

# **The Society for the Protection of Animals Abroad (Australia) Limited**

ABN: 53 617 228 109

## **Financial report**

For the year ended 31 December 2019

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**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**RESPONSIBLE ENTITIES' REPORT**

The directors present their report together with the financial report of The Society for the Protection of Animals Abroad (Australia) Limited for the year ended 31 December 2019 and auditor's report thereon.

**Directors names**

The names of the directors in office at any time during or since the end of the year are:

Nancy Jane Kemp (*Resigned 20 June 2019*)

John Joseph Munro (*Resigned 4 April 2019*)

John Howard Pratt (*Resigned 4 April 2019*)

Rosemary Scott Pratt

Paul John Sylva

Gregory Dellas

Robert Gethen Smith

Kerin Welford (*Appointed 20 June 2019*)

The directors have been in office since the start of the year to the date of this report unless otherwise stated.

**Information on directors**

<b>Nancy Jane Kemp</b>	Director (Resigned 20 June 2019)
Qualifications	BA
Experience	Experienced fundraising manager.
Special responsibilities	Nancy was the Chair of the Society for the Protection of Animals Abroad (Australia) Limited until 23 November 2018.
<b>John Joseph Munro</b>	Director (Resigned 4 April 2019)
Qualifications	BA M Stud
Experience	Retired NSW and Commonwealth public servant of 40 years at the executive level in the field of delivering community services.
<b>John Howard Pratt</b>	Director (Resigned 4 April 2019)
Qualifications	BA Dip Ed BFA
Experience	Career in Arts Education (ANU), Director of Community Environmental Programs ACT and Director of Megalo Arts Access ACT.
<b>Rosemary Scott Pratt</b>	Director
Qualifications	BA RVN
Experience	An experienced solicitor in the governance of charities.
Special responsibilities	Legal and Operations Adviser

**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**RESPONSIBLE ENTITIES' REPORT**

**Information on directors (Continued)**

<b>Paul John Sylva</b>	Director of Finance
Qualifications	FCA FCIS
Experience	A New Zealand Chartered Accountant with over thirty years experience including working in New Zealand, Asia and the United Kingdom.
<b>Gregory Dellas</b>	Director
Qualifications	B Bus (Banking & Finance) Adv. Cert. Accounting, Masters of Information Management and Systems (MIMS)
Experience	Senior Leader with over 15 years experience in the not-for-profit industry, including charities, faith, higher education, fundraising and CRM systems implementation.
<b>Robert Gethen Smith</b>	Director
Qualifications	BEng MA
Special responsibilities	Robert has been the Chair of the Society for the Protection of Animals Abroad (Australia) Limited from 23 November 2018.
<b>Kerin Welford</b>	Director (Appointed 20 June 2019)
Qualifications	Fellow of Fundraising Institute of Australia
Experience	Experienced not-for-profit leader
Special responsibilities	Country Director (Animals Asia)

**Results**

The deficiency of the company for the year after providing for income tax amounted to \$77,227 (2018: \$159,332).

**Dividends paid, recommended and declared**

No dividends were paid or declared since the start of the year. No recommendation for payment of dividends has been made.

**Options**

No options over unissued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the end of the year.

**Principal activities**

To carry out the company's strategies and to achieve its short-term and long-term objectives, the company engaged in the following principal activities during the year.

The Society for the Protection of Animals Abroad works to improve the welfare of working animals in some of the world's poorest communities in Africa, Central America and Asia. The charity does this through treatment, training and education. The charity achieves this by performing the following:

- Treatment - providing free veterinary treatment for working animals at our centres across Africa and the Middle East.
- Training - building expertise among vets and promoting humane care by animal owners.
- Teaching - teaching children to develop positive beliefs, respect and compassion towards animals.

**RESPONSIBLE ENTITIES' REPORT**

**Review of operations**

The company continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

**Significant changes in state of affairs**

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

**Likely developments**

The company expects to maintain the present status and level of operations.

**Short-term and long-term objectives and strategies**

**MISSION:**

The Society for the Protection of Animals Abroad works to improve the welfare of working animals in some of the world's poorest communities in Africa, Central America and Asia. The charity does this through treatment, training and education. The charity provides free veterinary treatment and care when animals are suffering or emergency strikes, it trains by educating and promoting humane care by working with animal owners. Finally the charity has an education programme to teach schoolchildren to develop humane beliefs, respect and compassion to change the way animals are treated by future generations. SPANA works in 25 countries including core programmes in Botswana, Ethiopia, Mali, Mauritania, Morocco, Myanmar, Tunisia and Myanmar.

**VISION:**

Our vision is a world where every working animal lives a life free from suffering and is treated with compassion. We work towards achieving this through treatment, teaching and training.

- We treat by providing free veterinary care when animals suffer or when emergencies strike through local centres, mobile clinics and university training centres.
- We train by building expertise among vets and promoting humane care by animal owners with a programme of community training.
- We teach children in centre classrooms and by going out to local schools to teach development of positive humane beliefs, ensuring future animal owners and communities demonstrate respect and compassion towards animals that will benefit working animals for generations to come.

**OBJECTIVES:**

The company's short and long-term objectives are to:

- Improve the standard of animal welfare in the countries in which we operate;
- Improve the skills of veterinary professionals, especially in their care of animals;
- Increase the level of empathy in the next generation;
- Respond to emergencies wherever they arise and fund outreach programmes in the short term;
- Reach a greater number of supporters in order to increase our funding capacity for the future; and
- Raise the profile of SPANA by traditional and new media.

RESPONSIBLE ENTITIES' REPORT

**Short-term and long-term objectives and strategies (Continued)**

SPANNA seeks to achieve these objectives through its core programmes - treatment, training and teaching. We achieve this by:

- Providing treatment in clinics, or otherwise, for sick and injured animals;
- Supporting and training owners, professionals and paraprofessionals;
- Promoting education in the humane treatment of animals and relevant environmental issues;
- Assisting in the enforcement of applicable laws; and
- Preserving and developing local animal health and skills.

**Key performance indicators**

To help evaluate whether the activities the company established during the year have achieved its short-term and long-term objectives, the company uses the following key performance indicators to measure, analyse and monitor its performance:

	Target	Actual
Donations	486,891	432,627

**After balance date events**

The Coronavirus (COVID-19) and subsequent government actions will significantly impact a number of companies worldwide and is likely to impact the operations of SPANA (Australia) Limited. The impact of COVID-19 cannot be determined at this time, however the Directors remain confident that the company will survive the crisis as fundraising activity can be stopped or reduced depending on the economic environment, while sufficient cash resources are held to cover expenses.

Except for COVID-19 and subsequent government actions, there has been no matter or circumstance, which has arisen since 31 December 2019 which has significantly affected or which may significantly affect:

- a) The operations, in financial years subsequent to 31 December 2019,
- b) The results of those operations, or
- c) State of affairs, in financial years subsequent to 31 December 2019.

**Environmental regulation**

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

**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**RESPONSIBLE ENTITIES' REPORT**

**Meetings of directors**

Directors	Directors' meetings	
	Number eligible to attend	Number attended
Nancy Jane Kemp	2	1
John Joseph Munro	1	-
John Howard Pratt	1	-
Rosemary Scott Pratt	4	4
Paul John Sylva	4	4
Gregory Dellas	4	3
Robert Gethen Smith	4	4
Kerin Welford	3	3

**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 to a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 31 December 2019 the number of members was 1. The combined total amount that members of the company are liable to contribute if the company is wound up is \$10.

**Indemnification of officers**

During or since the end of the year, the company has given indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company.

Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

**Indemnification of auditors**

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the company.

**Auditor's independence declaration**

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED  
ABN: 53 617 228 109

RESPONSIBLE ENTITIES' REPORT

Proceedings on behalf of the 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 a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed in accordance with a resolution of the board of directors.

Director: \_\_\_\_\_

Paul John Sylva

Director: \_\_\_\_\_

Rosemary Scott Pratt

Dated this

18<sup>th</sup>

day of

June

2020

The Directors  
The Society for the Protection of Animals Abroad (Australia) Limited

### **Auditor's Independence Declaration**

In relation to the independent audit for the year ended 31 December 2019, to the best of my knowledge and belief there have been no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

PITCHER PARTNERS



DANIEL COLWELL  
Partner

Brisbane, Queensland  
18 June 2020

**Brisbane Sydney Newcastle Melbourne Adelaide Perth**

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**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
<b>Revenue and other income</b>			
Donations revenue		<u>432,627</u>	<u>439,491</u>
		<u>432,627</u>	<u>439,491</u>
<b>Less: expenses</b>			
Fundraising costs		(421,513)	(533,967)
Charitable activities		(68,412)	(31,162)
General and administration expenses		<u>(19,929)</u>	<u>(33,694)</u>
		<u>(509,854)</u>	<u>(598,823)</u>
<b>Deficit before income tax expense</b>		(77,227)	(159,332)
Income tax expense / (benefit)		-	-
<b>Deficit after income tax expense</b>		<u>(77,227)</u>	<u>(159,332)</u>
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive deficit</b>		<u>(77,227)</u>	<u>(159,332)</u>

The accompanying notes form part of these financial statements.

**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
<b>Current assets</b>			
Cash and cash equivalents	2	432,025	407,948
Other receivables		<u>9,241</u>	<u>23,558</u>
<b>Total current assets</b>		<u>441,266</u>	<u>431,506</u>
<b>Total assets</b>		<u>441,266</u>	<u>431,506</u>
<b>Current liabilities</b>			
Payables	3	<u>56,414</u>	<u>35,683</u>
<b>Total current liabilities</b>		<u>56,414</u>	<u>35,683</u>
<b>Non-current liabilities</b>			
Payables	3	<u>700,316</u>	<u>634,060</u>
<b>Total non-current liabilities</b>		<u>700,316</u>	<u>634,060</u>
<b>Total liabilities</b>		<u>756,730</u>	<u>669,743</u>
<b>Net liabilities</b>		<u><u>(315,464)</u></u>	<u><u>(238,237)</u></u>
<b>Equity</b>			
Accumulated deficit	4	<u>(315,464)</u>	<u>(238,237)</u>
<b>Total equity</b>		<u><u>(315,464)</u></u>	<u><u>(238,237)</u></u>

The accompanying notes form part of these financial statements.

**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	<b>Accumulated deficit</b>	<b>Total equity</b>
	<b>\$</b>	<b>\$</b>
<b>Balance as at 1 January 2018</b>	(78,905)	(78,905)
Deficit after income tax expense	<u>(159,332)</u>	<u>(159,332)</u>
<b>Total comprehensive deficit for the year</b>	<u>(159,332)</u>	<u>(159,332)</u>
<b>Balance as at 31 December 2018</b>	<u>(238,237)</u>	<u>(238,237)</u>
<b>Balance as at 1 January 2019</b>	<b>(238,237)</b>	<b>(238,237)</b>
Deficit after income tax expense	<u>(77,227)</u>	<u>(77,227)</u>
<b>Total comprehensive deficit for the year</b>	<u>(77,227)</u>	<u>(77,227)</u>
<b>Balance as at 31 December 2019</b>	<u>(315,464)</u>	<u>(315,464)</u>

The accompanying notes form part of these financial statements.

**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
<b>Cash flow from operating activities</b>			
Donations received		432,627	439,491
Payments to suppliers and employees		<u>(408,550)</u>	<u>(602,201)</u>
<b>Net cash provided by / (used in) operating activities</b>		<u><b>24,077</b></u>	<u><b>(162,710)</b></u>
<b>Cash flow from financing activities</b>			
Proceeds from loan with SPANA UK		<u>-</u>	<u>504,090</u>
<b>Net cash provided by financing activities</b>		<u><b>-</b></u>	<u><b>504,090</b></u>
<b>Reconciliation of cash</b>			
Cash at beginning of the financial year		407,948	66,568
Net increase in cash held		<u>24,077</u>	<u>341,380</u>
<b>Cash at end of financial year</b>	2	<u><u><b>432,025</b></u></u>	<u><u><b>407,948</b></u></u>

The accompanying notes form part of these financial statements.

**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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

The financial report is a general purpose financial report that has been prepared in accordance with the *Australian Charities and Not-for-profits Commission Act 2012* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers The Society for the Protection of Animals Abroad (Australia) Limited as an individual entity. The Society for the Protection of Animals Abroad (Australia) Limited is a company limited by guarantee, incorporated and domiciled in Australia. The Society for the Protection of Animals Abroad (Australia) Limited is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the responsible entities' report.

The following are the significant accounting policies adopted by the company in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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

*Historical Cost Convention*

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

**(b) Economic dependency**

At 31 December 2019 the company's total liabilities exceeded total assets by \$315,464. The total liabilities of the company includes a loan payable of \$700,316 to its ultimate parent entity, The Society for the Protection of Animals Abroad (UK).

The company is dependent on the ongoing financial support of its ultimate parent entity to continue to meet its financial obligations as and when they become due and payable. The loan from The Society for the Protection of Animals Abroad (UK) has no set repayment terms and does not accrue interest. The Society for the Protection of Animals Abroad (UK) has provided confirmation that it will provide whatever financial support as is necessary to enable the company to meet its obligations as and when they fall due.

In conjunction with the continued financial support of its ultimate parent entity, the directors believe that the company will have sufficient cash resources for the 12 month period commencing on the date that this financial report has been signed. Accordingly, the directors are of the opinion that the company is a going concern and will be able to pay its debts as and when they become due and payable.

The financial statements have therefore been prepared on a going concern basis which assumes the company will realise its assets and extinguish its liabilities in the normal course of business. No adjustments have been made to the financial report relating to the recoverability and classification of asset carrying amounts or the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

**(c) Revenue**

Donation revenue is recognised as income when the funds have been received.

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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

**(d) Income tax**

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

**(e) Cash and cash equivalents**

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

**(f) Financial instruments**

*Initial recognition and measurement*

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

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

*Classification of financial assets*

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the company's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

*Classification of financial liabilities*

Financial liabilities classified as held-for-trading, contingent consideration payable by the company for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the company are subsequently measured at amortised cost.

*Trade and other receivables*

Trade and other receivables arise from the company's transactions with its customers and are normally settled within 30 days.

Consistent with both the company's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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

**(f) Financial instruments (Continued)**

*Impairment of financial assets*

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

- (a) debt instruments measured at amortised cost;
- (b) debt instruments classified at fair value through other comprehensive income; and
- (c) receivables from contracts with customers, contract assets and lease receivables.

The company applies the simplified approach under AASB 9 to measuring the allowance for credit losses for both receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the company determines the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The company consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The company assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The company considers a financial asset to have a low credit risk when the counterparty has an external 'investment grade' credit rating (if available) of BBB or higher, or otherwise is assessed by the company to have a strong financial position and no history of past due amounts from previous transactions with the company.

The company assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due.

The company determines expected credit losses using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The company has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the company's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the company applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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

**(f) Financial instruments (Continued)**

The measurement of expected credit losses reflects the company's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the company's exposure at default, discounted at the financial asset's original effective interest rate.

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;
- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the company has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the company. Recoveries, if any, are recognised in profit or loss.

**(g) Goods and services tax (GST)**

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(h) Comparatives**

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

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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

**(i) New and revised accounting standards effective at 31 December 2019**

The company has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* (AASB 16), AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) and AASB 15: *Revenue from Contracts with Customers* (AASB 15).

**AASB 16: Leases**

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- (a) right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
  - i. investment property, the lessee applies the fair value model in AASB 140 *Investment Property* to the right-of-use asset; or
  - ii. property, plant or equipment, the applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- (b) lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

The directors have determined that the company is not party to any operating leases under AASB 16. Therefore, the application of AASB 16 has not had a material impact on the financial statements. The comparative information has not been restated.

**AASB 1058: Income for not-for-profit entities and AASB 15: Revenue from contracts with customers**

AASB 1058 replaces the income recognition requirements in AASB 1004: *Contributions* applicable to private sector not-for-profit entities with a model based on the principles of AASB 15: *Revenue from Contracts with Customers*. Consequently, AASB 1058 requires private sector not-for-profit entities to recognise all revenue from contracts with customers when the related performance obligations are satisfied, irrespective of whether the ultimate beneficiary of the goods or services provided by the not-for-profit entity is the grantor of the funds or another entity. An agreement involving a not-for-profit entity would be classified as a contract with a customer (and therefore accounted for under AASB 15) if the agreement:

- (a) creates enforceable rights and obligations between the parties; and
- (b) includes a promise by the not-for-profit entity to transfer a good or service that is sufficiently specific for the entity to determine when the obligation is satisfied.

For contracts with customers that comprise a donation component, AASB 1058 requires such components to be treated as part of the performance obligation(s) unless the entity can demonstrate that component is not related to the promised goods or services.

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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

**(i) New and revised accounting standards effective at 31 December 2019 (Continued)**

When an arrangement does not meet the criteria for a contract with a customer under AASB 15, the arrangement is accounted for in accordance with AASB 1058, which requires:

- (a) the asset received by the not-for-profit entity to be accounted for in accordance with the applicable Australian Accounting Standard, which in most circumstances requires the asset to be initially measured at its fair value;
- (b) any related amounts (such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions) to be accounted for in accordance with the applicable Australian Accounting Standard; and
- (c) any difference between the consideration given for the asset and its fair value, after recognising any related amounts (such as contributions from owners, financial liabilities, contract liabilities, lease liabilities and provisions), is recognised as income.

However, amending standard AASB 2018-8 provides a temporary option for not-for-profit entities to not apply the fair value initial measurement requirement to right-of-use assets arising under leases with significantly below-market terms and conditions. This enables not-for-profit entities to elect to initially measure such right-of-use assets at cost rather than fair value, which has the corresponding effect of reducing the amount of income recognised under AASB 1058.

AASB 1058 also permits a not-for-profit entity to recognise volunteer services as an asset or expense (as applicable) and any related contributions by owners or revenue as an accounting policy choice, provided that the fair value of the services can be measured reliably.

AASB 1058 also has specific recognition criteria in relation to transfers to enable an entity to acquire or construct a recognisable non-financial asset to be controlled by the entity. The obligation to acquire or construct the non-financial asset is accounted for similarly to a performance obligation under AASB 15.

In accordance with the transition requirements of AASB 1058 and AASB 15, the company has elected to apply AASB 1058 and AASB 15 retrospectively, with the cumulative effect, if any, of initially applying the new standards recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 January 2019). Accordingly, comparative information has not been restated.

The application of AASB 1058 and AASB 15 has not materially impacted the recognition and measurement of income or revenue from contracts with customers.

Further details of the company's accounting policy in relation to accounting for income under AASB 1058 and revenue from contracts with customers under AASB 15 are contained in Note 1(c).

**NOTE 2: CASH FLOW INFORMATION**

**Reconciliation of cash**

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

Cash at bank	<u>432,025</u>	<u>407,948</u>
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**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
<b>NOTE 3: PAYABLES</b>		
<b>CURRENT</b>		
<i>Unsecured liabilities</i>		
Trade creditors	41,414	-
Sundry creditors and accruals	<u>15,000</u>	<u>35,683</u>
	<u><b>56,414</b></u>	<u><b>35,683</b></u>

**NON CURRENT**

*Unsecured liabilities*

Amounts payable to:

- The Society for the Protection of Animals Abroad (UK)	<u><b>700,316</b></u>	<u><b>634,060</b></u>
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The loan from The Society for the Protection of Animals Abroad (UK) has no set repayment terms and does not accrue interest. The Society for the Protection of Animals Abroad (UK) has provided confirmation that it will not call upon the loan for a period of at least 12 months from the date of this financial report. Therefore, the amount payable has been recognised as non-current.

**NOTE 4: ACCUMULATED DEFICIT**

Accumulated deficit at beginning of year	(238,237)	(78,905)
Deficit after income tax expense	<u>(77,227)</u>	<u>(159,332)</u>
	<u><b>(315,464)</b></u>	<u><b>(238,237)</b></u>

**NOTE 5: RELATED PARTY TRANSACTIONS**

**(a) Transactions with key management personnel**

The names of the directors in office at any time during or since the end of the year are:

Nancy Jane Kemp (*resigned 20 June 2019*)

John Joseph Munro (*resigned 4 April 2019*)

John Howard Pratt (*resigned 4 April 2019*)

Rosemary Scott Pratt

Paul John Sylva

Gregory Dellas

Robert Gethen Smith

Kerin Welford (*appointed 20 June 2019*)

All Directors of the company act in an honorary capacity and are not remunerated.

**(b) Transactions with The Society for the Protection of Animals Abroad (UK)**

The company has a loan payable to its ultimate parent entity, The Society for the Protection of Animals Abroad (UK) of \$700,316 (2018: \$634,060). Refer to note 2 for further information.

**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

2019	2018
\$	\$

**NOTE 6: CONTINGENT LIABILITIES**

The company's directors have confirmed that there are no contingent liabilities at 31 December 2019.

**NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE**

The Coronavirus (COVID-19) and subsequent government actions will significantly impact a number of companies worldwide and is likely to impact the operations of SPANA (Australia) Limited. The impact of COVID-19 cannot be determined at this time, however the Directors remain confident that the company will survive the crisis as fundraising activity can be stopped or reduced depending on the economic environment, while sufficient cash resources are held to cover expenses.

Except for COVID-19 and subsequent government actions, there has been no matter or circumstance, which has arisen since 31 December 2019 which has significantly affected or which may significantly affect:

- a) The operations, in financial years subsequent to 31 December 2019,
- b) The results of those operations, or
- c) State of affairs, in financial years subsequent to 31 December 2019.

**NOTE 8: 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 to a maximum of \$10 each towards meeting any outstandings and obligations of the company. At 31 December 2019 the number of members was 1. The combined total amount that members of the company are liable to contribute if the company is wound up is \$10.

**NOTE 9: COMPANY DETAILS**

The registered office of the company is:

SPANA (Australia) Limited  
37 Gondola Road  
North Narrabeen NSW 2101

**THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED**  
**ABN: 53 617 228 109**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019	2018
	\$	\$
<b>NOTE 10: INCOME AND EXPENDITURE - FUNDRAISING APPEALS</b>		
The company has authority to raise funds in all Australian states and territories under the provision of the relevant associated regulations. The company conducted fundraising appeals to collect donations via a mail campaign during the period, the results of which are summarised below.		
<b>Details of aggregate gross income and total expenses of fundraising appeals:</b>		
Gross proceeds of fundraising appeals (as defined in the Act)	432,627	439,491
Costs of fundraising appeals	<u>(421,513)</u>	<u>(533,967)</u>
Net surplus/(deficiency) from fundraising appeals	<u>11,114</u>	<u>(94,476)</u>
<b>Statement showing how funds received were applied to charitable purposes:</b>		
Net deficiency from fundraising appeals	11,114	(94,476)
This was applied to the charitable purposes in the following manner:		
Improving the welfare of working animals activities	<u>(68,412)</u>	<u>(31,162)</u>
Fundraising surplus/(deficiency) carried forward	<u>(57,298)</u>	<u>(125,638)</u>
<b>Fundraising appeals conducted during the financial year</b>		
Donations	<u>432,627</u>	<u>439,491</u>
Gross proceeds of fundraising appeals (as defined in the Act)	<u>432,627</u>	<u>439,491</u>
<b>Comparisons of certain monetary figures and percentages:</b>		
The following figures and percentages exclude sales revenue and expenditure on commercial activities:		
Total cost of fundraising	(421,513)	(533,967)
Gross income from fundraising	432,627	439,491
Total cost as a percentage of gross income	(97.43%)	(121.50%)
Net surplus/(deficiency) from fundraising	11,114	(94,476)
Gross income from fundraising	432,627	439,491
Net surplus/(deficiency) as a percentage of gross income	2.57%	(21.50%)
Total cost of services	(68,412)	(31,162)
Total expenditure	(509,854)	(598,823)
Cost of services as a percentage of expenditure	13.42%	5.20%
Total cost of services	(68,412)	(31,162)
Total income received	432,627	439,491
Cost of services as a percentage of income received	<u>(15.81%)</u>	<u>(7.09%)</u>

THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED  
ABN: 53 617 228 109

RESPONSIBLE ENTITIES' DECLARATION

**Declaration under the *Australian Charities and Not-for-profit Commission Regulation 2013*:**

In accordance with a resolution of the responsible entities, being the directors of the company, the responsible entities of the company declare that:

1. there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
2. the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed in accordance with subsection 60.15(2) of the *Australian Charities and Not-for-profit Commission Regulation 2013*.

Director: \_\_\_\_\_  
Paul John Sylva

Director: \_\_\_\_\_  
Rosemary Scott Pratt

Dated this 18<sup>th</sup> day of June 2020

THE SOCIETY FOR THE PROTECTION OF ANIMALS ABROAD (AUSTRALIA) LIMITED  
ABN: 53 617 228 109

RESPONSIBLE ENTITIES' DECLARATION

**Declaration under the Charity Acts:**

In accordance with a resolution of the responsible entities, being the directors of the company, in respect of:

- (i) *Charitable Fundraising Act 1992 (NSW) and Charitable Fundraising Regulations 2015 (NSW);*
- (ii) *Charitable Collections Act 2003 (ACT) and Charitable Collections Regulations 2003 (ACT);*
- (iii) *Charitable Collections Act 1946 (WA) and Charitable Collections Regulations 1947 (WA);*
- (iv) *Fundraising Act 1998 (VIC) and Fundraising Regulations 2009 (VIC);*
- (v) *Collections for Charitable Purposes Act 1939 (SA);*
- (vi) *Collections Act 1986 (QLD) and Collections Regulations 2008 (QLD);* and
- (vii) *Collections for Charities Act 2001 (TAS) and Collections for Charities Regulations 2011 (TAS).*

the responsible entities of the company declare that:

- (a) the financial report of The Society for the Protection of Animals Abroad (Australia) Limited shows a true and fair view of the financial results of fundraising appeals for the period ended 31 December 2019;
- (b) the financial report and associated records of the company have been properly kept during the period in accordance with the fundraising regulations;
- (c) money received as a result of fundraising appeals conducted during the period ended 31 December 2019 have been properly accounted for and applied in accordance with fundraising regulations;
- (d) there are reasonable grounds to believe that the registered entity is able to pay all of its debts, as and when they become due and payable; and
- (e) we have not become aware of any matter that makes us believe that the company has not complied with the fundraising regulations.

This declaration is made in accordance with a resolution of the Board of Directors

Director: \_\_\_\_\_

  
Paul John Sylva

Director: \_\_\_\_\_

  
Rosemary Scott Pratt

Dated this

18<sup>th</sup>

day of

June

2020

**Independent Auditor's Report to the Members of The Society for the  
Protection of Animals Abroad (Australia) Limited****Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of The Society for the Protection of Animals Abroad (Australia) Limited (the "Registered Entity"), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the financial report of The Society for the Protection of Animals Abroad (Australia) Limited has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (a) giving a true and fair view of the Registered Entity's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

*Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Registered Entity in accordance with the auditor independence requirements of the *Australian Charities and Not for-profits Commission Act 2012* ("ACNC Act") and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

*Emphasis of Matter – Subsequent Events (COVID-19)*

We draw attention to Note 7, which describes the impact of the Coronavirus (COVID-19) on the Registered Entity. Our opinion is not modified in respect of this matter.

*Other Information*

Those charged with governance are responsible for the other information. The other information comprises the information included in the Registered Entity's report for the year ended 31 December 2019, 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 Responsible Entities and Those Charged with Governance for the Financial Report.*

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

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

Those charged with governance are responsible for overseeing the Registered Entity's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the 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 responsible entities.
- Conclude on the appropriateness of the responsible entity's 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 those charged with governance 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.

## Report on the requirements of the *Charitable Fundraising Act (NSW) 1991* and *Charitable Fundraising Regulations 2015 (NSW)*

### *Opinion*

We have audited the financial report of the Registered Entity as required by the *Charitable Fundraising Act 1991 (NSW)* and *Charitable Fundraising Regulations 2015 (NSW)*.

In our opinion:

- (a) the Financial Report gives a true and fair view of the Registered Entity's financial result of fundraising appeal activities for the financial year ended 31 December 2019.
- (b) the Financial Report has been properly drawn upon, and the associated records have been properly kept for the period from 1 January 2019 to 31 December 2019, in accordance with *Charitable Fundraising Act 1991 (NSW)* and *Charitable Fundraising Regulations 2015 (NSW)*.
- (c) the money received as a result of fundraising appeals conducted by the Registered Entity during the financial year ended 31 December 2019 has been properly accounted for and applied in accordance with the *Charitable Fundraising Act 1991 (NSW)* and *Charitable Fundraising Regulations 2015 (NSW)*.
- (d) there are reasonable grounds to believe that the Registered Entity will be able to pay its debts as and when they fall due.

### *Emphasis of Matter – Subsequent Events (COVID-19)*

We draw attention to Note 7, which describes the impact of the Coronavirus (COVID-19) on the Registered Entity. Our opinion is not modified in respect of this matter.

### *Responsibilities of Responsible Entities and Those Charged with Governance*

The responsible entities of the Registered Entity are responsible for the preparation and presentation of the financial report in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2015 (NSW)*. Our responsibility is to express an opinion on the financial report in accordance with the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2015 (NSW)* based on our audit.

### *Auditor's Responsibilities*

Our procedures included obtaining an understanding of the internal control structure for fundraising appeal activities and examination, on a test basis, of evidence supporting compliance with the accounting and associated record keeping requirements for fundraising activities pursuant to the *Charitable Fundraising Act 1991 (NSW)* and the *Charitable Fundraising Regulations 2015 (NSW)*.

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



PITCHER PARTNERS



DANIEL COLWELL  
Partner

Brisbane, Queensland  
18 June 2020