

Variety Victoria - The Children's Charity

ABN: 80 145 257 414

Financial Statements

For the Year Ended 30 September 2013

Variety Victoria - The Children's Charity

ABN: 80 145 257 414

Contents

For the Year Ended 30 September 2013

	Page
Financial Statements	
Directors' Report	1
Auditors Independence Declaration	8
Statement of Profit or Loss and Other Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Notes to the Financial Statements	13
Directors' Declaration	28
Independent Audit Report	29

Directors' Report

30 September 2013

The directors present their report on Variety Victoria - The Children's Charity for the financial year ended 30 September 2013.

1. Directors

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

Vito Interlandi

Richard Symon

Geoff Parker (appointed 14th August 2013)

Gillian Hund

Patricia Burke (appointed 28th November 2012)

Rodney Collins (resigned 28 November 2012, reappointed 22 March 2013)

Craig Dent (appointed 28th November 2012)

Claire Heaney (appointed 28th November 2012)

Michael Kelly (appointed 28th November 2012)

Steve Donnellon (appointed 23rd October 2013)

Greg Fisher (appointed 12th November 2013)

Nicholas Pullen (appointed 28th November 2012)

Michael Randall (appointed 22nd May 2013)

Elizabeth Henshall (resigned 28th November 2012)

Suzanne Stanley (resigned 28th November 2012)

Michael Brady (resigned 28th November 2012)

William Christie (resigned 28th November 2012)

Evangeline Arulrajah (resigned 28th November 2012)

Priya Akula (resigned 28th January 2013)

David Cornwell (resigned 22nd March 2013)

Joe Barber (resigned 22nd March 2013)

David Rayner (resigned 17th July 2013)

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

Information on directors

VITO INTERLANDI: Chief
Barker (Chairman)

Vito has over 20 years of finance expertise and management experience which he has gained from both corporate public practice and private practice. Vito has used his experience in financial control and CFO functions in corporate and private practice to develop appropriate strategies and actions for clients, ensuring that clients' businesses perform efficiently and effectively to produce the highest quality products and services.

In addition, Vito is a Board member and advisor to a number of companies across a diversity of industries.

Directors' Report

30 September 2013

Information on directors continued

RICHARD SYMON: Deputy
Chairman

Richard is co-founder and Chair of the Financial Services Foundation Ltd, a supporter and partner of Variety in raising funds for children's charities. Established in 2003, the Foundation hosts the annual "A Monetary Affair" ball, Melbourne's charitable event for the stockbroking community.

Richard has 25 years experience in stockbroking and is currently Executive Director of ASX listed MDS Financial Group. Richard was the CEO of NSX Ltd, the operator of the National Stock Exchange. Richard has served in executive roles with SDIA (now Stockbrokers Association of Australia) and Prudential-Bach Securities. He co-founded and was CEO of Sharetrade Australian Stockbroking which was sold to PBL's listed subsidiary eCorp.

Richard is a Fellow of Finsia, Affiliate of SAA and was a Member of the ASX.

GEOFF PARKER: Treasurer

Geoff has over 35 years of experience within public accountancy, covering audit, business advisory services and financial management. He became a partner in the firm of Hayes Knight in 1988. He has gained experience from working with SME business clients, international organisations as well as engagement in audits ranging from listed companies to not for profit organisations.

Geoff is a member of the ICAA and is a registered company auditor.

GILLIAN HUND: Secretary

Originally trained as a teacher working in both Australia and overseas with primary aged Special Needs Children. Gillian then turned her interests to publishing and established Copeland Publishing Pty Ltd with a business partner in 1989. 'Sydney's Child' was the first parenting title launched and the company has since grown to a national newspaper business publishing six parenting titles which have a total circulation of over 450,000 papers per month, Australia wide. Gillian brings to the board not only a wealth of Marketing and Public Relations knowledge, but also an insight of the lives of special needs children and their families, through her teaching experience. She has been on the Board of Management since 2007.

PATRICIA BURKE: Board
Member

Pat has experience in Human Resources management, not-for-profit boards and business consulting. Over the past 25 years in the United States and Australia, she has worked in the financial sector, government, not-for-profits and medium sized enterprises. In recent years, her focus has been on philanthropy through roles in grant making, project and committee work for a Melbourne foundation, a philanthropic peak body, and an alumni organisation.

She has not-for-profit board and leadership experience in Melbourne in fundraising and event planning, governance, board nominations, and policy development.

ROD COLLINS APM: Board
Member

Rod is now an Emergency Services specialist consultant. As former senior officer (Superintendent) with Victoria Police, he headed up Emergency Management Coordination throughout the State. He is also a former head of the Homicide squad. Rod was awarded the Australian Police Medal for his work with police and charities.

At Variety, he has had considerable influence by being Bash Chairman for the last decade – and as such, was awarded a Life Membership. He has been on the Variety Board since 1999.

Directors' Report

30 September 2013

Information on directors continued

- CRAIG DENT: Board Member** Craig Dent is an award-winning senior executive with experience in the financial services, transport, utility and telecommunications industries.
- He has successfully implemented sustainable operating models that are profitable and customer-focused across corporate, government and community sectors in a career spanning nearly 30 years.
- Craig is an Australian Institute of Management Fellow, holds a Masters in Business Administration from the Australian Graduate School of Entrepreneurship at Swinburne University and is a member of the Australian Institute of Company Directors and the Harvard Business Review Advisory Council.
- CLAIRE HEANEY: Board Member** Claire Heaney is a senior Melbourne print journalist, having cut her teeth at country newspapers in Ballarat and Geelong before shifting to Melbourne in 1989.
- She has written for Australia's best-selling newspapers in each state and has complemented her writing and editing career with stints lecturing and mentoring in journalism.
- Claire, who holds a Graduate Diploma in Media Law and Communications from the University of Melbourne, also freelances on parenting and travel issues.
- In recent years she has branched out into public relations and communications, providing strategic planning for niche small businesses.
- MICHAEL KELLY: Board Member** Michael is currently the Regional Sales Manager for Paris / Chicago based Veolia Water Solutions and Technologies for Victoria, Queensland & New Zealand. He was the incident controller for the Brisbane Floods, Christchurch Earthquake and other national responses, coordinating water underground networks and condition assessments.
- Michael is a former director of Children First Foundation and committee member and former President of Rotary North Melbourne. A member of Rotary International since 1995, he was Rotary New Generations (Youth) Chairman for six years, running youth programs and forums.
- NICHOLAS PULLEN: Board Member** Nic is a partner of HWL Ebsworth lawyer practising in all areas of the media, entertainment and communications industries. This involves all types of commercial, strategic and litigation advice.
- Over the years, his work has involved the establishment and maintenance of a number of charities and organizations associated with the arts. The type of clients in such a practice are diverse ranging from major corporations and publicly listed companies, to politicians and celebrities with even the occasional iconic koala.

Directors' Report

30 September 2013

Information on directors continued

MICHAEL RANDALL: Board Member Michael Randall SIA(Aff), DipAFPA, GAICD is currently an Associate Director of Macquarie Private Wealth which is a member of the Macquarie Bank Group where he has been since 2000 and has over 30 years experience in the stockbroking business. Prior to Macquarie, Michael was at UBS for 10 years.

Michael specialises in building investment portfolios through tailored asset allocation for individuals, super funds and family business. Michael also has considerable experience in investment strategies with NFP's

Michael is a Co-Founder of the Financial Services Foundation with Richard Symon which hosts an annual event to raise much needed funds for children's charities. Michael is also an active Board member of The Cottage By The Sea where he has been for over 15 years

STEVE DONNELLON: Board Member Steve is the owner of two smash repair shops in Melbourne's Eastern Suburbs. He established his company Donnellon's Body Works in 1989 and services a diverse portfolio of Multinational and Not for Profit organisations. Prior to that he was the Manager of Carpenters Body Works. Educated at Templestowe College, he is a member of the VACC (Victorian Automotive Chamber of Commerce) and an Associate member of the ASAE (Australian Society of Automotive Engineers).

In his spare time Steve is a passionate photographer and, an active Rotary Club member who teaches his photographic knowledge to students. Through the Friends Rotary Camera Club he is also working closely with The Rotary Club of Nunawading and Rotary Katmandu in Nepal to complete a school building works project.

GREG FISHER: Board Member Greg has over 40 years experience in the insurance industry, holding senior management positions with NZI Insurance, Fortis Group, Chief General Manager of Allianz and now CEO of Club Marine.

Greg is a Fellow of The Australian Insurance Institute former Chairman of Global Transport & Automotive Insurance Solutions Pty Ltd. and a director of Club Marine Ltd , KTA Recreational Vehicles Ltd and Pacific MMI Ltd.

Greg holds a Bachelor of Business from Deakin University

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

Company Secretary

Gillian Hund has been the secretary of the company for the past 12 months.

Company information

Variety is a company incorporated in Victoria under the Corporation Act 2001.

The registered office of the Company is H71 63-85 Turner Street, Port Melbourne, Victoria.

Directors' Report

30 September 2013

Company information continued

The company employed 12 staff at 30 September 2013 (30 September 2012: 10).

Principal activities

The principal activity of Variety Victoria - The Children's Charity during the financial year were to supply material aid to less fortunate children in the community. No changes in the nature of the following activities occurred during the year: granting of individual and group appeals, provision of Variety Sunshine Coaches, Children's Christmas Party and Children's outings.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short-term and Long-term Objectives

Variety has as both its short term and long term objectives to raise funds to aid children in need, regardless of any race, colour or creed.

Strategies

To ensure the short and long term objectives of Variety are met, the following strategies have been put into place:

1. To raise money to further the aims of the Company and to secure sufficient funds for the purposes of the Company;
2. To receive any funds and to distribute those funds in a manner that best attains the objectives of the Company;
3. To enter into any arrangements with any Government or authority that may seem conducive to the Company's objects and to obtain from any such Government or authority, any rights, privileges and concessions which the Company thinks it is desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions;
4. To subscribe or guarantee money for charitable or benevolent objects; and
5. To make donations for charitable purposes.
6. To ensure the ongoing financial sustainability of the Company.

Key Performance Measures

The following Key Performance Indicators will be the measure by which Variety assess the success of its short and long term objectives and its strategies:

1. Achieve fundraising growth in line with budget and planned fundraising activities;
2. Create new third party partnerships with the entertainment industry, sporting industry and high profile associations to meet budgeted income;
3. Increase income from corporate partnerships and establish Workplace Giving programs in line with budget expectations;
4. Apply for grants from Trusts and Foundations to increase income streams;
5. Increase net event income, in particular the fundraising component thereof;

Directors' Report

30 September 2013

Key Performance Measures continued

6. Ensure that all collateral that leaves the Variety office is on brand and consistent;
7. Ensure database is up to date and accurate with all donor and contact touch points;
8. Cash flow monitoring to ensure organisation has sufficient funds to meet its liabilities when they are due; and
9. Reduce the reliance on the bank overdraft facility.

2. Operating results and review of operations for the year

Operating results

The profit of the Company amounted to \$ 245,656 (2012: \$ 21,206).

Dividends

The Company is a not-for-profit organisation and as a company limited by guarantee is prevented from paying dividends.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Matters or circumstances arising after the end of the year

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Directors' Report

30 September 2013

Meetings of directors

During the financial year, 9 Board meetings held during the year. The attendance by each Board member during the year was as follows:

	Number eligible to attend	Number attended
Vito Interlandi	9	9
Richard Symon	9	9
Geoff Parker (appointed 14th August 2013)	1	1
Gillian Hund	9	9
Patricia Burke (appointed 28th November 2012)	9	7
Rodney Collins (resigned 28 November 2012, reappointed 22 March 2013)	8	7
Craig Dent (appointed 28th November 2012)	9	4
Claire Heaney (appointed 28th November 2012)	9	9
Michael Kelly (appointed 28th November 2012)	9	8
Nicholas Pullen (appointed 28th November 2012)	9	4
Michael Randall (appointed 22nd May 2013)	5	4
Steve Donnellon (appointed 23rd October 2013)	-	-
Greg Fisher (appointed 12th November 2013)	-	-
Priya Akula (resigned 28th January 2013)	1	1
William Christie (resigned 28th November 2012)	1	1
Elizabeth Henshall (resigned 28th November 2012)	-	-
Evangeline Arulrajah (resigned 28th November 2012)	-	-
Michael Brady (resigned 28th November 2012)	-	-
David Rayner (resigned 17th July 2013)	-	-
David Cornwell (resigned 22nd March 2013)	-	-
Joe Barber (resigned 22nd March 2013)	-	-
Suzanne Stanley (resigned 28th November 2012)	-	-

Indemnification and insurance of officers and auditors

Variety has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the directors and executive officers of Variety. The insurance is in the normal course of business and grants indemnity for liabilities incurred by the directors and executive officers in performance of their duties, to the extent permissible under the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 September 2013 has been received and can be found on page 8 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director:

Vito Interlandi

Director:

Geoff Parker

Dated 4 DECEMBER 2013

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE MEMBERS OF VARIETY VICTORIA – THE CHILDREN'S CHARITY**

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2013, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

4 December 2013

Nexia Melbourne

Level 18, 530 Collins Street, Melbourne VIC 3000
p +61 3 9608 0100, f +61 3 9608 0192
info@nexiamelbourne.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Melbourne (ABN 16 847 721 257) is an independent Victorian firm of chartered accountants using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 September 2013

	Note	2013 \$	2012 \$
INCOME			
Revenue from Events	2	2,879,094	2,787,325
Event costs	2	(1,483,046)	(1,538,587)
Net Income from Events		1,396,048	1,248,738
Revenue from Fundraising	2	963,891	868,435
Fundraising Costs	2	(511,251)	(455,177)
Net Income from Fundraising		452,640	413,258
Other Income	2	96,783	4,777
		1,945,471	1,666,773
EXPENSES			
Administration Costs		(264,119)	(306,040)
Appeals Granted		(1,104,993)	(1,001,939)
Appeals Rescinded		205,815	75,932
Depreciation and amortisation expense		(186,507)	(44,950)
Employee Costs		(215,939)	(249,312)
Finance costs		(56,052)	(51,994)
Other Expenses		(128,020)	(117,264)
Profit for the year		195,656	(28,794)
Transfer from Jeffrey White reserve	14	50,000	50,000
Total comprehensive income for the year		245,656	21,206

Statement of Financial Position

30 September 2013

	Note	2013 \$	2012 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	380,479	241,430
Trade and other receivables	5	50,092	87,737
Inventories	6	-	17,339
Other assets	7	63,626	50,656
TOTAL CURRENT ASSETS		<u>494,197</u>	<u>397,162</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	992,218	979,718
Intangible assets	9	-	139,374
TOTAL NON-CURRENT ASSETS		<u>992,218</u>	<u>1,119,092</u>
TOTAL ASSETS		<u><u>1,486,415</u></u>	<u><u>1,516,254</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	522,874	777,337
Borrowings	11	17,705	44,099
Employee benefits	13	35,756	49,893
Other financial liabilities	12	124,556	36,421
TOTAL CURRENT LIABILITIES		<u>700,891</u>	<u>907,750</u>
NON-CURRENT LIABILITIES			
Borrowings	11	56,413	67,947
Employee benefits	13	10,438	17,541
TOTAL NON-CURRENT LIABILITIES		<u>66,851</u>	<u>85,488</u>
TOTAL LIABILITIES		<u>767,742</u>	<u>993,238</u>
NET ASSETS		<u><u>718,673</u></u>	<u><u>523,016</u></u>
EQUITY			
Reserves		370,000	420,000
Retained earnings		348,673	103,016
TOTAL EQUITY		<u><u>718,673</u></u>	<u><u>523,016</u></u>

The accompanying notes form part of these financial statements.

Variety Victoria - The Children's Charity

ABN: 80 145 257 414

Statement of Changes in Equity

For the Year Ended 30 September 2013

	Accumulated Surplus	Jeffrey White Reserve	Total
Note	\$	\$	\$
Balance at 1 October 2012	103,017	420,000	523,017
Profit or loss attributable to members of the parent entity	195,656	-	195,656
Transfer to and from reserves	50,000	(50,000)	-
Balance at 30 September 2013	348,673	370,000	718,673
Balance at 1 October 2011	81,811	470,000	551,811
Profit or loss attributable to members of the parent entity	(28,794)	-	(28,794)
Transfer to and from reserves	50,000	(50,000)	-
Balance at 30 September 2012	103,017	420,000	523,017

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 September 2013

	2013	2012
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from donors, sponsors, members and functions	4,426,806	3,768,619
Payments to grantees, suppliers and employees	(4,173,456)	(3,876,600)
Interest received	1,629	4,777
Interest paid	(19,979)	(23,292)
Net cash provided by (used in) operating activities	<u>235,000</u>	<u>(126,496)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of intangible assets	-	(30,093)
Proceeds from sale of property, plant and equipment	18,683	-
Purchase of property, plant and equipment	(76,706)	(55,358)
Net cash used by investing activities	<u>(58,023)</u>	<u>(85,451)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipts from borrowings	110,000	250,000
Repayments of borrowings	(148,928)	(158,257)
Net cash used by financing activities	<u>(38,928)</u>	<u>91,743</u>
Net increase (decrease) in cash and cash equivalents held	138,049	(120,204)
Cash and cash equivalents at beginning of year	<u>241,430</u>	<u>361,634</u>
Cash and cash equivalents at end of financial year	4 <u><u>379,479</u></u>	<u><u>241,430</u></u>

Notes to the Financial Statements

For the Year Ended 30 September 2013

The functional and presentation currency of Variety Victoria - The Children's Charity is Australian dollars.

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

Where a change in comparatives has also affected the opening retained earnings previously presented in a comparative period, an opening statement of financial position at the earliest date of the comparative period has been presented.

(c) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a straight-line method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

Notes to the Financial Statements

For the Year Ended 30 September 2013

1 Summary of Significant Accounting Policies continued

(c) Property, Plant and Equipment continued

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	7.5 - 35%
Motor Vehicles	25%
Computer Equipment	20 - 50%
Improvements	2.5%

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

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

(e) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and most other receivables fall into this category of financial instruments.

Discounting is omitted where the effect of discounting is considered immaterial.

Notes to the Financial Statements

For the Year Ended 30 September 2013

1 Summary of Significant Accounting Policies continued

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

For trade receivables, impairment provisions are recorded in a separate allowance account with the loss being recognised in profit or loss. When confirmation has been received that the amount is not collectable, the gross carrying value of the asset is written off against the associated impairment provision.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument. All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in the income statement line items "finance costs" or "finance income".

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

(f) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Notes to the Financial Statements

For the Year Ended 30 September 2013

1 Summary of Significant Accounting Policies continued

(f) Impairment of non-financial assets continued

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(g) Employee benefits

Provision is made for the Company'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 satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(i) Revenue and other income

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Events Revenue

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

Notes to the Financial Statements

For the Year Ended 30 September 2013

1 Summary of Significant Accounting Policies continued

Interest revenue

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculation 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 assets to the net carrying amount of the financial asset.

Sales of non-current assets

The proceeds of non-current assets 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 and are recognised net within "other income".

Donated Goods

Goods are donated to be sold at auctions, or to be used in events or functions. In both cases, they are recognised as Revenue from Fundraising at their replacement cost, and expensed when the goods are sold, or otherwise used.

(j) Appeals Payable

Appeals payable are carried at cost and are recognised when the Company 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.

(k) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(l) Rounding of Amounts

The Company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest \$1.

(m) Income Tax

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

(n) Goods and Services Tax (GST)

Revenue, 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).

Receivables and payable are stated inclusive of GST.

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

Notes to the Financial Statements

For the Year Ended 30 September 2013

1 Summary of Significant Accounting Policies continued

(n) Goods and Services Tax (GST) continued

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

(o) 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 Company during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(p) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(q) Jeffery White Reserve

During 2006, a bequest of \$925,000 was received from the estate of Jeffery White. \$720,000 of the bequest was taken to a reserve and in accordance with the terms of the bequest, the Company will declare annual grants to the value of \$50,000 in Jeffery White's name until the funds have been fully utilised. The grants will be paid directly from the reserve.

(r) Deferred Income

Deferred Income, classified as current, consists of amounts received during the year in relation to fundraising events which are to be held in the following financial year.

(s) Key Judgments

Apportionment of employment costs

The costs of employing staff are allocated across three core areas of the Company's operations – administration, events and fundraising. Where a staff member is employed in a specific area (such as coordinating a particular event) the costs of their employment are allocated to that area. For staff not employed in a specific area, the costs of their employment allocated equally across the three areas of the Company's operations.

(t) Going concern basis of accounting

At balance date, the Company had a deficiency of current assets over current liabilities of approximately \$216,988 (2012: \$497,077). Despite this, the Board of Directors believe that the Company remains a going concern, and that the going concern basis of accounting remains appropriate. In arriving at this conclusion, the Board has given regard to:

- The overall positive net asset position of the company;
- The ability of the Company to reduce or defer grant expenditure in the event sufficient revenues are not earned; and

Notes to the Financial Statements

For the Year Ended 30 September 2013

1 Summary of Significant Accounting Policies continued

(t) Going concern basis of accounting continued

- The fact that the Company owns its current premises, which it would be able to realise in a sale if circumstances required.

(u) Adoption of new and revised accounting standards

Standard Name	Impact
AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	The adoption of this standard has not changed the reported financial position and performance of the entity, however the presentation of items in other comprehensive income has changed.
AASB 112 Income Taxes	There has been no impact on the reported financial position and performance
AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	There has been no impact due the entity not being a government department

Notes to the Financial Statements

For the Year Ended 30 September 2013

2 Fundraising information and costs

			2013	2012
	Revenue	Direct Costs	Net Proceeds	Net Proceeds
	\$	\$	\$	\$
Grand Final Lunch	264,470	(99,267)	165,203	113,479
Radiothon	163,702	(136)	163,566	125,284
4 x 4 Challenge	110,439	(36,676)	73,763	43,940
Brats Bash	102,660	(66,259)	36,401	29,672
Splash	70,258	(55,749)	14,509	79,784
Variety Bash	2,014,116	(646,386)	1,367,730	1,210,972
Santa Fun Run	25,445	(60,217)	(34,772)	33,527
Outback Ball	-	(2,936)	(2,936)	40,649
Op Shop Ball	-	-	-	10,025
Financial Services Ball	173,272	(93,600)	79,672	-
Race Day	20,253	(10,995)	9,258	6,522
Ladies Who Lunch	4,495	(10,298)	(5,803)	8,337
Unallocated Event Costs	-	(484,443)	(484,443)	(453,455)
Total contribution from events	2,949,110	(1,566,962)	1,382,148	1,248,736
Contribution towards grants	1,013,892	-	1,013,892	918,435
Other income	101,237	-	101,237	4,777
Indirect fundraising costs	-	(511,050)	(511,050)	(455,177)
Administration costs	-	(841,393)	(841,393)	(769,670)
Profit before grants	4,064,239	(2,919,405)	1,144,834	947,101
Grants approved	-	(1,104,993)	(1,104,993)	(1,001,939)
Rescinded grants	-	205,815	205,815	76,044
Grants expense	-	(899,178)	(899,178)	(925,895)
Total	4,064,239	(3,818,583)	245,656	21,206

3 Auditors' remuneration

Remuneration of the auditor of the Company for:

- auditing or reviewing the financial report	11,500	11,000
- other services	2,000	1,750
	13,500	12,750

Notes to the Financial Statements

For the Year Ended 30 September 2013

	2013 \$	2012 \$
4 Cash and cash equivalents		
Cash on hand	2,533	3,000
Cash at bank	377,946	238,430
	<u>380,479</u>	<u>241,430</u>
5 Trade and other receivables		
CURRENT		
Trade receivables	22,122	61,516
Goods and Services Tax receivable	11,899	26,221
Other receivables	16,071	-
Total current trade and other receivables	<u>50,092</u>	<u>87,737</u>
6 Inventories		
CURRENT		
At cost:		
Inventory - at cost	-	17,339
	<u>-</u>	<u>17,339</u>
Write downs of inventories to net realisable value during the year were \$ 17,339 (2012: \$ NIL).		
7 Other non-financial assets		
CURRENT		
Prepayments	9,335	50,656
Accrued income	54,291	-
	<u>63,626</u>	<u>50,656</u>
8 Property, plant and equipment		
Land and Buildings at cost	936,796	936,796
Accumulated depreciation	(164,663)	(146,367)
Total land and buildings	<u>772,133</u>	<u>790,429</u>
PLANT AND EQUIPMENT		
Motor vehicles at cost	69,772	41,441
Accumulated depreciation	(2,573)	(19,587)
Total motor vehicles	<u>67,199</u>	<u>21,854</u>
Office equipment at cost	77,874	75,788
Accumulated depreciation	(54,865)	(43,787)
Total office equipment	<u>23,009</u>	<u>32,001</u>

Notes to the Financial Statements

For the Year Ended 30 September 2013

	2013	2012
	\$	\$
8 Property, plant and equipment continued		
Computer equipment at cost	42,039	39,473
Accumulated depreciation	(35,511)	(29,389)
Total computer equipment	<u>6,528</u>	<u>10,084</u>
Property improvements at cost	148,106	145,822
Accumulated depreciation	(24,757)	(20,472)
Total improvements	<u>123,349</u>	<u>125,350</u>
Total plant and equipment	<u>220,085</u>	<u>189,289</u>
Total property, plant and equipment	<u><u>992,218</u></u>	<u><u>979,718</u></u>

Movements in Carrying Amounts

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

	Land and Buildings	Property Improvements	Motor Vehicles	Office Equipment	Computer Equipment	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 October 2012	790,429	125,351	21,854	32,391	10,084	980,109
Additions	-	2,283	69,772	2,086	2,566	76,707
Disposals - written down value	-	-	(17,074)	-	-	(17,074)
Depreciation expense	(18,296)	(4,285)	(7,353)	(9,468)	(6,122)	(45,524)
Balance at 30 September 2013	<u><u>772,133</u></u>	<u><u>123,349</u></u>	<u><u>67,199</u></u>	<u><u>25,009</u></u>	<u><u>6,528</u></u>	<u><u>994,218</u></u>

9 Intangible Assets

Other intangible assets

Cost	139,374	139,374
Accumulated amortisation and impairment	(139,374)	-
Total Intangibles	<u><u>-</u></u>	<u><u>139,374</u></u>

Notes to the Financial Statements

For the Year Ended 30 September 2013

		2013	2012
		\$	\$
10 Trade and other payables			
CURRENT			
Trade payables		77,434	209,833
Sundry payables and accrued expenses		73,826	52,994
Appeals payable		350,578	501,310
Other payables		21,036	13,200
		<u>522,874</u>	<u>777,337</u>
11 Borrowings			
CURRENT			
Bank loans secured		105	30,588
Lease liability secured	16	17,600	13,511
		<u>17,705</u>	<u>44,099</u>
NON-CURRENT			
Lease liability unsecured	16	56,413	6,792
Bank loans secured		-	61,155
		<u>56,413</u>	<u>67,947</u>
Total borrowings		<u>74,118</u>	<u>112,046</u>
<p>The bank loan is secured by a registered first mortgage over the freehold property and a floating charge over all existing and future assets of the company. The bank debt facility is \$340,000. As at 30 September 2013 \$340,000 remains unused.</p> <p>At the reporting date the company has a bank overdraft and a business credit card facility amounting to \$214,071. This may be terminated at any time at the option of the bank. At 30 September 2013, \$213,966 of this facility was unused. Interest rates are variable.</p>			
12 Other Financial Liabilities			
CURRENT			
Deferred income		<u>124,556</u>	36,421
13 Employee Benefits			
CURRENT			
Employee benefits		<u>35,756</u>	49,893
NON-CURRENT			
Employee benefits		<u>10,438</u>	17,541

Notes to the Financial Statements

For the Year Ended 30 September 2013

14 Reserves

The Jeffrey White Reserve

Opening balance	420,000	470,000
Transfer from reserve	(50,000)	(50,000)
Closing balance	370,000	420,000

The Jeffrey White Reserve was created in 2006 as a result of a bequest to the Company. Under the terms of the Deed of Gift establishing the reserve, an amount of \$50,000 per annum is to be used from the reserve for charitable purposes as set out in the Company's constitution

15 Contingencies

Contingent Assets

The Company holds a number of assets which are not brought to account in the financial report:

- A painting by Jamie Cooper entitled "Variety Entertainers of the Century". This painting was purchased in 2005 for a sum of \$237,419, and was subsequently written down to nil value in 2006. On the basis that it is not able to determine an appropriate fair value for this painting, the committee believes it prudent to disclose the Company's ownership of this asset as a contingent asset.
- Miscellaneous sporting memorabilia, books, toys, posters and other similar items. These items are donated to the Company from time to time, for future use in the Company's fundraising or charitable activities. On the basis that it is not practicable to determine an appropriate fair value for these items, and that in aggregate the total value of these items would be unlikely to be material to the financial report, the committee believes it prudent to disclose the Company's ownership of these assets as contingent assets..

16 Capital and Leasing Commitments

(a) Finance Leases

Minimum lease payments:		
- not later than one year	21,727	13,511
- between one year and five years	61,561	15,763
Minimum lease payments	83,288	29,274
Less: finance changes	(9,275)	(8,971)
Present value of minimum lease payments	74,013	20,303

The finance lease commitments relate to the lease of a motor vehicle over a term of 48 months

(b) Operating Leases

Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	15,545

The operating lease commitments relate to the lease of two motor vehicles over a term of 36 months.

Notes to the Financial Statements

For the Year Ended 30 September 2013

17 Key Management Personnel

The total remuneration paid to key management personnel of the Company during the year is as follows:

Short-term employee benefits	190,127	145,423
Post-employment benefits	15,502	13,088
	205,629	158,511

18 Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Variety Australia

Revenue from related parties	33,742	3,239
Payments to related parties	137,736	118,230
Amounts owed by related parties	13,724	-
Amounts owed to related parties	15,785	18,541

Variety Northern Territory

Revenue from related parties	1,506	-
Payments to related parties	1,260	6,400
Amounts owed by related parties	5,182	-

Variety Queensland

Revenue from related parties	21,090	-
Payments to related parties	18,974	34,141

Variety South Australia

Revenue from related parties	12,370	-
Payments to related parties	7,858	8,082

Variety Tasmania

Revenue from related parties	3,253	113
Payments to related parties	5,695	3,930
Amounts owed to related parties	688	-

Variety Western Australia

Payments to related parties	12,795	15,218
Amounts owed by related parties	1,991	-

Variety New South Wales

Revenue from related parties	147,986	45,409
Payments to related parties	53,594	55,896

Notes to the Financial Statements

For the Year Ended 30 September 2013

18 Related party transactions continued

Variety New Zealand

Revenue from related parties	159	-
Payments to related parties	-	12,000

Board Directors' related entities

Hayes Knight Melbourne Pty Ltd

a) Hayes Knight Melbourne Pty Ltd provides accounting services to the Company.

b) Board member Vito Interlandi is a director of Hayes Knight Melbourne Pty Ltd

c) Accounting fees charged by Hayes Knight Melbourne Pty Ltd during the year	1,420	1,800
--	-------	-------

d) Fundraising income received from Hayes Knight Melbourne Pty Ltd during the year	-	2,013
--	---	-------

e) Fundraising income received from Hayes Knight Melbourne Pty Ltd during the year, unpaid at year end and forming part of trade and other receivables (Note 5x)	-	1,000
--	---	-------

Financial Services Foundation Ltd

b) Fundraising income received from of Financial Services Foundation Ltd during the year.	-	20,000
---	---	--------

19 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, which are used to fund the continuing operation of the Company.

In addition, the Company has other financial instruments in the form of appeals payable, trade and other payables and trade and other receivables, which arise directly from its operations.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk, and liquidity risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

It is the Company's policy that no trading in derivatives shall be undertaken. This was the case throughout the period under audit.

Notes to the Financial Statements

For the Year Ended 30 September 2013

		2013	2012
		\$	\$
19 Financial Risk Management continued			
The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:			
Financial assets			
Cash and cash equivalents	4	380,479	241,430
Trade and other receivables	5	50,092	87,737
Total financial assets		430,571	329,167
Financial liabilities			
Trade and other payables	10	522,874	777,337
Borrowings	11	74,118	112,046
Total financial liabilities		596,992	889,383

20 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

21 Segment Information

The Company operates in one business and geographical segment, being the provision of material aid and assistance to disadvantaged children in Victoria, Australia.

22 Company Details

The registered office of the company is:

Variety Victoria - The Children's Charity
H71 63-85 Turner Street
Port Melbourne
Victoria

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 27, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 September 2013 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, 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 Board of Directors.

Director
Vito Interlandi

Director
Geoff Parker

Dated 4 DECEMBER 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VARIETY VICTORIA – THE CHILDREN'S CHARITY

Report on the Financial Report

We have audited the accompanying financial report of Variety Victoria – The Children's Charity (the company), which comprises the statement of financial position as at 30 September 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

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 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 judgment, 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 the directors, 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 *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Variety Victoria – The Children's Charity, would be in the same terms if provided to the directors as at the date of this auditor's report.

Nexia Melbourne

Level 18, 530 Collins Street, Melbourne VIC 3000
p +61 3 9608 0100, f +61 3 9608 0192
info@nexiamelbourne.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Melbourne (ABN 16 847 721 257) is an independent Victorian firm of chartered accountants using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

Basis for Qualified Audit Opinion

Donations are a significant source of revenue for the Variety Victoria – The Children's Charity. Variety Victoria – The Children's Charity has determined that it is impractical to establish controls over the collection of donations prior to entry into its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to donations were restricted to the amounts recorded in the financial reports. We are therefore unable to express an opinion as to whether the donation income for the Variety Club of Victoria Inc is complete.

Qualified Auditor's Opinion

In our opinion, except for the possible effect of the matters described in the Basis for Qualified Auditor's Opinion paragraph:

- a. the financial report of Variety Victoria – The Children's Charity is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 30 September 2013 and of their performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257



ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

4 December 2013