THE ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (VICTORIA) A.C.N. 131 965 761

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE

2014

RSPCA

GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

DIRECTORS' REPORT

The Directors of The Royal Society for the Prevention of Cruelty to Animals (Victoria) ("RSPCA") present the following annual report of the company for the financial year ended 30 June 2014.

Information about the Directors

The names and particulars of the Directors of the company during or since the end of the financial year are:

Dr Hugh J Wirth AM CGSJ	BVSc, Hon DVSc (Melb), MRCVS, FAVA	Chair/President Non-Executive Director	
Ms Bronwyn Hughes	B.A. (Melb.) Grad. Dip. Lib. (RMIT), GAICD	Deputy Chair and Non-Executive Director	
Dr Carole Webb AM	BVSc (Hons), MACVSc (Feline Medicine)	Non-Executive Director	
Mr James Smith	B.Comm, FCA	Non-Executive Director	
Ms Dana Hlavacek	BComm (Hons), MAcc, FCA, GAICD	Non-Executive Director	
Mr Marco Ciobo	B.Sc, M.Sc, (Physics – Hons), MBA	Non-Executive Director	Resigned Jul 2014
Mr Darren Nabbs	BBus(Mgmt), AssocDip Eng (Civil), GAICD	Non-Executive Director	
Ms Margot Smith	BEc (Hons), MBA, GAICD	Non-Executive Director	

The above named Directors held office during the whole of the financial year and since the end of the financial year unless otherwise stated.

The names and qualifications of the secretaries of the company during or since the end of the financial year are:

NAME	QUALIFICATIONS	
Mr Greg O'Brien	BBus(Acc), CPA, AIMM, AMCEOI	
Ms Fiona Zafirakos	MBA (Law Specialisation), GradDip ACG, GCertCommLaw, GCertBus, MAICD, GCSA, AIMM	Resigned 6 Jan 2014
Ms Oana Manole	LLB/LP BInSt (Hons),	Commenced 18 June 2014

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each Director.

	BOARD OF DIRECTORS		AUDIT, RISK AND FINANCE COMMITTEE		CEO REVIEW COMMITTEE	
DIRECTORS	ELIGIBLE TO ATTEND	MEETINGS ATTENDED	ELIGIBLE TO ATTEND	MEETINGS ATTENDED	ELIGIBLE TO ATTEND	MEETINGS ATTENDED
Dr Hugh J Wirth AM CGSJ	9	9	-	-	2	2
Ms Bronwyn Hughes	9	9	-	-	2	2
Dr Carole Webb AM	9	9	5	4	-	-
Mr James Smith	9	6	5	4	-	-
Ms Dana Hlavacek	9	8	5	5	2	2
Mr Marco Ciobo	9	6	-	-	-	-
Mr Darren Nabbs	9	9	5	4	-	-
Ms Margot Smith	9	7	-	-	-	-

	NOMINATIONS COMMITTEE		ANIMAL WELFARE COMMITTEE	
DIRECTORS	ELIGIBLE TO ATTEND	MEETINGS ATTENDED	ELIGIBLE TO ATTEND	MEETINGS ATTENDED
Dr Hugh J Wirth AM CGSJ	1	1	8	4
Ms Bronwyn Hughes	1	1	8	8
Dr Carole Webb AM	1	1	8	7
Mr James Smith	-	-	-	-
Ms Dana Hlavacek	1	1	-	-
Mr Marco Ciobo	-	-	-	-
Mr Darren Nabbs	-	-	-	-
Ms Margot Smith	-	-	8	7

Principal activities, objectives and performance

The long term objective of the consolidated entity is to prevent cruelty to animals by actively promoting their care and protection.The strategy of the organisation is summed up in the principal activities undertaken during the year which include the refuge and care of animals, adoption services, enforcement of the Prevention of Cruelty to Animals Act 1986 by RSPCA Inspectors, education of the community on animal welfare issues and campaigning to improve animal welfare awareness and engagement.

Details of membership

The RSPCA is a public company, limited by guarantee, incorporated and operating in Victoria, Australia. The guarantee is $10 per member and at 30 June 2014 there were 1,111 members (2013: 1,253 members).

Review of operations

The RSPCA achieved a consolidated deficit result for the 2014 financial year with Net Assets decreasing by $3,400,448 (2013 deficit: $3,616,330). The RSPCA earned total income amounting to $29,340,275 (2013: $28,633,419) mainly due to the increase in revenue from fees for services which has increased from $8,768,926 to $10,308,540. This has been substantially offset against a decline in the gain on sale of trading portfolio declining to $286,890 (2013:1,669,153).

Total expenditure for the year of $32,740,763 (2013: $32,233,304) has increased slightly. The primary driver in the increase of expenses was the increase in retail expenses including cost of sales from $1,429,400 to $1,905,067 in 2014 as well as an increase in animal services expenses of $765,771 due to the increase in Pet's Place store operations during 2014. This was offset by savings made in relation to support services expenses of $506,673, fundraising expenses of $145,348 and education, campaigns and communications of $180,808 compared to 2013.

Changes in state of affairs

There was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

Subsequent to year end there has been a judgement in relation to liability in the Victorian County Court for negligence against RSPCA but the quantum of damages is yet to be determined. The court has ordered mediation between the parties to attempt to resolve the issue of the quantum of damages.

The CEO Maria Mercurio retired effective 8 August 2014. The new CEO, Dr. Liz Walker, will commence on 30 September 2014.

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future developments

Disclosures of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Environmental regulation

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Indemnifying officer or auditor

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretaries, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Law. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the financial year.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of the financial report.
The Directors' report is signed in accordance with the resolution of the Directors.

On behalf of the Directors

H J Wirth AM CGSJ
Director
Melbourne, 16 September 2014

J Smith
Director

Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Board of Directors
The Royal Society for the Prevention of Cruelty to Animals (Victoria)
3 Burwood Highway
BURWOOD EAST VIC 3151

16 September 2014

Dear Board Members,

The Royal Society for the Prevention of Cruelty to Animals (Victoria)

In accordance with the Australian Charities and Not-for profits Commission Act 2012, I am pleased to provide the following declaration of independence to the directors of The Royal Society for the Prevention of Cruelty to Animals (Victoria).

As lead audit partner for the audit of the financial statements of The Royal Society for the Prevention of Cruelty to Animals (Victoria) for the financial year ended 30 June 2014, 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 Australian Charities and Not-for profits Commission Act 2012 in relation to the audit; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Isabelle Lefevre
Partner
Chartered Accountants

Deloitte Touche Tohmatsu
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ROYAL SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS (VICTORIA)

We have audited the accompanying financial report of The Royal Society for the Prevention of Cruelty to Animals (Victoria), which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of cash flows and the statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 8 to 29.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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.

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 entity'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 entity'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.

Deloitte.

Auditor's Independence Declaration

In conducting our audit, we have complied with the independence requirements of the Australian Charities and Not-for-profits Commission Act 2012. We confirm that the independence declaration required by the Australian Charities and Not-for-profits Commission Act 2012, provided to the directors of The Royal Society for the Prevention of Cruelty to Animals on 30 June 2014 would be in the same terms if provided to the directors as at the date of this auditor's report.

Opinion

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

(a) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2014 and of their performance for the year ended on that date; and

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Lefevre

Isabelle Lefevre
Partner
Chartered Accountants
Melbourne, 16 September 2014

DIRECTORS' DECLARATION

The directors declare that:

(a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Australian Charities and Not-for-profits Commission Act 2012*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

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

On behalf of the Directors

H J Wirth AM CGSJ
Director
Melbourne, 16 September 2014

J Smith
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	RSPCA (VICTORIA) & FOUNDATION		RSPCA (VICTORIA)	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
INCOME				
Fees for service – animals	10,308	8,769	10,308	8,769
Bequests	7,766	6,983	7,766	6,983
Fundraising	6,965	6,914	6,965	6,914
Retail sales	2,269	1,720	2,269	1,720
Interest	24	176	23	173
Grant from RSPCA Foundation	-	-	-	6,891
Government grants	1,000	1,000	1,000	1,000
Education and rental income	455	528	455	528
Net gains on trading portfolio	287	1,669	287	1,057
Membership subscriptions	53	59	53	59
Dividends and franking credits	208	815	208	425
Net gains on disposal of non-current assets	6	-	6	-
TOTAL INCOME	**29,341**	**28,633**	**29,340**	**34,519**
EXPENDITURE				
Animal welfare related expenses	(21,300)	(20,534)	(21,300)	(20,534)
Education, campaigns and communication	(1,334)	(1,516)	(1,334)	(1,516)
Fundraising and bequest expenses	(2,301)	(2,446)	(2,301)	(2,446)
Retail expenses including cost of sales	(1,905)	(1,430)	(1,905)	(1,430)
Support services	(4,939)	(5,461)	(4,939)	(5,445)
RSPCA Australia levy	(503)	(503)	(503)	(503)
Taxes and insurance	(331)	(325)	(331)	(325)
Bushfire support and grants	(39)	(25)	(39)	(25)
Finance costs	(89)	(7)	(89)	(7)
Loss on disposal of non-current assets	-	(2)	-	(2)
TOTAL EXPENDITURE	**(32,741)**	**(32,249)**	**(32,741)**	**(32,233)**
NET (DEFICIT)/SURPLUS	**(3,400)**	**(3,616)**	**(3,401)**	**2,286**
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR	**(3,400)**	**(3,616)**	**(3,401)**	**2,286**

Where necessary, the comparative figures have been adjusted to conform to changes in presentation in the current financial year.

Notes to the financial statements are included on pages 12 to 28.

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2014

	NOTES	RSPCA (VICTORIA) & FOUNDATION 2014 $'000	RSPCA (VICTORIA) & FOUNDATION 2013 $'000	RSPCA (VICTORIA) 2014 $'000	RSPCA (VICTORIA) 2013 $'000
CURRENT ASSETS					
Cash and cash equivalents	14(a)	1,464	713	1,464	642
Trade and other receivables	4	231	568	231	638
Inventories	5	819	796	819	796
Other financial assets	6	1,324	6,361	1,324	6,361
Other assets	9	432	546	432	546
Available for sale property	8(b)	232	232	232	232
TOTAL CURRENT ASSETS		**4,502**	**9,216**	**4,502**	**9,215**
NON-CURRENT ASSETS					
Property, plant and equipment	8(a)	**50,238**	**46,885**	**50,238**	**46,885**
Total non-current assets		**50,238**	**46,885**	**50,238**	**46,885**
TOTAL ASSETS		**54,740**	**56,101**	**54,740**	**56,100**
CURRENT LIABILITIES					
Trade and other payables	10	1,437	2,198	1,439	2,198
Borrowings	11	542	506	542	506
Provisions	12	2,256	2,324	2,256	2,324
TOTAL CURRENT LIABILITIES		**4,235**	**5,028**	**4,237**	**5,028**
NON-CURRENT LIABILITIES					
Borrowings	11	3,250	113	3,250	113
Provisions	12	254	559	254	559
Total non-current assets liabilities		**3,504**	**672**	**3,504**	**672**
TOTAL LIABILITIES		**7,739**	**5,700**	**7,741**	**5,700**
NET ASSETS		**47,001**	**50,401**	**46,999**	**50,400**
EQUITY					
ACCUMULATED FUNDS		**47,001**	**50,401**	**46,999**	**50,400**
TOTAL EQUITY		**47,001**	**50,401**	**46,999**	**50,400**

Notes to the financial statements are included on pages 12 to 28.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	ACCUMULATED FUNDS $'000	TOTAL $'000
RSPCA (VICTORIA) & FOUNDATION		
Balance at 1 July 2012	54,017	54,017
Deficit for the year	(3,616)	(3,616)
Other comprehensive income	-	-
Total comprehensive loss for the year	(3,616)	(3,616)
BALANCE AT 30 JUNE 2013	**50,401**	**50,401**
Deficit for the year	(3,400)	(3,400)
Other comprehensive income	-	-
Total comprehensive loss for the year	(3,400)	(3,400)
BALANCE AT 30 JUNE 2013	**47,001**	**47,001**

	ACCUMULATED FUNDS $'000	TOTAL $'000
RSPCA (VICTORIA) & FOUNDATION		
Balance at 1 July 2012	48,114	48,114
Surplus for the year	2,286	2,286
Other comprehensive income	-	-
Total comprehensive income for the year	2,286	2,286
BALANCE AT 30 JUNE 2013	**50,400**	**50,400**
Deficit for the year	(3,401)	(3,401)
Other comprehensive income	-	-
Total comprehensive loss for the year	(3,401)	(3,401)
BALANCE AT 30 JUNE 2013	**46,999**	**46,999**

Notes to the financial statements are included on pages 12 to 28.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED AT 30 JUNE 2014

	NOTES	RSPCA (VICTORIA) & FOUNDATION 2014 $'000	RSPCA (VICTORIA) & FOUNDATION 2013 $'000	RSPCA (VICTORIA) 2014 $'000	RSPCA (VICTORIA) 2013 $'000
Cash flows from operating activities					
Receipts from customers and others		21,351	20,893	21,421	23,125
Bequests received		7,766	6,984	7,766	6,984
Distribution/grants from RSPCA Foundation		-	-	-	5,022
Payments to suppliers and employees		(31,513)	(28,285)	(31,511	(28,270)
Dividends and franking credits received		208	815	208	425
Interest received		24	176	23	173
Interest and other costs of finance paid		(89)	(7)	(89)	(7)
Net cash (used in)/generated by/ operating activities		(2,253)	576	(2,182)	7,452
Cash flows from investing activities					
Proceeds from disposal of property, plant & equipment		140	19	140	19
Payments for property, plant & equipment		(4,615)	(12,945)	(4,615)	(12,945)
Proceeds from sale of investments		5,852	8,955	5,852	2,153
Payments for investments		(546)	(949)	(546)	(949)
Purchase of term deposit		-	(985)	-	(985)
Redemption of term deposits (periods greater than three months)		19	-	19	-
Net cash generated by/(used in) investing activities		850	(5,905)	850	(12,707)
Cash flows from financing activities					
Finance lease repayments		(171)	(377)	(171)	(377)
Proceeds from borrowings		2,500	-	2,500	-
Net cash generated by/(used in) financing activities		2,329	(377)	2,329	(377)
Net increase/(decrease) in cash and cash equivalents		926	(5,706)	997	(5,632)
Cash and cash equivalents at the beginning of the year		297	6,003	226	5,858
Cash and cash equivalents at the end of the year	**14(a)**	**1,223**	**297**	**1,223**	**226**

Notes to the financial statements are included on pages 12 to 28.

1. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

The Royal Society for the Prevention of Cruelty to Animals (Victoria) ("RSPCA") is a public company, limited by guarantee, incorporated and operating in Victoria, Australia.

The long term objective of the consolidated entity is to prevent cruelty to animals by actively promoting their care and protection. The principal activities undertaken during the year include the refuge and care of animals, adoption services, enforcement of the Prevention of Cruelty to Animals Act 1986 by RSPCA Inspectors, education of the community on animal welfare issues and campaigning to improve animal welfare awareness and engagement.

The registered office and the principal place of business of RSPCA is:
3 Burwood Highway
Burwood East Victoria 3151

1.1 STANDARDS AND INTERPRETATIONS AFFECTING AMOUNTS REPORTED IN THE CURRENT YEAR (AND/OR PRIOR YEARS)

Effective 30 June 2010, the company early adopted AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'. This standard came into effect as at 30 June 2014 for all entities. There has been no impact on the financial statements of RSPCA as the consolidated entity had already early adopted AASB 1053 for the year ended 30 June 2010.

AASB 1053 establishes a differential financial reporting framework consisting of two tiers of reporting requirements for general purpose financial statements, comprising Tier 1: Australian Accounting Standards and Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements (RDR). AASB 2010-2 makes amendments to each Standard and Interpretation indicating the disclosures not required to be made by 'Tier 2' entities or inserting 'RDR' paragraphs requiring simplified disclosures for 'Tier 2' entities.

The following new and revised Standards and Interpretations have been adopted in the current year and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

The revised AASB 119 changes the definition of short term employee benefits. Short-term employee benefits under the superseded AASB 119 were benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. In contrast, under the revised AASB 119, only benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service are classified as short-term employee benefits. The inclusion of 'expected' and 'wholly' in the definition of short-term employee benefits might lead to a change of classification.

For example, for annual leave in Australia it is generally not required (or 'expected') that the accrued annual leave is wholly used (settled) before the end of the next annual reporting period. Due to the adjusted definition, similar benefits classified as short-term employee benefits under the superseded standard would be classified as long-term employee benefits under the revised AASB 119.

The impact of annual leave that is classified as long term would need to be discounted allowing for expected salary levels in the future when the leave is expected to be taken. For the 2014 financial year there has been no material impact on the financial statements as a result of adopting this standard.

1. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONT'D)

1.1 STANDARDS AND INTERPRETATIONS AFFECTING AMOUNTS REPORTED IN THE CURRENT YEAR (AND/OR PRIOR YEARS) (CONT'D)

New and revised Standards on consolidation, joint arrangements, associates and disclosures.

The impact of the application of these standards is set out below.

AASB 10 'Consolidated Financial Statements', AASB 2011-7 ' Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards', and AASB 2012-11 'Amendments to Australian Accounting Standards - Reduced Disclosure Requirements and Other Amendments'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation – Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The directors of the Company made an assessment as the date of the initial application of AASB 10 (i.e. 1 July 2013) and no new controls are identified. The adoption of this standard does not have any material impact on the consolidated financial statements.

AASB 12 'Disclosure of Interests in Other Entities', AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards', and AASB 2012-7 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The application of AASB 12 did not have any material impact on the consolidated financial statements as there were no joint arrangements identified.

1. APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS (CONT'D)

1.2 Standards and Interpretations affecting amounts reported in the current year (and/or prior years) (cont'd)

AASB 13 'Fair Value Measurement', AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13', and AASB 2012-1 'Amendments to Australian Accounting Standards Fair Value Measurement – Reduced Disclosure Requirements'

RSPCA has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, RSPCA has not made any new disclosures required by AASB 13 for the 2013 comparative period. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

New and revised Standards on consolidation, joint arrangements, associates and disclosures.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and Australian Accounting Standards - Reduced Disclosure Regime, and comply with other requirements of the law.

The financial report includes the separate financial statements of the company and the consolidated financial statements of the RSPCA.

For the purpose of this report the company and consolidated entities are not for profit entities.

The financial statements were authorised for issue by the directors on 16 September 2014.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of AASB 117.

In addition, for financial reporting purposes fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The Company has also elected to apply ASIC Class Order [CO 10/654] Inclusion of parent entity financial statements in financial reports.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the RSPCA's accounting policies, which are described below, the Company is required to make judgements, estimates and assumptions about carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Long service leave

The Company's judgement is applied in determining the following key assumptions used in the calculation of long service leave at reporting date:

- future increases in salaries and wages;
- future on cost rates; and
- experience of employee departures and period of service.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

Provision for obsolete stock

Judgement is applied in determining the provision for inventories obsolescence. If the estimated selling price of inventory is lower than the cost to sell, the difference is recognised in the provision for obsolescence.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Provision for doubtful debts

Judgement is applied in determining the provision for doubtful debts. If the estimated recoverable amount of the debtor is less than the amount of revenue recognised, the difference is recognised in the provision for doubtful debts.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the RSPCA becomes party to the contractual provisions of the financial instrument on trade date.

A financial asset is derecognised when the contractual right to the cash flows from the financial assets expire or are transferred and no longer controlled by the RSPCA.

A financial liability is removed from the statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Fair Value through Profit and Loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'net gain/loss in trading portfolio' line item in profit or loss.

Held-to-maturity investments

These investments have fixed maturities and it is the group's intention to hold these investments to maturity. Any held-to-maturity investment held by the group is stated at amortised cost using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Financial instruments (cont'd)

Effective interest method
The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Financial liabilities
Non-derivative financial liabilities, including loans and borrowings, are recognised at amortized cost, comprising original debt less principal repayments and amortisation. The group does not hold liabilities for trading.

Fair value
Fair value is determined based on current bid prices for all quoted investments. External valuations are applied for unlisted securities.

(b) Consolidation
The consolidated financial statements are those of the consolidated entity, comprising the RSPCA and its 100% owned controlled entity, the RSPCA Foundation (referred to as the Group or consolidated entity).

Control is achieved when the Company:
- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Control of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(c) Revenue recognition
Revenue from the sale of goods is measured at the fair value received or receivable and is recognised when all the following conditions are satisfied:

- the RSPCA has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the RSPCA retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Dividend revenue and distributions are recognised when the right to receive payment is established.

Interest revenue is recognised using the effective interest method.

Donations and bequests are recognised upon receipt or upon unconditional entitlement.

Government grants are recognised when there is reasonable assurance that the consolidated entity will comply with the conditions attached to them and when control of monies is attained and the amount of revenue can be measured reliably.

(d) Donations of goods in kind
Material donations of goods in kind are recognised as income at the net fair value of the underlying asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Impairment

At each reporting date the RSPCA reviews the carrying amount of assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amount is assessed as the higher of fair value less cost to sell or the assets value in use.

In respect of not-for-profit entities, where the future economic benefits of an asset are not primarily dependent on the assets' ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciable replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(f) Income tax

RSPCA is exempt from income tax under section 50-5 of the Income Tax Assessment Act 1997. The RSPCA is a deductible gift recipient.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held-at-call with banks and other short-term highly liquid investments which have a term to maturity of three months or less from the date of acquisition. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(h) Trade and other receivables

Trade and other receivables are measured at amortised cost less any impairment. An estimate for doubtful debts is made when collection of the full amount is no longer probable.

(i) Inventory

Inventories are stated at the lower of cost and net realisable value. Costs of inventories relating to direct retail are determined on a first-in first-out basis. Vet supplies and retail stock are valued though the use of a weighted average cost formula. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(j) Property, plant and equipment

Property, plant and equipment are stated at cost. Items of property, plant and equipment, other than freehold land are depreciated over their estimated useful lives to their estimated residual values on a straight line basis so as to write off their value progressively over their estimated useful lives commencing from the time the asset is held ready for use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the lease term.

The RSPCA reviews the useful lives of property, plant and equipment at the end of each financial year with the effect of any changes in estimate accounted for on a prospective basis. Depreciation for all assets is determined on a "straight line" basis. On 1 December 2010, it was determined that the basis of depreciation for all assets was changed from a "diminishing value" basis to a "straight line" basis to better reflect their useful lives. The change in written down value of these assets as a result was immaterial.

(j) Property, plant and equipment (cont'd)

The following depreciation rates are in use as at 30 June 2014:

Buildings	2.5%
Building improvements	2.5% to 5%
Furniture and equipment	10% to 35%
Motor vehicles	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset recognised in profit or loss.

Refer to note (e) regarding impairment.

(k) Investments

Investments in listed company shares and unit trusts are designated as being held at fair value through profit or loss being a portfolio with a history of regular trading and profit taking. Fair values are determined by reference to published price quotations in an active market. Term deposits are carried at amortised cost.

(l) Trade and other payables

Trade and other payables represent the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the consolidated entity, plus where applicable, any accrued interest.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Short-term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) which fall due wholly within 12 months after the end of the period in which employee services are rendered. They comprise wages and salaries, payable within 12 months and non-mandatory benefits such as cars. These liabilities are measured at their nominal values using the remuneration rates expected to apply at the time of settlement. The undiscounted amount of short-term employee benefits expected to be paid is recognised as an expense.

(n) Other long-term employee benefits

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the RSPCA in respect of services provided by employees up to reporting date. Other long-term employee benefits include long-service leave payable 12 months or more after the end of the period in which employee services are rendered.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

(o) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period to get ready for its intended use or sale. In this case the borrowing costs are capitalised as part of the cost of such a qualifying asset.

(p) Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

(p) Leased assets (cont'd)

Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(r) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except:

i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or part of the item of expense; or

ii. For receivables and payables which are recognised inclusive of GST

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

(s) Non-current assets held for sale - property

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

3. (DEFICIT)/ SURPLUS FOR THE YEAR

	RSPCA (VICTORIA) & FOUNDATION		RSPCA (VICTORIA)	
(Deficit)/ surplus for the year has been arrived at after charging the following items of expense:	2014 $'000	2013 $'000	2014 $'000	2013 $'000
DEPRECIATION EXPENSE				
Buildings and improvements	1,312	953	1,312	953
Plant and equipment	474	424	474	424
Motor vehicles	248	183	248	183
Motor vehicles – leased	129	151	129	151
	2,163	1,711	2,163	1,711
Bad and doubtful debts expense/(recovered)	22	(170)	22	(170)
Employee benefits expense	15,966	16,248	15,966	16,248
Accumulated benefit fund superannuation contribution	1,467	1,395	1,467	1,395
Operating lease expense	573	404	573	404
The following is an analysis of investment income earned on financial assets by category of assets:				
Fair value through profit and loss of financial assets	208	815	208	425
Loans and receivables (including bank balances)	16	20	16	20
Held to maturity investments	**23**	**173**	**23**	**173**
	39	**618**	**39**	**618**

4. TRADE AND OTHER RECEIVABLES

	RSPCA (VICTORIA) & FOUNDATION 2014 $'000	RSPCA (VICTORIA) & FOUNDATION 2013 $'000	RSPCA (VICTORIA) 2014 $'000	RSPCA (VICTORIA) 2013 $'000
Trade receivables	567	566	567	566
Allowance for doubtful debts	(336)	(343)	(336)	(343)
	231	223	231	223
Due from RSPCA Foundation	-	-	-	70
Goods and services tax recoverable	-	276	-	276
Other receivables	-	69	-	69
	231	568	231	638

4. TRADE AND OTHER RECEIVABLES (CONT'D)

MOVEMENT IN THE ALLOWANCE OF DOUBTFUL DEBTS	RSPCA (VICTORIA) & FOUNDATION 2014 $'000	RSPCA (VICTORIA) & FOUNDATION 2013 $'000	RSPCA (VICTORIA) 2014 $'000	RSPCA (VICTORIA) 2013 $'000
Balance at the beginning of the year	343	151	343	151
Amounts written off during the year	22	3	22	3
(Decrease)/increase in provision for doubtful debt	(29)	189	(29)	189
Balance at the end of the year	129	151	129	151
	336	343	336	343

5. INVENTORIES

	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Goods for resale - at cost	819	796	819	796

The cost of inventories recognised as an expense during the year was $2,061 (2012: $1,582).

6. OTHER FINANCIAL ASSETS

	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Fair value through profit or loss				
Shares and units in listed entities	55	5,073	55	5,073
Held to maturity				
Term deposits (period greater than 3 months)	1,269	1,288	1,269	1,288
	1,324	6,361	1,324	6,361

Shares and units in listed entities are categorised as level 1 within the fair value hierarchy as value is obtained from quoted bid prices in an active market.

7. SUBSIDIARIES

Details of the company's subsidiaries at 30 June 2014 are as follows:

NAME OF SUBSIDIARY	PRINCIPAL ACTIVITY	PLACE OF INCORPORATION AND OPERATION	PROPORTION OF OWNERSHIP INTEREST AND VOTING POWER HELD 30 JUNE 2014	30 JUNE 2013
RSPCA (Vic) Foundation Pty Ltd	Investing activities	Australia	100%	100%

8(a). PROPERTY, PLANT AND EQUIPMENT	RSPCA (VICTORIA) & FOUNDATION 2014 $'000	RSPCA (VICTORIA) & FOUNDATION 2013 $'000	RSPCA (VICTORIA) 2014 $'000	RSPCA (VICTORIA) 2013 $'000
Freehold land	3,027	3,027	3,027	3,027
Land, buildings and improvements	53,445	45,418	53,445	45,418
Accumulated depreciation	(9,043)	(7,716)	(9,043)	(7,716)
	44,402	37,702	44,402	37,702
Plant and equipment	5,166	4,937	5,166	4,937
Accumulated depreciation	(3,959)	(3,484)	(3,959)	(3,484)
	1,207	1,453	1,207	1,453
Motor vehicles	1,437	1,794	1,437	1,794
Accumulated depreciation	(936)	(985)	(936)	(985)
	501	809	501	809
Motor vehicles - leased	1,453	456	1,453	456
Accumulated depreciation	(352)	(236)	(352)	(236)
	1,101	220	1,101	220
Building under construction	-	3,674	-	3,674
Total property, plant and equipment	**50,238**	**46,885**	**50,238**	**46,885**

8(a). PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Movement in carrying amounts for RSPCA (Victoria) & Foundation and RSPCA (Victoria)

	Freehold land $	Land, buildings & improvements $	Plant & equipment $	Motor vehicles $	Motor vehicles leased $	Building under construction $	Total $
2014							
Balance at the beginning of the year	3,027	37,702	1,453	809	220	3,674	46,885
Additions for the year	-	4,353	229	36	1,019	-	5,637
Net disposals for the year	-	-	-	(415)	-	-	(415)
Depreciation expense	-	(1,327)	(475)	(261)	(116)	-	(2,179)
Depreciation write backs	-	-	-	310	-	-	310
Transfers for the year	-	3,674	-	22	(22)	(3,674)	-
Balance at the end of the year	3,027	44,402	1,207	501	1,101	-	50,238

8(b) PROPERTY HELD FOR SALE

Property held for sale is an animal shelter in Sale, Victoria. A search is underway for a buyer. The Company expects that the fair value (estimated based on the recent market prices of similar locations) less costs to sell is higher than the carrying amount

	RSPCA (VICTORIA) & FOUNDATION		RSPCA (VICTORIA)	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
9. OTHER ASSETS				
Prepayments	29	39	29	39
Accrued income	403	507	403	507
	432	546	432	546
10. TRADE AND OTHER PAYABLES				
Trade payables	1,421	2,198	1,421	2,198
Goods and services tax payable	16	-	16	-
	1,437	2,198	1,439	2,198
11. BORROWINGS				
Current				
Secured liabilities:				
Overdraft	241	416	241	416
Lease liability (note 13)	301	90	301	90
	542	506	542	506
Non-current				
Secured liabilities:				
Lease liability (note 13)	750	113	750	113
Bank loan	2,500	-	2,500	-
	3,250	113	3,250	113

The overdraft and the bank loan are secured by a first registered mortgage over the 3 Burwood Highway Burwood East property.

	2014 $'000	2013 $'000	2014 $'000	2013 $'000
12. PROVISIONS				
Current				
Provision for annual leave	978	1,105	978	1,105
Provision for long service leave	1,278	1,219	1,278	1,219
	2,256	2,324	2,256	2,324
Non-current				
Provision for long service leave	254	559	254	559

	RSPCA (VICTORIA) & FOUNDATION		RSPCA (VICTORIA)	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000

13. LEASES

Finance leases relate to motor vehicles. The RSPCA has options to purchase the equipment at the conclusion of the lease agreements. The RSPCA's obligations under finance leases are secured by the lessor's title to the leased assets.

	2014 $'000	2013 $'000	2014 $'000	2013 $'000
No later than 1 year	352	100	352	100
Later than 1 year and not later than 5 years	799	121	799	121
Minimum future lease payments	1,151	221	1,151	221
Less future finance charges	(100)	(18)	(100)	(18)
Present value of minimum lease payments	1,051	203	1,051	203
Included in the financial statements as:				
Current borrowings (note 11)	301	90	301	90
Non-current borrowings (note 11)	750	113	750	113
	1,051	203	1,051	203
Non-cancellable operating lease payments				
No later than 1 year	482	253	482	253
Later than 1 year and not later than 5 years	1,113	495	1,113	495
Later than 5 years	214	-	214	-
Total	1,809	748	809	748

14. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Cash on hand	14	84	14	13
Cash at bank	1,450	629	1,450	629
	1,464	713	1,464	642
Bank overdraft	(241)	(416)	(241)	(416)
	1,223	297	1,223	226

(b) Non-cash financing and investing activities

During the year the RSPCA acquired $1,035,681 (2013: $80,761) of motor vehicles under finance leases. This acquisition will be reflected in the statement of cash flows over the term of the finance leases via lease repayments.

15. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

The RSPCA's principal financial instruments comprise receivables, payables, bank loans and overdrafts, cash and short-term deposits and an investment portfolio held at fair value through the profit or loss. These activities expose the RSPCA to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk.

The parent entity and the RSPCA hold the following financial instruments:

	RSPCA (VICTORIA) & FOUNDATION		RSPCA (VICTORIA)	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
FINANCIAL ASSETS				
Cash on hand and at bank	1,464	713	1,464	642
Term deposits (period greater than 3 months)	1,269	1,288	1,269	1,288
Trade and other receivables (net)	231	568	231	638
Accrued income	403	507	403	507
Available for sale assets	232	232	232	232
Fair value through profit or loss	55	5,073	55	5,073
Total financial assets	3,654	8,381	3,654	8,380
FINANCIAL LIABILITIES				
Trade and other payables	1,437	2,199	1,440	2,199
Overdraft	241	416	241	416
Interest bearing liabilities	3,551	203	3,551	203
Total financial liabilities	5,229	2,818	5,232	2,818
NET EXPOSURE	(1,575)	5,563	(1,578)	5,563

16. Right to set-off

Funds held in general accounts with the NAB by regions of the RSPCA may be used as a set-off in order for the RSPCA to meet its net overdraft obligations. Interest is only charged to the RSPCA on the net cash position for all NAB bank accounts.

17. RELATED PARTY TRANSACTIONS

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

Balances and transactions between the Company and its subsidiary, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Key management personnel compensation

The aggregate compensation of the key management personnel is set out below. The personnel are the same for both the consolidated entity and the RSPCA.

	2014 $'000	2013 $'000
EMPLOYEE BENEFITS	849,897	822,034

The RSPCA Board and Committee members act in an honorary capacity.

18. CONTINGENT ASSETS AND LIABILITIES

The value of expected bequests in probate but potentially receivable from 1 July 2014 is estimated to be $4,635,683 (2013: $2,864,097) at the date of accounts preparation. The estimate is based on a reduction in the total value of known bequests after an assessment of a number of contests for some of these bequests in the courts.

19. CAPITAL COMMITMENTS AT REPORTING DATE

RSPCA does not have any capital commitments at reporting date.

20. EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end there has been a judgement in relation to liability in the Victorian County Court for negligence against RSPCA but the quantum of damages is yet to be determined. The court has ordered mediation between the parties to attempt to resolve the issue of the quantum of damages.

There has no other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.