

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

ANNUAL FINANCIAL REPORT
- 30 JUNE 2018-

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 2018.

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 2018.

Name		Meetings Attended	Meetings Held While a Director
Mrs P Gillies AM	Acting Chair	18	18
Dr D Barber	Resigned 22 April 2018	11	13
Mr G Brooks	Appointed 18 January 2018. Resigned 17 May 2018	4	4
Mr M Coleborne	Term ended 30 November 2017	2	8
Mr R Donato		14	18
Ms L Doyle	Resigned 19 April 2018	10	13
Ms L Glucina	Resigned 1 January 2018	5	8
Mr S Greaves	Appointed 19 April 2018	6	6
Mr K Griffin	Resigned 5 April 2018	11	12
Mr P Harrison	Appointed 24 May 2018	2	4
Ms T Khan		14	18
Ms S Rowland	Appointed 26 July 2018		
Mr R Cameron	Appointed 24 September 2018		

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

Information on directors

The following information relates to Directors in office at the end of the financial year.

Mrs Prue Gillies AM

Mrs Prue Gillies AM is an animal welfare advocate, previously serving as a Board member of RSPCA Victoria and the World Society for the Protection of Animals (WSPA).

With extensive experience as an educator, including Principal of Ruyton Girls' School, Mrs Gillies was most recently sole proprietor of Kids on Collins. Mrs Gillies has served as a Board member of a wide range of organisations including The Queen's Trust, The Invergowrie Foundation, Janet Clarke Hall, Fintona Girls' School and Toorak College. Appointed a Member of the Order of Australia for her services to education and the community, Mrs Gillies subsequently became Chairman of the Order of Australia Association, Victoria.

A Board member of The Lost Dogs' Home since 2012, Mrs Gillies was Chair in 2015-2017 and continues her philanthropic commitment to those organisations which provide protection, care and support to animals in both national and international settings.

Mr Robert Donato

Mr Robert Donato has an extensive background in the telecommunications, information technology services and government outsourcing sectors. Currently a Partner of Socia, Mr Donato has held senior management positions at Unico, Tenix Solutions, Optus, Oracle, Fujitsu, Unisys and Ericsson. As Director at Ericsson, he delivered the first nation-wide 3G/4G mobile communication network to Telstra.

Mr Donato is an accomplished senior executive with successful experience in providing effective strategy, business planning, business development and contract management in challenging, corporate environments and highly regulated government environments.

Appointed to The Lost Dogs' Home Board in May 2016, Mr Donato also serves as Chair of the Home's Strategy and Foundation Committee.

Mr Simon Greaves

Mr Simon Greaves is an experienced Supply Chain and Manufacturing executive with extensive experience in large businesses.

Mr Greaves started his career managing beer distribution operations for one of the major brewers in the UK before moving to Australia. Subsequent experience has been primarily in the Chemicals businesses of Orica and Ixom. He has had functional responsibility for Safety Health and Environment Management, and Business Improvement teams. Mr Greaves is commercially focused, having experience on senior management teams running business up to 1.5M turnover and control of large operating and capital budgets.

Mr Greaves has had a lifelong interest in the welfare of animals, is a self-proclaimed 'dog' person and has supported the Home for many years. He has two spoilt dogs, the second of which was adopted from the Home.

Mr Peter Harrison

Mr Peter Harrison was appointed to the Board of The Lost Dogs' Home in May 2018 and Chair of the Finance and Risk Committee. Mr Harrison qualified as a Chartered Accountant after completing a Bachelor of Business at RMIT.

Mr Harrison's career includes a 20 year period as managing partner of second tier accounting firm William Buck, two short term roles as CEO of legal firms Phillips Fox and Herbert Geer and Rundle and 10 year term with consulting engineering firm AECOM as their CFO for operations in Australia, New Zealand, Asia and the Middle East.

Since his retirement from AECOM, Mr Harrison has been consulting to several businesses including leading legal and accounting firms in Melbourne.

Mr Harrison was a member of the Wesley College Council for 22 years and served as President. He also served as President of the Wesley College Foundation.

Mr Harrison has been a member of the Board of Alkira Centre Box Hill Inc for more than 40 years. He was appointed as President in April 2015.

Ms Tanya Khan

Ms Tanya Khan is an association executive and lawyer with 20 years' experience in private, not-for-profit and public sector organisations.

Ms Khan is currently Vice President & Managing Director, Australia and Asia Pacific, for the Association of Corporate Counsel (ACC). In her role, Ms Khan oversees all ACC operations in the region, including initiatives in the areas of membership growth, education, advocacy, development of resources and communications that support ACC's members and advance ACC's visibility and growth.

Ms Khan has a Bachelor of Laws, an MBA from Melbourne Business School and is a life-long animal lover. Ms Khan is committed to assisting organisations achieve superior commercial and strategic outcomes, and legal and risk profiles, and looks forward to using her extensive experience to help the Lost Dogs Home deliver on its Strategic Plan objectives.

Ms Khan was appointed to the Lost Dogs Home Board in April 2017.

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 2018 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



Mrs Prue Gilles AM
Acting Chair



Mr Peter Harrison
Director

Melbourne
25 October 2018

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 2018, 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



E W Passaris
Partner - Audit & Assurance

Melbourne, 25 October 2018

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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 25 October 2018. The Directors have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income

	Notes	2018 \$	2017 \$
Revenue from continuing operations	3	12,612,573	13,367,863
Other Income	4	7,462,394	5,605,802
Veterinary clinic expenses		(4,804,130)	(4,168,937)
Fundraising expenses		(1,175,880)	(1,230,341)
Shelter and Council contract expenses		(6,376,512)	(6,514,903)
Administration expenses		(4,502,981)	(5,656,104)
Surplus for the year		3,215,464	1,403,380
Other comprehensive income (OCI)			
<i>Items that will not be subsequently reclassified to profit or loss</i>			
Changes in fair value of financial assets held at fair value through OCI	13(a)	(80,126)	339,397
Total comprehensive income for the year		3,135,338	1,742,777

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

Balance Sheet	Notes	2018	2017
		\$	\$
ASSETS			
Current assets			
Cash & cash equivalents	6	7,914,155	4,199,624
Trade & other receivables	7	813,404	976,688
Inventories	8	77,464	109,954
Total current assets		8,805,023	5,286,266
Non-current assets			
Financial assets	9	4,091,773	4,049,024
Property, plant and equipment	10	13,891,693	14,190,362
Total non-current assets		17,983,466	18,239,386
Total assets		26,788,489	23,525,652
LIABILITIES			
Current liabilities			
Trade and other payables	11	1,037,598	852,042
Provisions	12	922,065	955,439
Total current liabilities		1,959,663	1,807,481
Non-current liabilities			
Provisions	12	108,418	133,101
Total non-current liabilities		108,418	133,101
Total liabilities		2,068,081	1,940,582
Net Assets		24,720,408	21,585,070
EQUITY			
Reserves	13 (a)	76,894	47,052
Retained earnings	13 (b)	24,643,514	21,538,018
Total Equity		24,720,408	21,585,070

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

Statement in changes of equity	Reserves	Retained earnings	Total equity
	\$	\$	\$
Balance as at 1 July 2016	(270,644)	20,112,937	19,842,293
Total comprehensive income for the year	339,397	1,403,380	1,742,777
Reclassification of derecognised financial assets to retained earnings	(21,701)	21,701	-
Balance as at 30 June 2017	<u>47,052</u>	<u>21,538,018</u>	21,585,070
Total comprehensive income for the year	(80,126)	3,215,464	3,135,338
Reclassification of derecognised financial assets to retained earnings	109,968	(109,968)	-
Balance as at 30 June 2018	<u><u>76,894</u></u>	<u><u>24,643,514</u></u>	24,720,408

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

Statement of cash flows	Note	2018	2017
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		9,422,807	9,773,560
Payments to suppliers and employees (inclusive of GST)		(17,029,006)	(17,955,616)
Fundraising proceeds		3,827,999	4,019,361
Legacies received		6,796,467	5,576,654
Interest received		66,928	72,114
Net cash inflow from operating activities		3,085,195	1,486,073
Cash flows from investing activities			
Payments for property, plant and equipment		(247,114)	(182,230)
Proceeds from sale of property, plant and equipment		676,500	31,839
Proceeds from disposals of financial assets		-	258,949
Payments for purchases of financial assets		(108,948)	-
Dividends received		308,898	254,645
Net cash inflows from investing activities		629,336	363,203
Cash flows from financing activities		-	-
Net increase in cash and cash equivalents		3,714,531	1,849,276
Cash and cash equivalents at beginning of the year		4,199,624	2,350,348
Cash and cash equivalents at end of the year	6	7,914,155	4,199,624

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 2017 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.
- Interest income is recognised on a time proportion basis using the effective interest method.
- Dividends are recognised as revenue when the right to receive payment is established.

(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 a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investments and Other Financial Assets (continued)

(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 and 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:

	2018	2017
	%	%
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) Food donations

Food donated to the Home is not brought to account.

(m) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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	2018	2017
		\$	\$
From continuing operations			
Sales revenue			
Sale of goods		930,101	878,322
Services		7,478,647	8,182,410
		8,408,748	9,060,732
Other revenue			
Dividends		308,898	229,726
Bank interest		66,928	58,044
Grants		10,000	41,418
Donations		3,817,999	3,977,943
		4,203,825	4,307,131
Total Revenue		12,612,573	13,367,863

4. OTHER INCOME

	Notes	2018	2017
		\$	\$
Unrealised gain on changes in fair value of financial assets at fair value through profit or loss		13,927	-
Profit on sale of fixed assets	(a)	652,000	29,148
Legacies		6,796,467	5,576,654
		7,462,394	5,605,802

(a) a portion of the Home's land at Cranbourne was compulsorily acquired by VicRoads during the financial year for road widening purposes.

5. EXPENSES

	Notes	2018	2017
		\$	\$
Depreciation of non-current assets	10	521,283	531,767
Rental expense relating to operating leases		25,708	34,214
Employee benefits expenses including superannuation		10,957,474	11,559,244

The Home employed 205 employees at 30 June 2018 (2017: 201 employees).

6. CASH AND CASH EQUIVALENTS

	Notes	2018	2017
		\$	\$
Cash at bank and in hand		2,445,428	741,762
Deposits at call		5,468,727	3,457,862
		<u>7,914,155</u>	<u>4,199,624</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	2018	2017
		\$	\$
Balances as above		7,914,155	4,199,624
Bank overdrafts		-	-
Balances per statement of cash flows		<u>7,914,155</u>	<u>4,199,624</u>

7. TRADE AND OTHER RECEIVABLES

	Notes	2018	2017
		\$	\$
Trade and other receivables		733,563	818,570
Franking credits receivable		79,841	158,118
		<u>813,404</u>	<u>976,688</u>

8. INVENTORIES

	Notes	2018	2017
		\$	\$
Stock on Hand – Veterinary stock at cost		77,464	109,954
		<u>77,464</u>	<u>109,954</u>

9. NON-CURRENT ASSETS

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

	Notes	2018	2017
		\$	\$
Financial assets measured at fair value through other comprehensive income		2,582,777	2,697,654
Financial assets measured at fair value through profit or loss		1,508,996	1,351,370
		<u>4,091,773</u>	<u>4,049,024</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. The quoted market price used for financial assets held by the Home is the current bid price.

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

	Land and Buildings \$	Furniture and Fittings \$	Vehicles \$	Office and Computer \$	Specialty Vet Equipment \$	Total \$
At 30 June 2017						
Cost	18,200,032	689,766	1,451,576	570,214	315,969	21,227,557
Accumulated depreciation	(4,379,893)	(409,467)	(1,451,576)	(550,204)	(246,055)	(7,037,195)
Net book amount	<u>13,820,139</u>	<u>280,299</u>	<u>-</u>	<u>20,010</u>	<u>69,914</u>	<u>14,190,362</u>
Year ended 30 June 2018						
Opening net book amount	13,820,139	280,299	-	20,010	69,914	14,190,362
Reallocations between classes of assets	-	(10,251)	-	10,251	-	-
Additions	63,245	102,877	-	57,596	23,396	247,114
Disposals	(24,500)	-	-	-	-	(24,500)
Depreciation	(357,472)	(96,515)	-	(23,257)	(44,039)	(521,283)
Closing net book amount	<u>13,501,412</u>	<u>276,410</u>	<u>-</u>	<u>64,600</u>	<u>49,271</u>	<u>13,891,693</u>
At 30 June 2018						
Cost	18,238,777	750,632	609,250	638,061	339,365	20,576,085
Accumulated depreciation	(4,737,365)	(474,222)	(609,250)	(573,461)	(290,094)	(6,684,392)
Net book amount	<u>13,501,412</u>	<u>276,410</u>	<u>-</u>	<u>64,600</u>	<u>49,271</u>	<u>13,891,693</u>

11. TRADE AND OTHER PAYABLES

	Notes	2018	2017
		\$	\$
Trade creditors		788,353	420,820
Accruals		249,245	431,222
		<u>1,037,598</u>	<u>852,042</u>

12. PROVISIONS

	Notes	2018	2017
		\$	\$
Current employee entitlements			
Provision for annual leave		588,682	586,517
Provision for long service leave		333,383	368,922
		<u>922,065</u>	<u>955,439</u>
Non-current employee entitlements			
Provision for long service leave		108,418	133,101

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	2018	2017
		\$	\$
(a) Reserves			
Financial assets held at fair value through OCI		76,894	47,052
Movement in reserves were as follows:			
Balance 1 July 2017		47,052	(270,644)
Revaluation – gross		(80,126)	339,397
Reclassification of derecognised financial assets to retained earnings		109,968	(21,701)
Balance 30 June 2018		<u>76,894</u>	<u>47,052</u>

13. RESERVES AND RETAINED EARNINGS (Continued)

	2018	2017
	\$	\$
(b) Retained earnings		
Movement in retained earnings were as follows:		
Balance 1 July 2017	21,538,018	20,112,937
Net surplus for the year	3,215,464	1,403,380
Reclassification of derecognised financial assets	(109,968)	21,701
Balance 30 June 2018	<u>24,643,514</u>	<u>21,538,018</u>

(c) Nature and purpose of reserves

(i) Financial assets held at fair value through OCI reserve

Changes in the fair value of investments, such as equities classified as financial assets held at fair value through OCI, are recognised in other comprehensive income, as described in note 1(g) and accumulated in a separate reserve within equity. Amounts are reclassified to retained earnings when the associated assets are sold.

14. RELATED PARTY TRANSACTIONS

Key management personnel

	2018	2017
	\$	\$
Key management personnel compensation:		
Short-term employee benefits	356,287	560,773
Post-employment benefits	38,826	51,234
Termination benefits	55,962	37,143
	<u>451,075</u>	<u>649,150</u>

During the financial year there were no additional related party transactions (2017 - \$Nil) paid in the ordinary course of business.

15. FINANCE FACILITIES

The Home has a bank guarantee facility of \$200,000 (2017: \$200,000). Of this facility \$128,592 (2017: \$60,094) 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 23 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 2018 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.



Mrs Prue Gilles AM
Acting Chair



Mr Peter Harrison
Director

Melbourne
25 October 2018

Independent Auditor's Report

To the Members of The Lost Dogs' Home

Report on the audit of the financial report

Opinion

We have audited the accompanying financial report of The Lost Dogs' Home (the "Home"), which comprises the statement of financial position as at 30 June 2018, 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*, including:

- a giving a true and fair view of the Home's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- b complying with Australian Accounting Standards – Reduced Disclosure Requirements and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the 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 audit opinion.

Information other than the Financial Report and Auditor's Report

The Directors are responsible for the other information. The other information comprises the information included in the Home's annual report for the year ended 30 June 2018, 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 for the Financial Report

The Directors of the Home are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012*. This responsibility includes 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 Home'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 Home or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Home'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 Home'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 Home'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 audit report. However, future events or conditions may cause the Home 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



E W Passaris
Partner – Audit & Assurance

Melbourne, 25 October 2018