

**Royal Society for the  
Prevention of Cruelty to  
Animals - Queensland Inc  
and controlled entities**

**ABN 74 851 544 037**

Consolidated Financial report  
For the year ended 30 June 2012

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**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Note</b>	<b>Consolidated</b>	<b>2011</b>	<b>Parent Entity</b>	<b>2011</b>
		<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Revenue</b>					
Revenue	3	15,044,984	12,375,697	14,237,736	11,917,444
Other income	3	<u>24,953,984</u>	<u>28,469,216</u>	<u>24,953,984</u>	<u>28,469,216</u>
	3	<u>39,998,968</u>	<u>40,844,913</u>	<u>39,191,720</u>	<u>40,386,660</u>
<b>Less: expenses</b>					
Finance costs	4	(499,061)	(77,347)	(490,779)	(69,522)
Inspectorate expense		(3,595,789)	(2,916,808)	(3,646,189)	(2,967,208)
Animal training and behaviour expense		(377,357)	(369,304)	(377,357)	(369,304)
Administration expense		(8,402,686)	(6,047,898)	(8,191,998)	(5,849,788)
Marketing and public relations expense		(4,757,327)	(4,256,099)	(4,739,224)	(4,245,541)
Education expense		(1,023,327)	(1,060,173)	(1,023,327)	(1,060,173)
Animal shelter expense		(8,200,007)	(7,082,253)	(8,232,407)	(7,114,653)
Retail operations expense		(5,465,808)	(4,276,006)	(5,465,808)	(4,276,006)
Branch expense		(1,077,064)	(955,084)	(1,077,064)	(955,084)
Other expenses		<u>(470,170)</u>	<u>(286,215)</u>	<u>(55,228)</u>	<u>(45,072)</u>
		<u>(33,868,596)</u>	<u>(27,327,187)</u>	<u>(33,299,381)</u>	<u>(26,952,351)</u>
<b>Profit before income tax expense</b>		6,130,372	13,517,726	5,892,339	13,434,309
<b>Other comprehensive income</b>					
Change in fair value of available for sale financial assets, net of tax		<u>(38,287)</u>	<u>(64,217)</u>	<u>(38,287)</u>	<u>(64,217)</u>
<b>Other comprehensive income for the year</b>		<u>(38,287)</u>	<u>(64,217)</u>	<u>(38,287)</u>	<u>(64,217)</u>
<b>Total comprehensive income</b>		<u>6,092,085</u>	<u>13,453,509</u>	<u>5,854,052</u>	<u>13,370,092</u>
<b>Profit is attributable to:</b>					
- Owners of Royal Society for the Prevention of Cruelty to Animals - Queensland Inc.		6,063,680	13,507,066	5,892,339	13,434,309
- Non-controlling interests		<u>66,692</u>	<u>10,660</u>	<u>-</u>	<u>-</u>
		<u>6,130,372</u>	<u>13,517,726</u>	<u>5,892,339</u>	<u>13,434,309</u>

The accompanying notes form part of these financial statements.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2012**

Note	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>Total comprehensive income is attributable to:</b>				
- Owners of Royal Society for the Prevention of Cruelty to Animals - Queensland Inc.	6,025,393	13,442,849	5,854,052	13,370,092
- Non-controlling interests	<u>66,692</u>	<u>10,660</u>	<u>-</u>	<u>-</u>
	<u><u>6,092,085</u></u>	<u><u>13,453,509</u></u>	<u><u>5,854,052</u></u>	<u><u>13,370,092</u></u>

The accompanying notes form part of these financial statements.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

		Consolidated		Parent Entity	
	Note	2012	2011	2012	2011
		\$	\$	\$	\$
<b>Current assets</b>					
Cash and cash equivalents	6	542,071	648,625	533,728	646,665
Receivables	7	995,360	1,033,052	824,618	950,147
Inventories	8	1,404,238	1,433,070	1,395,765	1,433,070
Other financial assets	9	5,099,911	1,895,070	5,099,911	1,895,070
Other assets	11	<u>262,411</u>	<u>75,708</u>	<u>258,832</u>	<u>72,887</u>
		8,303,991	5,085,525	8,112,854	4,997,839
Assets classified as held for sale	12	<u>480,000</u>	<u>520,000</u>	<u>480,000</u>	<u>520,000</u>
<b>Total current assets</b>		<u>8,783,991</u>	<u>5,605,525</u>	<u>8,592,854</u>	<u>5,517,839</u>
<b>Non-current assets</b>					
Intangible assets	14	576,023	107,740	419,219	-
Property, plant and equipment	13	34,098,533	24,993,438	34,079,956	24,970,489
Other assets	11	<u>13,955</u>	<u>13,955</u>	<u>13,955</u>	<u>13,955</u>
<b>Total non-current assets</b>		<u>34,688,511</u>	<u>25,115,133</u>	<u>34,513,130</u>	<u>24,984,444</u>
<b>Total assets</b>		<u>43,472,502</u>	<u>30,720,658</u>	<u>43,105,984</u>	<u>30,502,283</u>
<b>Current liabilities</b>					
Payables	15	4,071,977	3,495,244	4,035,457	3,368,831
Borrowings	16	3,571,520	1,162,173	3,571,520	1,162,173
Provisions	17	985,880	820,687	985,880	820,687
Other liabilities	18	<u>-</u>	<u>2,163,980</u>	<u>-</u>	<u>2,163,980</u>
<b>Total current liabilities</b>		<u>8,629,377</u>	<u>7,642,084</u>	<u>8,592,857</u>	<u>7,515,671</u>
<b>Non-current liabilities</b>					
Borrowings	16	5,903,750	248,750	5,823,750	168,750
Provisions	17	<u>114,751</u>	<u>97,285</u>	<u>114,751</u>	<u>97,285</u>
<b>Total non-current liabilities</b>		<u>6,018,501</u>	<u>346,035</u>	<u>5,938,501</u>	<u>266,035</u>
<b>Total liabilities</b>		<u>14,647,878</u>	<u>7,988,119</u>	<u>14,531,358</u>	<u>7,781,706</u>
<b>Net assets</b>		<u>28,824,624</u>	<u>22,732,539</u>	<u>28,574,626</u>	<u>22,720,577</u>

The accompanying notes form part of these financial statements.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

		<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>Note</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Members funds</b>					
Reserves	19	14,951,966	13,075,611	14,951,966	13,075,611
Accumulated surplus		<u>13,795,306</u>	<u>9,646,268</u>	<u>13,622,660</u>	<u>9,644,966</u>
<b>Members funds attributable to owners of Royal Society for the Prevention of Cruelty to Animals - Queensland Inc.</b>					
		28,747,272	22,721,879	28,574,626	22,720,577
Non-controlling interests	20	<u>77,352</u>	<u>10,660</u>	<u>-</u>	<u>-</u>
<b>Total members funds</b>		<u><u>28,824,624</u></u>	<u><u>22,732,539</u></u>	<u><u>28,574,626</u></u>	<u><u>22,720,577</u></u>

The accompanying notes form part of these financial statements.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2012**

	Reserves \$	Retained earnings \$	Non- controlling interests \$	Total equity \$
<b>Consolidated</b>				
<b>Balance as at 1 July 2010</b>	168,594	9,110,436	-	9,279,030
Profit for the year	-	13,507,066	10,660	13,517,726
Change in fair value of available for sale financial assets, net of tax	<u>(64,217)</u>	<u>-</u>	<u>-</u>	<u>(64,217)</u>
<b>Total comprehensive income for the year</b>	<u>(64,217)</u>	<u>13,507,066</u>	<u>10,660</u>	<u>13,453,509</u>
Transfers	<u>12,971,234</u>	<u>(12,971,234)</u>	<u>-</u>	<u>-</u>
<b>Balance as at 30 June 2011</b>	<u><u>13,075,611</u></u>	<u><u>9,646,268</u></u>	<u><u>10,660</u></u>	<u><u>22,732,539</u></u>
<b>Balance as at 1 July 2011</b>	13,075,611	9,646,268	10,660	22,732,539
Profit for the year	-	6,063,680	66,692	6,130,372
Change in fair value of available for sale financial assets, net of tax	<u>(38,287)</u>	<u>-</u>	<u>-</u>	<u>(38,287)</u>
<b>Total comprehensive income for the year</b>	<u>(38,287)</u>	<u>6,063,680</u>	<u>66,692</u>	<u>6,092,085</u>
Transfers	<u>1,914,642</u>	<u>(1,914,642)</u>	<u>-</u>	<u>-</u>
<b>Balance as at 30 June 2012</b>	<u><u>14,951,966</u></u>	<u><u>13,795,306</u></u>	<u><u>77,352</u></u>	<u><u>28,824,624</u></u>

The accompanying notes form part of these financial statements.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Reserves</b>	<b>Retained</b>	<b>Non-</b>	
	<b>\$</b>	<b>earnings</b>	<b>controlling</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>	<b>interests</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Parent Entity</b>				
<b>Balance as at 1 July 2010</b>	168,594	9,181,891	-	9,350,485
Profit for the year	-	13,434,309	-	13,434,309
Change in fair value of available for sale financial assets, net of tax	<u>(64,217)</u>	<u>-</u>	<u>-</u>	<u>(64,217)</u>
<b>Total comprehensive income for the year</b>	<u>(64,217)</u>	<u>13,434,309</u>	<u>-</u>	<u>13,370,092</u>
Transfers	<u>12,971,234</u>	<u>(12,971,234)</u>	<u>-</u>	<u>-</u>
<b>Balance as at 30 June 2011</b>	<u><u>13,075,611</u></u>	<u><u>9,644,966</u></u>	<u><u>-</u></u>	<u><u>22,720,577</u></u>
<b>Balance as at 1 July 2011</b>	13,075,611	9,644,963	-	22,720,574
Profit for the year	-	5,892,339	-	5,892,339
Change in fair value of available for sale financial assets, net of tax	<u>(38,287)</u>	<u>-</u>	<u>-</u>	<u>(38,287)</u>
<b>Total comprehensive income for the year</b>	<u>(38,287)</u>	<u>5,892,339</u>	<u>-</u>	<u>5,854,052</u>
Transfers	<u>1,914,642</u>	<u>(1,914,642)</u>	<u>-</u>	<u>-</u>
<b>Balance as at 30 June 2012</b>	<u><u>14,951,966</u></u>	<u><u>13,622,660</u></u>	<u><u>-</u></u>	<u><u>28,574,626</u></u>

The accompanying notes form part of these financial statements.



**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Note</b>	<b>Consolidated</b>		<b>Parent Entity</b>	
		<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cash flow from operating activities</b>					
Receipts from customers		37,013,627	39,318,419	35,911,655	38,746,679
Payments to suppliers and employees		(34,955,435)	(28,446,121)	(33,973,448)	(27,946,653)
Interest received		24,117	59,936	24,117	59,396
Finance costs		<u>(499,431)</u>	<u>(60,284)</u>	<u>(491,149)</u>	<u>(60,284)</u>
<b>Net cash provided by operating activities</b>	21(b)	<u>1,582,878</u>	<u>10,871,950</u>	<u>1,471,175</u>	<u>10,799,138</u>
<b>Cash flow from investing activities</b>					
Proceeds from sale of property, plant and equipment		283,900	-	283,900	-
Payment for property, plant and equipment		(10,289,244)	(12,213,876)	(10,297,988)	(12,209,350)
Payment for held-to-maturity investments		-	(800,000)	-	(800,000)
Payment for available-for-sale financial assets		(845,302)	(298,947)	(845,302)	(298,947)
Proceeds from sale of available-for-sale financial assets		829,735	183,249	829,735	183,249
Payment for intangible assets		(545,649)	(67,594)	(431,585)	-
Proceeds for held-to-maturity investment		<u>800,000</u>	<u>-</u>	<u>800,000</u>	<u>-</u>
<b>Net cash provided by / (used in) investing activities</b>		<u>(9,766,560)</u>	<u>(13,197,168)</u>	<u>(9,661,240)</u>	<u>(13,125,048)</u>
<b>Cash flow from financing activities</b>					
Proceeds from borrowings		9,100,000	-	9,100,000	-
Repayment of borrowings		<u>(1,395,000)</u>	<u>(45,000)</u>	<u>(1,395,000)</u>	<u>(45,000)</u>
<b>Net cash provided by / (used in) financing activities</b>		<u>7,705,000</u>	<u>(45,000)</u>	<u>7,705,000</u>	<u>(45,000)</u>
<b>Reconciliation of cash</b>					
Cash at beginning of the financial year		(252,359)	2,117,859	(254,319)	2,116,591
Net increase / (decrease) in cash held		<u>(478,682)</u>	<u>(2,370,218)</u>	<u>(485,065)</u>	<u>(2,370,910)</u>
<b>Cash at end of financial year</b>	21(a)	<u>(731,041)</u>	<u>(252,359)</u>	<u>(739,384)</u>	<u>(254,319)</u>

The accompanying notes form part of these financial statements.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES  
ABN 74 851 544 037**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the Associations Incorporation Act of Queensland 1981.

This financial report includes separate financial statements for Royal Society for the Prevention of Cruelty to Animals - Queensland Inc. as an individual entity and the controlled entities as a consolidated group.

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

**(a) Basis of preparation of the financial report**

*Compliance with Australian Accounting Standards – Reduced Disclosure Requirements*

The consolidated financial statements of the group also comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

*Early Adoption of Standards*

The group elected to early adopt the following pronouncements to the annual reporting periods beginning on 1 July 2009:

- AASB 1053 Application of Tiers of Australian Accounting Standards
- AASB 2010-2 Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements

As a result of the early adoption of AASB 1053, the Tier 2 reporting requirements have been applied which has resulted in reduced disclosure in the current year financial statements. These Tier 2 reduced disclosure requirements have been made in accordance with AASB 2010-2.

*Historical Cost Convention*

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES  
ABN 74 851 544 037**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(b) Principles of consolidation**

The consolidated financial statements are those of the consolidated entity ("the group"), comprising the financial statements of the parent entity and all of the entities for which the parent has the power to control the financial and operating policies.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is transferred to the group and are de-recognised from the date that control ceases.

Non-controlling interests in the result of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position respectively.

**(c) Foreign currency translations and balances**

*Functional and presentation currency*

The financial statements of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

*Transactions and Balances*

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES  
ABN 74 851 544 037**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(d) Revenue**

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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

Grant revenue is recognised in the profit or loss when it is controlled. Where binding conditions, or specified milestones, exist relating to the specific purposes for which the grant funds may be applied, grant revenues are recognised in the statement of financial position as a liability until such time that all conditions of the grant are met.

Bequests and donations are recognised upon receipt.

Gifted assets or assets acquired at a nominal value are recognised in the profit or loss and statement of financial position at their fair value at the date the Society obtains control over the asset.

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

**(e) Income tax**

*Parent entity*

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

*Subsidiary included in the consolidated group*

In relation to the consolidated group, the income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES  
ABN 74 851 544 037**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Income tax (Continued)**

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(f) Cash and cash equivalents**

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

**(g) Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis. Inventories received by way of donation are not brought to account as inventory as they cannot be reliably measured. The first recognition of these donations is upon sale of the goods, and the income is recognised on receipt.

**(h) Financial instruments**

*Classification*

The group classifies its financial assets into the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

*Non-derivative financial instruments*

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit and loss. After initial recognition, non-derivative financial instruments are measured as described below.

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(h) Financial instruments (Continued)**

*Held-to-maturity investments*

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

*Loans and receivables*

Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method.

*Available-for-sale*

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit and loss.

*Financial liabilities*

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances and loans from or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

**(i) Property, plant and equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and any accumulated impairment losses.

*Property*

Property is measured on a cost basis.

*Plant and equipment*

Plant and equipment is measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by committee to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

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ABN 74 851 544 037**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(i) Property, plant and equipment (Continued)**

*Depreciation*

The depreciable amount of all fixed assets are depreciated over their estimated useful lives commencing from the time the asset is held ready for use. Land and the land component of any class of fixed asset is not depreciated.

<b>Class of fixed asset</b>	<b>Depreciation/amortisation rates</b>	<b>Depreciation/amortisation basis</b>
Leasehold land	over lease period	Straight line
Buildings at cost	2.5%-25%	Straight line
Plant and equipment at cost	2.5%-33.3%	Straight line
Motor vehicles at cost	22.5%	Straight line

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.

**(j) Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets held for sale are presented separately from the other assets in the statement of financial position. They are not depreciated or amortised while they are classified as held for sale.

**(k) Intangibles**

*Patents and trademarks*

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have an infinite life and are tested annually for impairment and carried at cost less accumulated impairment losses. All future charges relating to the renewal of the registration of the patent or trademark are expensed in the period that the charges are incurred.

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(k) Intangibles (Continued)**

Software assets comprise of acquired software assets and capitalised development expenditure relating to the Shelter Buddy TM software from which the sales and maintenance reviews are derived by the subsidiary company.

*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. Software is amortised on a straight line basis over its estimated useful life of 8 years and is included within other expenses in the income statement. 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.

*Software*

Costs capitalised include external direct costs and services relating to implementation of acquired software. Amortisation is calculated on a straight-line basis over a 3 year period.

**(l) Impairment**

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

**(m) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an out flow of economic benefits will result and that outflow can be reliably measured.

**(n) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.



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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Leases (Continued)**

*Finance leases*

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the group are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

*Operating leases*

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(o) Employee benefits**

*(i) Short-term employee benefit obligations*

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal 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 and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

*(ii) Long-term employee benefit obligations*

Liabilities arising in respect of long service leave and annual leave which are not expected to be settled within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity 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.

**(p) Business combinations**

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control. Any deferred consideration payable is discounted to present value using the group's incremental borrowing rate.

Goodwill is recognised initially at the excess over the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

If the fair value of the acquirer's interest is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), the surplus is immediately recognised in the statement of comprehensive income.

Acquisition related costs are expensed as incurred.

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(q) Borrowing costs**

Borrowing costs can include interest, amortisation of discounts or premiums relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings.

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

**(r) 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 component of investing and financing activities, which are disclosed as operating cash flows.

**(s) Comparatives**

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

*(a) Impairment*

The Society assesses impairment at each reporting date by evaluating conditions specific to the group that may lead 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.

*(b) Court costs receivable: provision for impairment*

Historically court costs have been extremely difficult to recover in a timely and efficient manner. The Directors of the Board have determined that all court costs owing for over 12 months in respect of individuals that have failed to make at least partial repayment during the financial year will be provided for.

*(c) RSPCA Queensland Foundation*

In October 2003, the Society contributed \$20,000 to establish a sub-fund under Queensland Community Fund Trust Deed administered by the Public Trustee of Queensland. Members of the general public are able to make tax deductible donations to the Fund, including by way of bequest. The funds, including the initial contribution by the Society, are invested in perpetuity and the income is distributed to the Society for use in its charitable works. Whilst this is a financial asset of the Society, it is unable to be reliably measured as its value is dependent upon future income streams which are uncertain. Therefore, this has been treated as an off-balance sheet item with income recognised upon receipt. The last annual statement received showed that fund assets had a fair value of \$472,676 (2011: \$88,525).

In 2012, this fund includes assets held by the Public Trustee in respect of a bequest in the year of 2012. These bequested funds not yet recognised as an asset have been recorded as contingent assets in the note 25.

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**NOTES TO FINANCIAL STATEMENTS  
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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NOTE 3: REVENUE</b>				
Sales revenue				
Adoption, boarding and surrender fees	3,837,501	3,316,623	3,858,561	3,316,623
Inspectorate services	3,443,834	2,611,561	3,443,834	2,611,561
Merchandise sales	6,209,655	5,133,566	6,209,655	5,133,566
Veterinary services	470,725	520,521	470,725	520,521
Animal training services	181,058	210,209	181,058	210,209
Software sales and maintenance fees	828,308	458,253	-	-
Dividend income	49,786	65,568	49,786	65,568
Interest income	24,117	59,396	24,117	59,396
	<u>15,044,984</u>	<u>12,375,697</u>	<u>14,237,736</u>	<u>11,917,444</u>
Other Income				
Fundraising income	4,441,920	4,401,053	4,441,920	4,401,053
Bequests and donations	17,194,562	12,612,854	17,194,562	12,612,854
Grants	<u>3,317,502</u>	<u>11,455,309</u>	<u>3,317,502</u>	<u>11,455,309</u>
	<u>24,953,984</u>	<u>28,469,216</u>	<u>24,953,984</u>	<u>28,469,216</u>
	<u>39,998,968</u>	<u>40,844,913</u>	<u>39,191,720</u>	<u>40,386,660</u>

(i) *Bequests and donations*

The Society has received an increase in the level of bequest and donations during the 2012 financial year. The amounts received totaled \$17,194,562 (2011: \$12,612,854) including \$4,049,717 in shares and \$310,000 (2011: \$520,000) from bequest of property.

(ii) *State Government Contribution – Wacol Facility*

The Society has received contributions from the State Government for the construction of the Wacol Facility. These amounts are recognised as other income when the Society has established control over the contribution. This treatment is in accordance with AASB1004 Contributions. The amount of contribution recognised in other income - grants in 2012 was \$2,263,980 (2011: \$10,672,507).

This included a contribution in 2011 by the State Government of the land at Wacol valued at \$3,000,000. The Society was assigned a 99 year lease for the Wacol land on 1 October 2008 for a peppercorn rental of \$1 per annum. Due to the terms of the lease, the Society has recognised the land as a finance lease in the Statement of financial position. The fair value of the leasehold land was based on an external valuation dated 2 November 2010 of \$3,000,000.

Recognition of \$2,000,000 of State Government funding granted on the condition that the Society surrender its rights to occupy the Fairfield site was deferred until the Society complied with the terms of the grant and relocated from Fairfield, which occurred during the 2012 financial year.

The related costs incurred in construction are capitalised as work in progress until complete and then depreciated over the life of the asset.

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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NOTE 4: OPERATING PROFIT</b>				
Profit / (losses) before income tax has been determined after:				
Finance costs - external interest	499,061	77,347	490,779	69,522
Foreign currency translation losses	16,712	20,847	-	-
Cost of sales	3,237,707	2,204,748	3,237,707	2,204,748
Employee benefits expense	12,532,455	11,150,681	12,532,455	11,150,681
Rental expense on operating leases	1,612,743	1,481,007	1,612,743	1,481,007
Profit (Loss) on disposal of property, plant and equipment	(38,075)	47,085	(38,075)	47,085
Amortisation of software	77,366	50,789	12,366	-
Depreciation and amortisation of non-current assets:				
- Buildings	524,284	191,691	524,284	191,691
- Plant and equipment	472,699	428,793	468,327	422,473
- Motor vehicles	115,520	112,497	115,520	112,497
- Leasehold land	<u>20,719</u>	<u>-</u>	<u>20,719</u>	<u>-</u>
	1,133,222	732,981	1,128,850	726,661
Impairment losses/(reversal) in relation to:				
- Amounts receivable from partly-owned subsidiary	-	-	(1,864)	45,072
- Non-current asset held for sale	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>
	40,000	-	38,136	45,072

**NOTE 5: INCOME TAX**

**(a) Components of tax expense**

Current tax	-	-	-	-
Deferred tax	-	-	-	-
Under/(over) provision in prior years	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

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	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$

**NOTE 5: INCOME TAX (CONTINUED)**

**(b) Prima facie tax payable**

The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:

Prima facie income tax payable on profit before income tax at 30% (2011: 30%)	1,839,112	4,055,318	1,767,702	4,030,293
Add tax effect of:				
Less tax effect of:				
- Exempt net income/(loss)	1,767,141	4,043,815	1,767,702	4,030,293
- Deferred tax asset on tax losses and temporary differences not brought to account	<u>71,971</u>	<u>11,503</u>	<u>-</u>	<u>-</u>
	<u>1,839,112</u>	<u>4,055,318</u>	<u>1,767,702</u>	<u>4,030,293</u>
Income tax expense attributable to profit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**(c) Deferred tax assets not brought to account**

The Directors of the Board are currently reviewing the taxation position of the subsidiary, Shelter Management Pty Ltd. The subsidiary has accumulated tax losses of \$327,451 (2011: \$605,923). The deferred tax asset not recognised in relation to losses at 30 June 2012 is \$98,235 (2011: \$181,777).

The Society also has unrecognised deferred tax assets relating to temporary differences of approximately \$234,000 (2011: \$221,000) consisting mainly of software assets being written off for tax purposes over 25 years.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. At 30 June 2012, the Directors of the Board are of the view that the probability criteria have not been met. Accordingly, these deferred tax assets are not recognised in the financial statements.

**NOTE 6: CASH AND CASH EQUIVALENTS**

Cash on hand	30,235	13,717	30,166	13,648
Cash at bank	<u>511,836</u>	<u>634,908</u>	<u>503,562</u>	<u>633,017</u>
	<u>542,071</u>	<u>648,625</u>	<u>533,728</u>	<u>646,665</u>

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>NOTE 7: RECEIVABLES</b>				
<b>CURRENT</b>				
Trade debtors	393,121	484,461	225,533	401,867
Prosecution claims receivable	343,701	319,280	343,701	319,280
Impairment loss	<u>(199,411)</u>	<u>(211,209)</u>	<u>(199,411)</u>	<u>(211,209)</u>
	144,290	108,071	144,290	108,071
GST receivable	223,448	368,325	220,297	368,017
Other debtors	234,501	72,195	234,498	72,192
Amounts receivables from:				
- controlled entity	-	-	434,692	436,426
Impairment loss	<u>-</u>	<u>-</u>	<u>(434,692)</u>	<u>(436,426)</u>
	<u>995,360</u>	<u>1,033,052</u>	<u>824,618</u>	<u>950,147</u>
<b>NON CURRENT</b>				
Amounts receivable from:				
- controlled entity	-	-	447,918	448,048
Impairment loss	<u>-</u>	<u>-</u>	<u>(447,918)</u>	<u>(448,048)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Amounts receivable from subsidiaries**

The Society has made unsecured interest-free loans to its subsidiary Shelter Management Ply Ltd (the controlled entity). These loans have no set repayment terms.

The controlled entity develops, sells and maintains a software product called Shelter Buddy™. As the company is still incurring extensive expenditure in relation to the ongoing improvement and expansion of the software (with all current year amounts being expensed), the company is in a net liability position at balance date.

The Directors of the Board consider the current financial position of the controlled entity to be an indicator of impairment in relation to these loans receivable. Accordingly, amounts receivable at 30 June 2012 and 30 June 2011 have been impaired in full. The total impairment loss/(reversal) in relation to these recognised in the profit or loss during the current period was (\$1,864) (2011: \$47,072) and is included within other expenses in the profit or loss.



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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$	\$
<b>NOTE 7: RECEIVABLES (CONTINUED)</b>				
<b>Impairment of prosecution claim receivables</b>				
Movements in the accumulated impairment losses were:				
Opening balance at 1 July	211,209	246,255	211,209	246,255
Amounts written off	(11,798)	(1,032)	(11,798)	(1,032)
Provision reversed during the year	<u>-</u>	<u>(34,014)</u>	<u>-</u>	<u>(34,014)</u>
Closing balance at 30 June	<u>199,411</u>	<u>211,209</u>	<u>199,411</u>	<u>211,209</u>
 <b>NOTE 8: INVENTORIES</b>				
CURRENT				
<i>At cost</i>				
Finished goods	<u>1,404,238</u>	<u>1,433,070</u>	<u>1,395,765</u>	<u>1,433,070</u>
 <b>NOTE 9: OTHER FINANCIAL ASSETS</b>				
CURRENT				
<i>Available for sale financial assets</i>				
At fair value:				
Shares in listed corporations	5,099,911	1,095,070	5,099,911	1,095,070
<i>Held to maturity financial assets</i>				
Term deposits	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>800,000</u>
	<u>5,099,911</u>	<u>1,895,070</u>	<u>5,099,911</u>	<u>1,895,070</u>
NON CURRENT				
Shares in subsidiary	-	-	544,505	544,505
Provision for impairment loss	<u>-</u>	<u>-</u>	<u>(544,505)</u>	<u>(544,505)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See note 7 for a discussion on the reasons for considering the carrying value of the investment in the subsidiary to be impaired at that date.

Term deposits in 2011 were invested at the Society's bank and had an average term of 6 months.

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**NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10: Controlled Entities**

The ultimate parent entity of the Group is Royal Society for the Prevention of Cruelty to Animals - Queensland Inc.

Subsidiaries:	Country of Incorporation	Percentage Owned	
		2012	2011
Shelter Management Pty Ltd	Aust	72.2%	72.2%
Shelter Management Inc (dormant)(i)	USA	100%	100%

Shelter Management Pty Ltd is restricted from transferring funds to the parent entity in the form of cash dividends or repayment of loans as it has issued 150 redeemable preference shares to a minority shareholder whereby 75% of post tax operating profits are payable in settlement of the \$2,400 dividend per preference share until such time that the dividends have been fully paid. At this time the shares will expire.

As the company has accumulated losses, no preference shares have been paid (2011: \$nil)

(i) A subsidiary of Shelter Management Pty Ltd

	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>NOTE 11: OTHER ASSETS</b>				
CURRENT				
Prepayments	<u>262,411</u>	<u>75,708</u>	<u>258,832</u>	<u>72,887</u>
NON CURRENT				
Security deposits	<u>13,955</u>	<u>13,955</u>	<u>13,955</u>	<u>13,955</u>

**NOTE 12: ASSETS CLASSIFIED AS HELD FOR SALE**

During the 2011 year the Society received a residential property from a bequest which is currently marketed for sale. The property was valued at the date the Society obtained legal title to the property at its fair value of \$520,000. The fair value was determined by an external valuation dated 20 April 2011. Subsequent to the 2012 year-end the property was sold for \$490,000 less 2% commission. Accordingly, at 30 June 2012 the carrying value of the asset was reduced to reflect the fair value less costs to sell, being \$480,000. An impairment charge of \$40,000 was recognised in the Statement of Financial Performance.

**Carrying amounts of assets**

Property held for sale	<u>480,000</u>	<u>520,000</u>	<u>480,000</u>	<u>520,000</u>
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**NOTES TO FINANCIAL STATEMENTS  
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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NOTE 13: PROPERTY, PLANT AND EQUIPMENT</b>				
<b>Land</b>				
Freehold land				
At cost	<u>576,250</u>	<u>576,250</u>	<u>576,250</u>	<u>576,250</u>
Leasehold land				
At cost	3,000,000	3,000,000	3,000,000	3,000,000
Accumulated amortisation	<u>(20,719)</u>	<u>-</u>	<u>(20,719)</u>	<u>-</u>
<b>Buildings</b>				
At cost	31,019,494	7,123,188	31,019,494	7,123,188
Accumulated depreciation	<u>(2,154,970)</u>	<u>(2,324,206)</u>	<u>(2,154,970)</u>	<u>(2,324,206)</u>
	<u>28,864,524</u>	<u>4,798,982</u>	<u>28,864,524</u>	<u>4,798,982</u>
Total land and buildings	<u>32,420,055</u>	<u>8,375,232</u>	<u>32,420,055</u>	<u>8,375,232</u>
<b>Plant and equipment</b>				
Plant and equipment at cost	4,201,865	3,116,986	4,167,866	3,082,987
Accumulated depreciation	<u>(2,808,976)</u>	<u>(2,163,850)</u>	<u>(2,793,554)</u>	<u>(2,152,800)</u>
	1,392,889	953,136	1,374,312	930,187
Motor vehicles at cost	1,069,503	1,094,503	1,069,503	1,094,503
Accumulated depreciation	<u>(783,914)</u>	<u>(732,144)</u>	<u>(783,914)</u>	<u>(732,144)</u>
	285,589	362,359	285,589	362,359
Work in progress	<u>-</u>	<u>15,302,711</u>	<u>-</u>	<u>15,302,711</u>
Total plant and equipment	<u>1,678,478</u>	<u>16,618,206</u>	<u>1,659,901</u>	<u>16,595,257</u>
Total property, plant and equipment	<u>34,098,533</u>	<u>24,993,438</u>	<u>34,079,956</u>	<u>24,970,489</u>
<b>Reconciliations</b>				
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year				
<i>Freehold land</i>				
Opening carrying amount	<u>576,250</u>	<u>576,250</u>	<u>576,250</u>	<u>576,250</u>
Closing carrying amount	<u>576,250</u>	<u>576,250</u>	<u>576,250</u>	<u>576,250</u>

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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NOTE 13: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)</b>				
<b>Reconciliations (Continued)</b>				
<i>Leasehold land</i>				
Opening carrying amount	3,000,000	-	3,000,000	-
Additions	-	3,000,000	-	3,000,000
Amortisation expense	<u>(20,719)</u>	<u>-</u>	<u>(20,719)</u>	<u>-</u>
Closing carrying amount	<u>2,979,281</u>	<u>3,000,000</u>	<u>2,979,281</u>	<u>3,000,000</u>
<i>Buildings</i>				
Opening carrying amount	4,798,982	4,736,292	4,798,982	4,736,292
Additions	9,719,596	262,302	9,719,596	262,302
Disposals	(310,000)	(7,921)	(310,000)	(7,921)
Depreciation expense	(524,284)	(191,691)	(524,284)	(191,691)
Transfer	<u>15,180,230</u>	<u>-</u>	<u>15,180,230</u>	<u>-</u>
Closing carrying amount	<u>28,864,524</u>	<u>4,798,982</u>	<u>28,864,524</u>	<u>4,798,982</u>
<i>Plant and equipment</i>				
Opening carrying amount	953,136	829,111	930,187	804,368
Additions	1,003,101	591,758	1,003,101	587,232
Disposals	(54,580)	(38,940)	(54,580)	(38,940)
Depreciation expense	(472,699)	(428,793)	(468,327)	(422,473)
Transfer	<u>(36,069)</u>	<u>-</u>	<u>(36,069)</u>	<u>-</u>
Closing carrying amount	<u>1,392,889</u>	<u>953,136</u>	<u>1,374,312</u>	<u>930,187</u>
<i>Motor vehicles</i>				
Opening carrying amount	362,359	260,944	362,359	260,944
Additions	50,532	214,136	50,532	214,136
Disposals	(11,782)	(224)	(11,782)	(224)
Depreciation expense	<u>(115,520)</u>	<u>(112,497)</u>	<u>(115,520)</u>	<u>(112,497)</u>
Closing carrying amount	<u>285,589</u>	<u>362,359</u>	<u>285,589</u>	<u>362,359</u>
<i>Work in progress</i>				
Opening carrying amount	15,302,711	2,508,034	15,302,711	2,508,034
Additions	-	12,794,677	-	12,794,677
Transfer	<u>(15,302,711)</u>	<u>-</u>	<u>(15,302,711)</u>	<u>-</u>
Closing carrying amount	<u>-</u>	<u>15,302,711</u>	<u>-</u>	<u>15,302,711</u>

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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$	\$
<b>NOTE 14: INTANGIBLE ASSETS</b>				
Software at cost	1,164,989	625,316	432,616	-
Accumulated amortisation and impairment	<u>(596,427)</u>	<u>(518,031)</u>	<u>(13,397)</u>	<u>-</u>
	568,562	107,285	419,219	-
Trademarks at cost	<u>7,461</u>	<u>455</u>	<u>-</u>	<u>-</u>
Total intangible assets	<u><u>576,023</u></u>	<u><u>107,740</u></u>	<u><u>419,219</u></u>	<u><u>-</u></u>

**Reconciliations**

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

*Software at cost*

Opening balance	107,285	90,480	-	-
Additions	502,574	67,594	395,516	-
Amortisation expense	(77,366)	(50,789)	(12,366)	-
Transfer	<u>36,069</u>	<u>-</u>	<u>36,069</u>	<u>-</u>
Closing balance	<u><u>568,562</u></u>	<u><u>107,285</u></u>	<u><u>419,219</u></u>	<u><u>-</u></u>

*Trademarks at cost*

Opening balance	455	455	-	-
Additions	<u>7,006</u>	<u>-</u>	<u>-</u>	<u>-</u>
Closing balance	<u><u>7,461</u></u>	<u><u>455</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

**NOTE 15: PAYABLES**

**CURRENT**

*Unsecured liabilities*

Trade creditors	2,171,216	994,215	2,135,665	869,921
Sundry payables and accrued expenses	1,900,761	2,311,371	1,899,792	2,309,252
Revenue received in advance	<u>-</u>	<u>189,658</u>	<u>-</u>	<u>189,658</u>
	<u><u>4,071,977</u></u>	<u><u>3,495,244</u></u>	<u><u>4,035,457</u></u>	<u><u>3,368,831</u></u>

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	Consolidated		Parent Entity	
	2012	2011	2012	2011
	\$	\$	\$	\$
<b>NOTE 16: BORROWINGS</b>				
<b>CURRENT</b>				
<i>Unsecured liabilities</i>				
Amounts payable to:				
- RSPCA NSW	<u>203,778</u>	<u>216,189</u>	<u>203,778</u>	<u>216,189</u>
<i>Secured liabilities</i>				
Bank overdraft	1,273,112	900,984	1,273,112	900,984
Bank bills	345,000	45,000	345,000	45,000
Business loans	<u>1,749,630</u>	<u>-</u>	<u>1,749,630</u>	<u>-</u>
	<u>3,367,742</u>	<u>945,984</u>	<u>3,367,742</u>	<u>945,984</u>
	<u>3,571,520</u>	<u>1,162,173</u>	<u>3,571,520</u>	<u>1,162,173</u>
<b>NON CURRENT</b>				
<i>Unsecured liabilities</i>				
Redeemable preference shares	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>-</u>
<i>Secured liabilities</i>				
Bank bills	<u>5,823,750</u>	<u>168,750</u>	<u>5,823,750</u>	<u>168,750</u>
	<u>5,903,750</u>	<u>248,750</u>	<u>5,823,750</u>	<u>168,750</u>

*Loan from RSPCA NSW*

The loan from RSPCA NSW had an original term of two years, which expired March 2008. A new agreement was drawn up with RSPCA NSW such that no further interest will accrue on the loan from 1 July 2011 and the Society will repay the balance by foregoing commission earned through World for Pets internet sales in NSW. The movement in the loan during the year was a repayment (via foregoing commission) of \$12,411 (2011: interest charged of \$17,063).

*Redeemable Preference Shares*

During the 2006 financial year and in consideration for the sum of \$80,000, the subsidiary issued preference shares to a minority shareholder. The agreement states that 75% of post tax operating profits are payable to the holder as dividends until such time that 150 preference dividends at \$2,400 each have been fully paid. On the basis that the subsidiary has an obligation to repay this amount to the holder of the preference shares, management have classified the instrument as a financial liability.

*Bank Facilities*

The bank overdraft, commercial bills and bank loans are secured by way of:

- (i) Bill of sale and mortgage over all assets and uncalled capital of the Society;
- (ii) First registered mortgages over the leasehold property at Station Road Wacol and freehold property at Laureceson Road Gympie and
- (iii) Deed of mortgage over securities held by the Society.

The Society has a bank overdraft facility amounting to \$1,900,000 (2011: \$1,000,000). This may be terminated at any time at the option of the bank. At 30 June 2012 the unutilised facility was \$626,888 (2011:

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<b>Consolidated</b>		<b>Parent Entity</b>	
<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
\$	\$	\$	\$

**NOTE 16: BORROWINGS (CONTINUED)**

\$91,48). Interest rates are variable.

The bank overdraft is subject to annual review, but remains payable on demand.

The Society has finance facilities as follows:

<b>Facilities</b>	<b>Facilities</b>	<b>Maturity</b>	<b>Utilised</b>	<b>Repayments</b>
Commercial Bill	\$225,000	26 February 2016	\$168,750	Interest + \$11,250 per quarter
Commercial Bill	\$3,100,000	30 November 2013	\$3,000,000	Interest + \$50,00 per quarter to 30/11/12 then \$100,000 per quarter from 28/2/13
Commercial Bill	\$3,000,000	30 November 2013	\$3,000,000	Interest only
Bank Bill Business Loan	\$3,000,000	30 November 2012	\$1,749,630	Interest + \$875,000 due 31/8/12 and 30/11/12

**NOTE 17: PROVISIONS**

CURRENT

Employee benefits	985,880	820,687	985,880	820,687
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NON CURRENT

Employee benefits	114,751	97,285	114,751	97,285
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**NOTE 18: OTHER LIABILITIES**

CURRENT

Deferred income - government grants	-	2,163,980	-	2,163,980
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*Government grants*

As disclosed in note 4(b)(ii), in 2011 the Society received contributions from the State Government for the construction of the Wacol Facility. This included \$2,000,000 from the Department of Public Works for the surrender by the Society of its' rights over the Fairfield Site. This \$2,000,000 and a further \$163,980 granted for specific works on the Wacol site which were not completed by the end of 2011 were recognised as a liability. The \$2,000,000 was recognised when the Society gave up its rights to occupy the Fairfield site in 2012. The \$163,980 which has been deferred as recognised when the specific project for which it was contributed has been completed and the grant conditions have been met in 2012.

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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$	\$
<b>NOTE 19: RESERVES</b>				
Available for sale financial asset reserve	66,090	104,377	66,090	104,377
Wacol government grant reserve	<u>14,885,876</u>	<u>12,971,234</u>	<u>14,885,876</u>	<u>12,971,234</u>
	<u>14,951,966</u>	<u>13,075,611</u>	<u>14,951,966</u>	<u>13,075,611</u>

The available for sale financial asset reserve is used to record movements in fair values of financial assets classified as available for sale.

The transfers from retained earnings to the Wacol government grant reserve of \$2,263,980 in 2012 and \$12,971,234 in 2011 represent grants and donations received to date to fund the construction of the Wacol site. In 2012 this was off-set by a depreciation charge of \$328,691.

**NOTE 20: NON-CONTROLLING INTERESTS**

Retained Earnings (Deficit)	<u>77,352</u>	<u>10,660</u>	<u>-</u>	<u>-</u>
	<u>77,352</u>	<u>10,660</u>	<u>-</u>	<u>-</u>

**NOTE 21: CASH FLOW INFORMATION**

**(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position is as follows:

Cash on hand	30,235	13,717	30,166	13,648
Cash at bank	511,836	634,908	503,562	633,017
Bank overdrafts	<u>(1,273,112)</u>	<u>(900,984)</u>	<u>(1,273,112)</u>	<u>(900,984)</u>
	<u>(731,041)</u>	<u>(252,359)</u>	<u>(739,384)</u>	<u>(254,319)</u>



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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NOTE 21: CASH FLOW INFORMATION (CONTINUED)</b>				
<b>(b) Reconciliation of cash flow from operations with profit after income tax</b>				
Profit from ordinary activities after income tax	6,130,372	13,517,726	5,892,339	13,434,309
<b>Adjustments and non-cash items</b>				
Amortisation	77,366	50,789	12,366	-
Depreciation	1,133,222	732,981	1,137,594	726,661
Net (gain) / loss on disposal of property, plant and equipment	38,075	47,085	38,075	47,085
Net (gain) / loss on disposal of financial instruments	(8,211)	(49,837)	(8,211)	(49,837)
Interest expense not actually paid	-	17,063	-	17,063
Contribution of leasehold land	-	(3,000,000)	-	(3,000,000)
Non cash donations of other assets	(4,019,350)	(761,981)	(4,019,350)	(761,981)
Impairment of non-current asset held for sale	40,000	-	40,000	-
<b>Changes in assets and liabilities</b>				
(Increase) / decrease in receivables	37,692	42,944	125,526	(49,750)
(Increase) / decrease in other assets	(186,703)	(25,883)	(185,945)	(27,782)
(Increase) / decrease in inventories	28,832	(9,119)	37,305	(9,119)
Increase / (decrease) in payables	482,562	(460,609)	572,455	(298,302)
Increase / (decrease) in provisions	182,659	112,999	182,659	112,999
Increase / (decrease) in unearned income	(2,353,638)	657,792	(2,353,638)	657,792
Cash flows from operating activities	<u>1,582,878</u>	<u>10,871,950</u>	<u>1,471,175</u>	<u>10,799,138</u>

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	<b>Consolidated</b>		<b>Parent Entity</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>NOTE 22: RELATED PARTY TRANSACTIONS</b>				
<i>Transactions with subsidiaries</i>				
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated:				
IT support and maintenance costs charged to RSPCA by Shelter Management Pty Ltd.				
	120,000	120,000	120,000	120,000
Hosting fees charged by RSPCA to Shelter Management Pty Ltd	21,060	-	21,060	-
Loan to Shelter Management Pty Ltd. This loan is interest free, unsecured and at call. The Society has agreed not to call on this loan should it jeopardise the liquidity of the subsidiary. The carrying value is shown after reversal of impairment losses of \$130 (2011: \$nil) recorded in other expenses.				
	447,918	448,048	447,918	448,048
Working account owed by Shelter Management Pty Ltd. This account is interest free and unsecured. The carrying value is shown after reversal of impairment losses of \$1,734 (2011: impairment loss of \$45,702) recorded within other expenses.				
	434,692	436,426	434,692	436,426
Recharge of executive and administrative wages to Shelter Management Pty Ltd.	<u>37,071</u>	<u>35,147</u>	<u>37,071</u>	<u>35,147</u>

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Consolidated		Parent Entity	
2012	2011	2012	2011
\$	\$	\$	\$

**NOTE 23: KEY MANAGEMENT PERSONNEL COMPENSATION**

Remuneration paid to key management personnel includes salary, contributions to members' superannuation and other benefits paid to them on their behalf. The following individuals are considered to be the key management personnel for the group:

Mark Townend (Chief Executive Officer)  
 Sheila Collecott (Executive Manager of Animal Focus)  
 Michael Hornby (Executive Manager of Revenue and Brand)  
 Desleigh White (Executive Manager of Human Resources - resigned on Feb 12)  
 Nick Crethar (Executive Manager Assets and Resource - Appointed Dec 11)

Key management personnel compensation	<u>815,649</u>	<u>511,929</u>	<u>780,502</u>	<u>476,782</u>
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In July 2010, Mark Townend received \$69,532, being the grossed-up tax payable by Mark for the \$80,000 Shelter Management shares transferred to him in 2006/7. This figure is not included in the KMP Remuneration above.

**NOTE 24: CAPITAL AND LEASING COMMITMENTS**

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements:

Payable

- not later than one year	1,364,985	1,110,219	1,364,985	1,110,219
- later than one year and not later than five years	<u>1,945,487</u>	<u>1,967,633</u>	<u>1,945,487</u>	<u>1,967,633</u>
	<u>3,310,472</u>	<u>3,077,852</u>	<u>3,310,472</u>	<u>3,077,852</u>

(b) Capital expenditure commitments

Payable

- not later than one year	<u>-</u>	<u>6,275,637</u>	<u>-</u>	<u>6,275,637</u>
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The Society has 12 non-cancellable property leases with terms ranging from 1 to 7 years, with rent payable monthly in advance. Escalation clauses within the lease agreements require that the minimum lease payments shall be increased by CPI per annum. Options exist to renew the leases at the end of their terms, with terms between 1 and 5 years. The Society also has 20 motor vehicle leases expiring December 2011 and a number of equipment leases with terms ranging from 3 to 5 years.

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	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	\$	\$	\$	\$

**NOTE 25: CONTINGENT ASSETS**

A contingent asset exists for bequests advised up to the date of signing of the financial statements that had not been received at balance date. The bequests have been advised via written or verbal advice from an executor or solicitor.

Estimates of the maximum amounts of contingent assets that may become receivable:

Probate advised - written	2,717,026	1,592,122	2,717,026	1,592,122
Provide advised - verbal	-	5,000	-	5,000
Probate not advised - written	1,673,802	754,274	1,673,802	754,274
Probate not advised - verbal	<u>11,361</u>	<u>7,000</u>	<u>11,361</u>	<u>7,000</u>
	<u>4,402,189</u>	<u>2,358,396</u>	<u>4,402,189</u>	<u>2,358,396</u>

**NOTE 26: CONTINGENT LIABILITIES**

The Society has provided a bank guarantee of \$176,420 (2011: \$176,420) to Springwood Hometown Pty Ltd as a rental guarantee.

The Society 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 2012 the Society recieved grant monies amounting to \$270,466 which are subject to conditions and, at that date, had yet to be expended as required under the relevant agreements.

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

**NOTE 27: ECONOMIC DEPENDENCE**

The Society is relying on the financial facilities in place with Westpac Bank together with financial support from local and state government grants, bequests and donations. Significant bequests have been advised to the Society at the date of this report that have not been received at balance date and are therefore not included within income for the period (refer Note 16).

The subsidiary is dependent upon the continued financial, administrative and managerial support of the Society, including the interest free loan and current account included in payables which the Society does not intend to call upon should it jeopardise the liquidity of the subsidiary.

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**NOTE 28: EVENTS SUBSEQUENT TO REPORTING DATE**

There has been no matter or circumstance, which has arisen since 30 June 2012 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2012, of the group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2012, of the group.

**NOTE 29: ENTITY DETAILS**

The Royal Society for the Prevention of Cruelty to Animals Queensland Inc. is the state's leading animal welfare authority. It is also the oldest animal welfare authority in Queensland. The Society is a non-government, registered animal welfare charity, with powers to enforce an Act of the Queensland Parliament - The Animal Care and Protection Act 2001, which was proclaimed on March 1, 2002.

The registered office and principal place of business of the group is:

Royal Society for the Prevention of Cruelty to Animals - Queensland Inc.  
139 Wacol Station Road  
Wacol QLD 4076

**ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS - QUEENSLAND INC  
AND CONTROLLED ENTITIES**

**STATEMENT BY THE DIRECTORS OF THE BOARD**

In the opinion of the Directors of the Board the financial report as set out on pages 1 - 35:

1. Presents fairly the financial position of Royal Society for the Prevention of Cruelty to Animals - Queensland Inc. as at 30 June 2012 and performance for the year ended on that date in accordance with the Accounting Standards in Australia and other mandatory professional reporting requirements in Australia and other authoritative pronouncements of the Australian Accounting Standards.
2. At the date of this statement, there are reasonable grounds to believe that Royal Society for the Prevention of Cruelty to Animals - Queensland Inc. will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President:  Member:   
Eileen Thumpkin Lisa Bundesen

Dated this 21st day of September 2012

JOHNSTON RORKE  
CHARTERED ACCOUNTANTS

JR

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IAN JONES  
KYLIE LAMPRECHT  
NORMAN THURECHT  
BRETT HEADRICK  
WARWICK FACE  
NIGEL BATTERS

## Independent Auditor's Report to the Members of the Royal Society for the Prevention of Cruelty to Animals-Queensland Inc.

### Report on the Financial Report

We have audited the accompanying financial report of the Royal Society for the Prevention of Cruelty to Animals-Queensland Inc. (the Society), which comprises the statements of financial position as at 30 June 2012, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the director's declaration of the consolidated entity comprising the Society and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility for the Financial Report*

The Directors of the Board of the Society are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Associations Incorporations Act (Qld) 1981* and for such internal control as the Directors of the Board determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

In conducting our audit, we have complied with the independence requirements of Australian ethical pronouncements.



*Opinion*

*Basis for qualified auditor's opinion*

It is not practicable, because of the way income is raised, to establish controls over members' subscriptions, donations or fundraising income prior to its initial entry in the accounting records, nor is it practicable for us to confirm that all members' subscriptions, donations and fundraising income has been received and recorded. Our audit related to this income was therefore limited to the amounts recorded in the accounts.

*Qualified auditor's opinion*

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the limitation discussed in the qualification paragraph not existed, the financial report of the Royal Society for the Prevention of Cruelty to Animals- Queensland Inc. is in accordance with the Associations Incorporation Act (Qld) 1981, including:

- (i) giving a true and fair view of the Society's and the consolidated entity's financial position as at 30 June 2012 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements

**JOHNSTON RORKE**  
Chartered Accountants

  
**J.J. EVANS**  
Partner

Brisbane, Queensland  
21 September 2012