ANIMAL WELFARE LEAGUE NSW

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2020

ANIMAL WELFARE LEAGUE NSW

ACN 000 533 086

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ANIMAL WELFARE LEAGUE NSW

ACN 000 533 086

DIRECTORS' REPORT

Your directors submit their report for the year ended 30 June 2020.

1. DIRECTORS

The names of the directors in office during the year and at the date of this report and their attendances at full board and other meetings held during the year were as follows:

	Board Meetings Attended
Glyn Boobyer	13
Annette Tomlinson	13
David Hope	12
Audrey McGeown	14
Narelle Cocks	10
Marg Steel	13
Leonie Elvin	13

2. PRINCIPAL ACTIVITIES AND OBJECTIVES OF THE COMPANY

(a) Principal activities

The company's principal activities during the year were:
- To promote and advance the welfare of all animals;
- To provide shelter and care for neglected and all abandoned animals;
- To prevent and prosecute cruelty to animals via our Inspectorate;
- To provide veterinary care to injured and sick animals;
- To promote the desexing of all animals; and
- To rehabilitate and rehome animals that come into our care.

All company activities are directed towards achieving company objectives.

(b) Short-term objectives of the company

The short term objectives of the company are:
- To increase adoptions via our shelters, branches and partners (vet clinics, pet shops);
- To reduce unwanted litters of puppies and kittens by promoting and facilitating desexing;
- To minimise the euthanasia of shelter animals in our care; and
- To provide prompt and caring support to animals subjected to neglect or cruelty.

(c) Long-term objectives of the company

The long term objectives of the company are:
- To improve the legislative and regulatory environment for animals;
- To identify and investigate humane options for addressing the issue of kittens born to free-roaming cats;
- To promote and encourage the desexing of all animals;
- To improve the image of rescue pets within the community and broaden the public's understanding of the issues which lead to all animals being surrendered or abandoned; and
- To facilitate the education of owners of all animals to encourage socially responsible pet ownership.

(d) Strategies for achieving objectives

The company's strategies for achieving the above objectives are:

Short-term
- Pursue the goals of the Getting to Zero Euthanasia initiative and improve community understanding of those goals;

- Continue to improve behavioural and veterinary support for our shelter animals and develop ongoing environmental enrichment initiatives within our shelters;
- Utilise our volunteer branches to expand the desexing and rehoming work undertaken in their regions;
- Utilise AWL's status as an advisor to Government to advocate for positive change in the legislative and regulatory environment affecting animals;
- Promote foster care as a way for the community to support all animals in need;
- Pursue fundraising and education campaigns to increase support for AWL within the community; and
- Pursue cooperative partnerships with organisations and stakeholders aligned with our values.

Long-term

- Work with Government, industry and not-for-profit partners to educate pet owners and the broader community;
- Establish AWL as the best-practice operator of sheltering, rehoming and shelter medicine in NSW;
- Promote de-sexing of all animals through subsidised funding, public education and government regulation; and
- Work with partners providing legal support to prosecute all cruelty cases to the full extent permissible under the law.

(e) Measurement of performance

The company measures its performance by:

- Increase, year on year, in the number of animals rehomed from our shelters and branches;
- Increase, year on year, in the number of animals desexed by our veterinary clinic and with the assistance of our branches; and
- Continued development of amendment of legislation and regulations affecting animal welfare.

3. TRADING RESULTS

The net loss of the company for the year was ($1,717,782) (2019 net surplus: $4,659,132).

Since January 2020, the COVID-19 global pandemic has unfolded in stages. Whilst the impact on the macro economy is significant, the company has not seen any significant adverse effects on its business and operations as at the date of signing these financial statements. To the contrary, the Company is seeing a positive impact on revenue and volume due to increased adoption of companion animals by individuals transitioning to remote work environments.

4. DIRECTORS' REMUNERATION

No director of the company has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by the director or with a company in which they have a substantial financial interest, except as detailed in Note 12 – Related party transactions.

5. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found following this report.

For and on behalf of the board

Director

David Hope

Date: 27 October 2020

Director

Audrey McGeown

Date: 27 October 2020

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
Revenue	2(a)	4,779,395	11,385,627
Other revenue	2(b)	2,521,625	583,810
Employee provisions expense	2(e)	(4,668,471)	(3,493,912)
Depreciation and amortisation expense	2(d)	(611,885)	(579,600)
Vet expense fees		(948,581)	(821,733)
Legal and professional fees		(335,050)	(200,443)
Consumables		(528,857)	(433,656)
Insurance		(78,218)	(66,860)
Utilities expense		(127,696)	(148,695)
Marketing & advertising		(159,111)	(187,474)
Food and board for shelter animals		(160,876)	(77,331)
Repairs and maintenance		(184,918)	(109,810)
Equipment hire		(123,744)	(27,114)
Computer expenses		(90,804)	(60,046)
Motor vehicle expenses		(118,402)	(71,648)
Merchandise		(94,434)	(110,346)
Trade waste		(87,849)	(62,858)
Travel & accommodation		(132,569)	(94,342)
Other operating expenses		(567,337)	(764,437)
Current year (loss)/surplus before income tax		(1,717,782)	4,659,132
Tax expense		-	-
Net current year (loss)/surplus		(1,717,782)	4,659,132
Net current year (loss)/surplus attributable to members of the entity		(1,717,782)	4,659,132
Other comprehensive income			
Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
Net current year loss/(income) attributable to members of the entity		(1,717,782)	4,659,132
Total comprehensive (loss)/income attributable to members of the entity		(1,717,782)	4,659,132

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020	2019
		$	$
ASSETS			
CURRENT ASSETS			
Cash on hand	3	3,163,374	12,795,964
Accounts receivable and other debtors	4	68,247	65,664
Other current assets	5	356,023	57,078
TOTAL CURRENT ASSETS		3,587,644	12,918,706
NON-CURRENT ASSETS			
Property, plant and equipment	7	12,395,093	16,482,472
Financial assets	6	12,606,683	326,002
Intangible assets	8	69,385	101,495
TOTAL NON-CURRENT ASSETS		25,071,161	16,909,969
TOTAL ASSETS		28,658,805	29,828,675
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	9	1,506,243	1,048,774
Employee provisions	10	308,531	214,843
TOTAL CURRENT LIABILITIES		1,814,774	1,263,617
NON-CURRENT LIABILITIES			
Employee provisions	10	23,559	26,804
TOTAL NON-CURRENT LIABILITIES		23,559	26,804
TOTAL LIABILITIES		1,838,333	1,290,421
NET ASSETS		26,820,472	28,538,254
EQUITY			
Retained surplus		19,865,949	19,843,731
Reserves		6,954,523	8,694,523
TOTAL EQUITY		26,820,472	28,538,254

The accompanying notes form part of these financial statements.

ANIMAL WELFARE LEAGUE NSW

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Retained Surplus	Reserves	Total
	$	$	$
Balance at 1 July 2018	15,184,599	8,694,523	23,879,122
Comprehensive income			
Surplus for the year attributable to members of the entity	4,659,132	-	4,659,132
Other comprehensive income for the year	-	-	
Total comprehensive income attributable to members of the entity	4,659,132	-	4,659,132
Balance at 30 June 2019	19,843,731	8,694,523	28,538,254
Comprehensive income			
Loss for the year attributable to members of the entity	(1,717,782)	-	(1,717,782)
Other comprehensive income for the year	1,740,000	(1,740,000)	-
Total comprehensive income attributable to members of the entity	22,218	(1,740,000)	(1,717,782)
Balance at 30 June 2020	19,865,949	6,954,523	26,820,472

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,234,571	2,679,896
Commonwealth, state and local government grants		397,190	111,294
Receipts from donations and bequests		1,834,008	9,024,819
Payments to suppliers and employees		(8,138,855)	(5,890,925)
Interest paid		(16,116)	(14,969)
Net cash generated from operating activities	13	(2,689,202)	5,910,115
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		6,000,000	200
Payment for property, plant and equipment		(1,029,034)	(1,560,320)
Payment for intangible assets		(9,280)	(96,836)
Payment for acquiring financial assets		(13,386,498)	-
Proceeds from disposal of financial assets and cash trust withdrawals		1,191,273	-
Dividends received		87,762	-
Interest received		202,389	239,047
Net cash used in investing activities		(6,943,388)	(1,417,909)
Net increase/(decrease) in cash on hand		(9,632,590)	4,492,206
Cash on hand at beginning of the financial year		12,795,964	8,303,758
Cash on hand at end of the financial year	3	3,163,374	12,795,964

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The financial statements cover Animal Welfare League NSW as an individual entity, incorporated and domiciled in Australia. Animal Welfare League NSW is a company limited by guarantee.

The financial statements were authorised for issue on 27 October 2020 by the directors of the company.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general-purpose financial statements have been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. **Revenue**

Donations and bequests are recognised as revenue when received.

Animal Welfare League NSW receives reciprocal and non-reciprocal contributions of assets from the government and other parties for no or nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the statement of profit or loss and other comprehensive income.

If conditions are attached to the grant which must be satisfied before the entity 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 state of financial position as a liability until the service has been delivered to the contributor; otherwise the grant is recognised as income on receipt.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue from sale of goods is recognised to the extent control of goods has passed to the buyer.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

c. Fair Value of Assets and Liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

d. Property, Plant and Equipment

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

Freehold property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(g) for details of impairment).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss in the financial period in which they are incurred.

Plant and equipment that have been contributed at no cost or for nominal cost are recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is available for use

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Class of Fixed Asset	Estimated Useful Life
Buildings	20 to 30 years
Plant and equipment	5 years

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

f. Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial measurement of financial instruments at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of the occurrence of one or more events (a "loss event"), which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors, or a group of debtors, are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter into bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

g. Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

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

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

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

h. Employee Provisions

Short-term employee provisions

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Other long-term employee provisions

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current employee provisions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Cash on Hand

Cash on hand includes cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

j. Accounts Receivable and Other Debtors

Accounts receivable and other debtors include amounts due from members as well as amounts receivable from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

k. 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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

l. Income Tax

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

m. Intangible Assets

Software

Software is recorded at cost. It has a finite life and is carried at cost less accumulated amortisation and any impairment losses. Software has an estimated useful life of between one and three years. It is assessed annually for impairment.

n. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

o. Comparative Figures

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

When the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period, in addition to the minimum comparative financial statements, must be disclosed.

p. Accounts Payable and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

q. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements 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, obtained both externally and within the company.

Key estimates

(i) *Impairment*

The freehold land and buildings were independently valued at 30 June 2018 by Animal Welfare League NSW. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

Key judgements

(i) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. The company expects most employees will take their annual leave entitlements within 24 months of the reporting period in which they were earned, but this will not have a material impact on the amounts recognised in respect of obligations for employees' leave entitlements.

r. Economic Dependence

Animal Welfare League NSW is dependent on bequests and fundraising revenue to continue in future years for it to remain in business.

NOTE 2: REVENUE AND EXPENSES

	2020	2019
	$	$
2(a) Revenue		
Revenue from (non-reciprocal) government grants and other grants:		
– Animal placements	470,895	416,396
– Bequests	1,520,173	8,845,134
– Boarding	11,675	23,362
– Donations	313,835	194,155
– Fundraising	1,126,532	925,247
– Grants	397,190	111,294
– Memberships	20,008	19,845
– Merchandise	69,537	85,848
– Op-shop	60,751	92,507
– Veterinary fees	788,800	671,839
	4,779,396	11,385,627
2(b) Other revenue:		
– Other income	774,413	313,253
– Interest earned	202,389	239,048
– Dividends received	87,762	16,839
– Gain on sale of property, plant & equipment	1,457,061	200
	2,521,625	583,810
Total revenue and other income	7,301,021	11,969,437

2(d) Depreciation and amortisation

	2020	2019
	$	$
Buildings	(419,986)	(471,129)
Plant and equipment	(150,506)	(87,997)
Software	(41,393)	(20,474)
	(611,885)	(579,600)

2(e) Employee benefits

	Note	2020	2019
		$	$
Salaries and wages		(4,243,740)	(3,184,768)
Staff training and development expenses		(69,228)	(16,315)
Superannuation		(355,503)	(292,829)
		(4,668,471)	(3,493,912)

NOTE 3: CASH ON HAND

	2020	2019
	$	$
CURRENT		
Cash at bank – unrestricted	788,195	4,802,352
Term deposits	2,375,179	7,993,612
Total cash on hand as stated in the statement of financial position and statement of cash flows	3,163,374	12,795,964

NOTE 4: ACCOUNTS RECEIVABLE AND OTHER DEBTORS

	Note	2020	2019
		$	$
CURRENT			
Accounts receivable		68,247	65,664
Provision for doubtful debts		-	-
		68,247	65,664
Other debtors		-	-
Total current accounts receivable and other debtors	14	68,247	65,664

Credit Risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

The balances of receivables that remain within initial trade terms are considered to be of high credit quality.

NOTE 5: OTHER CURRENT ASSETS

	2020	2019
	$	$
Accrued income	166,500	-
Accrued interest	4,864	20,608
Prepayments	52,856	36,470
Other	27,157	-
Deposits	104,646	-
	356,023	57,078

NOTE 6: FINANCIAL ASSETS

	2020	2019
	$	$
CURRENT		
Financial assets at fair value through profit or loss	12,606,683	326,002
	12,606,683	326,002

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	$	$
Land and Buildings		
Freehold land at fair value	6,610,000	10,250,000
Buildings	6,785,496	6,719,022
Less accumulated depreciation	(1,954,190)	(2,590,151)
Buildings at fair value	4,831,306	4,128,871
Work in progress	-	1,599,046
Total buildings	4,831,306	5,727,917
Total land and buildings	11,441,096	15,977,917
Plant and Equipment		
Plant and equipment:		
At cost	2,050,845	1,510,056
Less accumulated depreciation	(1,097,058)	(1,005,501)
Total plant and equipment	953,997	504,555
Total property, plant and equipment	12,395,093	16,482,472

Movements in Carrying Amounts`

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings $	Plant and Equipment $	Total $
2020			
Balance at the beginning of the year	15,977,916	504,556	16,482,472
Additions at cost	410,780	618,254	1,029,035
Disposal	(4,527,405)	(18,516)	(4,545,921)
Depreciation expense	(419,986)	(150,506)	(570,492)
Carrying amount at the end of the year	11,441,305	953,788	12,395,093

	Land and Buildings $	Plant and Equipment $	Total $
2019			
Balance at the beginning of the year	15,133,109	350,883	15,483,992
Additions at cost	1,315,936	244,384	1,560,320
Depreciation expense	(471,129)	(90,711)	(561,840)
Carrying amount at the end of the year	15,977,916	504,556	16,482,472

NOTE 8: INTANGIBLE ASSETS

	2020 $	2019 $
Computer software – at cost	132,677	123,396
Trademark	4,700	4,700
Accumulated amortisation	(67,993)	(26,601)
Net carrying amount	69,384	101,495

NOTE 9: ACCOUNTS PAYABLE AND OTHER PAYABLES

	2020 $	2019 $
CURRENT		
Trade creditors	997,965	380,267
Deposit for sale of Ingleside property	-	300,000
Other current payables	508,278	368,507
	1,506,243	1,048,774

NOTE 10: EMPLOYEE PROVISIONS

Analysis of employee provisions	2020	2019
Current:	$	$
– annual leave entitlements	273,582	214,843
– Provision – Time-in-lieu	29,469	-
– Paid Parental Leave	5,480	-
Total current employee provisions	308,531	214,843
Non-current:		
– long service leave entitlements	23,559	26,804
	332,090	241,647

Employee provisions

Employee provisions represent amounts accrued for annual leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 11: EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any significant events since the end of the reporting period.

NOTE 12: RELATED PARTY TRANSACTIONS

	2020	2019
	$	$
a. **Key Management Personnel**		
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel.		
Key management personnel compensation:		
– short-term employee benefits	252,724	225,893
– post-employment benefits	22,123	21,459
– other long-term benefits	-	-
	274,847	247,352

No directors had any related party transactions with Animal Welfare League NSW.

NOTE 13: CASH FLOW INFORMATION

	2020	2019
	$	$
Reconciliation of Cash Flows from Operating Activities with Net Current Year Surplus		
Net current year (loss)/surplus	(1,717,782)	4,659,132
Non-cash flows:		
Depreciation and amortisation expense	611,885	579,600
Dividend income	(87,762)	-
Interest income	(202,389)	(239,047)
(Gain)/loss on sale of property, plant and equipment	(1,457,061)	200
Gain or loss on financial assets	(85,456)	(14,470)
Changes in assets and liabilities:		
(Increase)/decrease in accounts receivable and other debtors	(2,583)	182,408
(Increase)/decrease in other current assets	(298,944)	-
Increase/(decrease) in accounts payable and other payables	460,447	742,292
Increase/(decrease) in employee provisions	90,443	-
	(2,689,202)	5,910,115

NOTE 14: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, receivables and payables, and lease liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020	2019
		$	$
Financial assets			
Cash on hand	3	3,163,374	12,795,964
Accounts receivable and other debtors	4	68,247	65,664
Financial assets at fair value through profit or loss	6	12,606,683	326,002
Total financial assets		15,838,304	13,187,630
Financial liabilities			
Financial liabilities at amortised cost:			
– accounts payable and other payables	9	1,506,243	1,048,774
Total financial liabilities		1,506,243	1,048,774

Financial Risk Management Policies

The finance committee is responsible for monitoring and managing the company's compliance with its risk management strategy and consists of senior board members. The finance committee's overall risk management strategy is to assist the company in meeting its financial targets while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the finance committee on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk.

There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. **Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss for the company.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Accounts receivable and other debtors that are neither past due nor impaired are considered to be of high credit quality.

The company has no significant concentrations of credit risk exposure to any single counterparty or group of counterparties. Details with respect to credit risk of accounts receivable and other debtors are provided in Note 4.

b. **Liquidity risk**

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations in relation to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

c. **Market risk**

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

The financial instruments that expose the company to interest rate risk are limited to lease liabilities, listed shares, government and fixed interest securities, and cash on hand.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms.

(ii) *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of securities held.

NOTE 15: FAIR VALUE MEASUREMENTS

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition

- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- freehold land and buildings.

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

a. **Fair Value Hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach* uses prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach* converts estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Recurring fair value measurements

	30 June 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets	**$**	**$**	**$**	**$**
Financial assets at fair value through profit or loss	12,396,340	210,263	-	12,606,683
Total financial assets recognised at fair value	**12,396,340**	**210,263**	**-**	**12,606,683**
Non-financial assets				
Freehold land	-	-	6,610,000	6,610,000
Buildings			4,831,306	4,831,306
Total non-financial assets recognised at fair value	**-**	**-**	**11,441,306**	**11,441,306**

	30 June 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets	**$**	**$**	**$**	**$**
Financial assets at fair value through profit or loss	99,991	226,011	-	326,002
Total financial assets recognised at fair value	**99,991**	**226,011**	**-**	**326,002**
Non-financial assets				
Freehold land	-	-	10,250,000	10,250,000
Buildings	-	-	4,128,871	4,128,871
Total non-financial assets recognised at fair value	**-**	**-**	**14,378,871**	**14,378,871**

NOTE 16: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised within tolerable risk parameters. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

NOTE 17: ENTITY DETAILS

The registered office of the entity is:

Animal Welfare League NSW
1605 Elizabeth Drive
Kemps Creek, NSW 2178

The principal place of business is:

Animal Welfare League NSW
1605 Elizabeth Drive
Kemps Creek, NSW 2178

NOTE 18: MEMBERS' GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of $5 each towards meeting any outstanding obligations of the entity. At 30 June 2020, the number of members was 1,666 (2019: 1,758).

The directors of the registered entity declare that in the directors' opinion:

1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and:

   a. comply with Australian Accounting Standards; and

   b. give a true and fair view of the financial position of the registered entity as at 30 June 2020 and of its performance for the year ended on that date.

2. There are reasonable grounds to believe that the registered entity will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profits Commission Regulation 2013.*

Director: David Hope

Director: Audrey McGeown

Date: 27 October 2020

Date: 27 October 2020

ANIMAL WELFARE LEAGUE NSW
ACN 000 533 086

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANIMAL WELFARE LEAGUE NSW

SYDNEY
Level 40
2 Park Street
Sydney NSW 2000
Australia
Ph: (612) 9263 2600
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Opinion

We have audited the financial report of Animal Welfare League NSW, which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, 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 the directors' declaration.

In our opinion, the accompanying financial report of Animal Welfare League NSW is in accordance with the Australian Charities and Not-for-Profit Commission Act 2012, including:

a. giving a true and fair view of the Company's financial position as at 30 June 20 and of its financial performance for the year then ended; and

b. complying with Australian Accounting Standards to the extent described in Note 1, and the Australian Charities and Not-for-Profit Commission Act 2012.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the registered entity in accordance with the 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 confirm that the independence declaration required by the Corporations Act 2001 has been given to the directors of the company.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the registered entity's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Act 2012 and for such internal control as the directors 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 directors are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

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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.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Hall Chadwick

HALL CHADWICK NSW
Level 40, 2 Park Street
Sydney NSW 2000

SKumar

Sandeep Kumar
Partner
Dated: 27 October 2020

ANIMAL WELFARE LEAGUE NSW
ABN 000 533 086

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ANIMAL WELFARE LEAGUE NSW

In accordance with Section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Animal Welfare League NSW. As the lead audit partner for the audit of the financial report of Animal Welfare League NSW for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

Hall Chadwick

Hall Chadwick NSW
Level 40, 2 Park Street
Sydney NSW 2000

Sandeep Kumar
Partner
Date: 27 October 2020

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