

**The Lost Dogs' Home  
(A Company Limited by Guarantee)  
ABN 84 004 789 726**

**ANNUAL FINANCIAL REPORT  
- 30 JUNE 2019 -**

## DIRECTORS' REPORT

Your Directors present their report together with the financial report of The Lost Dogs' Home ("the Home") for the financial year ended 30 June 2019.

### Principal activities

The principal activities of the Home in the course of the financial year were devoted to the service of stray, sick, injured and abandoned dogs and cats.

### Directors

The following persons were directors of the Home during the whole of the financial year and up to the date of this report, unless otherwise stated. The number of meetings attended reflects those in the financial year ended 30 June 2019.

Name		Meetings Attended	Meetings Held While a Director
Mrs P Gillies AM	Chair until resignation. Resigned 18 July 2019.	15	15
Mr R Cameron	Appointed 24 September 2018. Resigned 29 October 2019	10	12
Mr R Donato	Resigned 18 July 2019	13	15
Mr P Harrison	Resigned 28 February 2019. Appointed 9 July 2019. Leave of absence from 18 July 2019. Resigned 22 October 2019	11	11
Mr S Greaves	Chair	14	15
Ms T Khan		14	15
Ms S Rowland	Appointed 26 July 2018	12	14
Ms K Daniels	Appointed 18 July 2019	-	-
Mrs S Noble	Appointed 23 September 2019	-	-
Mr K Flanagan	Appointed 23 September 2019	-	-
Mr M Hancock	Appointed 26 September 2019	-	-

*Held: represents the number of meetings held during the time the director held office during the financial year.*

### Short and Long Term Objectives

The short and long term objectives of the Home are:

- To work with the community to promote the welfare of dogs and cats by reducing the number of lost cats and dogs, alleviating their pain and suffering and enhancing the responsible ownership and enjoyment of pets.
- To continue with growth and innovation that reflects our core business and aligns with our values, vision and mission.
- To continue developing and raising the profile of the Home's brand and align it closely to the core business, values, vision and mission.

- To establish and grow strong relationships with our donors and supporters to boost all fundraising activities for the Home.
- To promote existing programs and initiatives and develop wider strategic partnerships with educational institutes and other organisations with complementary causes.
- To develop strategic relationships with relevant government bodies both at a local and state government level.

### **Strategy for achieving the objectives**

We will fulfil these objectives by performing the following functions:

- Providing optimal animal shelter services to facilitate the reunion of lost pets with their owners, maximise pet adoptions, provide animal management services for local and state government authorities, offer quality veterinary services for stray animals and the pets of private clients.
- Managing our financial resources effectively and with transparency such that we continue to be financially viable.
- Fostering a safe, healthy and environmentally sustainable workplace for the public, our staff and the animals in our care.
- Employing skilled staff and providing them with training opportunities and professional development to advance their skills and careers in an equal opportunity work environment.
- Promoting public awareness for The Lost Dogs' Home, our vision, mission and core values.
- Providing a quality and professional service to all clients, customers and requests for services from the public.
- Educating the public in all aspects of responsible pet ownership.
- Providing strong advocacy for animal welfare policies, procedures, legislation and education in the community, at all levels of government and in the media.
- Actively supporting campaigns and strategies for the humane management and welfare of the national pet population including compulsory desexing and microchipping for all pet cats and dogs.
- Cooperating and liaising with like-minded animal welfare organisations.
- Fostering research into, and/or gather information relating to, matters affecting animal welfare, pet ownership, the efficacy of animal-related legislation and animal behaviour.
- Referring any cases of alleged cruelty (reported to The Lost Dogs' Home) to the appropriate authority or organisation for evaluation and further action.

### **Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

- a) the Home's operations in future financial years, or
- b) the results of those operations in future financial years, or
- c) the Home's state of affairs in future financial years.

### **Contributions on winding up**

In accordance with the Home's constitution, each member is liable to contribute up to \$20 in the event that the company is wound up. The amount to be contributed will not exceed \$24,480.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Simon Greaves  
Chair



Richard Cameron  
Director

Melbourne  
29 October 2019

## Auditor's Independence Declaration

### To the Directors of The Lost Dogs' Home

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as lead auditor for the audit of The Lost Dogs' Home for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



D G Ng  
Partner - Audit & Assurance TLDH - Independence Dec 2019

Melbourne, 29 October 2019

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The financial statements are presented in the Australian currency.

The Lost Dogs' Home is a company limited by guarantee that is incorporated and domiciled in Australia.

The registered office and principal place of business is:

The Lost Dogs' Home  
2 Gracie Street  
North Melbourne Vic 3051

The Lost Dogs' Home is incorporated under the Corporations Act 2012 as a company limited by guarantee not having a share capital. The liability of each member is generally limited to \$20.

The financial statements were authorised for issue by the Directors on 29 October 2019. The Directors have the power to amend and reissue the financial statements.

**Statement of profit or loss and other comprehensive income**

	Notes	2019 \$	2018 \$
Revenue from continuing operations	3	11,375,789	12,236,747
Other Income	4	8,899,736	7,838,220
Veterinary clinic expenses		(4,660,240)	(4,804,130)
Fundraising expenses		(727,969)	(1,175,880)
Shelter and Council contract expenses		(7,276,928)	(6,376,512)
Administration expenses		(5,043,179)	(4,502,981)
<b>Surplus for the year</b>		<b>2,567,209</b>	<b>3,215,464</b>
<b>Other comprehensive income (OCI)</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Changes in fair value of financial assets held at fair value through OCI	13 (a)	336,722	(80,126)
<b>Total comprehensive income for the year</b>		<b>2,903,931</b>	<b>3,135,338</b>

*The above statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.*

<b>Balance Sheet</b>	<b>Notes</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash & cash equivalents	6	5,849,682	7,914,155
Trade & other receivables	7	904,439	813,404
Inventories	8	171,541	77,464
<b>Total current assets</b>		<b>6,925,662</b>	<b>8,805,023</b>
<b>Non-current assets</b>			
Financial assets	9	8,447,710	4,091,773
Property, plant and equipment	10	13,644,359	13,891,693
<b>Total non-current assets</b>		<b>22,092,069</b>	<b>17,983,466</b>
<b>Total assets</b>		<b>29,017,731</b>	<b>26,788,489</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	579,751	1,037,598
Provisions	12	764,957	922,065
<b>Total current liabilities</b>		<b>1,344,708</b>	<b>1,959,663</b>
<b>Non-current liabilities</b>			
Provisions	12	48,684	108,418
<b>Total non-current liabilities</b>		<b>48,684</b>	<b>108,418</b>
<b>Total liabilities</b>		<b>1,393,392</b>	<b>2,068,081</b>
<b>Net Assets</b>		<b>27,624,339</b>	<b>24,720,408</b>
<b>EQUITY</b>			
Financial assets reserve	13 (a)	413,616	76,894
Strategic initiatives reserve	13 (b)	2,567,209	-
Accumulated surplus	13 (c)	24,643,514	24,643,514
<b>Total Equity</b>		<b>27,624,339</b>	<b>24,720,408</b>

The above balance sheet should be read in conjunction with the accompanying notes.

<i>Statement In changes of equity</i>	<b>Financial assets reserve</b>	<b>Strategic initiatives reserve</b>	<b>Accumulated surplus</b>	<b>Total equity</b>
	\$		\$	\$
<b>Balance as at 1 July 2017</b>	47,052	-	21,538,018	<b>21,585,070</b>
Total comprehensive income for the year	(80,126)	-	3,215,464	<b>3,135,338</b>
Reclassification of derecognised financial assets to retained earnings	109,968	-	(109,968)	-
<b>Balance as at 30 June 2018</b>	<b>76,894</b>	<b>-</b>	<b>24,643,514</b>	<b>24,720,408</b>
Total comprehensive income for the year	336,722	-	2,567,209	<b>2,903,931</b>
<i>Transfers between reserves</i>				
Allocation to strategic initiatives reserve from accumulated surplus	-	2,567,209	(2,567,209)	-
<b>Balance as at 30 June 2019</b>	<b>413,616</b>	<b>2,567,209</b>	<b>24,643,514</b>	<b>27,624,339</b>

*The above statements of changes in equity should be read in conjunction with the accompanying notes.*

<b>Statement of cash flows</b>	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		8,941,119	9,422,807
Payments to suppliers and employees (inclusive of GST)		(18,740,034)	(17,029,006)
Fundraising proceeds		3,164,740	3,827,999
Legacies received		8,289,993	6,796,467
Interest received		41,610	66,928
<b>Net cash inflow from operating activities</b>		<b>1,697,428</b>	<b>3,085,195</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(310,819)	(247,114)
Proceeds from sale of property, plant and equipment		2,564	676,500
Proceeds from disposals of financial assets		794,443	-
Payments for purchases of financial assets		(4,642,660)	(108,948)
Dividends received		394,571	308,898
<b>Net cash (outflows)/inflows from investing activities</b>		<b>(3,761,901)</b>	<b>629,336</b>
<b>Cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,064,473)</b>	<b>3,714,531</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>7,914,155</b>	<b>4,199,624</b>
<b>Cash and cash equivalents at end of the year</b>	<b>6</b>	<b>5,849,682</b>	<b>7,914,155</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

## **Notes to the financial statements**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Home which is a not-for-profit organisation.

#### **(a) Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australian Charities and Not for profit Commission Act 2012*.

#### ***New and amended standards adopted by the Home***

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2018 affected any of the amounts recognised in the current period and is likely to affect future periods.

#### ***Historical cost convention***

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held at fair value.

#### ***Critical accounting estimates***

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Home's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

#### **(b) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

- Charitable income, including donations and bequests are brought to account on a cash basis. Shares in the form of bequest are brought to account when transferred to the portfolio.
- Vet and council fees income is brought to account when the service is rendered.
- Shelter income is brought to account at point of sale.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (c) Operating Leases

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line-basis over the lease term.

### (d) Cash and cash equivalents

For the purpose of presentation in the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### (e) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less any impairment allowance for expected credit losses, as described in Note 1(g) (iii).

Trade receivables are generally due for settlement within 30 days.

### (f) Inventories

Inventories include microchips on hand and veterinary supplies and are stated at the lower of cost and net realisable value.

### (g) Investments and Other Financial Assets

#### **Classification**

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investments at fair value through other comprehensive income.

#### **Measurement**

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (g) Investments and Other Financial Assets (continued)

#### **Subsequent Measurement**

##### *(i) Financial assets at amortised cost*

Trade receivables, loans and other financial assets that have fixed or determinable payments that are not quoted in an active market are classified as "financial assets at amortised cost". These assets are measured at amortised costs using the effective interest method less impairment. Interest income is recognised by applying the effective interest rate.

##### *(ii) Financial assets at fair value through profit or loss (FVTPL)*

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

##### *(iii) Financial assets measured at fair value through other comprehensive income*

The company made an irrevocable election at initial recognition for particular investments in equity instruments which would otherwise be measured at fair value through profit or loss, to present subsequent changes in fair value in other comprehensive income. Gains or losses, whether realised or unrealised, are recognised as other comprehensive income. Dividends on these financial assets are recognised as interest and investments income in profit or loss.

When these financial assets are derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into retained earnings.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

#### **Impairment**

The company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables only, the company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (h) Legacies and donations

As a not-for-profit organisation the Home receives donations and legacies. These amounts are brought to account as income only when received as this is when the Home controls the income.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (i) Property, plant and equipment

#### **Cost and valuation**

All classes of property, plant and equipment (freehold land, buildings, plant and equipment) are measured at cost.

#### **Depreciation**

All property, plant and equipment, other than freehold land is depreciated over its estimated useful life commencing from the time the asset is held ready for use. Depreciation is provided on a straight-line or diminishing value basis.

#### **Major depreciation rates are:**

	2019	2018
	%	%
Land	-	-
Buildings	2.5	2.5
Furniture, fixtures and fittings and equipment	20	20
Motor vehicles	20	20
ITC equipment	33.33	33.33
Speciality vet equipment	33.33	33.33

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. Where the future economic benefits of the Home's property, plant and equipment is not primarily dependent on their ability to generate net cash inflows, and the Home would replace the remaining future economic benefit of the asset if deprived of those assets, the recoverable amount is based on value in use, being the current replacement cost of the asset.

### (j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Home. The amounts are unsecured and are usually paid within 30 days of recognition.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### (k) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Employee benefit expenses arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and
- other types of employee benefits

are recognised against profits on a net basis in their respective categories.

#### *(i) Wages and salaries, annual leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Employee benefits not expected to be settled within 12 months of the reporting date have been measured at the present value of the estimated future cash outflows of those benefits.

#### *(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date for high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### (l) Income Taxes

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

### (m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

## 2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

### *Estimation of useful lives of assets*

The Home determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### *Employee benefits provision*

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### 3. REVENUE

	Notes	2019 \$	2018 \$
<b>From continuing operations</b>			
<b>Sales revenue</b>			
Sale of goods		832,415	930,101
Services		7,378,634	7,478,647
		<u>8,211,049</u>	<u>8,408,748</u>
<b>Other revenue</b>			
Grants		15,816	10,000
Donations		3,148,924	3,817,999
		<u>3,164,740</u>	<u>3,827,999</u>
<b>Total Revenue</b>		<u>11,375,789</u>	<u>12,236,747</u>

### 4. OTHER INCOME

	Notes	2019 \$	2018 \$
Legacies		8,289,993	6,796,467
Dividends		394,571	308,898
Bank interest		41,610	66,928
Gain on changes in fair value of financial assets at fair value through profit or loss		170,998	13,927
Profit on sale of fixed assets	(a)	2,564	652,000
		<u>8,899,736</u>	<u>7,838,220</u>

(a) Profit on sale of fixed assets in 2018 was a portion of the Home's land at Cranbourne which was compulsorily acquired by VicRoads during the prior period for road widening purposes.

### 5. EXPENSES

	Notes	2019 \$	2018 \$
Depreciation of non-current assets	10	558,153	521,283
Rental expense relating to operating leases		11,230	25,708
Employee benefits expenses including superannuation		<u>11,598,356</u>	<u>10,957,474</u>

The Home employed 214 employees at 30 June 2019 (2018: 205 employees).

## 6. CASH AND CASH EQUIVALENTS

	Notes	2019	2018
		\$	\$
Cash at bank and in hand		3,214,682	2,445,428
Deposits at call		2,635,000	5,468,727
		<u>5,849,682</u>	<u>7,914,155</u>

### (a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Notes	2019	2018
		\$	\$
Balances as above		5,849,682	7,914,155
Bank overdrafts		-	-
Balances per statement of cash flows		<u>5,849,682</u>	<u>7,914,155</u>

## 7. TRADE AND OTHER RECEIVABLES

	Notes	2019	2018
		\$	\$
Trade debtors		667,235	576,760
Impairment allowance for expected credit losses		-	-
		<u>667,235</u>	<u>576,760</u>
Other receivables		237,204	236,644
		<u>904,439</u>	<u>813,404</u>

## 8. INVENTORIES

	Notes	2019	2018
		\$	\$
Stock on Hand – Veterinary stock at cost		<u>171,541</u>	<u>77,464</u>

## 9. NON-CURRENT ASSETS

Financial assets in shares and hybrid securities are classified into categories as follows:

	Notes	2019	2018
		\$	\$
Financial assets measured at fair value:			
- through other comprehensive income		7,412,622	2,582,777
- through profit or loss		1,035,088	1,508,996
		<u>8,447,710</u>	<u>4,091,773</u>

The above listed share and hybrid securities are financial instruments that are traded in an active market and are held at their fair value. This value is based on quoted market prices at the end of the financial year.

## 10. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture and Fittings	Office and Computer	Specialty Vet Equipment	Total
	\$	\$	\$	\$	\$	\$
<b>At 30 June 2018</b>						
Cost	3,703,291	14,535,486	750,632	638,061	339,365	19,966,835
Accumulated depreciation	-	(4,737,365)	(474,222)	(573,461)	(290,094)	(6,075,142)
Net book amount	3,703,291	9,798,121	276,410	64,600	49,271	13,891,693
<b>Year ended 30 June 2019</b>						
Opening net book amount	3,703,291	9,798,121	276,410	64,600	49,271	13,891,693
Additions	-	-	208,575	71,492	30,752	310,819
Depreciation	-	(358,241)	(118,152)	(43,981)	(37,779)	(558,153)
Closing net book amount	3,703,291	9,439,880	366,833	92,111	42,244	13,644,359
<b>At 30 June 2019</b>						
Cost	3,703,291	14,535,486	959,207	709,553	370,117	20,277,654
Accumulated depreciation	-	(5,095,606)	(592,374)	(617,442)	(327,873)	(6,633,295)
Net book amount	3,703,291	9,439,880	366,833	92,111	42,244	13,644,359

## 11. TRADE AND OTHER PAYABLES

	Notes	2019	2018
		\$	\$
Trade creditors		220,257	788,353
Accruals		359,494	249,245
		<u>579,751</u>	<u>1,037,598</u>

## 12. PROVISIONS

	Notes	2019	2018
		\$	\$
<b>Current employee entitlements</b>			
Provision for annual leave		512,998	588,682
Provision for long service leave		251,959	333,383
		<u>764,957</u>	<u>922,065</u>
<b>Non-current employee entitlements</b>			
Provision for long service leave		48,684	108,418

The provision for employee benefits includes accrued annual leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

## 13. RESERVES AND RETAINED EARNINGS

	Notes	2019	2018
		\$	\$
<b>(a) Financial assets reserve</b>			
Financial assets held at fair value through OCI		413,616	76,894
Movement in the reserve was as follows:			
Balance 1 July		76,894	47,052
Revaluation – gross		336,722	(80,126)
Reclassification of derecognised financial assets to retained earnings		-	109,968
Balance 30 June		<u>413,616</u>	<u>76,894</u>

Notes	2019	2018
	\$	\$

### 13. RESERVES AND RETAINED EARNINGS (CONTINUED)

#### (b) Strategic initiatives reserve

The Strategic initiatives reserve has been established to provide funding for strategic initiatives for the future development of the Home, in line with the Home's Strategic Plan.

At the end of each financial year, the directors can elect to allocate up to 100% of bequest income (capped at the operating surplus for the year) to the strategic initiatives reserve from retained earnings. Accordingly, the directors has allocated all operating surplus for the 2019 financial year of \$2,567,209 to the reserve.

Movement in the reserve was as follows:

Balance 1 July	-	-
Allocation from accumulated surplus	<b>2,567,209</b>	-
Balance 30 June	<b>2,567,209</b>	-

#### (c) Accumulated surplus

Movement in the accumulated surplus was as follows:

Balance 1 July	<b>24,643,514</b>	21,538,018
Net surplus for the year	<b>2,567,209</b>	3,215,464
Allocation to strategic initiatives reserve	<b>(2,567,209)</b>	-
Reclassification of derecognised financial assets	-	(109,968)
Balance 30 June	<b>24,643,514</b>	24,643,514

### 14. RELATED PARTY TRANSACTIONS

#### Key management personnel

	2019	2018
	\$	\$
Key management personnel compensation:		
Short-term employee benefits	<b>403,474</b>	356,287
Post-employment benefits	<b>43,422</b>	38,826
Termination benefits	<b>37,451</b>	55,962
	<b>484,347</b>	451,075

During the financial year there were no additional related party transactions (2018 - \$Nil) paid in the ordinary course of business.

### 15. FINANCE FACILITIES

The Home has a bank guarantee facility of \$200,000 (2018: \$200,000). Of this facility \$166,442 (2018: \$128,592) is unused at balance date.

### 16. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There are no significant events occurring after the reporting period.

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) The financial statements and notes set out on pages 7 to 21 are in accordance with the *Australian Charities and Not-For-Profits Commission Act 2012*, including:
  - (i) complying with Australian Accounting Standards – Reduced Disclosure Requirements, the *Australian Charities and Not-For-Profits Commission Regulation 2013* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Simon Greaves  
Chair



Richard Cameron  
Director

Melbourne  
29 October 2019

# Independent Auditor's Report

## To the Member of The Lost Dogs' Home

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of The Lost Dogs' Home ("the Company"), which comprises the balance sheet as at 30 June 2019, and 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, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the financial report of The Lost Dogs' Home has been prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (the "ACNC Act"), including:

- a giving a true and fair view of the Company's financial position as at 30 June 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 Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Information other than the Financial Report and Auditor's Report thereon**

The Directors are responsible for the other information. The other information comprises the information included in the Directors' Report for the year ended 30 June 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 the Directors for the financial report**

The Directors of the Company 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 Directors 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, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company'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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company 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.



Grant Thornton Audit Pty Ltd

Chartered Accountants



Derek Ng  
Partner – Audit & Assurance

Melbourne, 29 October 2019