

Variety – the Children's Charity (NSW/ACT)

ABN 38 003 354 934



Financial Report



variety
the children's charity

For the year ended
30 September 2019



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Directors' Report

Your directors submit their report of Variety - the Children's Charity (NSW) for the year ended 30 September 2019.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Qualifications, experience and special responsibilities

John Dennis Chair

John has been a Director of NFP/ DGR status Charities and Foundations since 2001. He has been involved with Variety NSW/ACT since 2007 as a major donor and Bash participant; as a Board member since 2012; Deputy Chair since 2015 and Chair since 2017. John has been a Director of Variety Australia Limited since 2017 and of Variety – the Children's Charity International since 2019. John holds Bachelor of Commerce (Accounting, Finance & Systems) and Master of Commerce (Finance) degrees.

In 1984, he established the Australian Structured Finance Group - a leading corporate finance business. As CEO since inception, John's experience extends to all aspects of business networking, revenue generation, management, compliance and corporate governance. In 2003, John was elected to the governing Council of the Australian Equipment Lessors Association (AELA) becoming Deputy Chairman in 2006/07 and Chairman in 2007/08. In 2017 as the longest serving Councillor of an organisation whose members fund over \$90 Billion of assets across Australia, he represented AELA in its restructure into the Equipment Finance Division of the Australian Finance Industry Association.

John offers strong fundraising experience – both at micro and macro level; he has sound financial management and compliance skills; he has long term experience at Committee/Board/Council level within charitable foundations and industry lobby groups; he is an active networker and has a strong affinity with Variety NSW and the work we undertake.

John Hoffman Deputy Chair

John joined the Variety NSW Board in 2015 after serving a year on the Revenue Committee. John brings extensive experience in technology, innovation, leadership and human resources. John spent the last 11 years as the Chief Executive of Altis Consulting which is Australia's largest independent Data & Analytics consultancy with over 115 team members across three countries.

Altis is one of only 4 companies recognized by BRW as a Top 50 places to work in Australia for 10 or more years. Prior to Altis, John led two different digital agencies and moved to Australia from Silicon Valley in 2000.



John has an MBA from the Australian Graduate School of Management, a Bachelor of Arts in economics from the University of California, San Diego, became a member of the Australian Institute of Company Directors in 2007 and is a Pay Equity Ambassador for Australian Government Workplace Gender Equality Agency.

"It is fantastic to see the positive impact Variety has on children and their families. I originally became involved with Variety through its corporate partnership function and I think there is a great opportunity for other companies to enable their staff to have a direct impact on their local community and kids and families that need support."

Vanessa Beggs

Appointed February 2019

Vanessa joined the Variety NSW/ACT Board in 2019 and brings over 20 years' experience across the corporate, government and not for profit sectors. Vanessa is a strong leader, who uses a collaborative approach to transform businesses, catalyse change and motivate others to achieve outstanding results.

Vanessa is the COO for the Australian Banking Association and has previously held the position of CEO for the YWCA NSW – leading the organisation from a federated model to a united national organisation. Vanessa has also held a number of executive roles in strategy, change management, cultural transformation and organisational development, predominately with the Commonwealth Bank of Australia.

Vanessa is a judge of the Eureka Prize, a Non-Executive Director of Driveabout World – an Edutech start up improving driver knowledge to achieve road safety, is Faculty at the School of Life and an ardent advocate of children, women and STEM education.

Jack Cannons AM

With a long history of involvement with Variety locally, nationally and internationally, Jack re-joined the Variety NSW/ACT Board in December 2016 after a hiatus.

He's previously held the following roles within the organisation:

- Board Member – Variety – the Children's Charity (NSW) – 1992 – 2011
- Chair – Variety – the Children's Charity (NSW) – 2004 – 2006
- Deputy Chair – Variety Australia – 2006 – 2009
- Vice President / Board Member – Variety International – 2006 – 2012
- Chair – Variety Australia – 2009 – 2011
- CEO – Variety International – 2012 – 2013

Jack is currently Chair of the NSW Motoring Events Committee.



Peter Hebbes AM

Peter has been an active member of Variety NSW/ACT since 1987 and in 2003 was awarded a Lifetime Membership. In the past Peter has chaired a number of events, organising and management Committees, in 1990 he was elected Chairman of Variety NSW, and in 2000/2001 he was appointed as Chief Barker of Variety NSW. Peter has also served as the NSW Motoring Events Chairman for 15 years and the National Chair for two years. In 2012, Peter was again elected as the Chief Barker of Variety NSW and also appointed to the National Board Variety Australia.

By profession, Peter has his own Music Publishing Company and acts as a Consultant and Music Business Manager to the Theatrical, Film, Television and Music industry. In addition, Peter is on the Music Industry Boards of the Australasian Music Publishers Association Ltd. (AMPAL), the Australasian Mechanical Copyright Owners Society (AMCOS), and he is also a Trustee of The Golden Stave Foundation and a past Director of the Nordoff-Robbins Music Therapy Association of Australia.

In 2006, Peter was awarded The Order of Australia (AM) for his services to the community as a fundraiser, particularly on behalf of the Golden Stave Foundation, Variety, the Nordoff-Robbins Music Therapy Association of Australia and the Music Industry.

Dr Greg Levenston *Appointed February 2019*

Board Member 2012 – 2017, reappointed in February 2019, Greg has served on the Granting, Kids Support Governance and Scholarship committees since 2011. Previous Basher (2014) and 4WD Adventurer (2018 Medics)

Past Grand Master of Freemasonry
Former Deputy Mayor of Woollahra (2012 – 2017)
Currently appointed to the South East Sydney Local Health District Board

Long term medical director of Bronte Medical Centre, with specific interests in paediatrics and men's health. In conjunction with Jeff Kennett and Beyond Blue, Greg developed the Australian Men's Health program "No More Secrets", which evolved into the current Men's Health Research Foundation based at the University of Adelaide, where Greg serves on the Board of Patrons.

Greg's medical background and his advocacy for children in our community assisting them to reach their potential is ideally suited to the goals of Variety.

Greg Lewis

Greg has been associated with Variety NSW/ACT since 1995 when he was provided support with a laptop. The laptop enabled Greg, who has Cerebral Palsy, to attend mainstream high school and complete subjects that interested Greg and ultimately assisted in him carrying out a career in the IT Industry.



Greg has been assisting Variety NSW/ACT by telling his story at a number of Variety and Corporate Sponsors events since 2005. Greg was also awarded the 2014 Variety National Youth Hearts Award

Greg joined Young Variety in 2010 and the Grants committee in 2013, joining the board as a director in November 2013.

Dr Amanda Mead

Dr Amanda Mead B.Sc. (Hons), M.Com., Ph.D., GAICD, has been a Director of Variety NSW/ACT since 2004 and, in 2015 was elected the Chair of Variety NSW and a Director of Variety Australia.

She has been the Chair and Member of several Variety NSW/ACT committees, most notably the Grants and Programs Committee from 2008 to 2015 and the inaugural Co-Chair of the Risk and Governance Committee.

Amanda came to Variety with a wealth of senior-level marketing experience, both nationally and internationally. Since joining Variety, Amanda has been active as a Director and has supplemented her experience with formal qualifications from the Australian Institute of Company Directors, achieving Graduate Member status (GAICD) in 2011. In 2012 she was awarded a lifetime membership of Variety.

Paul Mullaly

Paul's introduction to Variety was by attending an event in late 1980s and then as an entrant in the 1991 B to B Bash. Since that time Paul has supported Variety in many ways including 24 B to B Bashes as either an Official or Entrant, an entrant in six Newcastle Splashes, volunteering at over 15 Variety Children's Christmas Parties, attending numerous Variety NSW functions including the Heart Awards, lunches, dinners, events and fundraising events. Paul has also attended numerous Variety International Conventions, where, with other members of his family, was awarded an International Presidential Citation for their support of Variety.

In 2009, after almost 10 years on the Sunshine Coach Committee, Paul joined the Variety NSW Board and continues on the Board today. During his time on the Board, Paul has served as Deputy Chief Barker, Chief Barker and on numerous committees including Grants, Motoring, Events and Finance. Paul is the current Chair of the Variety Australia Board, having joined this Board in 2015. He is also a member of the Variety Asia Pacific Committee.

After a career of 30 years in the construction and engineering industry, working at times as a Site Engineer, Project Manager, Construction Manager and Managing Director, Paul is currently a director of his family owned business.

Paul holds a Bachelor of Engineering and a master's degree in Engineering Management as well as a commercial pilot's licence.



Justine Perkins

Justine is originally from Queensland and a University of Queensland graduate in Arts/Law. In 1996, Justine's career pursuits from solicitor to inhouse counsel specialising in telecommunications, led her from Brisbane to Sydney. After 15 years in practice, Justine took time out to start a family. Justine didn't return to the law but instead found herself on a different course following the death of her second child Olivia in 2006.

In memory of their daughter, Justine and her husband John, co-founded the Touched by Olivia Foundation, to create inclusive playspaces across Australia. Through its work, the charity has redefined the state of play in Australia and has orchestrated a quantum shift in the design of playgrounds to cater for all, regardless of ability or background. Justine continues to advocate for inclusion through her work on the Variety Board and as a passionate mother to her 4 living children. In her spare time and to maintain her sanity, Justine runs marathons and swims.

Caoimhe Toouli

Caoimhe joined the Variety NSW/ACT Board and the Finance Committee in 2018. Caoimhe brings extensive experience in finance and governance as well as innovation and leadership.

Caoimhe is an Audit and Assurance Partner at KPMG, where she has worked for 20 years in the Sydney, Silicon Valley and Dublin offices.

Her experience with KPMG covers a broad range of domestic and global technology and media clients, recently including companies such as Canva, WiseTech Global, Enero and the ABC.

Caoimhe is a Member of the Institute of Chartered Accountants in Australia, and a Fellow of the of the Institute of Chartered Accountants Ireland, a Registered Company Auditor – Australia, and qualified as a CPA whilst in the US (2006).

Julie Babineau

Board Member to December 2018

Julie joined Variety NSW as a member of the Revenue Committee in 2014 and has been a Director of the Variety NSW Board since December 2014. She began to chair the Grants Committee in January 2016.

Julie has held leadership positions in the health and community services sectors in both Australia and Canada. She has a wealth of experience in policy, planning and strategy as well as an extensive knowledge of the health needs of disadvantaged populations. For seven years Julie was the CEO NSW Justice Health and Forensic Mental Health Network, which serves a diverse and vulnerable population. Julie made a career move to the Not for Profit Sector in April 2016 when she became the CEO of Odyssey House NSW.



Julie has and continues to be involved in a range of volunteer activities helping disadvantaged individuals and at times wishes she was back in her native Canada to be closer to her eight-year-old gorgeous grandnephew who was diagnosed with Duchenne muscular dystrophy at birth. Julie is honoured to be part of Variety’s vision to empower all children who are sick, disadvantaged or who have special needs, to live, laugh and learn.

Julie holds a Masters of Social Services from Université de Sherbrooke, a Bachelor of Science in Physical Education and Psychology from University of Ottawa and is a Graduate of the Australian Institute of Company Directors.

Tertius Campbell *Board Member to January 2019*

Tertius joined the Variety NSW Finance Committee in 2015 and was elected to the Board in 2016. He is a qualified Chartered Accountant (Australia and South Africa ex-PWC) with extensive Finance, IT and general business knowledge and experience gained across a variety of industries. He is a seasoned business leader, having held a number of executive Finance and IT positions at large multi-national corporations in both Australia and South Africa. Corporations such as SA Breweries, Macsteel and UXC and currently holds the position of CFO of Capral Aluminium. During his career, he also initiated and led entrepreneurial ventures and lectured at an internationally renowned university.

On the Not-for-Profit front, Tertius was an inaugural director of Manufacturing Australia (an advocacy industry body of major manufacturers in Australia) holding the position of Treasurer since inception.

INTERESTS IN THE CONTRACTS OR PROPOSED CONTRACTS

The Directors had no interests in contracts or proposed contracts with Variety during the course of the financial year other than noted in the statutory information of this report.

COMPANY SECRETARY

Bryan Mattes BEc (Hons), CPA, Head of Finance & Corporate Services, has been the Company Secretary of Variety - the Children's Charity (NSW/ACT) for the whole of the 2019 Financial Year.

DIVIDENDS

No dividends were paid out in the 2019 Financial Year.

CORPORATE INFORMATION

Variety - the Children's Charity (NSW/ACT) is a public company limited by guarantee that is incorporated and domiciled in Australia.

The Company is a Member of Variety International, which incorporates 44 entities operating in 13 different countries across the globe. All Variety entities operate under the same mission to support children who are sick, disadvantaged or who have special needs. There are eight separate Variety offices around Australia



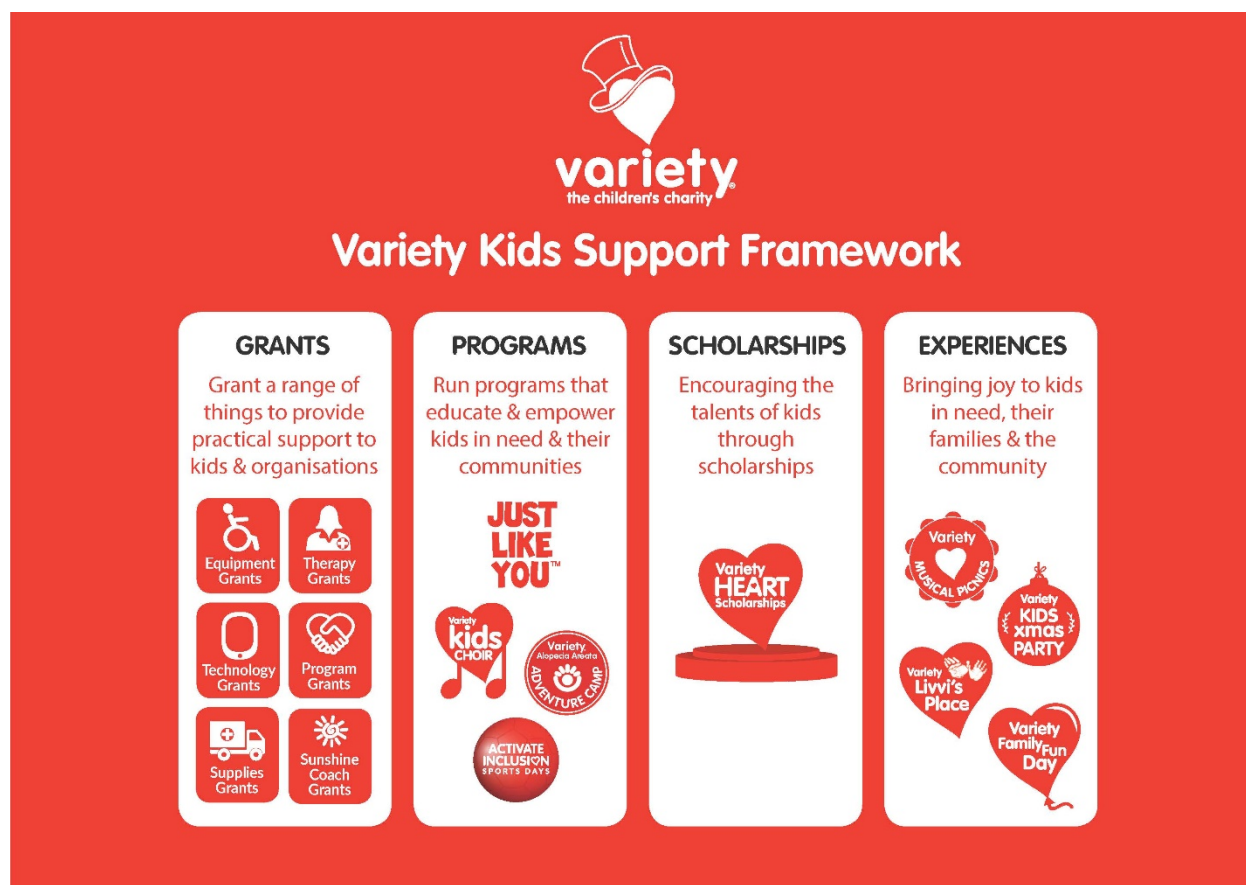
Directors' Report (continued)

that operate similar activities to Variety – the Children’s Charity (NSW/ACT) and whom work together to deliver national campaigns and achieve operational efficiencies. The seven Australian State and Territory Variety entities together own 100% of shares in the national entity of Variety Australia, who has been appointed the responsibility to review governance and the coordination of international reporting.

The registered office and principal place of business of the Company is 47 Herbert Street, Artarmon, NSW 2064. The Company employed 30 staff at 30 September 2019 (30 September 2018: 30).

STRATEGY AND OBJECTIVES

Variety - the Children’s Charity (NSW/ACT) has the long-term objective of striving to meet unmet needs that empower children who have a disability, chronic illness, require critical care or are facing financial or geographic disadvantage to reach their full potential regardless of ability or background. Each year this long-term objective is translated into a yearly objective of fundraising and granting appeals.



Variety strives to meet these objectives through the operation of core grants programs, with help of dedicated staff, volunteers and generous individual and corporate supporters.

Variety - the Children’s Charity (NSW/ACT) purchases all equipment granted directly to ensure that funds are always appropriately directed.



Directors' Report (continued)

PRINCIPAL ACTIVITIES

The principal activities of Variety - the Children’s Charity (NSW/ACT) during the year was to undertake varied fundraising activities with a view to generate funds to enable the delivery of aid to children in Australia who are sick, disadvantaged or have special needs, through grants, services, programs, scholarships and kid’s events.

Variety’s principal fundraising activity involves the running of multiple large fundraising events including the Variety B-to-B Bash, Variety NSW Bash, Variety Postie Bike Dash, Variety 4WD Adventure and Variety of Chefs, as well as major corporate partnerships and campaigns. A detailed breakdown of Variety NSW/ACT’s cost of fundraising can be found in Note 4 to the Accounts on Page 25.

There were no changes to the nature of Variety’s operations during the year.

OPERATING RESULTS FOR THE YEAR

Operating revenue

Total revenues and other income for the year ended 30 September 2019 was \$10,067,230 (30 September 2018: \$10,602,067).

Operating result before Kids Support Framework appeals and delivery

The operating result before Kids Support Framework appeals granted and delivery costs for the year ended 30 September 2019 was \$4,135,090 (30 September 2018: \$4,106,078).

Kids Support Framework appeals granted

Appeals granted to sick, special needs and disadvantaged children for the year ended 30 September 2019 was \$3,299,660 (30 September 2018: \$3,524,586).

Net operating result

The net surplus for the year ended 30 September 2019 was \$91,051 (2018 net deficit: \$193,475).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company, which occurred during the financial year, not otherwise disclosed in this Annual Financial Report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the financial year, the Directors have not become aware of any matter or circumstances not otherwise dealt with in the report or financial statements that has significantly, or may significantly, affect the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

In the opinion of the Directors, there are no likely changes in the operations of the Company, which will adversely affect the results of the Company in subsequent financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not subject to any particular or significant environmental regulation.

DIRECTORS’ BENEFITS

No Director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit by reason of a contract made by the Company with the Director or with a firm of which they are a member, or with a Company in which they have substantial financial interest except for those items disclosed in the notes to this Annual Financial Report.



Directors' Report (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Variety - the Children’s Charity (NSW) 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 permitted to be identified by Variety under Section 300 of 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.

DIRECTOR’S MEETINGS

The number of meetings of Directors held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings Attended	Directors' Meetings Eligible to Attend
Julie Babineau (<i>resigned 11 December 2018</i>)	2	2
Vanessa Beggs (<i>appointed 26 February 2019</i>)	6	7
Tertius Campbell (<i>resigned 23 January 2019</i>)	0	2
Jack Cannons AM	10	10
John Dennis	9	10
Peter Hebbes AM	9	10
John Hoffman	8	10
Greg Lewis	10	10
Dr Greg Levenston (<i>appointed 26 February 2019</i>)	6	7
Dr Amanda Mead	8	10
Paul Mullaly	8	10
Justine Perkins	9	10
Caoimhe Toouli	9	10



Directors' Report (continued)

MEMBERS GUARANTEE

In the event of the Company being wound up, member's liability is limited to an amount of \$100. If the Company ceases to operate, assets are distributed to some other institution or institutions with similar objectives.

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, PKF Australia. A copy has been included on page 11 of the report.

Signed in accordance with a resolution of the directors

A blue ink signature of John Dennis.

John Dennis
Director/Chairperson

A blue ink signature of Caoimhe Toouli.

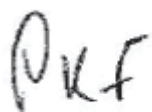
Caoimhe Toouli
Director/Chair Finance & Audit Committee

Sydney, 18 November 2019

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 60-40 OF THE CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012 TO THE DIRECTORS OF VARIETY - THE CHILDREN'S CHARITY (NSW)

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Australian Charities and Not-for-profit Commission Act 2012* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



PKF



CLAYTON HICKEY
PARTNER

18 NOVEMBER 2019
SYDNEY, NSW



Statement of Comprehensive Income

For the year ended 30 September 2019

	<i>Note</i>	<i>2019</i> \$	<i>2018</i> \$
Fundraising income	4	8,937,660	9,643,694
Contributions towards appeals granted		404,118	369,500
Contributions towards appeals granted (in-Kind)		428,757	463,660
Other income		296,695	125,213
Total revenues		10,067,230	10,602,067
Event Production Costs		(2,121,095)	(2,754,303)
Merchandise Costs		(143,515)	(225,025)
Fundraising Costs		(1,880,382)	(1,420,379)
Freedom House Project Costs		(150,990)	(513,456)
Total Cost of Fundraising		(4,295,982)	(4,913,163)
Gross Profit		5,771,248	5,688,904
Employee expense	5(a)	(597,715)	(501,178)
Advertising & promotion		(191,596)	(153,967)
Bank Charges		(18,623)	(24,351)
Occupancy Costs		(154,324)	(155,208)
Other Operating Costs		(195,535)	(215,356)
Travel & Accommodation		(55,896)	(53,943)
Depreciation	5(b) / 10(a)	(103,770)	(109,785)
Amortisation	10(b)	(39,369)	(11,506)
International and National Dues		(112,089)	(131,850)
Insurance		(60,263)	(66,021)
Consultants		(106,978)	(159,661)
Total administration expenses		(1,636,158)	(1,582,826)
Surplus before Kids Support Framework appeals and delivery		4,135,090	4,106,078
Kids Support Framework - granted		(3,299,660)	(3,524,586)
Kids Support Framework - (in-Kind)		(428,757)	(463,660)
Kids Support Framework - delivery		(315,622)	(311,307)
	4	(4,044,039)	(4,299,553)
Net surplus / (deficit) for the year before Income Tax		91,051	(193,475)
Income Tax		-	-
Total comprehensive income / (deficit) for the year		91,051	(193,475)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



Statement of Financial Position

As at 30 September 2019

	Note	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	2,349,434	1,743,762
Trade and other receivables	7	717,069	635,458
Other current assets	8	2,091,278	1,859,964
Total current assets		5,157,781	4,239,184
Non-current assets			
Investments	9	85,200	85,200
Property, plant and equipment	10(a)	3,905,644	3,975,473
Intangibles	10(b)	94,268	129,419
Total non-current assets		4,085,112	4,190,092
TOTAL ASSETS		9,242,893	8,429,276
LIABILITIES			
Current liabilities			
Grants payable	12(a)	2,262,133	1,417,609
Trade and other payables	12(b)	432,884	584,457
Provisions	13	347,885	299,710
Deferred income	15	325,538	344,098
Total current liabilities		3,368,440	2,645,874
TOTAL LIABILITIES		3,368,440	2,645,872
NET ASSETS		5,874,453	5,783,402
EQUITY			
Accumulated surplus	16	5,874,453	5,783,402
TOTAL EQUITY		5,874,453	5,783,402

The above Statement of Financial Position should be read in conjunction with the accompanying notes.



Statement of Changes in Equity

For the year ended 30 September 2019

	<i>Accumulated surplus</i> \$	<i>Revaluation Reserve</i> \$	<i>Total equity</i> \$
At 1 October 2017	4,682,783	1,294,094	5,976,877
Deficit for the year	(193,475)	-	(193,475)
Total comprehensive deficit for the year	(193,475)	-	(193,475)
At 30 September 2018	4,489,308	1,294,094	5,783,402
Surplus for the year	91,051	-	91,051
Total comprehensive income for the year	95,551	-	91,051
At 30 September 2019	4,580,359	1,294,094	5,874,453

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.



Statement of Cash Flows

For the year ended 30 September 2019

	<i>Note</i>	<i>2019</i> \$	<i>2018</i> \$
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		9,181,026	9,660,364
Payments to suppliers and employees		(5,773,956)	(5,646,002)
Interest received		63,936	58,706
Appeals paid		(2,455,136)	(3,808,879)
Net cash flows provided by /(used in) operating activities		1,015,870	264,189
Cash flows from investing activities			
Funds transfer to term deposits with maturity >3 months		(311,716)	(37,871)
Funds transfer from term deposits with maturity < 3 months		-	-
Proceeds from sale of property, plant and equipment		-	49,234
Purchase of property, plant and equipment		(94,264)	(156,461)
Purchase of intangibles		(4,218)	(131,242)
Net cash flows used in investing activities		(410,198)	(276,340)
Net decrease in cash and cash equivalents		605,672	(12,151)
Cash and cash equivalents at beginning of year		1,743,762	1,755,913
Cash and cash equivalents at end of year	6	2,349,434	1,743,762

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.



Notes to the Financial Statements

1 CORPORATE INFORMATION

The financial report of Variety - the Children's Charity (NSW/ACT) (the "Company") for the year ended 30 September 2019 was authorised for issue in accordance with a resolution of the directors on 15 November 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, the *Australian Charities and Not-for-Profits Commission Act 2012*, Australian Accounting Standards Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an accrual basis of accounting including the historical cost convention except as otherwise stated and the going concern assumption.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar (\$) unless otherwise stated.

(b) Statement of compliance

The Company has adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 October 2011 and continued for the year ended 30 September 2019.

The Company is a not-for-profit, private entity and has prepared tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB).

The adoption of AASB 1053 and AASB 2010-2 allowed Variety to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

(c) New accounting standards and interpretations

(i) New accounting standards and interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current accounting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company.

The following Accounting Standards and Interpretations are most relevant to the Company.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 October 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value.

All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires a portion of the change in fair value that relates to the entity's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' model to recognise an allowance. Impairment is measured using a 12-month expected credit loss method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime expected credit loss method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

There was no material impact upon adoption of the Standard.

(iii) New accounting standards and interpretations issued but not yet effective

The AASB has issued new and Amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant.

Variety – the Children’s Charity (NSW)

Financial Report



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 “Leases”	1 October 2019	<p>AASB 16 will replace the current accounting requirements applicable to leases with a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with terms of more than 12 months, unless the underlying asset is of low value.</p> <p>AASB 16 will result in the Company recognising their operating leases in the statement of financial position.</p>	<p>Whilst the impact of AASB 16 has not yet been quantified, the Company currently has \$520,356 worth of operating lease commitments (Note 11) which we anticipate will be brought onto the statement of financial position (except for low value assets).</p> <p>Interest and amortisation expense will increase, and rental expense will decrease.</p>
AASB 15 “Revenue from contracts with customers”	1 October 2019	<p>AASB 15 introduces a 5-step process for revenue recognition with the core accounting principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>Accounting policy changes will arise in timing of revenue recognition, treatment of contract costs and contracts which contain a financing element. AASB15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.</p>	<p>The impact is not expected to be material.</p>



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Financial Instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the 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:

- Amortised cost
- Fair value through profit or loss – FVTPL

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.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents and other current assets in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL. Net gains or losses, including any interest or dividend income are recognised in profit or loss.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- The other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

(f) Trade and other receivables

Trade and other receivables, which generally have 30-day terms, are recognised and carried at original invoice amount less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

(g) Property, plant, and equipment

Plant, and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are measured at fair value less accumulated depreciation on buildings and less any impairment losses recognised after the date of the revaluation. The land and building were revalued by an accredited valuer on 27 September 2017.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Buildings – 50 years
- Property improvements – 4 years
- Plant and equipment – 3-5 years
- Motor vehicles – 4 years



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

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

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

(h) Intangibles

Intangibles are stated at historical cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated on a straight-line basis over the estimated useful life of the specific intangible assets as follows:

Software and systems – 4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Derecognition

An intangible item is derecognised when no further future economic benefits are expected from its use or disposal.

(i) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate. Non-financial assets that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed. No indicators for impairment have been identified by Management and as such no specific impairment testing has been done.

(i) Trade and other payables

Financial liabilities

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.

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



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Grants payable

Grants payable are approved by the board resulting in a constructive obligation to make a further payment to the applicant. The grant payable is recognised at the nominal value approved by the board.

(l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(m) Employee leave benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

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

(n) Revenue recognition

Revenue is recognised to the extent 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:

(i) 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 are deferred and recognised as deferred income.

(ii) 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 at their replacement cost, and expensed when the goods are sold, or otherwise used.

(iii) 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.



2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(iv) 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.

The pledges received are not recognised as income until received in cash or till a firm commitment has been received.

(o) Deferred income

Deferred income is the income received in advance of the future event to which the income relates to. As the events are held, deferred income is recognised in the income statement as revenue.

(p) Income tax

The Company is exempt from income tax. It is a Deductible Gift Recipient (DGR) and an Income Tax Exempt Corporation (ITEC).

(q) Other taxes

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

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables, which are stated with the amount of GST included.

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

Cash flows are included in the statement of cash flows 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 part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

3 SIGNIFICANT 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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the results of which form the bases of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.



3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) Significant accounting judgements

Impairment of non-financial assets

The Company assesses impairment of all assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. These include technology, economic and political environments and future expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

(ii) Significant accounting estimates and assumptions

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Depreciation and amortisation charges are included in note 5.

Assessment of fair value for donated goods and services

The assessment of fair value of goods and services donated to the Company 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.

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4 FUNDRAISING INFORMATION AND ADMINISTRATION COSTS

Details of aggregate income and expenditure of fundraising are as follows:

	2019 Total Income \$	2019 Direct Expenses \$	2019 Net Income \$	2018 Net Income \$
Fundraising information				
Events	4,659,415	1,446,937	3,212,478	3,454,424
Corporate Partnerships	1,754,344	88,700	1,665,644	1,844,130
Freedom House Project	580,000	150,990	429,010	381,544
Individual Giving & Philanthropy	905,140	229,424	675,716	212,180
Community Fundraising	1,038,761	238,083	800,678	717,058
Fundraising and Event Staff Costs	-	1,994,464	(1,994,464)	(1,802,670)
Unallocated Costs	-	147,384	(147,384)	(76,135)
	8,937,660	4,295,982	4,641,678	4,730,531
Contributions towards grants			404,118	369,500
Donations towards grants (in-Kind)			428,757	463,660
Other income			296,695	125,213
Administration costs			(1,636,158)	(1,582,826)
Net surplus before Kids Support Framework			4,135,090	4,106,078
Kids Support Framework Expenses (Grants / Delivery / in-Kind)			(4,044,039)	(4,299,553)
Net surplus / (deficit)			91,051	(193,475)

The costs of events staff salaries and other costs directly attributable to fundraising events are included in the cost of fundraising and excluded from administration expenses.

Unallocated costs relate to Customer Relationship Management costs (software and related expenses) used for fundraising across all revenue generating activities.

Goods and services in kind received of \$722,101 (2018: \$991,157) and goods and services in kind expended of \$722,101 (2017: \$991,157) are included in the relevant revenue or expense category.



4 FUNDRAISING INFORMATION AND ADMINISTRATION COSTS (continued)

	2019		2018	
	\$		\$	
Comparison of monetary figures and percentages				
Total income received	10,067,230		10,602,067	
Total costs of fundraising & donations	4,295,982	2.34	4,913,163	2.16
Every dollar spent as Cost of Fundraising raised \$2.34 in 2019FY (\$2.16 in 2018FY)				
Total cost of administration	1,636,158		1,582,826	
Total income received	10,067,230	16%	10,602,067	15%
Net surplus from fundraising & donations	5,771,248		5,688,904	
Gross income from fundraising & donations	9,770,535	59%	10,476,854	54%

The majority of costs represent fundraising and event production expenses such as venues, staging, safety & welfare of participants, event catering and staff costs relating directly to these events and fundraising initiatives. Due to the nature of the fundraising events organised by Variety, the delivery of events often requires significant production costs, which are generally covered in Variety's ticketing cost structure.

5 EXPENSES

	2019	2018
	\$	\$
(a) Employee expense		
Wages and salaries	445,092	336,788
Other employee benefit expense	94,364	62,375
Staff training and development	32,862	39,164
Recruitment	25,397	62,851
Total employee expense	597,715	501,178
(b) Depreciation expense		
Buildings	36,576	36,001
Plant and equipment	46,532	60,333
Motor vehicles – in Overheads	20,662	13,451
Deprecation in overheads	103,770	109,785
Motor vehicles – in Cost of Fundraising	60,323	59,458
Total depreciation expense	164,093	169,243



6 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 September 2019:

	<i>2019</i>	<i>2018</i>
	<i>\$</i>	<i>\$</i>
Cash in hand	7,000	140
Cash at bank	2,342,434	1,743,622
	<u>2,349,434</u>	<u>1,743,762</u>

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

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

7 TRADE AND OTHER RECEIVABLES (CURRENT)

	<i>2019</i>	<i>2018</i>
	<i>\$</i>	<i>\$</i>
Trade Receivables	12,708	-
Accrued income	704,361	635,458
Carrying amount other receivables	<u>717,069</u>	<u>635,458</u>

All other assets noted above are non-interest bearing and generally on indefinite terms. However, they are expected to be paid in the next 12 months and therefore are recorded as current assets.

8 OTHER CURRENT ASSETS

	<i>2019</i>	<i>2018</i>
	<i>\$</i>	<i>\$</i>
Prepayments	95,455	153,823
Inventory on Hand	-	6,693
GST Receivable	65,036	96,532
Credit Cards Prepaid	23,829	7,674
Funds on Term Deposit >3 months	<u>1,906,958</u>	<u>1,595,242</u>
	<u>2,091,278</u>	<u>1,859,964</u>

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9 INVESTMENTS

	2019 \$	2018 \$
Investments in Variety Australia Limited - at cost	85,200	85,200
	85,200	85,200

10 FIXED ASSETS

(a) *Property, plant and equipment*

Reconciliation of carrying amounts at the beginning and end of the year:

	Land & Building	Plant & Equipment	Motor Vehicles	Total
At 1 October 2018 at Cost:	3,750,000	535,155	339,678	4,624,833
Accumulated Depreciation:	(36,001)	(438,957)	(174,402)	(649,360)
Net carrying Amount at 1 October 2018:	3,713,999	96,198	165,276	3,975,473
Additions:	58,517	33,338	2,409	94,264
Disposals (WDV):	-	-	-	-
Depreciation charge:	(36,576)	(46,532)	(80,985)	(164,093)
End of Year – net carrying amount:	3,735,940	83,004	86,700	3,905,644

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10 FIXED ASSETS (continued)

(b) Intangibles

Reconciliation of carrying amounts at the beginning and end of the year

	Capitalised Software
At 1 October 2018 at Cost:	143,346
Accumulated Amortisation	(13,927)
Net carrying Amount at 1 October 2018:	129,419
Additions:	4,218
Disposals (WDV):	-
Amortisation charge:	(39,369)
End of Year – net carrying amount:	94,268

11 CAPITAL AND LEASING COMMITMENTS

	2019 \$	2018 \$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	78,000	78,000
- between one and five years	390,000	390,000
- greater than 5 years	52,356	130,356
	520,356	598,356

An operating lease has been taken out over the Newcastle premises. The lease term is 5 years with a 5 year renewal option.

12 PAYABLES (CURRENT)

	2019 \$	2018 \$
(a)		
Grants payable at 1 October	1,417,609	1,701,902
Appeals granted	3,299,660	3,524,586
Grants paid	(2,455,136)	(3,808,879)
Grants payable	2,262,133	1,417,609
(b)		
Trade payables	294,179	322,269
Other payables and accruals	138,705	262,188
Carrying amount of trade and other payables	432,884	584,457



12 PAYABLES (CURRENT) (continued)

(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.

(iii) Appeals payable are non-interest bearing and are recognised at the nominal amounts approved by the board of directors. They are generally paid within 6 months of their approval.

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

13 PROVISIONS

	2019 \$	2018 \$
Current		
Employee benefits	347,885	299,710
	347,885	299,710

Employee benefits

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

14 INTEREST-BEARING LOANS AND BORROWINGS

(a) Financing facilities available

At reporting date, the following bank financing facilities had been negotiated and were available:

	2019 \$	2018 \$
<i>Total facilities available</i>		
- Business credit card facility	50,000	50,000
	50,000	50,000
<i>Facilities used at balance date</i>		
- Business credit card facility	-	-
	-	-
<i>Facilities unused at balance date</i>		
- Business credit card facility	50,000	50,000
	50,000	50,000

Credit card facility used does not attract interest, with all payables settled by the due date, taking full advantage of the interest-free period on offer.

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15 DEFERRED INCOME

	2019 \$	2018 \$
Deferred income	325,538	344,098
	325,538	344,098

16 ACCUMULATED SURPLUS

	2019 \$	2018 \$
Movements in accumulated surplus were as follows:		
Balance 1 October	5,783,402	5,976,877
Revaluation (Land and Building)	-	-
Net surplus/(deficit) for the year	91,051	(193,475)
Balance 30 September	5,874,453	5,783,402

17 STATEMENT OF CASH FLOWS RECONCILIATION

(a) Non-cash financing and investing activities

Credit card facility

At balance date, The Westpac Banking Corporation provided the organisation with a business credit card facility with a limit of \$50,000 (2018: \$50,000). The balance owing at 30 September 2019 is reflected in the liabilities. Credit card facility used does not attract interest, with all payables settled by the due date, taking full advantage of the interest-free period on offer.

Donated goods

During the year, the organisation received donated goods and services to the value of \$722,101 (2018: \$991,157). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

18 CONTINGENCIES

There are no contingent liabilities that exist at, or after, the balance date and as at the date of this financial report.

19 RELATED PARTY DISCLOSURES

(a) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in Note 20.

Variety NSW/ACT has engaged in commercial transactions with parties related to key management personnel as outlined below:

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19 RELATED PARTY DISCLOSURES (continued)

		<i>Payments from related parties</i>	<i>Payments to related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
		\$	\$	\$	\$
Staff related to key management personnel	2019FY	-	8,536	-	-
	2018FY	-	-	-	-

(b) Transactions with related parties

The entity is a member or “Tent” of Variety – the Children’s Charity (International). Other entities also members of this body are “Tents” from each State and Territory in Australia, considered related parties to the Company.

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:

<i>Related party</i>		<i>Payments from related parties</i>	<i>Payments to related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
		\$	\$	\$	\$
Related body:					
Variety Tasmania	2019	7,410	1,613	-	7,359
	2018	-	11,962	-	1,074
Variety Australia	2019	111,970	149,622	12,477	17,590
	2018	245,500	312,356	37,623	46,773
Variety Northern Territory	2019	485	8,811	-	5,120
	2018	-	4,760	-	1,076
Variety Queensland	2019	10,095	109,822	1,442	63,654
	2018	1,000	107,533	-	54,270
Variety South Australia	2019	10,695	62,218	-	20,814
	2018	-	69,783	-	20,388
Variety Victoria	2019	6,695	180,208	3,224	37,163
	2018	4,000	171,161	686	45,453
Variety Western Australia	2019	9,695	101,845	2,381	18,796
	2018	-	80,268	-	30,402
Variety International	2019	-	33,724	-	6,922
	2018	-	35,696	-	-

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19 RELATED PARTY DISCLOSURES (continued)

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.

20 KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel as at 30 September 2019

(i) Directors

John Dennis	Chairperson
John Hoffman	Deputy Chairperson
Vanessa Beggs	Director (appointed 26 February 2019)
Jack Cannons, AM	Director
Peter Hebbes AM	Director
Dr Greg Levenston	Director (appointed 26 February 2019)
Greg Lewis	Director
Dr Amanda Mead	Director
Paul Mullaly	Director
Justine Perkins	Director
Caoimhe Toouli	Director

(ii) Employees

David Sexton	Chief Executive Officer
Bryan Mattes	Head of Finance & Corporate Services / Company Secretary
Penelope Sinton	Head of Philanthropy & Strategic Partnerships (February 2018 onwards)
Scott Williams	Head of Community Engagement (March 2018 onwards)
Marisa Turcinskis	Head of Kids Support
Jason Bourke	Head of Regional Development & Inclusive Play

(b) Compensation of Key Management Personnel

	2019 \$	2018 \$
Short-term employee benefits – Salary and fees	916,591	805,200
Short-term employee benefits – Non-monetary benefits	5,040	4,656
Post-employment benefits - Superannuation	87,076	78,494
Total benefits	1,008,707	888,350



21 EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date which may affect the Company's operations or results of those operations or the Company's state of affairs.

22 AUDITORS REMUNERATION

Audit fees of \$23,000 - PKF (2018: \$43,000 - EY) have been billed, with a corresponding in-Kind donation of \$12,000 - PKF (2018: \$20,000 cash - EY) received or to be received.



Directors' Declaration

In accordance with a resolution of the directors of Variety - the Children's Charity (NSW/ACT), we state that in the opinion of the directors:

- (a) the financial statements and notes of the Company are in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:
 - (i) giving a true and fair view of the Company's financial positions as at 30 September 2019 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, and the *Australian Charities and Not-for-Profits Commission Regulation 2013*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Declaration under the Charitable Fundraising Act 1991 (the "Act")

- (i) the Statement of Comprehensive Income gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;
- (ii) the Statement of Financial Position gives a true and fair view of the state of affairs of the Company with respect to fundraising appeals;
- (iii) the provisions and regulations of the NSW Charitable Fundraising Act 1991 and the conditions attached to the authority to fundraise have been complied with by the Company; and
- (iv) the internal controls exercised by the Company are appropriate and effective in accounting for all income received and applied by the Company from any of its fundraising appeals.

Signed in accordance with a resolution of the Board of Directors

A blue ink signature of John Dennis.

John Dennis
Director/Chairperson

A blue ink signature of Caoimhe Toouli.

Caoimhe Toouli
Director/Chair Finance & Audit
Committee

Sydney, 18 November 2019

INDEPENDENT AUDIT REPORT



TO THE MEMBERS OF VARIETY - THE CHILDREN'S CHARITY (NSW)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Variety - the Children's Charity (NSW), which comprises the statement of financial position as at 30 September 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the financial report of Variety - the Children's Charity (NSW) is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- i. giving a true and fair view of Company's financial position as at 30 September 2019 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.
- iii. the financial report gives a true and fair view of the financial result of fundraising appeals for the year;
- iv. the financial report and associated records of Girl Guides Australia have been properly kept during the year in accordance with the New South Wales Charitable Fundraising Act 1991 and the regulations;
- v. money received as a result of fundraising appeals conducted during the year has been properly accounted for in accordance with the New South Wales Charitable Fundraising Act 1991 and the regulations; and
- vi. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Directors and Those Charged with Governance of the Financial Report

The directors of the Company are responsible for the preparation of a financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-profits Commission Act 2012* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Report

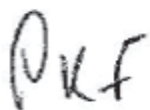
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

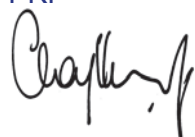
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



PKF



CLAYTON HICKEY
PARTNER

18 NOVEMBER 2019
SYDNEY, NSW