSPCA WA Inc as required by the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulations (1947) (WA).

In our opinion

a) The financial report of RSPCA WA Inc. has been properly prepared, and the associated records have been properly kept for the year ended 30 June 2017, in accordance with the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulations (1947) (WA); and

b) Funds received as a result of fundraising activities conducted during the year ended 30 June 2017 have been properly accounted for and applied in accordance with the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulations (1947) (WA).

Auditor's Responsibilities

Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising activities pursuant to the Charitable Collections Act (1946) (WA) and the Charitable Collections Regulations (1947) (WA).

Because of the inherent limitations of any assurance engagement, it is possible that fraud, error or non-compliance may occur and not be detected. An audit is not designed to detect all instances of non-compliance with the requirements described in the above-mentioned Acts and Regulations as an audit is not performed continuously throughout the period and the audit procedures performed in respect of compliance with these requirements are undertaken on a test basis. The audit opinion expressed in this report has been formed on the above basis.

RSM AUSTRALIA PTY LTD

ALASDAIR WHYTE
Director

Perth, WA Dated: 3 October 2017

RSM Australia Pty Ltd

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of The Royal Society for the Prevention of Cruelty to Animals Western Australia Incorporated for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Associations Incorporation Act 2015 (WA)* and *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and

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

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RSM AUSTRALIA PTY LTD

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ALASDAIR WHYTE
Director

Perth, WA
Dated: 28 September 2017