

*Te Rōpū Aukati Tūkinō Kararehe*



# Group Consolidated Financial Statements

*for the year ended 30 June 2021*

# Directory

## Registered Office:

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199c Lincoln Road, Henderson, Auckland

## Charities Registration Number:

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CC22705

## Incorporation Number:

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218546

## SPCA Chair:

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David Broderick

## SPCA Vice Chair:

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Robyn Kiddle

## SPCA Board Members:

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Geraldine Brookman (resigned 31.12.20)  
 Siobhan Hale-Pennington  
 Steve Merchant  
 Robyn O'Fee  
 Gordon Trainer  
 Natasha Whiting (resigned 8.09.21)  
 Logan Williams (resigned 8.09.21)

## Auditor:

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KPMG Auckland

## Bankers:

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ASB Bank Limited  
 ANZ Bank Limited  
 Bank of New Zealand Limited  
 TSB Bank Limited  
 Westpac New Zealand Limited

# Purpose

To advance animal welfare  
and prevent cruelty

*Te kōkiri i ngā mahi atawhai kararehe  
me te aukati tūkinō*

# Vision

All animal lives matter in  
our communities

*He mea nui te oranga o ngā kararehe  
katoa kei ō tātau hapori*

# Founding ethos

We speak for those who  
cannot speak for themselves

*He reo mātau mō rātau kāore e  
taea te kōrero*



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# Values





# Independent Auditor's Report

To the members of The Royal New Zealand Society for the Prevention of Cruelty to Animals Incorporated

## Report on the audit of the consolidated financial statements

### Opinion

In our opinion, the accompanying consolidated financial statements of The Royal New Zealand Society for the Prevention of Cruelty to Animals Incorporated (the 'incorporated society') and its subsidiaries (the 'group') on pages 6 to 30:

- i. present fairly in all material respects the Group's financial position as at 30 June 2021 and its financial performance and cash flows for the year ended on that date; and
- ii. comply with New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities (Not for Profit).

We have audited the accompanying consolidated financial statements which comprise:

- the consolidated statement of financial position as at 30 June 2021;
- the consolidated statements of comprehensive revenue and expenses, changes in equity and cash flows for the year then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.



### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (Including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. Other than in our capacity as auditor we have no relationship with, or interests in, the group.



### Other information

The Directors, on behalf of the group, are responsible for the other information included in the group's Financial Statements. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears 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.



## Use of this independent auditor's report

This independent auditor's report is made solely to the members as a body. Our audit work has been undertaken so that we might state to the members those matters we are required to state in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the members as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.



## Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the incorporated society, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards for Public Benefit Entities (Not for Profit));
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations or have no realistic alternative but to do so.



## Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent 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 ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/>

This description forms part of our independent auditor's report.



KPMG  
Auckland

19 October 2021

# Consolidated statement of comprehensive revenue and expense

For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Revenue from exchange transactions	6	14,405	12,869
Revenue from non-exchange transactions	6	65,192	36,265
Other income		245	117
<b>Total income</b>		<b>79,842</b>	<b>49,251</b>
Animal expenses		(6,400)	(4,693)
Consultants		(225)	(316)
Depreciation and amortisation		(1,662)	(1,544)
Employee-related expenses	8	(27,119)	(27,396)
Lease expenses	21	(2,219)	(2,298)
Merchandise expenses		(558)	(660)
Other expenses		(9,646)	(9,645)
Programmes and initiatives		(8)	(358)
Travel and accommodation		(242)	(270)
<b>Total expenses</b>		<b>(48,079)</b>	<b>(47,180)</b>
<b>Operating surplus</b>		<b>31,763</b>	<b>2,071</b>
Finance income		2,609	1,179
Finance costs		(340)	(142)
<b>Net finance income</b>	7	<b>2,269</b>	<b>1,037</b>
<b>Total surplus for the year</b>		<b>34,032</b>	<b>3,108</b>
<b>Total comprehensive revenue and expenses</b>		<b>34,032</b>	<b>3,108</b>

*This statement needs to be read in conjunction with the notes to the financial statements*





# Consolidated statement of financial position

As at 30 June 2021

	Notes	2021 \$000	2020 \$000
<b>Current assets</b>			
Cash and cash equivalents	10	9,197	7,167
Investments	11	7,117	5,968
Receivables from exchange transactions	9	596	649
Prepayments		184	142
Inventories		123	109
GST receivable		418	443
Assets held for sale	13	21	-
		17,656	14,478
<b>Non-current assets</b>			
Rental in advance		133	168
Investment in associates and joint ventures	25	61	106
Investments	11	46,100	13,924
Intangible assets		-	14
Property, plant and equipment	12	68,841	69,898
		115,135	84,110
<b>Total assets</b>		132,791	98,588
<b>Equity</b>			
Reserves		328	428
Accumulated comprehensive revenue and expenses		112,077	78,045
<b>Total equity</b>		112,405	78,473
<b>Current liabilities</b>			
Trade and other creditors	14	1,983	2,105
Employee entitlements		2,600	2,875
Income in advance		131	79
Loans and borrowings	16	8,000	2,000
Property funds held	17	7,607	6,000
		20,321	13,059
<b>Non-current liabilities</b>			
Deferred rent liability		65	56
Loans and borrowings	16	-	7,000
		65	7,056
<b>Total liabilities</b>		20,386	20,115
<b>Total equity and liabilities</b>		132,791	98,588

*This statement needs to be read in conjunction with the notes to the financial statements*





## Approved for and on behalf of the Board

David Broderick (Board Chair):

Handwritten signature of David Broderick in black ink.

Date: 19 October 2021

Robyn O'Fee (ARC Chair):

Handwritten signature of Robyn O'Fee in black ink.

Date: 19 October 2021





# Consolidated statement of changes in equity

For the year ended 30 June 2021

	Notes	Special projects reserve	Accumulated comprehensive revenue and expense	Total equity
Group 2021		\$000	\$000	\$000
Opening balance 30 June 2020		428	78,045	78,473
Total comprehensive income for the year		-	34,032	34,032
Movements in special projects reserve		(100)	-	(100)
Balance as at 30 June 2021	22	328	112,077	112,405
<b>Group 2020</b>				
Opening balance 30 June 2019		500	74,937	75,437
Total comprehensive income for the year		-	3,108	3,108
Transfers from branches		(72)	-	(72)
Balance as at 30 June 2020	22	428	78,045	78,473

*This statement needs to be read in conjunction with the notes to the financial statements*



# Consolidated statement of cash flows



For the year ended 30 June 2021

	Notes	2021 \$000	2020 \$000
<b>Cash flow from operating activities</b>			
<i>Cash provided from:</i>			
Receipts from donations, grants and bequests		34,583	37,284
Receipts from the provision of goods and services		14,704	13,145
		49,287	50,429
<i>Cash applied to:</i>			
Payments to suppliers and employees		(46,642)	(44,634)
Net cash flow from operating activities	23	2,645	5,795
<b>Cash flow from investing activities</b>			
<i>Cash provided from:</i>			
Interest and dividends received		766	641
Sales of investments		2,026	3,464
Maturity of term deposits		9,132	10,495
		11,924	14,600
<i>Cash applied to:</i>			
Acquisition of investments in subsidiaries, associates and joint ventures		-	(100)
Acquisition and development of property, plant and equipment and intangible assets		(750)	(17,953)
Purchases of investments		(8,592)	(1,874)
Investments made to term deposits		(3,465)	(12,132)
Interest and dividends paid		(339)	(144)
Net cash flow from / (applied to) investing activities		(1,222)	(17,603)
<b>Cash flow from financing activities</b>			
Proceeds from / (Repayment of) loans and borrowings		(1,000)	8,990
Deposit received for future sale of property, plant and equipment		1,607	6,000
Net cash from financing activities		607	14,990
Net increase / (decrease) in cash and cash equivalents		2,030	3,182
Cash and cash equivalents at the beginning of the year		7,167	3,985
Cash and cash equivalents at 30 June 2021		9,197	7,167

*This statement needs to be read in conjunction with the notes to the financial statements*

# Notes to the consolidated financial statements



## 1. Reporting entity

The Royal New Zealand Society for the Prevention of Cruelty to Animals Incorporated (“SPCA”) is incorporated in New Zealand under the Incorporated Societies Act 1908 and is a registered charity under the Charities Act 2005. The primary objective of SPCA is to promote the humane treatment of animals and provide education services on animal welfare.

One SPCA, became effective from 1 November 2017, and has now been operating for three full financial years. SPCA Group (“Group”) consists of RNZSPCA incorporated, SPCA Social Enterprises Limited, SPCA Investments Limited and the following Auxiliaries: Auckland North Shore Supporter and Auckland SPCA Dog Squad.

## 2. Statement of compliance and basis of preparation

The consolidated financial statements of the group have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (“NZ GAAP”). They comply with the Public Benefit Entity International Public Standards (“PBE IPSAS”) and other applicable financial reporting standards as appropriate that have been authorised for use by the New Zealand Accounting Standards Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and as appropriate applies Tier 1 Not-For-Profit PBE IPSAS on the basis that total expenses are greater than \$30 million.

### 2.1 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, except for the initial measurement of assets received from non-exchange transactions in the statement of financial position, which is measured at fair value. The accrual basis of accounting has been used.

The SPCA’s current liabilities exceed its current assets by \$2,665k at 30 June 2021 (2020: current assets exceeded current liabilities by \$1,419k) due to the classification of loans and borrowings (\$8m) and property funds held (\$7.6m) being recorded as current liabilities. As detailed in Note 17, the property funds held will be recorded in the statement of comprehensive revenue and expense on completion of the sale of the Mangere property rather than requiring a cash outflow. In addition, the Group has \$53m of investments that could be converted to cash to enable the Group to meet any immediate obligations. On the basis of the above, the financial statements have been prepared on a going concern basis.

### 2.2 Functional and presentation currency

The financial statements are presented in New Zealand dollars (\$) which is the controlling entity’s functional and SPCA’s presentation currency. All financial information has been rounded to the nearest thousand dollars (\$000) except where otherwise stated.

### 2.3 New pronouncements that will come into effect in subsequent period

The Group does not intend to early adopt any PBE Standards and Interpretations that have been issued or amended but are not yet effective. At the reporting date the New Zealand Accounting Standards Board has issued two new Standards; PBE IPSAS41 Financial Instruments to come into effect on 1 January 2022, and PBE FRS48 Service Performance Reporting to come into effect on 1 January 2022.

### 3. Changes in accounting policies and disclosures

The accounting policies adopted in these financial statements are consistent with those of the previous period. Included in the consolidated statement of cash flows statement is a reclassification of term deposit movements within cash flows from investing activities to better represent the cash flow movements. The effect of the reclassification on the consolidated statement of cash flows for the year ended 30 June 2021 is presented below.

	As previously reported - Net Basis	Adjustment	As currently presented - Gross basis
30 June 2020	\$000	\$000	\$000
Maturity of / (investments made to) term deposits	(613)	613	-
Purchase of investments	-	(1,874)	(1,874)
Sale of investments	-	3,464	3,464
Investments made to term deposits	-	(12,132)	(12,132)
Maturity of term deposits	-	10,495	10,495
Interest received/dividends received	1,207	(566)	641

### 4. Use of judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

#### Judgements

Judgements made in applying accounting policies that have had the most significant effect on the amounts recognised in the consolidated financial statements include the following:

#### *Revenue recognition – non-exchange revenue (conditions vs restrictions)*

Revenue from non-exchange transactions is recognised as revenue when there are no contractual restrictions imposed by the giver requiring repayment if the revenue is unspent at balance date. Management makes a judgement on the value received, (where the revenue stream is not received in cash or is not easily measurable), and the existence of any conditions and restrictions attached to the revenue stream.

#### *Revenue from bequests and legacies*

Revenue in relation to a known legacy or bequest is not recognised until the revenue is measurable and probable. This includes a legacy or bequest that is being contested, has a life interest associated with its outcome or when SPCA has not been informed of the quantum thereof. If the documents are received from a third party before balance date, notifying SPCA with the certainty of the amount and timing of receipt, and if the legacy or bequest is received within one month of balance date, the legacy or bequest will be considered measurable and probable.

#### *The useful life of property, plant and equipment (“PPE”)*

Management has made a judgement on the estimated useful life of all items of PPE. The PPE register for all asset classes, including depreciation rates, reflect the assets remaining useful lives.



## 5. Summary of significant accounting policies

The significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

### 5.1 Basis of consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies to benefit from their activities.

In preparing the consolidated financial statements, all inter-entity balances and transactions and unrealised gains and losses arising within the consolidated entity are eliminated in full.

In the consolidated financial statements, the interest in associates and the joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the entity's share of the surplus or deficit and other comprehensive revenue and expenses.

### 5.2 Taxes

SPCA is a registered charitable organisation and is therefore exempt from income tax under section CW41 of the Income Tax Act 2007.

### 5.3 GST

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

- > When GST incurred on a purchase of an asset or service is not recoverable from the taxation authority; and
- > Receivables or payables are stated GST inclusive.

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

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



## 6. Revenue

	2021 \$'000	2020 \$'000
<b>Revenue from exchange transactions</b>		
Adoption income	2,479	2,053
Animal services	1,255	1,078
Fundraising, functions and events	659	1,109
Membership income	11	20
Merchandise sales	937	972
Op shop sales	7,237	5,668
Other operating revenue	401	622
Royalties	824	762
Sponsorships	602	583
	14,405	12,869
<b>Revenue from non-exchange transactions</b>		
Donations	47,322	12,653
Government grants	2,840	5,911
Legacies and bequests	14,634	16,803
Other grants	396	898
	65,192	36,265

### Accounting policies

Revenue is recognised to the extent that it is probable that the economic benefit will flow into SPCA and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific criteria must be met before revenue is recognised.



## 6.1 Revenue from exchange transactions

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### *Adoption income and op shop sales*

Revenue from the sale of goods during ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and discounts.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and the possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be reliably measured, then the discount is recognised as a reduction of revenue as the sales are recognised.

### *Animal services*

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction.

Amounts received in advance for services to be provided in future periods are recognised as a liability until the service is provided.

### *Sponsorship and membership income*

Revenue is recognised throughout the membership/sponsorship, and once the conditions of the agreements have been met.

## 6.2 Revenue from non-exchange transaction

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### *Donations and grants*

Donations and grants revenue are recognised when it becomes receivable unless SPCA has a liability to repay the donations if the conditions attached to the donation are not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period.

### *Donated assets*

Where a physical asset is donated or vested in SPCA for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in SPCA are recognised as revenue when control through ownership over the asset is obtained.

### *Volunteer services*

SPCA would be unable to operate without the extensive volunteer services they receive from members, supporters, service groups and the public. These services relate to both revenue and service delivery. Principal volunteer services include helping at the shelters, op shops, street collectors, numerous small fundraising events sponsored by individuals and service clubs and board members who provide governance to SPCA. Generally, the contributions made by individuals are not recorded in detail. No complete record of hours is available, and the diverse nature of contribution and individuals involved means it is not possible to reliably value the services they provide. For this reason, the value of volunteer services is not recognised as revenue.

### *Legacies and bequests*

Legacies and bequests are recognised through surplus or deficit when receipt of the bequest or legacy is probable, and the amount can be reliably measured.

Assets bequeathed to SPCA are included at fair value on the date title passes.



## 7. Net finance income

	2021 \$000	2020 \$000
<b>Interest income on:</b>		
Cash and cash equivalents	9	17
Investments	378	371
Unrealised gains from investments	1,865	637
Realised losses from investments	(50)	(86)
Dividends	407	240
<b>Finance income</b>	<b>2,609</b>	<b>1,179</b>
Net foreign exchange loss	(24)	11
Interest expense	(236)	(62)
Treasury account fees	(80)	(91)
<b>Finance costs</b>	<b>(340)</b>	<b>(142)</b>
<b>Net finance income recognised in surplus or deficit</b>	<b>2,269</b>	<b>1,037</b>

### Accounting policies

#### *Finance income and finance costs*

SPCA's finance income and finance costs include:

- > Interest income;
- > Dividend income;
- > Interest expense;
- > Gain/loss on financial assets at fair value through surplus or deficit;
- > Foreign currency gain or loss on financial assets and financial liabilities; and
- > Interest income or expense is recognised using the effective interest method.

#### *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of SPCA entities at the exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on the historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the surplus or deficit.

#### *Dividend income*

Dividend income is recognised in the surplus or deficit on the date on which SPCA's right to receive payment is established.





## 8. Employee-related expenses

	2021 \$000	2020 \$000
Wages and salaries	(26,950)	(27,226)
Other employee-related expenses	(169)	(170)
	(27,119)	(27,396)

### Accounting policies

#### Defined contribution pension plans

KiwiSaver obligations for contributions to defined contribution pension plans are recognised as an expense through surplus or deficit when they are due.

## 9. Receivables from exchange transactions

	2021 \$000	2020 \$000
Trade receivables	201	178
Other receivables	395	471
	596	649
Current	596	649
	596	649

### Accounting policies

Trade and other receivables are measured at amortised cost using the expected credit loss method, less allowance for impairment losses.



## 10. Cash and cash equivalents

	2021 \$000	2020 \$000
Bank balances	4,994	6,248
Short-term deposits with maturities less than three months	4,203	919
	9,197	7,167
Current	9,197	7,167
	9,197	7,167

### Accounting policies

Cash and cash equivalents represent highly liquid investments, with maturities less than three months, that are readily convertible into a known amount of cash with an insignificant risk of changes in value.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between three and twelve months, depending on the immediate cash requirements of SPCA, and earn interest at the respective short-term deposit rates.

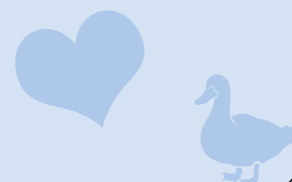
## 11. Investments

	2021 \$000	2020 \$000
Current investments		
Term deposits with maturities more than three months but less than 12 months	7,117	5,968
	7,117	5,968
Non-current investments		
Equity securities	32,101	9,198
Corporate securities	13,999	4,726
	46,100	13,924
Non-current	46,100	13,924
Current	7,117	5,968
	53,217	19,892

In May 2021 the SPCA Trust transferred SPCA Investments Limited \$33.8M via a pass-through transaction through RNZSPCA, these were recorded at fair value at date of transfer, and were recognised as non-exchange revenue in the statement of comprehensive revenue and expense.

### Accounting policies

Current investments comprise of deposits and term bonds. They are stated at the amount invested, including any amount subsequently compounded to the original amount invested.



## 12. Property, plant and equipment

	Land	Buildings	Plant and equipment	Medical plant and equipment	Fixtures and fittings	Motor vehicles	Computer equipment	Office equipment	Capital work in progress	Total
Group	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Reconciliation of carrying amount										
<b>Costs</b>										
Balance at 1 July 2019	18,043	32,185	243	431	2,224	1,614	258	314	90	55,402
Additions	16,070	537	33	1	346	939	10	17	-	18,043
Disposals	-	-	-	-	-	(30)	-	-	-	(30)
WIP transfer*	-	90	-	-	-	-	-	-	(90)	-
Balance at 30 June 2020	34,113	32,812	276	432	2,570	2,523	268	331	-	73,325
Additions	-	125	13	30	268	304	7	10	-	757
Disposals	-	(50)	(50)	(77)	(314)	(58)	(1)	(45)	-	(595)
Reclassification to assets held for sale	-	(25)	-	-	-	-	-	-	-	(25)
WIP transfer*	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2021	34,113	32,862	239	385	2,524	2,769	274	296	-	73,462
<b>Accumulated depreciation</b>										
Balance at 1 July 2019	-	820	87	88	325	428	153	98	-	1,999
Depreciation 2020	-	704	39	75	197	290	72	50	-	1,427
Balance at 30 June 2020	-	1,524	126	163	522	718	225	148	-	3,426
Depreciation 2021	-	681	1	14	21	429	29	24	-	1,199
Reclassification to assets held for sale	-	(4)	-	-	-	-	-	-	-	(4)
Balance at 30 June 2021	-	2,201	127	177	543	1,147	254	172	-	4,621
<b>Carrying amounts</b>										
At 30 June 2020	34,113	31,288	150	269	2,048	1,805	43	183	-	69,898
At 30 June 2021	34,113	30,661	112	208	1,981	1,622	20	124	-	68,841



## 12. Property, plant and equipment (continued)

### Securities held

In order for SPCA to purchase the land in Wiri, a borrowing facility (refer Note 16) was obtained through the Westpac Banking Corporation. The facility is provided on the understanding that it does not exceed 40% of the value of the properties and that SPCA should retain at least \$6m in treasuries during the term of the loan.

The properties listed below are held as security:

Security held over land - Wiri	Secured asset	Carrying value
Mortgage over specific properties	485 Puhinui Road, Wiri, Auckland	\$ 15,000,000
	1 Torridon Street, North Dunedin, Dunedin	\$ 2,747,843
	6 Rawiri Place, Hobsonville, Auckland	\$ 8,074,004
	22 Harewood Road, Woodend, Invercargill	\$ 1,663,367

### Accounting policies

#### Recognition and measurement

Property, plant and equipment are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. The cost of an item of property, plant and equipment is only recognised when it is probable that future economic benefit or service potential associated with the item will flow to the society, and if the items cost or fair value can be measured reliably.

Where an asset is acquired in a non-exchange transaction for nil or nominal consideration, the asset is initially measured at its fair value.

Any assets that were gifted as part of the merger were initially measured at fair value.

#### Subsequent expenditure

After initial recognition, property, plant and equipment are measured using the cost model.



## 12. Property, plant and equipment (continued)

### Depreciation

Depreciation is charged on a straight-line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Fixed assets have been depreciated at the following rates:

> Buildings	2% - 8%	per annum straight-line
> Plant and equipment	8.5% - 67%	per annum straight-line
> Medical plant and equipment	7% - 67%	per annum straight-line
> Fixtures and fittings	6%	per annum straight-line
> Motor vehicles	7% - 21%	per annum straight-line
> Computer equipment	21% - 67%	per annum straight-line
> Office equipment	17.5% - 30%	per annum straight-line

Land is not depreciated.

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the surplus or deficit.

Assets with a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less the cost to sell or the value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

The value in use is the depreciated replacement cost of an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where SPCA would, if deprived of the asset, replace its remaining future economic benefits or service potential.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired, and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit.

The carrying amounts of SPCA's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated.

## 13. Assets held-for-sale

	2021 \$000
Property, plant and equipment	21

Assets held-for-sale are assets that are available for immediate sale in their present condition, subject only to normal sale terms, and for which there is a high probability that they will be offered for sale or sold. SPCA measures assets held-for-sale at carrying value. In April 2021, the SPCA Board committed effort to a plan to sell the Gore Centre, and a sale and purchase agreement was entered into on the 15th July 2021. The settlement date was 30th July 2021 and the property was sold for \$221K.





## 14. Trade and other payables

	2021 \$000	2020 \$000
Trade payables	1,736	1,859
Other payables and accrued expenses	247	246
	1,983	2,105
Current	1,983	2,105
	1,983	2,105

### Accounting policies

Trade and other payables are stated at amortised cost using the effective interest method.

## 15. Employee entitlements

### Accounting policies

#### *Wages, salaries and annual leave*

Liabilities for wages and salaries and accumulating annual leave are recognised in the surplus or deficit during the period in which the employee rendered the related services and are generally expected to be settled with 12 months of the reporting date. The liabilities for these short-term benefits are measured at the amounts expected to be paid when the liabilities are settled.

## 16. Loans and borrowings

	2021 \$000	2020 \$000
Non-current liabilities		
Interest-bearing borrowings	-	7,000
	-	7,000
Current liabilities		
Current portion of Interest-bearing borrowings	8,000	2,000
	8,000	2,000



## Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive revenue and expense over the period of the borrowing under the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

During the 2020 financial year, SPCA obtained a borrowing facility from Westpac Banking Corporation for the purchase of land located at Wiri for future site development. This loan bears interest at a rate of 1.99% - \$7M and 2.15% - \$1M per annum and is repayable on the 16th April 2022.

## 17. Property funds held

	2021 \$000	2020 \$000
Deposits received for future sale of property	7,607	6,000
	7,607	6,000

On the 1st October 2019, SPCA entered into a sale and purchase agreement to sell the property located at Mangere for \$19.1M. The settlement date is 15 February 2023, (this has subsequently been extended to 15 October 2023) with progressive payments. The agreement assures continued occupancy throughout this period. Proceeds will be allocated towards the build of a new centre. In accordance with this sale and purchase agreement, a deposit to the value of \$6M was received by 30 November 2019 and a further \$1.607M 18 December 2020. However, this property is still being used for SPCA operational purposes. The property funds held represent the obligation to return the amounts paid should the sale not go ahead. There are no restrictions on the use of the cash received. Commercial and legal restrictions on the Mangere site are contractually in place through an unconditional sales and purchase agreement.

## 18. Financial instruments

Financial assets and liabilities are recognised when SPCA becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised if SPCA's contractual rights to the cash flow from the financial assets expire or if SPCA transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset. Financial liabilities are derecognised if SPCA's obligations specified in the contract expire or are discharged or cancelled.

Financial instruments are recognised in the statement of financial position at fair value. For instruments not at fair value inclusive of any directly attributable transaction costs, the financial instruments are measured as described below.

## 18.1 Financial assets

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A financial asset is classified at fair value, through the surplus or deficit, if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transactions costs are recognised in the surplus or deficit as incurred. Financial assets at fair value through the surplus or deficit are measured at fair value and changes therein, including any interest or dividend income, and recognised in the surplus or deficit.

### 18.1.1 Loans and receivables

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Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprises of cash and cash equivalents, investments, trade and other receivables and legacy receivables.

Cash and cash equivalents represent highly liquid investments that are readily convertible into a known amount of cash with an insignificant risk of changes in value, with maturities less than three months.

Trade and other receivables are stated at expected realisable value and are measured at amortised cost using the expected credit loss method, less allowance for impairment losses.

### 18.1.2 Impairment of financial assets

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A financial asset, not subsequently measured at fair value through the surplus or deficit, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment because of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact of the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its' carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in categories that share similar credit risk characteristics.

All impairment losses are recognised in the surplus or deficit.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in the surplus and deficit.

All financial instruments measured at fair value in the current financial year, are categorised as level 1 in the fair value hierarchy and are valued using the quoted market price in active markets for an identical instrument.

## 18.2 Amortised financial liabilities

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Financial liabilities classified as amortised cost are non-derivative financial liabilities that are not classified at fair value through the surplus or deficit financial liabilities.

Financial liabilities classified as amortised cost are subsequently measured at amortised cost using the effective interest method.

Financial liabilities classified as amortised cost comprise cash and cash equivalents (bank overdrafts), trade and other payables, borrowings and finance lease payable.





### 18.3 Fair values and risk management

Accounting classification and fair values	Carrying value				Fair value	
	Financial assets at fair value through surplus or deficit	Loans and receivables	Financial liabilities amortised cost	Total	Level 1	Total
2021	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets measured at fair value</b>						
Equity securities	32,101	-	-	32,101	32,101	32,101
Corporate securities	13,999	-	-	13,999	13,999	13,999
	46,100	-	-	46,100	46,100	46,100
<b>Financial assets not measured at fair value</b>						
Trade and other receivables	-	596	-	596	-	-
Investments	-	7,117	-	7,117	-	-
Cash and cash equivalents	-	9,197	-	9,197	-	-
	-	16,910	-	16,910	-	-
<b>Financial liabilities not measured at fair value</b>						
Loans and borrowings	-	-	8,000	8,000	-	-
Trade and other payables	-	-	1,736	1,736	-	-
	-	-	9,736	9,736	-	-
<b>2020</b>						
<b>Financial assets measured at fair value</b>						
Equity securities	9,198	-	-	9,198	9,198	9,198
Corporate securities	4,726	-	-	4,726	4,726	4,726
	13,924	-	-	13,924	13,924	13,924
<b>Financial assets not measured at fair value</b>						
Trade and other receivables	-	649	-	649	-	-
Investments	-	5,968	-	5,968	-	-
Cash and cash equivalents	-	7,167	-	7,167	-	-
	-	13,784	-	13,784	-	-
<b>Financial liabilities not measured at fair value</b>						
Loans and borrowings	-	-	9,000	9,000	-	-
Trade and other payables	-	-	1,859	1,859	-	-
	-	-	10,859	10,859	-	-

## 18.3 Fair values and risk management (continued)

### Financial risk management

SPCA has exposure to the following risks arising from financial instruments:

- i. Credit risk
- ii. Liquidity risk
- iii. Market risk

### Risk management framework

SPCA's board of directors has overall responsibility for the establishment and oversight of SPCA's risk management through the Audit and Risk Committee (ARC), which is responsible for developing and monitoring SPCA's risk management policies. The ARC reports regularly to the board of directors on its activities.

SPCA's risk management policies are established to identify and analyse the risks faced by SPCA, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and SPCA's activities. Through SPCA's training and management standards and procedures, SPCA aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARC oversees how management monitors compliance within SPCA's risk management policies & procedures and reviews the adequacy of the risk management framework concerning the risks faced by SPCA.

#### i. Credit risk

Credit risk is the risk of financial loss to SPCA if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from SPCA's receivables from its customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

#### Trade and other receivables

Trade and other receivables are not considered to have large amounts of exposure, and the maximum exposure is the carrying value of the trade and other receivables.

#### Cash and cash equivalents

SPCA held consolidated cash and cash equivalents of \$9,197K at 30 June 2021 (2020: \$7,167K). The cash and cash equivalents are held with banks and financial institutions.

#### ii. Liquidity risk

Liquidity risk is the risk that SPCA will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. SPCA's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable deficits or risking damage to SPCA's reputation. The group's financial liabilities mainly relate to trade and other payables which are due in less than 12 months.

#### iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices which will affect SPCA's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

#### Currency Risk

SPCA's exposure to currency risk is minimal.

#### Interest rate risk

SPCA's exposure to interest rate risk is minimal.



## 19. Contingent assets or liabilities

There are no contingent assets or liabilities. (2020: Nil)

## 20. Capital commitments

SPCA is contractually committed to incur future capital expenditure of \$0 with external parties. (2020: Nil)

## 21. Operating leases

### Leases as lessee

SPCA leases some buildings facilities under operating leases. These typically run for three years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal to reflect market rentals.

SPCA leases some vehicles under operating leases. These leases typically run for a period of 3 – 5 years.

SPCA leases a range of equipment under operating lease, ranging from security cameras, dishwashers and copiers. These leases run for three years.

	2021 \$000	2020 \$000
<b>Lease Commitments</b>		
Less than one year	1,160	1,305
Between one and five years	874	540
More than five years	-	0
	2,034	1,845
<b>Amounts recognised in surplus or deficit</b>		
Lease expense	2,219	2,298
	2,219	2,298

### Accounting policies

SPCA has entered into many leases for its commercial properties and motor vehicles. SPCA has determined based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a substantial portion of the economic life of the commercial property, that it does not retain all the significant risks and rewards of ownership assets and accounts for the contracts as operating leases.

Payments made under operating leases are recognised in the statement of comprehensive revenue and expense on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term. Incentives granted to lessees in negotiating a new or renewed lease are recognised as a reduction of rental income straight-line over the lease term.



## 22. Equity and reserves

### Special project reserve

The WB Sheath Foundation was established through a bequest in 1994 for the benefit of education and other activities to promote public awareness of animal welfare. The funds are to be kept separate and distinct from SPCA funds. The WB Sheath Foundation may only distribute funds through formal resolution of the Trustees.

## 23. Reconciliation of surplus with net cash from operating activities

	2021 \$000	2020 \$000
<b>Cash flows from operating activities</b>		
Surplus for the year	34,032	3,108
<b>Adjustments for:</b>		
Depreciation	1,662	1,544
Investment in joint venture	-	(200)
Other expenses	157	203
Movement in reserves	(100)	(100)
Net finance income	(2,269)	(1,036)
Investments funds transfer	(30,556)	-
	2,926	3,519
<b>Changes in:</b>		
Inventories	(14)	30
Trade and other receivables	78	1,789
Prepayments	(42)	(55)
Rental in advance	34	34
Trade and other payables	(122)	47
Provision for employee benefits	(275)	548
Deferred rent liability	8	8
Income in advance	52	(125)
	(281)	(2,276)
<b>Net cash from operating activities</b>	<b>2,645</b>	<b>5,795</b>



## 24. Related parties

### Transactions with key management personnel

The table below depicts the aggregate remuneration of key management personnel and the number of individuals, determined on a full-time equivalent basis, receiving remuneration and who are on standard employment contracts. Members of SPCA Board do not receive emoluments.

Group	2021 \$000	2020 \$000
Key management personnel (senior leadership team and national area management)		
Total remuneration	2,389	2,267
Number of persons	23	18
Distribution received		
SPCA Trust (Formerly Auckland SPCA Trust)	34,547	1,000

One entity is considered a related party of SPCA by virtue of a key management personnel relationship. The total value and nature of these transactions is set out below;

Repairs and maintenance for Nelson Op shop and Centre - \$7K 2021 (\$8K 2020). The balance owing from SPCA to the entity as at 30 June 2021 is \$652 (2020: \$758)

## 25. Investments in associates and joint ventures

SPCA Social Enterprises Limited, a separate entity within SPCA has been created to separate out activities which carry out commercial activities. It is intended that initiatives such as the "Certified" programme, investment in Pet Depot & Op Shops be managed within this entity. In 2021, SPCA Trust distributed \$750k into SPCA, (2020, \$1.0M) which was utilised for general purposes.

### Pet Depot

SPCA has partnered with Pet Depot, an online pet store for animal lovers across the country looking for convenient ways to buy food, flea and worming treatments for their cats and dogs.

On 8th April 2020, SPCA Social Enterprises Limited obtained a 30% shareholding in Pet Depot (429 shares). Of the total shareholding, 10% (143 Shares) were purchased at a fair value of \$100,000 with the additional 20% (286 shares) being received "in lieu of brand license fees" associated with the SPCA name.

### Certified

SPCA has had a long-standing certification programme (previously known as Blue Tick), which oversees the well-being of farming animals. The Blue Tick programme is currently being rebranded under "Certified". The scheme is royalty based and will form part of SPCA Social Enterprises Limited activities.



## 26. Subsequent events

Subsequent events of a material nature that have occurred after the balance sheet date and up to the date of the audit report include;

### Major capital purchases

During the 2019 financial year, SPCA entered into a property sale and purchase agreements to purchase land in Whangarei for \$1.07M, and Wiri \$15.0M. These land purchases were made with the intention to build new centres in each area. Extensive work has been carried out to bring these two sites to pre-consent stage. In the 2020 financial year, SPCA decided to place these projects on hold: due to the current economic climate and the concerns around sourcing of funds for these new builds and infrastructure. In 2021 SPCA recommenced the build programme, to ensure that a new facility is in operation by the settlement date of the Mangere property.

### Sale of Gore SPCA

On the 15th of July 2021 The SPCA entered into a sale and purchase agreement to sell the property located at Waiau Street, Gore for \$221k. The settlement date was 30th July 2021.

### Loan repayment and restructure

On the 19th of July 2021 the loan facilities of \$1M and \$7M were combined into a new loan facility totaling \$8M with an interest rate of 2.27% per annum. The repayment date of this new facility is the 16th April 2022.

### Covid-19

On the 17th of August 2021, New Zealand went into a level 4 lockdown. As the COVID-19 pandemic continues to have a financial impact on the NZ economy, the NZ Government has established an offer of wage subsidies to qualifying businesses. On the 24th September 2021 SPCA were paid a wage subsidy totalling \$627,084. The impact of the lockdowns on the operations of SPCA continues to be monitored.



**Together,  
we can give**



**them a better life.**