



Variety - The Children's Charity
Tent 75 South Australia Incorporated
Incorporation Number A22631

Annual Financial Report 30 September 2018

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Board of Members

Rob Kerin, Chair of the Board

Rob has been a regular Bash entrant over the last decade! Rob was Managing Director of Kerin Agencies, an agribusiness in the Mid North of S.A. until 1993. He then entered the State Parliament for 15 years, serving as Deputy Premier, Premier and Leader of the Opposition. He held many portfolios, but spent most time as Minister for Primary Industries, Mines and Energy, and Regional Development.

Rob is currently Executive Chair of Primary Producers SA, Chairs Regional Development SA and is a member of the SANFL Board. Rob chairs several other Boards and committees, and is the owner of Rob Kerin Consulting, which has done restructure of the State's Regional Development structure, the ex SA Farmers Federation, and the operational side of Viterra, the State's largest grain handling company.

Janet Leske, Deputy Chair and Chair of Scholarships Committee

Janet Leske is the Community Development Manager at Raising Literacy Australia. Prior to this, she was Partnerships Manager at News Limited and has had more than 20 years' experience in the media industry. With a background in radio, Janet spent many years working for Austereo before moving to the newspaper industry. A firm believer in using her skills to benefit the wider community, Janet joined the Variety MarComms committee in 2008 before being appointed to the Board in 2012.

Richard Willson, Treasurer

Richard is an experienced Non-Executive Director, Company Secretary and CFO with more than 20 years' experience in both publicly listed and private companies.

Richard has a Bachelor of Accounting from the University of South Australia, is a fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors. He is a Non-Executive Director of Titomic Limited (ASX:TTT); AusTin Mining Limited (ASX:ANW); and the not-for-profit Unity Housing Company; Company Secretary of Patron Resources Limited, 1414 Degrees Limited (ASX:14D); Beston Global Food Company Limited (ASX:BFC), and the Danila Dilba Health Service. Richard is the Chairman of the Audit Committees of AusTin Mining Limited, Titomic Limited and Unity Housing Company, and is the Chairman of the Remuneration & Nomination Committee of Titomic Limited.

Richard has previously been CFO, Company Secretary and Non-Executive Director of a number of ASX Listed, Public & Private Companies.

Dr. Kathryn Zeitz, Immediate Past Chair

Kathryn and her husband Chris were first introduced to the work of Variety after providing medical support to the inaugural SA Variety Bash in 1989. Completing 25 Bashes between them, together they continue to be business partners of Variety. Kathryn has been a Board member since 2007. With a diverse health background Kathryn is currently Interim Director Diagnostics, St Vincent's Hospital in Sydney and was previously the Director Strategic Operations, Mental Health Directorate for the Central Adelaide Local Health Network. She is a Clinical Associate Professor for the University of Adelaide and is a Board Director of CRANaplus who provide advocacy, education and support to remote health providers.

Dr. Bronte Ayres, Board Member and Chair of the Grants Committee

Dr. Bronte Ayres is a consultant Cardiologist and former State Chairman of the Royal Australasian College of Physicians in SA. He was Deputy Chairman of the Ashford Community Hospital as well as sitting on the board of its foundation. He has had a passion for growing merlot grapes in the Adelaide Hills and is a life member of the Brighton Beef Steak and Burgundy Club. His involvement with Variety began as the Bash Doctor in 1991 and 15 years as a medico for the Bash and nine years for the 4WD Challenge followed. He's been an honorary Medical Advisor to Variety SA since 1995, is a former Chair of the Board and has been a member of the Board since 2000.

Ron Barton, Board Member

In 1983 when Ron Barton first joined Yellow Cabs it operated 50 taxis from its base in a modified service station on Main North Road. From these humble beginnings, Ron quickly grew into the organisation, liking it so much that he purchased it in the mid-nineties. Under Ron's natural entrepreneurial business style, Yellow Corporation was born encompassing Yellow Cabs, Yellow Couriers and Taxi Trucks, Yellow Buses, Aussiefast Transport Solutions, Consolidated Data Communications and Consolidated Security Services. The fleet totalled around 600 vehicles making Yellow Corporation one of the largest privately owned transport companies in South Australia. More recently Ron disinvested in the passenger transport components of the business to concentrate on the road transport and security divisions and consider other business opportunities.

Away from business Ron has immersed himself in Variety for over 14 years as either an entrant or official in all three of our Motoring Events and expanded that generous engagement into event and functions sponsorships. Ron has Chaired the Board, Kick in for Kids, Variety Adventure TV and in 2019 will Chair the Variety Moto Run.

Peter Cochrane OAM, Board Member

Peter Cochrane OAM is the Managing Director of Cochrane's, the leading express transport provider to regional South Australia. Cochrane's employs over 250 staff and delivers more than 10,000 items daily throughout SA, Mildura and Broken Hill.

Peter's involvement with Variety began in 1989 when he was an entrant in the first Bash. He became Bash Chairman in 1993 and held that role until 1998. During this time he ran six highly successful Bashes with his late wife Christine. Peter became Chair of the Variety Board in 2003, overseeing many major developments including raising capital for the construction of the current Variety headquarters.

Peter was made a Life Member of Variety SA in 2007. He received an Order of Australia Medal in 2017 and in 2018 became only the third Australian to be awarded the prestigious Catherine Variety Sheridan Award, which recognises his philanthropic support in serving children.

Matthew Cowdrey OAM, Board Member

Matt Cowdrey OAM is a former Variety grant recipient and current ambassador. Matt was a member of Australia's Paralympic Swim Team for over a decade. He has a congenital amputation of his left arm; it stops just below the elbow. Cowdrey competed at the 2004, 2008 & 2012 Paralympic Games, 2006, 2010 & 2014 Commonwealth Games and numerous world championships. He is the most successful Australian Paralympian, having won thirteen Paralympic gold medals and twenty-three Paralympic medals in total. Matt retired from competitive swimming in 2015 and joined the Variety Board in 2016.

Matt was elected to State Parliament in 2018 as the Member for Colton. Prior to entering State Parliament Cowdrey worked as a Senior Consultant in KPMG's Government Advisory Practice. He holds degrees in law and media from the University of Adelaide.

Peter de Cure, Board Member

Peter is a professional Non-Executive Director and Chartered Accountant. He holds a Bachelor of Economics from Adelaide University and is a Fellow of the Institute of Company Directors and Chartered Accountants Australia & New Zealand. After 25 years at KPMG Peter retired as a senior partner in 2012.

Peter is currently a Chairman of the Australian-American Fulbright Commission and the Gifford Hill Joint Venture, a Board Member of the Tax Practitioner's Board, the Royal Flying Doctor Service (Central Ops), the Accord Property Development and Storage Funds and an advisory board member of several significant private companies.

Nicole Haack, Board Member, Deputy Chair of Variety Australia Board, Chair of the Marketing & Communications Committee, Chair of the Large Grants Committee

Nicole Haack is Managing Director of corporate communications and public relations firm 'The Message Bureau', providing advice to a broad client base on strategic communications, marketing campaigns, stakeholder engagement, issues & crisis management and media relations. Nicole has been involved in Variety for in excess of 20 years, serving as a Director at both at a local, national, and international level (Variety Asia Pacific), and as a fundraiser for a number of Variety SA's motoring events. Nicole is a previous Telstra South Australian Young Businesswoman of the Year and she was also a recipient of the Prime Minister's Centenary Medal for service to Australian society in business leadership.

Kate Hobbs, Board Member

Kate is Managing Director of her own management consulting company and has supported a variety of clients across Australia and internationally. Most of Kate's career has been spent working with senior leaders and their teams to improve their bottom line through more effective business processes, from the front line to the board room.

Kate has a broad range of experience from operational, project and consulting roles across a number of industries and has Bachelor degrees in Marketing and International Studies, as well as a Masters of Mining Engineering. She is a qualified Lean Six Sigma Blackbelt and has proven skills across a range of areas, including strategic planning, management system development, change management, organisational culture, governance structures and operational improvement.

As well as her directorship at Variety South Australia, Kate is currently Chair of the National Women in Mining Network (WIMnet), a founding member of the AusIMM's Council for Diversity and Inclusion, and an advisory member of the AusIMM Mining Society.

First getting involved with Variety as a Bash entrant in 2010, Kate has now been on seven bashes and is a passionate supporter of everything Variety. She is a regular attendee of Variety team fundraisers, Variety children's events, and Bash get-togethers and can often be seen sporting a costume of some sort.

Members' Report

The Members of Variety The Children's Charity Tent 75 South Australia have pleasure in submitting the following report in respect of the year ended 30 September 2018 in accordance with a resolution of Members.

MEMBERS

The Members in office during the year through to the date of this report are set out on pages 3 to 5 of this report.

The Members 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.

ASSOCIATION INFORMATION

Variety The Children's Charity is an Association incorporated in South Australia under the *Associations Incorporation Act 1985* Section 25(5)(b).

The registered office of the Association is 68 Richmond Road, Keswick South Australia 5035.

The entity employed twelve staff at 30 September 2018 (30 September 2017: fourteen).

PRINCIPAL ACTIVITIES

The principal activities of Variety during the 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 grants, provision of Variety Sunshine Coaches, Children's Christmas Party and Children's outings.

OPERATING AND FINANCIAL REVIEW

Operating revenue

The operating revenue for the year ended 30 September 2018 was \$6,286,011. (30 September 2017: \$6,536,390).

Operating result before grants approved

The operating profit before grants approved for the year ended 30 September 2018 was \$3,512,550. (30 September 2017: \$3,813,304).

Grants approved

Grants approved to sick, disabled and disadvantaged children for the year ended 30 September 2018 was \$3,863,360 (30 September 2017: \$3,580,221).

Net operating result

The operating deficit (surplus) for the year ended 30 September 2018 was (\$171,703). (30 September 2017: \$453,889).

Members' Report (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Members, there were no significant changes in the state of affairs of the Association, 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 Members 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 Association, the results of those operations or the state of affairs of the Association in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

MEMBERS' BENEFITS

No Member of the Association 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 Association with the Director or with a firm of which they are a member, or with an Association in which they have substantial financial interest except for those items disclosed in the notes to this Annual Financial Report.

INDEMNIFICATION AND INSURANCE OF MEMBERS

Variety The Children's Charity has, during the financial year, paid an insurance premium in respect of an insurance policy for the benefit of the Members 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 the *Associations Incorporation Act 1985*. 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.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Association has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Members' Report (continued)

MEMBERS' MEETINGS

The number of Meetings of Members held during the year and the numbers of meetings attended by each member were as follows:

	Members' Meetings Attended	Members' Meetings Eligible to Attend
Rob Kerin	10	11
Janet Leske	9	11
Richard Willson	10	11
Kathryn Zeitz	11	11
Bronte Ayres	8	11
Ron Barton	9	11
Peter Cochrane	9	11
Matthew Cowdrey	5	11
Peter de Cure	8	11
Nicole Haack	10	11
Kate Hobbs	9	11

Signed in accordance with a resolution of the Board of Members.

Member

Member

Adelaide

Date: 19 November 2018

Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2018	Notes	2018 \$	2017 \$
Fundraising income	4 (a)	4,946,761	5,631,614
Donation income	4 (a)	1,214,480	800,222
Other income	4 (a)	124,770	104,554
Total Revenues		6,286,011	6,536,390
Salaries & wages		(918,672)	(855,363)
Advertising & promotion		(117,312)	(151,763)
Communications		(8,546)	(10,193)
Depreciation	5	(51,316)	(59,119)
Amortisation	5	(4,033)	(6,110)
Design, print and stationery		(8,115)	(11,595)
Insurance		(40,668)	(45,223)
Motor vehicle expenses		(29,296)	(15,031)
Production costs		(79,377)	(78,154)
Utilities		(7,333)	(7,064)
Other expenses	5	(1,508,792)	(1,483,471)
Total Expenses		(2,773,461)	(2,723,086)
Profit before grants approved		3,512,550	3,813,304
Grants approved	4 (a)	(3,863,360)	(3,580,221)
Grants written back		179,107	220,806
Net surplus/(deficit) for the period		(171,703)	453,889
Other Comprehensive Income		-	-
Total Comprehensive Income		(171,703)	453,889

Balance Sheet

AS AT 30 SEPTEMBER 2018	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	5,056,175	4,906,195
Receivables	7	199,180	190,461
Inventories	8	416,395	401,202
Other assets	9	67,156	68,034
Total Current Assets		<u>5,738,906</u>	<u>5,565,892</u>
Non-Current Assets			
Property, plant and equipment	10	1,278,068	1,217,108
Intangible assets	11	4,540	8,570
Total Non-Current Assets		<u>1,282,608</u>	<u>1,225,678</u>
TOTAL ASSETS		<u>7,021,514</u>	<u>6,791,570</u>
LIABILITIES			
Current Liabilities			
Grants payable	12	1,697,437	1,265,768
Trade and other payables	12	232,847	245,737
Provisions	13	100,933	91,777
Deferred income	14	221,205	260,890
Total Current Liabilities		<u>2,252,422</u>	<u>1,864,172</u>
Non-Current Liabilities			
Provisions	13	33,459	20,062
Total Non-Current Liabilities		<u>33,459</u>	<u>20,062</u>
TOTAL LIABILITIES		<u>2,285,881</u>	<u>1,884,234</u>
NET ASSETS		<u>4,735,633</u>	<u>4,907,336</u>
EQUITY			
Reserves	15(b)	267,497	267,497
Retained earnings	15(a)	4,468,136	4,639,837
TOTAL EQUITY		<u>4,735,633</u>	<u>4,907,336</u>

Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Donation Reserve – Plant & Equipment \$	Donation Reserve – Land & Buildings \$	Retained Earnings \$	Total Equity \$
At 1 October 2016	2,500	267,497	4,183,450	4,453,447
Surplus for the year			453,889	453,889
Transfers to/from Reserves	(2,500)	-	2,500	-
Total income and expenses for the period	-	-	4,56,389	453,889
At 30 September 2017	-	267,497	4,639,839	4,907,336
Surplus for the year	-	-	(171,703)	(171,703)
Transfers to/from Reserves	-	-	-	-
Total income and expenses for the period	-	-	(171,703)	(171,703)
At 30 September 2018	-	267,497	4,468,136	4,735,633

Cash Flow Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		5,693,667	5,969,818
Payments to suppliers and employees		(2,295,401)	(2,252,652)
Interest received		116,577	107,360
Grants paid		(3,252,587)	(3,021,118)
Net cash flows from/(used in) operating activities	6(a)	262,256	803,408
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	56,367
Purchase of property, plant and equipment		(112,276)	(16,148)
Net cash flows from/(used in) investing activities		(112,276)	40,219
Cash flows from financing activities			
Financing activities		-	-
Net cash flow from/(used in) financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		149,980	843,627
Cash and cash equivalents at beginning of period		4,906,195	4,062,568
Cash and cash equivalents at end of period	6	5,056,175	4,906,195

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2017

1. ASSOCIATION INFORMATION

The financial report of Variety - the Children's Charity Tent 75 South Australia Incorporated for the year ended 30 September 2018 was authorised for issue in accordance with a resolution of the Members on 11 December 2018.

The financial report is presented in Australian dollars.

Variety - the Children's Charity Tent 75 South Australia Incorporated is an incorporated association and was incorporated on 10 October 1995.

The Association is incorporated and domiciled in Australia. The registered office, which is the principal place of business, is located at 68 Richmond Road, Keswick South Australia 5035.

In the event of the Association being wound up, members' liability is limited to an amount of nil. If on winding up of the Association, any property of the Association remains after satisfaction of the debts and liabilities of the Association and the costs, charges, and expenses of that winding up, that the property shall be distributed: (a) to another incorporated association having objects similar to those of the Association; or (b) for charitable or benevolent purposes, which incorporated association or purposes, as the case requires shall be determined by resolution of the members to prepare a distribution plan for the distribution of the surplus property of the Association. No members, or former members, of the Association shall be recipients of any assets after the winding up.

The nature of the operations and principal activities of the Association are described in the Members' report.

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 *Associations Incorporation Act 1985*, Australian Accounting Standards and the *Australian Charities and Not for Profits Commissions Act 2012*. The financial report has also been prepared on a historical cost basis.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The accounting policies have been applied consistently during the year.

(i) New Accounting Standards and Interpretations

The Australian Accounting Standards Board (AASB) has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Association has decided not to early adopt these Standards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) New Accounting Standards and Interpretations (continued)

The following table summarises those future requirements and their impact on the Association where the standard is relevant:

Standard Name	Effective date for Association	Requirements	Impact
AASB 15 Revenue from contracts with customers	1 January 2018	The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.	The Association has considered the impact of the new rules on revenue recognition policies and does not consider it to be material to the financial statements.
AASB 16 Leases	1 January 2019	When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.	The Association has not yet considered the impact of the new rules on its lease disclosure policies. It will undertake a detailed assessment in the near future.

(c) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation.

Land and buildings are measured at cost less accumulated depreciation on buildings and less any impairment losses.

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

Buildings – forty years
 Computer equipment – three years
 Plant and equipment – five years
 Motor vehicles – five years

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Disposal

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.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(d) Trade and other receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Association will not be able to collect the debt.

(e) Inventories

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

Inventory also includes donated goods, some of which are to be sold at auction for fundraising purposes. These are valued at approximate net realisable value, and this value is used as the reserve at auction to ensure that the auction proceeds exceed cost. Other donated goods (including those, which may subsequently be provided as grants) are also measured at approximate net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(f) Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Association determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Association commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

(i) Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment of assets

At each reporting date, the Association assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Association makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and on hand, short-term deposits with an original maturity of three months or less and bank overdrafts. Bank overdrafts are shown within interest-bearing loans and borrowings in current liabilities on the balance sheet.

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

(i) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Association prior to the end of the financial year that are unpaid and arise when the Association becomes obliged to make future payments in respect of the purchase of these goods and services.

(j) Grants payable

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

(k) Provisions

Provisions are recognised when the Association 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 pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefits

Provision is made for the Association's liability for employee benefits as a result of employees rendering services up to the reporting date. 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, plus related on-costs. 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.

Employee entitlements expenses and revenues arising in respect of the following categories:

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

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

(m) Income tax

Variety The Children's Charity Tent 75 South Australia is exempt from income tax. It is a Deductible Gift Recipient (DGR) and an Income Tax Exempt Corporation (ITEC).

(n) Other taxes

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

- where 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; and
- receivables and payables 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 receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement 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 are classified as operating cash flows.

(o) Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured. 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. Any donation received in respect of an event that falls into the following financial year is recognised as income in the current year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest income

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

Sales of non-current assets

The gross proceeds of non-current 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.

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. Donated goods that have a useful life continuing over a number of years are capitalised and depreciated in line with purchased property plant and equipment.

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.

Other Income

Other income is recognised on an accruals basis when the Association is entitled to it.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to raise finance for the Association's operations. The Association has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Association's financial instruments are cash flow interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks as summarised below.

It is the Association's policy that no trading in financial instruments shall be undertaken. This was the case throughout the period under review.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Association trades only with recognised, creditworthy parties.

It is the Association's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Association's exposure to bad debts is not significant.

The Association minimises concentration of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days;
- management review older amounts due and pursue customers for payment; and
- a provision is held to cover any potential bad debts that may arise

Since the Association trades only with recognised creditworthy third parties, there is no requirement for collateral.

Interest rate risk

At balance date, the Association had the following financial assets exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2018	2017
	\$	\$
Financial assets		
Cash assets	5,056,175	4,906,195
Total financial assets	<u>5,056,175</u>	<u>4,906,195</u>
Financial Liabilities		
Interest bearing liabilities	Nil	Nil

The Association's interest risk is limited to the interest earned on its significant cash balances held. The remaining financial assets and liabilities will not be materially affected by changes in interest rate.

The Association constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date.

At 30 September 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, total recognised income and expense and equity would have been affected as follows:

	Recognised income and expense		Equity	
	Higher/(Lower)		Higher/(Lower)	
	2018	2017	2018	2017
	\$	\$	\$	\$
+1% (100 basis points)	48,026	38,952	48,026	38,952
-1% (100 basis points)	(48,026)	(38,952)	(48,026)	(38,952)

The movements in the recognised income and expense and equity are due to the higher/lower interest costs from variable cash balances.

Refer to Note 20 for financial instruments exposed to interest rate risk.

Liquidity risk

To limit this risk, management maintains a balance between the continuity of revenue funding through donations and donated goods and services, and expenditure. This is achieved through regular monitoring of operational bank balances in relation to future funding needs, and transferring funds into or out of investment accounts as necessary. This is performed by the finance team.

Market risk

Market risk is the risk that the fair value of equity securities held in the investment portfolio decreases. Management have assessed the risk as nil for the Association, as it holds no equity securities.

Capital Management

When managing capital, management's objective is to ensure the Association continues as a going concern as well as to maintain optimal benefits to its stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets.

Management monitors capital through distribution levels. The target for the Association's distribution approximates 90% of available surpluses or higher.

4. (a) FUND RAISING INFORMATION AND ADMINISTRATION COSTS

Additional information to be furnished under the *Charitable Purposes Act, 1939*.

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

	2018 Total Income \$	2018 Direct Expenses \$	2018 Net Income \$	2017 Net Income \$
Fundraising information				
Bash	2,573,256	732,734	1,840,522	2,546,200
4WD Challenge	1,064,621	249,737	814,884	581,429
V2 Classic	280,419	97,696	182,723	173,340
Melbourne Cup Luncheon	83,476	67,785	15,691	30,609
ACC Ball	363,074	317,748	45,326	9,743
Variety from the Heart	7,310	16,974	(9,664)	(14,362)
Variety Vintage	340,261	149,532	190,729	190,490
Young Variety	13,739	7,313	6,426	19,042
Golf Day	-	-	-	9,590
Chairman's Dinner	-	7,964	(7,964)	(6,860)
Variety on King William	11,268	2,318	8,950	15,606
Foundation House	2,150	3,797	(1,647)	(3,779)
Variety Trek	-	-	-	(1,165)
Clipsal	-	-	-	193,170
Balaklava Race Day	-	-	-	1,070
Radiothon	85,975	27,681	58,294	51,074
FootyJet	42,843	4,265	38,578	40,095
Showdown Events	56,128	31,945	24,183	-
Variety International Conference	21,991	29,686	(7,694)	-
Other Fundraising	250	-	250	(338)
Total contribution from events	4,946,761	1,747,175	3,199,586	3,834,954
Donations	1,214,480	181,052	1,033,428	649,006
Subtotal	6,161,242	1,928,227	4,233,015	4,483,960
Other Income	124,770	-	124,770	104,541
Total	6,286,012	1,928,227	4,357,785	4,588,501
Administration costs		845,235	(845,235)	(775,197)
Surplus before grants			3,512,550	3,813,304
Grants approved during the year			3,863,360	3,580,221
Surplus/(deficit) for the year			(350,810)	233,083

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.

Goods and services in kind received of \$384,127 (2017: \$403,933) and goods and services in kind expended of \$nil (2017: \$nil) are included in the relevant expense or revenue category.

4. (b) FUND RAISING INFORMATION AND ADMINISTRATION COSTS (continued)

	2018 \$	2018 %	2017 \$	2017 %
Comparison of monetary figure and percentages				
Total direct costs of events fundraising & donations	1,928,227	31	1,947,876	30
Gross income from fundraising & donation	6,161,242		6,431,836	
Net surplus from events fundraising & donations	4,233,015	69	4,483,960	70
Gross income from fundraising & donations	6,161,242		6,431,836	
Total costs of events fundraising & donations	1,928,227	70	1,947,876	72
Total expenditure	2,773,461		2,723,086	
Total costs of events fundraising & donations	1,928,227	31	1,947,876	30
Total income received	6,286,012		6,536,390	
Total cost of administration	845,235	13	775,198	12
Total income received	6,286,012		6,536,390	

5. OTHER EXPENSES

	2018 \$	2017 \$
Operating profit is stated after charging the following items:		
Superannuation expense	78,347	72,254
Depreciation: Buildings	16,906	14,753
Depreciation: Plant and equipment	15,644	21,444
Depreciation: Motor vehicles	18,766	22,922
Total depreciation	<u>51,316</u>	<u>59,119</u>
Amortisation	4,033	6,110
Total amortisation	<u>4,033</u>	<u>6,110</u>
Variety National & International expenses	133,036	111,105
Other event & function expenses	1,261,971	1,198,198
Other administration expenses	<u>113,785</u>	<u>174,168</u>
Total Other Expenses	<u>1,508,792</u>	<u>1,483,471</u>

6. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Cash at bank	830,757	852,339
Short-term deposits	4,225,418	4,053,856
	<u>5,056,175</u>	<u>4,906,195</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 Association, and earn interest at the respective short-term deposit rates.

Reconciliation to the Cash Flow statement

For the purposes of the Cash Flow statement, cash and cash equivalents comprise the following:

Cash at bank and in hand	830,757	852,339
Short-term deposits	4,225,418	4,053,856
	<u>5,056,175</u>	<u>4,906,195</u>

(a) Reconciliation of the net profit after tax to the net cash flows from operations

	2018	2017
	\$	\$
Operating surplus/(deficit)	(350,810)	233,083
Non-cash items		
Depreciation	51,315	59,119
Amortisation	4,033	6,110
Grants written back	179,107	220,806
Net (profit)/loss on disposal of property, plant and equipment	-	(35,686)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(51,956)	(25,289)
(Increase)/decrease in inventory	(15,193)	(8,222)
(Increase)/decrease in other assets	44,115	88,784
(Decrease)/increase in trade and other creditors	(12,888)	(37,218)
(Decrease)/increase in grants payable	431,669	338,296
(Decrease)/increase in deferred income	(39,685)	5,697
(Decrease)/increase in provisions	(22,552)	(42,072)
Net cash flow from operating activities	<u>262,260</u>	<u>803,408</u>

(b) 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 (2017: \$ 50,000). The balance owing at 30 September 2018 is reflected in the liabilities.

Donated goods

During the year, the organisation received donated goods and services to the value of \$ 384,127 (2017: \$403,933). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

7. TRADE AND OTHER RECEIVABLES (CURRENT)

	2018	2017
	\$	\$
Trade receivables	23,767	128,827
Allowance for doubtful debts	-	-
	<u>23,767</u>	<u>128,827</u>
Other receivables	162,660	49,007
Accrued income	12,754	12,627
	<u>199,180</u>	<u>190,461</u>

Trade debtors are non-interest bearing and generally on 30 day terms.

(a) Allowance for impairment loss

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of \$16,464 has been recognised by the group (2017: \$nil) in the current year. These amounts have been included in the other expense item.

Receivables past due but not considered impaired are \$1,800 (2017: \$78,718).

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Movements in the provision for impairment loss for the Association were as follows:

	2018	2017
	\$	\$
At 1 October 2017	16,464	-
Charge for the year	-	-
At 30 September 2018	<u>16,464</u>	<u>-</u>

As at 30 September, the ageing analysis of trade receivables is as follows:

	TOTAL	0-30 Days	31-60 Days	60-90 Days	+91 Days	+91 Days
			PDNI*	PDNI*	PDNI*	CI*
2018 Total	23,767	21,967	-	-	1,800	-
2017 Total	128,827	50,109	49,958	3,300	25,460	-

*PAST DUE NOT IMPAIRED ('PDNI') *CONSIDERED IMPAIRED ('CI')

8. INVENTORIES

	2018	2017
	\$	\$
Auction items – current	2,009	2,129
House – for auction	310,425	303,592
Sunshine coach/vehicle stock - current	103,961	95,481
	<u>416,395</u>	<u>401,202</u>

Inventory write-downs recognised as an expense totalled \$nil (2017: \$nil) for the Association.

9. OTHER ASSETS (CURRENT)

Prepayments	58,205	67,914
Deposits paid	8,500	-
BarterCard	451	120
	<u>67,156</u>	<u>68,034</u>

Deposits paid are non-interest bearing and generally on indefinite terms.

10. PROPERTY, PLANT AND EQUIPMENT

Land		
Cost	501,336	501,336
Accumulated depreciation and impairment	-	-
Net carrying amount	<u>501,336</u>	<u>501,336</u>
Buildings		
Cost	568,689	568,689
Accumulated depreciation and impairment	(42,652)	(28,434)
Net carrying amount	<u>526,037</u>	<u>540,255</u>
Property improvements		
Cost	36,805	21,428
Accumulated amortisation and impairment	(3,760)	(1,071)
Net carrying amount	<u>33,045</u>	<u>20,357</u>
Plant and Equipment		
Cost	571,885	551,555
Accumulated depreciation and impairment	(530,420)	(514,776)
Net carrying amount	<u>41,465</u>	<u>36,779</u>
Motor vehicles		
Cost	254,720	178,150
Accumulated depreciation and impairment	(78,535)	(59,769)
Net carrying amount	<u>176,185</u>	<u>118,381</u>

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Total property, plant and equipment

Cost	1,933,434	1,821,158
Accumulated depreciation, amortisation and impairment	(655,367)	(604,050)
Net carrying amount	1,278,068	1,217,108

Reconciliations

Land

Carrying amount at beginning	501,336	501,336
Additions	-	-
Disposals	-	-
Depreciation and impairment charge for the year	-	-
Net carrying amount	501,336	501,336

Buildings

Carrying amount at beginning	540,255	554,472
Additions	-	-
Disposals	-	-
Depreciation and impairment charge for the year	(14,217)	(14,217)
Net carrying amount	526,037	540,255

Property improvements

Carrying amount at beginning of period	20,357	20,892
Additions	15,376	-
Disposals	-	-
Depreciation and impairment charge for the year	(2,688)	(535)
Net carrying amount	33,045	20,357

Plant and Equipment

Carrying amount at beginning of period	36,779	46,523
Additions	20,330	12,651
Disposals	-	-
Depreciation and impairment charge for the year	(15,644)	(22,395)
Net carrying amount	41,465	36,779

Motor vehicles

Carrying amount at beginning of period	117,430	158,616
Additions	76,569	2,418
Disposals	-	(20,681)
Depreciation and impairment charge for the year	(18,766)	(21,972)
Net carrying amount	175,233	117,430

Total property, plant and equipment

Carrying amount at beginning	1,217,108	1,281,839
Additions	112,276	15,069
Disposals	-	(20,681)
Depreciation and impairment charge for the year	(51,315)	(59,119)
Net carrying amount	1,278,069	1,217,108

11. INTANGIBLE ASSETS

	2018	2017
	\$	\$
<i>Intangible Assets</i>		
Cost	42,037	42,037
Accumulated amortisation and impairment	(37,500)	(33,467)
Net carrying amount	<u>4,537</u>	<u>8,570</u>
Carrying amount at beginning of period	8,570	13,601
Additions	-	1,079
Disposals	-	-
Depreciation and impairment charge for the year	(4,030)	(6,110)
Net carrying amount	<u>4,540</u>	<u>8,570</u>

12. PAYABLES (CURRENT)

		2018	2017
		\$	\$
Trade payables	(i)	184,064	175,799
Other payables and accruals	(ii)	48,783	69,938
		<u>232,847</u>	<u>245,737</u>
Grants payable		1,697,437	1,265,768
		<u>1,930,283</u>	<u>1,265,768</u>

- (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.

13. PROVISIONS

	2018	2017
	\$	\$
Current employee benefits provision	100,933	91,777
	<u>100,933</u>	<u>91,777</u>
Non-current employee benefits provision	33,459	20,062
	<u>33,459</u>	<u>20,062</u>

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.

14. DEFERRED INCOME

	2018 \$	2017 \$
Tickets in advance for Business Partners	17,187	23,250
Corporate Membership	3,500	4,318
2018 Melbourne Cup	35,540	25,480
2019 Bash	13,195	16,886
2019 4WD Challenge	45,909	100,592
2018 V2 Classic	97,364	79,099
2018 Variety Vintage	2,900	2,900
2018 Variety from the Heart	5,610	5,865
Golf Day	-	2,500
	221,205	260,890

Income is received in the current year relating to an event in the forthcoming year.

15. RESERVES AND RETAINED EARNINGS

(a) Retained earnings

	2018 \$	2017 \$
Movements in retained earnings were as follows:		
Beginning of financial year	4,907,336	4,453,447
Net surplus for the year	(171,703)	453,889
Transfers	-	-
End of financial year	4,735,633	4,907,336

(b) Other reserves

	<i>Donation Reserve – Plant & Equipment</i> \$	<i>Donation Reserve – Land & Buildings</i> \$	<i>Total</i> \$
At 1 October 2016	2,500	267,497	269,997
Donation received	-	-	-
Depreciation transfer	(2,500)	-	(2,500)
At 30 September 2017	-	267,497	267,497
Donation received	-	-	-
Depreciation transfer	-	-	-
At 30 September 2018	-	267,497	267,497

Donation reserve

The donation reserve is used to record the fair value of the donated assets when they are recognised on the balance sheet. The donation reserve is also used to record increments and decrements in the fair value of donated assets to the extent that they offset one another.

16. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Association has not entered into any commercial leases on its offices or any items of office equipment.

(b) Finance lease and hire purchase commitments

The Association has no finance leases or hire purchase contracts for items of property, plant and equipment.

(c) Expense and capital commitments

As at the balance sheet date, the Members of Variety The Children's Charity Tent 75 South Australia have committed to spending \$nil (2017: \$nil) in the next financial year on new initiatives.

17. AUDITOR'S REMUNERATION

The auditor of Variety the Children's Charity is Ernst & Young. Ernst & Young received a fee of \$18,400 (2017: \$17,900) for statutory audit services to the Association during the year. The fee will be donated back to Variety the Children's Charity. Other assurance work was carried out on an arm's length basis for \$ nil (2017: \$nil). The provision of these services has not impaired the auditor's independence.

18. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Members

Rob Kerin	Chair
Janet Leske	Deputy Chair
Richard Willson	Treasurer
Bronte Ayres	
Ron Barton	
Peter Cochrane	
Matthew Cowdrey	
Peter de Cure	
Nicole Haack	
Kate Hobbs	
Kathryn Zeitz	

(ii) Executives

Mark McGill	Chief Executive Officer
Jane Coldbeck	Business Development Manager

(b) Compensation of Key Management Personnel

	2018 \$	2017 \$
Short-term employee benefits – Salary and fees	211,686	196,811
Short-term employee benefits – Non-monetary benefits	34,584	36,298
Post-employment benefits - Superannuation	41,019	39,768
Total benefits	<u>287,289</u>	<u>272,877</u>

18. KEY MANAGEMENT PERSONNEL (continued)

(c) Other transactions and balances with Key Management Personnel (KMP) and their related parties

Purchases

During the year, purchases totalling \$1,196 (2017: \$nil) for motoring fundraiser expense reimbursements at normal market prices have been made by Variety the Children's Charity to Nicole Haack.

Sales

During the year, sales totalling \$1,155 (2017: \$4,720) for tickets, membership and participant fees at normal market prices have been made by Variety the Children's Charity to Rob Kerin. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$150 (2017: \$3,150) for membership and tickets at normal market prices have been made by Variety the Children's Charity to Janet Leske. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$150 (2017: \$170) for membership and products at normal market prices have been made by Variety the Children's Charity to Richard Willson. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$5,000 (2017: \$5,000) for business partnership at normal market prices have been made by Variety the Children's Charity to Zeitz Enterprises, of which Kathryn Zeitz is a director and controlling shareholder. \$ nil was outstanding at 30 September 2018 (2017: \$nil). Sales totalling \$5,710 (2017: \$ 12,965) for auction items, tickets, participant fees and membership were made to Kathryn Zeitz. \$nil was outstanding at 30 September 2018 (2017: \$nil). Sales totalling \$3,421 (2017: \$15,345) for auction items, raffle tickets and membership were made to Chris Zeitz, spouse of Kathryn Zeitz. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$nil (2017: \$nil) for auction items and tickets at normal market prices have been made by Variety the Children's Charity to Bronte Ayres. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$13,500 (2017: \$nil) for membership and sponsorship at normal market prices have been made by Variety the Children's Charity to Aussiefast Corporation, of which Ron Barton is a director and controlling shareholder. During the year, sales totalling \$8,336 (2017: \$11,195) for auction items, entry & participant fees, tickets, goods and membership at normal market prices have been made by Variety the Children's Charity to Ron Barton. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$5510 (2017: \$9,965) for event sponsorship and products at normal market prices have been made by Variety the Children's Charity to Peter Cochrane Management, of which Peter Cochrane is a director and controlling shareholder. \$ nil was outstanding at 30 September 2018 (2017: \$nil). Sales totalling \$33,590 (2017: \$3,075) for tickets, entry and participant fees, and auction items at normal market prices have been made by Variety the Children's Charity to Peter Cochrane. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$150 (2017: \$150) for membership at normal market prices have been made by Variety the Children's Charity to Matthew Cowdrey. \$150 was outstanding at 30 September 2018 (2017: \$nil)

During the year, sales totalling \$1,065 (2017: \$4267) for, membership and tickets at normal market prices have been made by Variety the Children's Charity to Kate Hobbs. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$3,800 (2017: \$4,922) for auction items, tickets, participant fees, products and membership at normal market prices have been made by Variety the Children's Charity to Peter de Cure. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$10,823 (2017: \$21,806) for membership, tickets, auction items, accommodation, entry and participant fees at normal market prices have been made by Variety the Children's Charity to Nicole Haack. \$nil was outstanding at 30 September 2018 (2017: \$nil).

During the year, sales totalling \$300 (2017: \$nil) for tickets and auction items at normal market prices have been made by Variety the Children's Charity to Steve Meins, spouse of Jane Coldbeck. \$nil was outstanding at 30 September 2018 (2017: \$nil).

(c) Other transactions and balances with Key Management Personnel (KMP) and their related parties

Amounts recognised at the reporting date in relation to other transactions with KMP:

	2018	2017
	\$	\$
<i>Current assets</i>		
Trade and other receivables	-	-
	<hr/>	<hr/>
Total assets	<hr/> <hr/>	<hr/> <hr/>
<i>Current liabilities</i>		
Trade and other payables	-	-
	<hr/>	<hr/>
Total liabilities	<hr/> <hr/>	<hr/> <hr/>
Revenues and expenses		
Revenue	92,660	140,845
	<hr/>	<hr/>
Purchases	13,713	11,909
	<hr/> <hr/>	<hr/> <hr/>

19. RELATED PARTY DISCLOSURE

(a) Ultimate parent

Variety The Children's Charity is a member of a worldwide organisation, Variety International the Children's Charity.

(b) Key management personnel

Details relating to key management personnel, including remuneration, are included in Note 18.

(c) Transactions with related parties

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

Related party		Payments from related parties	Payments to related parties	Amounts owed by related parties	Amounts owed to related parties
Related body:					
Variety International	2017	-	30,765	-	-
The Children's Charity	2018	-	37,164	-	-
Variety Australia	2017	147,048	76,474	-	1,074
	2018	130,127	128,931	86,521	33,118
Variety Northern Territory	2017	-	40,399	-	-
	2018	51	48,609	-	607
Variety Queensland	2017	280	13,212	-	-
	2018	153	598	-	-
Variety Tasmania	2017	-	-	-	-
	2018	25	182	-	-
Variety Victoria	2017	2,383	13,050	-	-
	2018	153	1163	-	-
Variety Western Australia	2017	-	12,968	-	-
	2018	102	103	-	-
Variety New South Wales	2017	28,616	18,918	41,188	-
	2018	69,630	-	20,388	-
Variety New Zealand	2017	231	-	-	-
	2018	-	-	-	-

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. FINANCIAL INSTRUMENTS

The Association's principal financial instruments consist mainly of cash assets, trade receivables and trade payables.

(a) Net fair values

All financial assets and liabilities have been recognised at the balance date at their net fair values. The carrying amount of financial assets and liabilities approximate their net fair value. These financial assets and liabilities are included in the assets and liabilities in the balance sheet. There are no financial assets which have a carrying amount exceeding their net fair value.

(b) Financial Instruments

	Carrying amount		Fair value	
	2018	2017	2018	2017
	\$	\$	\$	\$
(i) Financial assets				
Cash assets	5,056,175	4,906,195	5,056,175	4,906,195
Trade and other receivables	199,180	190,461	266,336	190,461
Total financial assets	<u>5,255,355</u>	<u>5,096,656</u>	<u>5,322,511</u>	<u>5,096,656</u>
(ii) Financial liabilities				
Trade creditors	184,064	175,799	184,064	175,799
Other creditors and accruals	48,782	69,988	48,782	69,988
Grants payable	<u>1,697,437</u>	<u>1,265,768</u>	<u>1,697,437</u>	<u>1,265,768</u>
Total financial liabilities	<u>1,930,283</u>	<u>1,511,555</u>	<u>1,930,283</u>	<u>1,511,555</u>

20. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

The Association's exposure to the risk of changes in market interest rates relates primarily to the Association's financial assets with a floating interest rate.

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

Year ended 30 September 2018	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	>5 years	Total	Weighted average effective interest rate %
Financial assets								
<i>Floating rate</i>								
Cash assets	5,056,175						5,056,175	
Weighted average effective interest rate %	2.43%							2.43%
Finance liabilities								
<i>Floating rate</i>								
Trade creditors & accruals	232,847						232,847	
Bank loans								
Weighted average effective interest rate %	0%							0%
Year ended 30 September 2017								
Financial assets								
<i>Floating rate</i>								
Cash assets	4,906,195						4,906,195	
Weighted average effective interest rate %	2.52%							2.52%
Finance liabilities								
<i>Floating rate</i>								
Trade creditors & accruals	245,737						245,737	
Bank loans								
Weighted average effective interest rate %	0%							0%

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Association that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

21. EVENTS AFTER BALANCE SHEET DATE

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

22. CONTINGENT LIABILITIES

The Association, through its Sprout Program, entered into formal grant commitments with a number of not for profit organisations, not presently brought to account, amounting to \$800,000 over the coming two years.

Members' Declaration

In accordance with a resolution of the Members of Variety The Children's Charity, we state that:

In the opinion of the Members:

- a) The financial statements and notes of the Association are in accordance with the Associations Incorporation legislation, including:
 1. Giving a true and fair view of the Association's financial position as at 30 September 2018 and of its performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 2. Complying with Accounting Standards, the Associations Incorporation legislation and the ***Australian Charities and Not for Profit Commissions Act 2012***.
- b) There are reasonable grounds to believe the Association will be able to pay its debts as and when they become due and payable.
- c) The provisions of the ***Collections for Charitable Purposes Act 1939*** and its regulations and the conditions attached to the Authority to conduct fundraising have been complied with.
- d) The financial statements and notes satisfy the requirements of the ***Australia Charities and Not-for-profits Commission Act 2012***.
- e) The internal controls exercised by the Association are appropriate and effective in accounting for all income received and applied to its fundraising appeals.

Signed in accordance with subsection 60.15(2) of the Australian Charities and Not-for-profit Commission Regulation:



Robert Kerin
Chair



Richard Willson
Treasurer

Adelaide

Date: 19 November 2018

Independent Audit Report

Auditor's Independence Declaration to the Members of Variety – The Children's Charity Tent 75 South Australia Incorporated

In relation to our audit of the financial report of Variety – The Children's Charity Tent 75 South Australia Incorporated for the financial year ended 30 September 2018, and in accordance with the requirements of Subdivision 60-C of the *Australian Charities and Not-for profits Commission Act 2012*, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Australian Charities and Not-for profits Commission Act 2012* or any applicable code of professional conduct.



Ernst & Young
Ernst & Young



Mark Phelps

Mark Phelps
Partner
20 November 2018

Independent Auditor's Report to the Members of Variety – The Children's Charity Tent 75 South Australia Incorporated

Qualified Opinion

We have audited the financial report of Variety - The Children's Charity Tent 75 South Australia Incorporated (the 'registered entity'), which comprises the balance sheet as at 30 September 2018, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the members' declaration.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of the registered entity is in accordance with the *Australian Charities and Not-for-Profits Commission Act 2012*, including:

- a) giving a true and fair view of the financial position of the registered entity as at 30 September 2018 and of its financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Regulation 2013*.

Basis for Qualified Opinion

Income from donations and other fundraising activities is a significant source of revenue for the registered entity. The registered entity has determined that it is impracticable to establish control over the collection of donations and other fundraising income prior to entry in its financial records. Accordingly, as the evidence available to us regarding revenue from this source was limited, our audit procedures with respect to income from donations and other fundraising activities had to be restricted to the amounts recorded in the financial records. We are therefore unable to express an opinion whether the donations and other fundraising income obtained by the registered entity are complete.

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The members are responsible for the other information. The other information is the members' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Members for the Financial Report

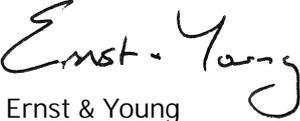
The members of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Australian Charities and Not-for-Profits Commission Act 2012* and for such internal control as the members determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.



Ernst & Young



Mark Phelps
Partner
Adelaide
20 November 2018