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Committee of Management Report

30 September 2016

Members of the Committee of Management
The Committee Members in office at the date of this report are set out on pages 3 and 4 of this report. The Committee Members had no interests in contracts or proposed contracts with Variety Queensland during the course of the financial year other than noted in the statutory information contained in this report.

Chairman
Ian MacKay was appointed as Chairman effective from 8 December 2015.

Treasurer
Ross Morgan was appointed as Treasurer effective from 8 December 2015.

Association Information
Variety Queensland Incorporated is an Incorporated Association in Queensland under the *Associations Incorporation Act 1981*. The Charity is a not-for-profit organisation and is prevented by its constitution from paying dividends.

The registered office of the Association is:

Unit 1
5 Ashton Place
Banyo QLD 4014

The Association employed 9 staff as at 30 September 2016 (30 September 2015: 10).

Review of Operations
The principal activity of Variety Queensland Incorporated during the year was to supply material aid to children with special needs. No changes in the nature of the following activities occurred during the year; granting of individual and group appeals, provision of Variety Sunshine Coaches and Liberty Swings, Special Children's Christmas Parties and other outings.

The operating surplus for the year ended 30 September 2016 was $271,238 (30 September 2015: deficit of $707,776). Appeals granted to sick, disadvantaged and special needs children for the year ended 30 September 2016 totalled $1,237,898 (30 September 2015: $1,819,557).

Significant Events after Balance Date
Since the end of the financial year, the Committee Members have not become aware of any matter or circumstance not otherwise dealt with in the report or financial statements that has significantly, or may significantly; affect the operations of the Association, the results of those operations or the state of affairs of the Association in subsequent financial years.

In the opinion of the Committee Members there are no likely changes in the operations of the Association which will adversely affect the results of the Association in subsequent financial years.

The Committee Members would like to take the opportunity to announce the appointment of Steve Wakerley as the Chief Executive Officer of Variety Queensland effective 21 November 2016.

Committee of Management Report

30 September 2016

Committee of Management Meetings

The number of Committee of Management Meetings held during the year and the number of meetings attended by each Committee Member is as follows:

Committee Member	Meetings Attended	Meetings Eligible to Attend
Peter Apel	10	11
John Colvin	4	4
Ben Cox	3	3
Tamara Cross	2	2
Peter Ffrench	2	2
Nick Harwood	1	2
Ian Mackay	11	11
Ross Morgan	9	9
Duncan Murray	2	3
Craig Purdy	2	2
Dr Paul Shumack	11	11
James Stewart	3	3
Anne Tunnecliffe	9	9
John Wadley	8	8
Kim Wainwright	8	11

This report is made in accordance with a resolution of the Committee and is signed for and on behalf of the Committee by:

Ian Mackay
Chairperson

Ross Morgan
Treasurer

Dated this 2nd day of December 2016

Committee of Management Members

30 September 2016

Peter Apel is a Solicitor who has worked in private practice in Far North Queensland for over 25 years. He holds degrees in Commerce and Law, is a mediator and a Notary Public. Peter is a Past President and Life Member of the North Queensland Law Association and the Wildlife Conservancy of Tropical Queensland. He is also current Vice Chair of the Quality Industry Training and Employment; a non-profit organisation dedicated to helping the most disadvantaged members of the community gain and retain employment. Peter has been involved in the Variety Bash since 2006.

Ian Mackay joined the Committee of Management in February 2006. Ian qualified as a Public Accountant in 1975 and held senior management positions in the fledgling micro and personal computer industry before establishing a mail order software business in 1986. The company evolved into an award winning distributor and software publisher and was sold to a public company in 2007. Ian retired in 2009, resigned his public company directorship, and he now has more time to share his management and marketing expertise. Ian was elected as Treasurer of Variety Queensland in 2006 and was elected as Chairperson/Chief Barker in 2010 until 2013. Ian has continued as a Committee of Management member, and is a member of the Variety Asia Pacific Regional Council.

Dr Paul Shumack is the Managing Director of Australasian Aeromedical Specialist Services. His qualifications include MB BS, FAFOEMRACP, FACAsM, MRAeS, and Specialist Physician. He is a Group Captain in the RAAF Specialist Reserves. Paul has participated in many Variety Queensland events, donating his time as Chief Medical Officer. Paul has been a Committee of Management Member since the late nineties and is currently the Appeals Chairman as well as being the Honorary Medical Officer.

Kim Wainwright has both high-level public and private sector experience in advisory and management positions. Kim initially commenced her career in helping roles around 18 years ago working with disadvantaged youth after studying Social Science and Human Services. After leaving the government around eight years ago, Kim created her own business consultancy working with businesses on strategy, risk management and policy development. Kim is now the Managing Director and owner of a mining services company. Kim has extensive experience in the area of compliance, risk management, strategic planning and people management. With a combination of both social support skills and business skills, Kim brings a wealth of knowledge to the Variety team. As a mother of two young children, Kim is dedicated to raising awareness and supporting young people and families in need in Queensland.

Ross Morgan has over 25 years experience in senior finance and general management roles in the consumer goods and retail sectors. This includes time as the Chief Financial Officer for Coca-Cola Amatil Australia and General Manager for Coca-Cola Amatil's Queensland/Northern NSW business. Ross has extensive management experience in finance, sales, marketing, sponsorship, event management, logistics, customer service, human resources, safety and community engagement. He is a qualified CPA and has completed a Bachelor of Business Degree and a Graduate Certificate of Management. He is also a Fellow of the Australian Institute

Duncan Murray is a Specialist Emergency Physician, with experience in Public Hospitals and as Director of a Private Emergency Department. His interests include retrieval and remote area medicine, something Variety has been lucky enough to benefit from on the Bash. Director and owner of Xigent Locums, a medical locum agency, Duncan is also Medical Director for Falck (Australia). Duncan was first exposed to Variety on the Bash in 2012; since then has assisted in providing medical support on the Bash. Duncan is also a busy father of three.

Committee of Management Members

30 September 2016

Ben Cox has dedicated his career to changing the lives of others through his work in the not-for-profit sector. He has extensive experience in fundraising working with the Royal Children's Hospital Foundation, the Cerebral Palsy League, MS Queensland and Legacy. Ben is a passionate advocate for the not for profit sector and is an experienced speaker and thinker on the design, delivery and value of effective fundraising, marketing and communications programs. He also speaks regularly on mentoring, leadership and perseverance. Ben currently serves as Deputy Chair of the Fundraising Institute of Australia's (FIA) Queensland Executive Committee and as a National Director of FIA and sits on several fundraising and marketing advisory panels in the not-for-profit sector.

Nick Harwood is a consultant and former partner of Deloitte Australia. Born in the UK he completed his accounting studies with PwC in London, before transferring to their Hong Kong Office. Nick moved to Australia in 2001, joining Deloitte until 2015. While at Deloiite Nick acquired a broad range of business experience, his roles included restructuring and managing companies, transaction management and due diligence, advising boards and executives. On leaving Deloitte Nick joined a mining services company, managing strategic implementation and special projects. He is currently studying an Executive MBA with IMD in Switzerland to further develop his consultancy skills. Nick previously served on the board of Common Ground Queensland, a not for profit organisation seeking to end homelessness in its communities. He is passionate about giving back some of his good fortune to communities.

John Wadley has owned and managed pharmacies and photographic stores in Far North Queensland over the last 25 years. He has recently sold out of all business interests which has enabled him to spend a lot more time in charitable endeavours. He is the Managing Director of NQPA company, a book keeping and management business supporting 14 pharmacies in Far North Queensland. John is the Far North Queensland representative on Queensland Pharmacy Guild. He is the rural Australia representative on CPIRA (community pharmacy for indigenous and rural Australia). He is a member of the Priceline Pharmacy advisory committee and helped integrate pharmacy dispensing best practice models into Priceline stores. He has participated in six Variety Bashes, Variety RV, Variety Explorer and Variety Jet Treks, both as a participant and in an official capacity.

The Members of the Committee of Management (Committee Members) of Variety Queensland Incorporated have pleasure in submitting the following report in respect of the year ended 30 September 2016 in accordance with a resolution of Committee Members.

Statement of Comprehensive Income

For The Year Ended 30 September 2016

	Note	2016 $	2015 $
Revenue			
Event Income		2,905,169	3,031,233
Fundraising Income		1,330,992	1,584,838
Interest Income		4,907	16,272
Other Income		174,355	2,647
Total Revenue		**$4,415,423**	**$4,634,990**
Expenses			
Advertising and Promotion		(49,394)	(81,315)
Communications		(51,771)	(66,128)
Contractors		(2,804)	(20,262)
Depreciation and Amortisation	3(a)	(71,190)	(102,605)
Design, Printing and Stationery		(23,993)	(50,736)
Event Expenses		(1,257,097)	(1,221,648)
Finance Costs	3(b)	(13,391)	(6,583)
Insurance		(25,150)	(32,931)
Motor Vehicle Expenses		(92,475)	(102,029)
Rent		(96,798)	(7,091)
Salaries and Wages		(803,864)	(1,189,451)
Superannuation		(74,238)	(107,113)
Travel and Accommodation		(28,083)	(89,941)
Utilities		(15,780)	(8,790)
Other Expenses		(300,259)	(436,586)
Total Expenses		**$2,906,287**	**$3,523,209**
Surplus / (Deficit) for the Year Before Appeals		**$1,509,136**	**$1,111,781**
Appeals Expense		(1,237,898)	(1,819,557)
Surplus / (Deficit) for the Year		**$271,238**	**($707,776)**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 September 2016

	Note	2016 $	2015 $
Assets			
Current Assets			
Cash and Cash Equivalents	4	623,422	683,390
Trade and Other Receivables	5	175,184	131,027
Inventory		10,834	9,997
Work In Progress		9,720	-
Other Current Assets	6	105,776	135,010
Assets Held for Sale	9	-	929,759
Total Current Assets		**$924,936**	**$1,889,183**
Non-current Assets			
Property Plant and Equipment	7	212,709	202,606
Intangible Assets	8	3,100	7,048
Available for Sale Financial Assets	10	44,160	44,160
Total Non-current Assets		**$259,969**	**$253,814**
Total Assets		**$1,184,905**	**$2,142,997**
Liabilities			
Current Liabilities			
Trade and Other Payables	11	578,945	553,378
Provisions for Employee Benefits	12	30,583	27,956
Borrowings	13	23,378	1,072,243
Deferred Income		217,111	405,543
Total Current Liabilities		**$850,017**	**$2,059,120**
Non-current Liabilities			
Provisions for Employee Benefits	12	19,882	16,731
Borrowings	13	76,146	99,524
Total Non-current Liabilities		**$96,028**	**$116,255**

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 September 2016

Total Liabilities	**$946,045**	**$2,175,375**
Net Assets	**$238,860**	**($32,378)**
Equity		
Accumulated Funds	238,860	(32,378)
Total Equity	**$238,860**	**($32,378)**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 September 2016

2015	**Note**	**Retained Earnings $**	**Total $**
Balance as at 01 October 2014		675,398	**675,398**
Deficit for the Year		(707,776)	**(707,776)**
Balance as at 30 September 2015		**($32,378)**	**($32,378)**

2016	**Note**	**Retained Earnings $**	**Total $**
Balance as at 01 October 2015		(32,378)	**(32,378)**
Surplus for the Year		271,238	**271,238**
Balance as at 30 September 2016		**$238,860**	**$238,860**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 September 2016

	Note	2016 $	2015 $
Cash Flows from Operating Activities			
Receipts from Donors, Sponsors and Others		4,173,144	3,511,384
Payments to Suppliers and Employees		(3,627,913)	(3,275,055)
Interest Received		4,906	16,272
Interest Paid		-	(42,655)
Appeals Paid		(615,517)	(790,840)
Net Cash used in Operating Activities	**4 (a)**	**($65,380)**	**($580,894)**
Cash Flows from Investing Activities			
Payments for Property Plant and Equipment		(22,345)	(36,860)
Proceeds from Sale of Property Plant and Equipment		1,100,000	2,500
Net Cash from/(used in) Investing Activities		**$1,077,655**	**($34,360)**
Cash Flows from Financing Activities			
Repayment of Borrowings		(1,072,243)	(21,163)
Proceeds from Borrowings		-	-
Net Cash used in Financing Activities		**($1,072,243)**	**($21,163)**
Net Decrease in Cash and Cash Equivalents		(59,968)	(636,417)
Cash and Cash Equivalents at Beginning of Year		683,390	1,319,807
Cash and Cash Equivalents at End of Year	**4**	**$623,422**	**$683,390**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 September 2016

1 Basis of Preparation

The financial statements cover Variety Queensland Incorporated as an individual entity. Variety Queensland Incorporated is an incorporated association established under the provisions of the *Associations Incorporation Act 1981*. The Association is domiciled in Queensland and the registered office, which is the principal place of business, is located at:

Unit 1
5 Ashton Place
BANYO QLD 4014

The financial statements of Variety Queensland Incorporated for the year ended 30 September 2016 were authorised for issue in accordance with a resolution of the Committee of Management on 2nd December 2016.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, (including Australian Accounting Interpretations), the *Associations Incorporations Act 1981* and the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act 2012).

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

In the event of the association being wound up, any property remaining after satisfaction of the debts and liabilities of the association shall be distributed to another incorporated association having objects similar to those of the association; or for charitable or benevolent purposes, as determined by resolution of the Committee Members. No member, or former member, of the association shall be a recipient of any assets after the winding up.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

2 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Property Plant and Equipment

Plant and equipment is measured on the cost basis and is therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carry amount is written down immediately to its estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 2 (e) for details of impairment).

Notes to the Financial Statements

For the Year Ended 30 September 2016

2 Summary of Significant Accounting Policies continued

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the association and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit and loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is available for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Building Improvements	33.33%
Computer Equipment	30%
Plant and Equipment	20%
Motor Vehicles	20%
Buildings	2.5%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(b) Leases

Leases of property, plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset but not the legal ownership are transferred to the association, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the association will obtain ownership of the asset or ownership over the term of the lease.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2 Summary of Significant Accounting Policies continued

(c) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. A provision for impairment of trade receivables is raised when there is objective evidence that the association will not be able to collect the debt. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(d) Financial Instruments

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the association establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Available-for-sale Financial Assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2 Summary of Significant Accounting Policies continued

Financial Liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment of Financial Assets
The association assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

(e) Impairment of Assets

At the end of each reporting period, the association assesses whether there is any indication that an asset may be impaired. The assessment will consider both external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of that asset, being the higher of the asset's fair value less costs to sell and its value-in-use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is immediately recognised in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the association estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) Cash and Cash Equivalents

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

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2 Summary of Significant Accounting Policies continued

(g) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the association during the reporting period that remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(h) Appeals Payable

Appeals payable are carried at cost and are recognised when the entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits as a result of past transactions or events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(i) Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft
- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on provisions

(j) Provisions

Provisions are recognised when the association has a present (legal or constructive) obligation as a result of a past event, it is probable the association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

(k) Employee Benefits

Provision is made for the association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2 Summary of Significant Accounting Policies continued

(l) Income Taxes

No provision for income tax has been made in the financial report as Variety Queensland is exempt from income tax under the *Income Tax Assessment Act 1997* as it is a public benevolent institution.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Contingencies and commitments are also disclosed net of GST payable or recoverable. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows within the receipts from members, funding and others and payments to suppliers and employees.

(n) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the association 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:

Event and Fundraising Income
Revenue from event and fundraising activities are recognised in the statement of comprehensive income during the period in which the event or fundraising activity occurs.

Deferred Income
In some cases, revenue is received in respect of an event that falls into the following financial year. In such cases, the revenue is deferred and recognised as deferred income.

Interest Income
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Sales of Non-current Assets
The gross proceeds of non-current asset sales are included at the date control of the asset passes to the buyer. The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2 Summary of Significant Accounting Policies continued

Donated Goods

Goods are donated to be sold at auctions, to be used in events or functions or to be granted as appeals. Donated goods are recognised as revenue at their replacement cost, and expensed when the goods are sold, or otherwise used.

Donations of Services

Donated services, such as the use of a conference centre to host an event, are recognised as revenue at their replacement cost. An equivalent amount is recognised as an expense, relating to the type of service donated.

Membership Income

Revenue from the provision of membership subscriptions is recognised when they are received.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year

(p) Critical Accounting Judgements, Estimates and Assumptions

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.

Impairment

The association assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the association that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Estimation of Useful Life of Assets

The association determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. 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.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2 Summary of Significant Accounting Policies continued

Assessment of Fair Value for Donated Goods and Services
The assessment of fair value of goods and services donated to the association is based on an estimation of their replacement cost. The replacement costs is determined mainly by reference to invoiced amounts prepared by suppliers based on their market rates of services or supplying cost of goods. The condition of any goods not used during the year is assessed at each balance date to determine whether any adjustments are necessary to the carrying value.

No other significant judgements, estimates and assumptions were made during the financial year.

(q) New, Revised or Amending Accounting Standards and Interpretations Adopted

The entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the incorporated association:

AASB 15 Revenue from Contracts with Customers
An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under *IAS 18 Revenue*. The standard is applicable in annual reporting periods beginning on or after 1 January 2018. The entity has not yet made a detailed assessment of the impact of this standard.

AASB 16 Leases
AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. The standard is applicable in annual reporting periods beginning on or after 1 January 2019. The entity has not yet made a detailed assessment of the impact of this standard.

(r) Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

Notes to the Financial Statements

For the Year Ended 30 September 2016

2 Summary of Significant Accounting Policies continued

The entity has recognised a net surplus of $271,238 with a net cash outflow from operating activities of $65,380 for the period ended 30 September 2016 and as at that date, current assets exceed current liabilities by $74,919, and the company had a net asset position of $238,860.

In the Committee Members' opinion, there are reasonable grounds to believe that the association will be able to pay its debts as and when they become due and payable and will continue as a going concern. The ability of the entity to continue as a going concern is dependent upon the successful implementation of managements' plans to reduce the ratio of fundraising costs to funds raised and to manage cashflows so as to ensure that the entity is able to pay its debts as and when they fall due. At the date of this report and having considered the above factors, the Committee Members are confident that the entity will be able to continue as a going concern.

Notes to the Financial Statements

For the Year Ended 30 September 2016

	2016	2015
	$	$

3 Expenses

(a) Depreciation and Amortisation Expense

(a) Depreciation and Amortisation Expense		
Depreciation		
Plant and Equipment	17,127	18,824
Computer Equipment	7,586	9,050
Motor Vehicles	40,501	39,679
Building Improvements	2,029	-
Buildings	-	21,072
Amortisation	3,948	13,980
Total Depreciation and Amortisation Expenses	**$71,190**	**$102,605**

(b) Finance Costs

Interest Expense	7,931	36,072
Other	5,460	6,583
Total Finance Costs	**$13,391**	**$42,655**

4 Cash and Cash Equivalents

Cash on Hand	1,000	1,600
Cash at Bank	622,422	681,790
Total Cash and Cash Equivalents	**$623,422**	**$683,390**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Notes to the Financial Statements

For the Year Ended 30 September 2016

4 Cash and Cash Equivalents continued

(a) Reconciliation of Cash Flows from Operating Activities

	2016 $	2015 $
Operating Surplus/(Deficit)	271,238	(707,776)
Adjustments for:		
Depreciation and Amortisation Expense	71,190	102,605
Gain on Sale of Fixed Assets	(170,241)	(2,302)
Non Cash Donations	(55,000)	-
(Increase) / Decrease in Trade and Other Receivables	20,810	(14,153)
(Increase) / Decrease in Prepayments	29,235	181,058
(Increase) / Decrease in Accrued Income	(64,968)	(39,550)
(Increase) / Decrease in Inventory	(837)	(9,997)
(Increase) / Decrease in Work in Progress	(9,720)	-
Increase / (Decrease) in Trade and Other Payables	42,316	14,442
Increase / (Decrease) in Provisions	5,779	1,089
Increase / (Decrease) in Deferred Income	(188,434)	(136,735)
Increase / (Decrease) in Appeals Payable	(16,748)	30,425
Cashflows from Operating Activities	**($65,380)**	**($580,894)**

5 Trade and Other Receivables

	2016 $	2015 $
Trade Receivables	5,898	10,396
GST Recoverable	11,675	35,375
Other Receivables	157,611	85,256
Total Trade and Other Receivables	**$175,184**	**$131,027**

Accrued Income is included in Other Receivables. Accrued Income is fundraising income owing but not received as at 30 September 2016.

6 Other Current Assets

	2016 $	2015 $
Prepayments	105,776	135,010
Total Other Current Assets	**$105,776**	**$135,010**

Notes to the Financial Statements

For the Year Ended 30 September 2016

7 Property Plant and Equipment

	2016 $	2015 $
Buildings Improvements		
At Cost	13,304	2,300
Less: Accumulated Depreciation	(4,327)	(2,300)
Total Buildings Improvements	**$8,977**	**-**
Plant and Equipment		
At Cost	150,328	133,988
Less: Accumulated Depreciation	(103,654)	(86,527)
Total Plant and Equipment	**$46,674**	**$47,461**
Computer Equipment		
At Cost	36,474	36,474
Less: Accumulated Depreciation	(24,416)	(16,830)
Total Computer Equipment	**$12,058**	**$19,644**
Motor Vehicles		
At Cost	303,793	253,793
Less: Accumulated Depreciation	(158,793)	(118,292)
Total Motor Vehicles	**$145,000**	**$135,501**
Property Plant and Equipment		
At Cost	503,899	426,555
Less: Accumulated Depreciation	(291,190)	(223,950)
Total Property Plant and Equipment	**$212,709**	**$202,606**

Notes to the Financial Statements

For the Year Ended 30 September 2016

7 Property, Plant and Equipment continued

In July 2015, a contract for the sale of the building at Unit 1, 17 Alexandra Place, Murarrie was signed. Therefore, the building was re-classified as Asset Available for Sale (see Note 9). The settlement of the sale occurred 14 January 2016.

Movements in Carrying Amounts

Movement in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year is as follows:

	2016 $
Building Improvements	
Balance at the Beginning of the Year	-
Additions	11,004
Depreciation Expense	(2,027)
Carrying Amount at the End of the Year	**$8,977**
Plant and Equipment	
Balance at the Beginning of the Year	47,461
Additions	16,340
Depreciation Expense	(17,127)
Carrying Amount at the End of the Year	**$46,674**
Computer Equipment	
Balance at the Beginning of the Year	19,644
Additions	-
Depreciation Expense	(7,586)
Carrying Amount at the End of the Year	**$12,058**

Notes to the Financial Statements

For the Year Ended 30 September 2016

7 Property, Plant and Equipment continued

	2016 $
Motor Vehicles	
Balance at the Beginning of the Year	135,501
Additions	50,000
Depreciation Expense	(40,501)
Carrying Amount at the End of the Year	**$145,000**

8 Intangible Assets

	2016 $	2015 $
Computer Software		
At Cost	121,750	121,750
Less: Accumulated Amortisation	(118,650)	(114,702)
Total Computer Software	**$3,100**	**$7,048**

Movements in Carrying Amounts

Movement in the carrying amount for each class of intangible assets between the beginning and the end of the current financial year is as follows:

	2016 $
Computer Software	
Balance at the Beginning of the Year	
Transfers	7,048
Amortisation Expense	(3,948)
Carrying Amount at the End of the Year	**$3,100**

9 Assets Held for Sale

	2016 $	2015 $
Building	-	929,759
Total Assets Held for Sale	**-**	**$929,759**

The building at Unit 1, 17 Alexandra Place, Murarrie was sold on the 14 January 2016.

Notes to the Financial Statements

For the Year Ended 30 September 2016

		2016 $	2015 $

10 Available for Sale Financial Assets

Investment in Variety Australia at Cost		44,160	44,160
Total Available for Sale Financial Assets		**$44,160**	**$44,160**

Reconciliation

Reconciliation of the balance at the beginning and end of the current and previous financial year are set out below:

Opening Cost		44,160	44,160
Total Available for Sale Financial Assets		**$44,160**	**$44,160**

11 Trade and Other Payables

Trade Payables	(i)	108,063	135,821
Appeals Payable		217,462	234,210
Accrued Annual Leave		67,743	74,759
Accrued Expenses and Other Payables	(i)	185,677	108,588
Total Current Trade and Other Payables		**$578,945**	**$553,378**

(i) Trade Payables are non-interest bearing and are normally settled on 30 day terms.

(ii) Other payables and accruals are non-interest bearing and have an average term of 30 days.

12 Provision for Employee Benefits

Provision for Long Service Leave		50,465	44,687
Total Provision for Employee Benefits		**$50,465**	**$44,687**

Provision for Long Service Leave

Current		30,583	27,956
Non-current		19,882	16,731
Total Provision for Long Service Leave		**$50,465**	**$44,687**

Notes to the Financial Statements

For the Year Ended 30 September 2016

13 Borrowings

	2016 $	2015 $
Westpac Banking Corporation	99,524	121,766
IIMAC Pty Ltd	-	1,050,000
Total Borrowings	**$99,524**	**$1,171,766**
Current		
Westpac Banking Corporation	23,378	22,243
IIMAC Pty Ltd	-	1,050,000
Total Current Borrowings	**$23,378**	**$1,072,243**
Non-current		
Westpac Banking Corporation	76,146	99,524
IIMAC Pty Ltd	-	-
Total Non-current Borrowings	**$76,146**	**$99,524**

IIMAC Pty Ltd

During the financial year the Building at Unit 1, 17 Alexandra Place, Murarrie was sold and the commercial finance loan with IIMAC Pty Ltd was paid out.

14 Auditors Remuneration

	2016 $	2015 $
Audit of Financial Report	13,200	13,200
Audit of Art Union	1,250	1,250
Total Auditor's Remuneration	**$14,450**	**$14,450**

The auditors of Variety Queensland Incorporated are BDO Audit Pty Ltd.

Statement by Members of the Committee of Management

For the Year Ended 30 September 2016

15 Key Management Personnel

(a) Details of Key Management Personnel

Committee of Management Members

Ian Mackay	Committee of Management, Chairperson (from December 2015)
Peter Ffrench	Committee of Management, Chairperson (until December 2015)
Craig Purdy	Committee of Management, Vice Chairperson (until December 2015)
Ross Morgan	Committee of Management, Treasurer (from December 2015)
Tamara Cross	Committee of Management, Treasurer (until December 2015)
Peter Apel	Committee of Management, Secretary
John Colvin	Committee of Management, (until February 2016)
Dr Paul Shumack	Committee of Management
James Stewart	Committee of Management (until January 2016)
John Wadley	Committee of Management (from January 2016)
Anne Tunnecliffe	Committee of Management (until July 2016)
Ben Cox	Committee of Management (from June 2016)
Duncan Murray	Committee of Management (from June 2016)
Nick Harwood	Committee of Management (from July 2016)
Kim Wainwright	Committee of Management

Executives

Ian Mackay	Chief Executive Officer
David McDonald	Chief Executive Officer (resigned 22/12/15)
Robert Goodwin	Director of Motoring Events

(b) Compensation of Key Management Personnel

The total benefits paid to Key Management Personnel are $257,468 (2015: $344,380). These benefits include short-term employee benefits (salary and fees and non-monetary benefits), superannuation, annual leave granted, and annual leave unused.

(c) Other Transactions and Balances with Key Management Personnel and their Related Parties

Secured Commercial Loan

IIMAC Pty Ltd, of which Ian Mackay is the director, entered into a loan agreement with the charity to the value of $1,050,000 in 2011. The loan was secured by the premises at Unit 1, 17 Alexandra Place, Murarrie. The loan was repaid on the 14 January 2016 on sale of the property. Interest repayments of $7,931 (2015: $36,072) were made by Variety Queensland to IIMAC Pty Ltd during the year.

Statement by Members of the Committee of Management

For the Year Ended 30 September 2016

16 Related Party Disclosure

Variety Queensland is a member or "Tent" of a worldwide organisation, Variety International – The Children's Charity. Other entities also members of this body are "Tents" from each State and Territory in Australia, are considered related parties to Variety Queensland.

(a) Key Management Personnel
Details relating to key management personnel, including remuneration, are included in note 15.

(b) Transactions with Related Parties

	2016 $	2015 $
Variety Australia		
Revenue	71,352	49,608
Expenses	(107,739)	(65,895)
Amounts owed to	-	556
Amounts owed from	-	-
Variety New South Wales		
Revenue	5,079	77,392
Expenses	(53)	(14,327)
Amounts owed to	-	2,021
Amounts owed from	1,480	-
Variety Victoria		
Revenue	12,518	3,580
Expenses	(2,709)	(413)
Amounts owed to	-	3,343
Amounts owed from	-	-
Variety South Australia		
Revenue	4,909	13,095
Expenses	(3,732)	(83)
Amounts owed to	-	-
Amounts owed from	-	-
Variety Northern Territory		
Revenue	-	-
Expenses	(3,000)	(6,610)
Amounts owed to	-	1,000
Amounts owed from	-	-

Statement by Members of the Committee of Management

For the Year Ended 30 September 2016

16 Related Party Disclosure continued

Variety Western Australia		
Revenue	5,079	3,327
Expenses	-	-
Amounts owed to	-	2,337
Amounts owed from	-	-
Variety Tasmania		
Revenue	-	909
Expenses	-	(158)
Amounts owed to	-	1,000
Amounts owed from	-	-

Terms and Conditions of Transactions with Related Parties
Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at year end are unsecured, interest free and settlement occurs in cash.

17 Contingent Liabilities

During the Live Appeal section of the 2014 Variety of Chefs, $150,000 in donations were received for assistance dogs. This amount has not previously been shown as a liability as there were no dogs available to appeal and no applications had been received. During the financial years 2015 and 2016 $83,300 has been spent leaving a balance of $66,700.

18 Commitments

During the financial year Variety Queensland entered into a commercial lease agreement with Tomkins Property Investments Ltd for lease of the office at Unit 1 5 Ashton Place, Banyo Qld 4104.

Future minimum lease payments comprise:

	2016	**2015**
	$	**$**
Within One Year	102,350	-
In more than one year but less than five years	339,645	-
Total Current Borrowings	**$441,995**	**-**

19 Events After the End of the Reporting Period

No other matters or occurrences have come to attention since the financial year end up to the present time which would materially affect the financial report or disclosure therein.

Statement by Members of the Committee of Management

For the Year Ended 30 September 2016

In the opinion of the Committee of Management, the financial report as set out on pages 5 to 28:

1. Presents a true and fair view of the financial position of Variety Queensland Incorporated as at 30 September 2016 and its performance for the year ended on that date in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.

2. At the date of this statement, there are reasonable grounds to believe that Variety Queensland Incorporated will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee of Management and is signed for and on behalf of the Committee of Management by:

Ian Mackay	Ross Morgan
Chairperson	**Treasurer**

Dated this 2nd day of December 2016

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INDEPENDENT AUDITOR'S REPORT

To the Members of Variety Queensland Incorporated

Report on the Financial Report

We have audited the accompanying financial report of Variety Queensland Incorporated, which comprises the statement of financial position as at 30 September 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and Statement by Members of the Committee of Management.

Committee of Management Responsibility for the Financial Report

Committee of Management are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, the *Associations Incorporation Act 1981*, and the *Australian Charities and Not-for-profits Commission Act 2012*, and for such internal control as Committee of Management determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Committee of Management, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Australian professional accounting bodies.

Opinion

In our opinion the financial report of Variety Queensland Incorporated has been prepared in accordance with the *Associations Incorporation Act 1981* and Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(a) giving a true and fair view of the association's financial position as at 30 September 2016 and of its financial performance and cash flows for the year ended on that date; and

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

BDO Audit Pty Ltd

BDO

A J Whyte
Director

Brisbane: 2 December 2016