



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

Annual Financial Report 30 September 2019

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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.

### **Brenton Ramsey, Vice Chair**

Brenton Ramsey joined his family's Farm Machinery business, Ramsey Bros. Pty. Ltd. in 1975 and has remained an Owner and Director to this day. During that time the business has developed into one of the largest Machinery Dealerships in South Australia with 6 branches.

His involvement with Variety started with Bashing in 1995 and has continued including 5 4WD events. Brenton became Chair of the SA Variety Bash in 2015 and continued through 2016 and 2017 where the Bash raised in excess of \$7.5 million.

This culminated in his Variety From the Heart Award in 2017 and an International Presidential Citation in 2018.

Brenton is committed to his involvement with Variety and inspired by the hundreds of volunteers who work so hard for the organization.

### **Richard Willson, Treasurer**

Richard is an experienced, Non-Executive Director, Company Secretary and CFO with more than 20 years' experience predominantly within the mining, technology and agricultural sectors for 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), Thomson Resources Limited (ASX: TMZ), Graphene Technology Solutions Limited, and the not-for-profit Unity Housing Company; and Company Secretary of a number of ASX Listed Companies. Richard is the Chairman of the Audit Committee of Titomic Limited, AusTin Mining Limited, and Unity Housing Company, and is the Chairman of the Remuneration & Nomination Committee of Titomic Limited.

### **Dr. Bronte Ayres AM, 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 totaled 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.

**Tanya Stratton, Board Member**

Tanya is currently a Director at Stratland Pty Ltd, holds a bachelor degree in Science, Mathematics/Statistics from Adelaide University, a certificate in COGNOS Administration from the University of NSW and is an AICD affiliate. Tanya spent 20 years as a Systems Analyst at Stratco (Australia) Pty Ltd where her key responsibilities included online store development, geo-spatial analysis of demographic data for new site locations and the implementation of the national sales reporting system.

Tanya's involvement with Variety began in 2014 for the 4WD Adventure as the first father-daughter team and continues as part of the first all-female 4WD team.

"The Variety family create a wonderful environment where individuals can give back to the community with purpose".

## 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 2019 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 thirteen staff at 30 September 2019 (30 September 2018: twelve).

### 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 2019 was \$6,165,930.  
(30 September 2018: \$6,286,011).

#### *Operating result before grants approved*

The operating profit before grants approved for the year ended 30 September 2019 was \$3,414,509.  
(30 September 2018: \$3,512,550).

#### *Grants approved*

Grants approved to sick, disabled and disadvantaged children for the year ended 30 September 2019 was \$3,789,684 (30 September 2018: \$3,863,360).

#### *Net operating result*

The operating deficit (surplus) for the year ended 30 September 2019 was (\$184,125). (30 September 2018: (\$171,703)).

## 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	11	11
Brenton Ramsey	8	11
Richard Willson	8	11
Bronte Ayres	10	11
Ron Barton	9	11
Peter Cochrane	9	11
Matthew Cowdrey	7	11
Peter de Cure	8	11
Nicole Haack	10	11
Kate Hobbs	8	11
Tanya Stratton	9	9

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

Member



Member



Adelaide

Date: 19 November 2019



## Statement of Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2019	Notes	2019 \$	2018 \$
Fundraising income	4 (a)	4,996,558	4,946,761
Donation income	4 (a)	919,078	1,214,480
Other income	4 (a)	250,294	124,770
<b>Total Revenues</b>		<b>6,165,930</b>	<b>6,286,011</b>
Salaries & wages		(945,323)	(918,672)
Advertising & promotion		(133,695)	(117,312)
Communications		(8,505)	(8,546)
Depreciation	5	(53,432)	(51,316)
Amortisation	5	(4,031)	(4,033)
Design, print and stationery		(11,419)	(8,115)
Insurance		(42,830)	(40,668)
Motor vehicle expenses		(22,729)	(29,296)
Production costs		(87,486)	(79,377)
Utilities		(7,842)	(7,333)
Other expenses	5	(1,434,129)	(1,508,792)
<b>Total Expenses</b>		<b>(2,751,421)</b>	<b>(2,773,461)</b>
<b>Profit before grants approved</b>		<b>3,414,509</b>	<b>3,512,550</b>
Grants approved	4 (a)	(3,789,684)	(3,863,360)
Grants written back		191,050	179,107
<b>Net surplus/(deficit) for the period</b>		<b>(184,125)</b>	<b>(171,703)</b>
Other Comprehensive Income		-	-
<b>Total Comprehensive Income</b>		<b>(184,125)</b>	<b>(171,703)</b>

## Balance Sheet

AS AT 30 SEPTEMBER 2019	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	4,849,689	5,056,175
Receivables	7	227,909	199,180
Inventories	8	414,650	416,395
Other assets	9	98,177	67,156
<b>Total Current Assets</b>		<b>5,590,425</b>	<b>5,738,906</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	10	1,207,856	1,278,068
Intangible assets	11	506	4,540
<b>Total Non-Current Assets</b>		<b>1,208,362</b>	<b>1,282,608</b>
<b>TOTAL ASSETS</b>		<b>6,798,787</b>	<b>7,021,514</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Grants payable	12	1,780,745	1,697,437
Trade and other payables	12	94,105	232,847
Provisions	13	125,775	100,933
Deferred income	14	226,108	221,205
<b>Total Current Liabilities</b>		<b>2,226,733</b>	<b>2,252,422</b>
<b>Non-Current Liabilities</b>			
Provisions	13	20,546	33,459
<b>Total Non-Current Liabilities</b>		<b>20,546</b>	<b>33,459</b>
<b>TOTAL LIABILITIES</b>		<b>2,247,279</b>	<b>2,285,881</b>
<b>NET ASSETS</b>		<b>4,551,508</b>	<b>4,735,633</b>
<b>EQUITY</b>			
Reserves	15(b)	267,497	267,497
Retained earnings	15(a)	4,284,011	4,468,136
<b>TOTAL EQUITY</b>		<b>4,551,508</b>	<b>4,735,633</b>

## Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Donation Reserve – Plant & Equipment \$	Donation Reserve – Land & Buildings \$	Retained Earnings \$	Total Equity \$
<b>At 1 October 2017</b>	-	267,497	4,639,839	4,907,336
Surplus for the year	-	-	(171,703)	(171,703)
Transfers to/from Reserves	-	-	-	-
<b>Total income and expenses for the period</b>	-	-	<b>(171,703)</b>	<b>(171,703)</b>
<b>At 30 September 2018</b>	-	267,497	4,468,136	4,735,633
Surplus for the year	-	-	(184,125)	(184,125)
Transfers to/from Reserves	-	-	-	-
<b>Total income and expenses for the period</b>	-	-	<b>(184,125)</b>	<b>(184,125)</b>
<b>At 30 September 2019</b>	-	267,497	4,284,011	4,551,508

## Cash Flow Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from donors, sponsors, members and functions		5,711,713	5,693,667
Payments to suppliers and employees		(2,533,308)	(2,295,401)
Interest received		97,101	116,577
Grants paid		(3,515,326)	(3,252,587)
<b>Net cash flows from/(used in) operating activities</b>	6(a)	<b>(239,820)</b>	<b>262,256</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		114,340	-
Purchase of property, plant and equipment		(81,006)	(112,276)
<b>Net cash flows from/(used in) investing activities</b>		<b>33,334</b>	<b>(112,276)</b>
<b>Cash flows from financing activities</b>			
Financing activities		-	-
<b>Net cash flow from/(used in) financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(206,486)</b>	<b>149,980</b>
Cash and cash equivalents at beginning of period		5,056,175	4,906,195
<b>Cash and cash equivalents at end of period</b>	6	<b>4,849,689</b>	<b>5,056,175</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2019

## 1. ASSOCIATION INFORMATION

The financial report of Variety - the Children's Charity Tent 75 South Australia Incorporated for the year ended 30 September 2019 was authorised for issue in accordance with a resolution of the Members on 10 December 2019.

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.

The Association is a Tent admitted to the membership of Variety Australia Limited and Variety Clubs International Inc.

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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Note 2 (b) (i) New accounting standards and interpretations**

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
<p>AASB 15 <i>Revenue from Contracts with Customers</i></p> <p>AASB 2016-7 <i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit entities</i></p> <p>AASB 1058 <i>Income of Not-for-Profit Entities</i></p> <p>AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit-Entities</i></p>	<p>1 January 2019</p>	<p>These new standards supersede the current income recognition requirements contained in AASB 1004 <i>Contributions</i>, AASB 118 <i>Revenue</i> and AASB 111 <i>Construction Contracts</i></p> <p>The new income recognition requirements shift the focus from a reciprocal/non-reciprocal basis to a basis of assessment that considers the enforceability of a contract and the specificity of performance obligations</p> <p>The core principal of the new income recognition requirements in AASB 1058 is when a Not-for-Profit entity enters into transactions where the consideration to acquire an asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives, the excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately</p>	<p>While management anticipate that these new standards will have an impact on the financial statements of the Association, this impact is still being determined by management</p>
<p>AASB 16 <i>Leases</i></p>	<p>1 January 2019</p>	<p>When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: <i>Leases</i> 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.</p>	<p>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.</p>

**Note 2 (b) (ii) New accounting standards and interpretations**Adoption of AASB 9 Financial Instruments

The Association has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 October 2018.

As part of the adoption of AASB 9, the Association adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income.
- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9.

The key changes to the Association's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Association has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

Classification of financial assets

The financial assets of the Group have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income - debt instruments (FVOCI - debt)
- Fair value through other comprehensive income - equity instruments (FVOCI - equity).

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in the earlier recognition of credit loss (bad debt provisions).

**(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 – ten years

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

#### *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 expected credit loss.

#### **(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) Financial Instruments**

Financial instruments are recognised initially on the date that the Association becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs.

#### Financial Assets – Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets. The relevant classification categories for the Association are as follows:

#### Financial Assets - Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- the contractual terms give rise on specified dates to cash flows are solely payments of principal and
- interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents 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, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

### Financial assets through other comprehensive income

These investments are carried at fair value with changes in fair value recognised in other comprehensive income. On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to 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.

### 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
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group 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 Association's historical experience and informed credit assessment and including forward looking information.

### Financial liabilities

The Association measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Association primarily comprise trade payables and grants payable liabilities.

### **(g) Impairment of non-financial 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.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

### (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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (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.

#### *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.

#### *Donations*

Donations of cash are brought to account as the cash is received, not pledged.

#### *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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *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. Where the value of donated services cannot be reliably measured, these are not brought to account.

### *Other Income*

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

### **(p) Comparative Figures**

Certain line items have been amended in the balance sheet and statement of changes in equity, and the related notes to the financial statements. Comparative figures have been adjusted to conform to the current year's position.

## 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.

### *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.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### *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:

	2019 \$	2018 \$
<b>Financial assets</b>		
Cash assets	4,849,689	5,056,175
Total financial assets	4,849,689	5,056,175
<b>Financial Liabilities</b>		
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. The following sensitivity analysis is based on the interest rate exposures in existence at the balance sheet date.

At 30 September 2019, 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)	
	2019 \$	2018 \$	2019 \$	2018 \$
+1% (100 basis points)	46,639	48,026	46,639	48,026
-1% (100 basis points)	(46,639)	(48,026)	(46,639)	(48,026)

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.

### 3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Management is constantly adjusting the capital structure to take advantage of favorable 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:

	<b>2019 Total Income \$</b>	<b>2019 Direct Expenses \$</b>	<b>2019 Net Income \$</b>	<b>2018 Net Income \$</b>
<b>Fundraising information</b>				
Bash	2,644,634	655,891	1,988,743	1,840,522
4WD Adventure	885,984	253,122	632,862	814,884
Variety Moto Run	419,968	120,962	299,006	182,723
Melbourne Cup Luncheon	89,732	65,606	24,126	15,691
ACC Ball	380,447	383,631	(3,184)	45,326
Variety from the Heart	6,607	20,432	(13,825)	(9,664)
Variety Vintage	374,009	166,139	207,870	190,729
Young Variety	3,030	2,386	644	6,426
Chairman's Dinner	356	8,048	(7,692)	(7,964)
Variety on King William	-	-	-	8,950
Variety House II	33,450	7,477	25,973	(1,647)
Radiothon	77,445	18,298	59,147	58,294
Footy Jet	30,645	4,084	26,561	38,578
Showdown Events	49,527	46,989	2,538	24,183
Variety International Conference	-	537	(537)	(7,694)
Other Fundraising	723	359	365	250
<b>Total contribution from events</b>	<b>4,996,558</b>	<b>1,753,961</b>	<b>3,242,597</b>	<b>3,199,586</b>
Donations	919,078	138,226	780,852	1,033,428
<b>Subtotal</b>	<b>5,915,636</b>	<b>1,892,187</b>	<b>4,023,449</b>	<b>4,233,015</b>
Other Income	250,294	-	250,294	124,770
<b>Total</b>	<b>6,165,930</b>	<b>1,892,187</b>	<b>4,273,743</b>	<b>4,357,785</b>
Administration costs		859,234	(859,234)	(845,235)
<b>Surplus before grants</b>			<b>3,414,509</b>	<b>3,512,550</b>
Grants approved during the year			3,789,684	3,863,360
<b>Surplus/(deficit) for the year</b>			<b>(375,175)</b>	<b>(350,810)</b>

#### 4. (a) FUND RAISING INFORMATION AND ADMINISTRATION COSTS (CONTINUED)

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 \$359,522 (2018: \$384,127) and goods and services in kind expended of \$nil (2018: \$nil) are included in the relevant expense or revenue category.

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

	2019 \$	2019 %	2018 \$	2018 %
<b>Comparison of monetary figure and percentages</b>				
Total direct costs of events fundraising & donations	1,892,187	32	1,928,227	31
Gross income from fundraising & donation	5,915,636		6,161,242	
Net surplus from events fundraising & donations	4,023,449	68	4,233,015	69
Gross income from fundraising & donations	5,915,636		6,161,242	
Total costs of events fundraising & donations	1,892,187	69	1,928,227	70
Total expenditure	2,751,421		2,773,461	
Total costs of events fundraising & donations	1,892,187	31	1,928,227	31
Total income received	6,165,930		6,286,012	
Total cost of administration	859,234	14	845,235	13
Total income received	6,165,930		6,286,012	

#### 5. OTHER EXPENSES

	2019 \$	2018 \$
Operating profit is stated after charging the following items:		
Superannuation expense	79,739	78,347
Depreciation: Buildings and Property Improvements	17,828	16,906
Depreciation: Plant and equipment	16,131	15,644
Depreciation: Motor vehicles	19,473	18,766
Total depreciation	53,432	51,316
Amortisation	4,031	4,033
Total amortisation	4,031	4,033
Variety National & International expenses	106,293	133,036
Other event & function expenses	1,219,547	1,261,971
Other administration expenses	108,289	113,785
Total Other Expenses	1,434,129	1,508,792

## 6. CASH AND CASH EQUIVALENTS

	2019	2018
	\$	\$
Cash at bank	570,400	830,757
Short-term deposits	4,279,289	4,225,418
	<u>4,849,689</u>	<u>5,056,175</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 twelve 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	570,400	830,757
Short-term deposits	4,279,289	4,225,418
	<u>4,849,689</u>	<u>5,056,175</u>

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

	2019	2018
	\$	\$
Operating surplus/(deficit)	(375,175)	(350,810)
<b>Non-cash items</b>		
Depreciation	53,432	51,315
Amortisation	4,031	4,033
Grants written back	191,050	179,107
Net (profit)/loss on disposal of property, plant and equipment	(16,554)	-
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and other receivables	14,057	(51,956)
(Increase)/decrease in inventory	1,745	(15,193)
(Increase)/decrease in other assets	(73,807)	44,115
(Decrease)/increase in trade and other creditors	(138,740)	(12,891)
(Decrease)/increase in grants payable	83,308	431,669
(Decrease)/increase in deferred income	4,903	(39,685)
(Decrease)/increase in provisions	11,930	22,552
Net cash flow from operating activities	<u>(239,820)</u>	<u>262,256</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 (2018: \$ 50,000). The balance owing at 30 September 2019 is reflected in the liabilities.

#### *Donated goods*

During the year, the organisation received donated goods and services to the value of \$359,522.

(2018: \$384,127). As these were acquired for no consideration, the goods and services were valued at current replacement cost.

**7. TRADE AND OTHER RECEIVABLES (CURRENT)**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	67,966	23,767
Allowance for doubtful debts	-	-
	<u>67,966</u>	<u>23,767</u>
Other receivables	133,754	162,660
Accrued income	26,189	12,753
	<u>227,909</u>	<u>199,180</u>

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

**(a) Allowance for impairment loss**

Impairment of trade receivables has been determined using the simplified approach under AASB 9 which uses and estimation of lifetime expected credit losses. The Association has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from the default. No impairment loss of has been recognised by the group (2018: \$16,464) in the current year.

Receivables past due but not considered impaired are \$49,458 (2018: \$1,800).

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:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
At 1 October 2018	-	16,464
Charge for the year	-	-
At 30 September 2019	<u>-</u>	<u>16,464</u>

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

	<b>TOTAL</b>	<b>0-30 Days</b>	<b>31-60 Days</b>	<b>60-90 Days</b>	<b>+91 Days</b>	<b>+91 Days</b>
			PDNI*	PDNI*	PDNI*	CI*
2019 Total	67,966	18,508	10,958	38,500	-	-
2018 Total	23,767	21,967	-	-	1,800	-

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



## 8. INVENTORIES

	2019 \$	2018 \$
Auction items – current	1,949	2,009
House – for auction	367,249	310,425
Vehicle stock - current	45,452	103,961
	<u>414,650</u>	<u>416,395</u>

Inventory write-downs recognised as an expense totalled \$nil (2018: \$nil) for the Association.

## 9. OTHER ASSETS (CURRENT)

Prepayments	97,726	58,205
Deposits paid	-	8,500
Bartercard	451	451
	<u>98,177</u>	<u>67,156</u>

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

## 10. PROPERTY, PLANT AND EQUIPMENT

<i>Land</i>		
Cost	501,336	501,336
Accumulated depreciation and impairment	-	-
Net carrying amount	<u>501,336</u>	<u>501,336</u>
<i>Buildings</i>		
Cost	568,689	568,689
Accumulated depreciation and impairment	(56,869)	(42,652)
Net carrying amount	<u>511,820</u>	<u>526,037</u>
<i>Property improvements</i>		
Cost	36,805	36,805
Accumulated amortisation and impairment	(7,371)	(3,760)
Net carrying amount	<u>29,434</u>	<u>33,045</u>
<i>Plant and Equipment</i>		
Cost	579,547	571,885
Accumulated depreciation and impairment	(546,551)	(530,420)
Net carrying amount	<u>32,996</u>	<u>41,465</u>
<i>Motor vehicles</i>		
Cost	174,665	254,720
Accumulated depreciation and impairment	(42,395)	(78,535)
Net carrying amount	<u>132,270</u>	<u>176,185</u>

**10. PROPERTY, PLANT AND EQUIPMENT (continued)**
***Total property, plant and equipment***

Cost	1,861,042	1,933,435
Accumulated depreciation, amortisation and impairment	(653,186)	(655,367)
<b>Net carrying amount</b>	<b>1,207,856</b>	<b>1,278,068</b>

**Reconciliations**
***Land***

Carrying amount at beginning of period	501,336	501,336
Additions	-	-
Disposals	-	-
Depreciation and impairment charge for the year	-	-
<b>Net carrying amount</b>	<b>501,336</b>	<b>501,336</b>

***Buildings***

Carrying amount at beginning of period	526,037	540,255
Additions	-	-
Disposals	-	-
Depreciation and impairment charge for the year	(14,217)	(14,218)
<b>Net carrying amount</b>	<b>511,820</b>	<b>526,037</b>

***Property improvements***

Carrying amount at beginning of period	33,045	20,357
Additions	-	15,376
Disposals	-	-
Depreciation and impairment charge for the year	(3,611)	(2,688)
<b>Net carrying amount</b>	<b>29,434</b>	<b>33,045</b>

***Plant and Equipment***

Carrying amount at beginning of period	41,465	36,779
Additions	7,662	20,330
Disposals	-	-
Depreciation and impairment charge for the year	(16,131)	(15,644)
<b>Net carrying amount</b>	<b>32,996</b>	<b>41,465</b>

***Motor vehicles***

Carrying amount at beginning of period	176,185	118,381
Additions	73,344	76,570
Disposals	(97,786)	-
Depreciation and impairment charge for the year	(19,473)	(18,766)
<b>Net carrying amount</b>	<b>132,270</b>	<b>176,185</b>

***Total property, plant and equipment***

Carrying amount at beginning of period	1,278,068	1,217,108
Additions	81,006	112,276
Disposals	(97,786)	-
Depreciation and impairment charge for the year	(53,432)	(51,316)
<b>Net carrying amount</b>	<b>1,207,856</b>	<b>1,278,068</b>

### 11. INTANGIBLE ASSETS

	<b>2019</b>	<b>2018</b>
	\$	\$
<i>Intangible Assets</i>		
Cost	42,037	42,037
Accumulated amortisation and impairment	(41,531)	(37,500)
Net carrying amount	<u>506</u>	<u>4,537</u>
Carrying amount at beginning of period	4,537	8,570
Additions	-	-
Disposals	-	-
Depreciation and impairment charge for the year	(4,031)	(4,033)
Net carrying amount	<u>506</u>	<u>4,537</u>

### 12. PAYABLES (CURRENT)

		<b>2019</b>	<b>2018</b>
		\$	\$
Trade payables	(i)	41,682	184,064
Other payables and accruals	(ii)	52,423	48,783
		<u>94,105</u>	<u>232,847</u>
Grants payable		1,780,745	1,697,437
		<u>1,874,850</u>	<u>1,930,283</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

	<b>2019</b>	<b>2018</b>
	\$	\$
Current employee benefits provision	125,775	100,933
	<u>125,775</u>	<u>100,933</u>
Non-current employee benefits provision	20,546	33,459
	<u>20,546</u>	<u>33,459</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

	2019 \$	2018 \$
Tickets in advance for Business Partners	15,980	17,187
Corporate Membership	2,910	3,500
2019 Melbourne Cup	34,640	35,540
2020 Bash	19,500	13,195
2020 4WD Challenge	38,273	45,909
2019 Moto Run	107,745	97,364
2019 Variety Vintage	580	2,900
2019 Variety from the Heart	6,480	5,610
	226,108	221,205

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

#### 15. RESERVES AND RETAINED EARNINGS

##### (a) Retained earnings

	2019 \$	2018 \$
Movements in retained earnings were as follows:		
Beginning of financial year	4,468,136	4,639,839
Net surplus for the year	(184,125)	(171,703)
Transfers	-	-
End of financial year	4,284,011	4,468,136

##### (b) Other reserves

	<i>Donation Reserve – Plant &amp; Equipment</i> \$	<i>Donation Reserve – Land &amp; Buildings</i> \$	<i>Total</i> \$
At 1 October 2017	-	267,497	267,497
Donation received	-	-	-
Depreciation transfer	-	-	-
At 30 September 2018	-	267,497	267,497
Donation received	-	-	-
Depreciation transfer	-	-	-
At 30 September 2019	-	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 (2018: \$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 \$25,000 (2018: \$18,400) 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 (2018: \$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
Brenton Ramsey	Deputy Chair
Richard Willson	Treasurer
Bronte Ayres	
Ron Barton	
Peter Cochrane	
Matthew Cowdrey	
Peter de Cure	
Nicole Haack	
Kate Hobbs	
Tanya Stratton	

*(ii) Executives*

Mark McGill	Chief Executive Officer
Jane Coldbeck	Business Development Manager

**(b) Compensation of Key Management Personnel**

	2019 \$	2018 \$
Short-term employee benefits – Salary and fees	221,441	211,686
Short-term employee benefits – Non-monetary benefits	33,431	34,584
Post-employment benefits - Superannuation	41,836	41,019
Total benefits	296,708	287,289

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

During the year, purchases totalling \$nil (2018: \$1,196) 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 \$1,255 (2018: \$1,155) 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 2019 (2018: \$nil).

During the year, sales totalling \$3,040 (2018: \$nil) for membership, tickets, auction items, accommodation, entry and participant fees at normal market prices have been made by Variety the Children's Charity to Brenton Ramsey. Sales totalling \$33,000 (2018: \$nil) for event sponsorship at normal market prices have been made by Variety the Children's Charity to Ramsey Bros, of which Brenton Ramsey is a director. \$nil was outstanding at 30 September 2019 (2018: \$nil).

During the year, sales totalling \$150 (2018: \$150) 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 2019 (2018: \$nil).

During the year, sales totalling \$180 (2018: \$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 2019 (2018: \$nil).

During the year, sales totalling \$29,990 (2018: \$13,500) for membership and sponsorship at normal market prices have been made by Variety the Children's Charity to Aussiefast and Yellow Corporation, of which Ron Barton is a director and controlling shareholder. During the year, sales totalling \$6,565 (2018: \$8,336) 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 2019 (2018: \$nil).

During the year, sales totalling \$5,500 (2018: \$5,510) 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 2019 (2018: \$nil). Sales totalling \$9,010 (2018: \$33,590) 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 2019 (2018: \$nil).

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

During the year, sales totalling \$150 (2018: \$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 2019 (2018: \$150).

During the year, sales totalling \$8,690 (2018: \$3,800) 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 2019 (2018: \$nil).

During the year, sales totalling \$70,525 (2018: \$10,823) for tickets, auction items, membership 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 2019 (2018: \$nil).

During the year, sales totalling \$4,605 (2018: \$1,065) for membership, participant fees and tickets at normal market prices have been made by Variety the Children's Charity to Kate Hobbs. \$nil was outstanding at 30 September 2019 (2018: \$nil).

During the year, sales totalling \$5,700 (2018: \$nil) for membership, tickets, auction items, accommodation, entry and participant fees at normal market prices have been made by Variety the Children's Charity to Tanya Stratton. \$nil was outstanding at 30 September 2019 (2018: \$nil).

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

	2019 \$	2018 \$
<i>Current assets</i>		
Trade and other receivables	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>
<i>Current liabilities</i>		
Trade and other payables	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>
<b>Revenues and expenses</b>		
Revenue	135,415	92,660
Purchases	-	13,713

## 19. RELATED PARTY DISCLOSURE

### (a) Key management personnel

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

### (b) 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
<b>Related body:</b>					
Variety International The Children's Charity	2018	-	37,164	-	-
	2019	-	30,832	-	9,678
Variety Australia	2018	130,127	128,931	86,521	33,118
	2019	111,072	79,389	27,474	16,842
Variety Northern Territory	2018	51	48,609	-	607
	2019	-	30,266	-	5,560
Variety Queensland	2018	153	598	-	-
	2019	-	2,015	-	-
Variety Tasmania	2018	25	182	-	-
	2019	362	1,137	-	-
Variety Victoria	2018	153	1,163	-	-
	2019	-	106	-	-
Variety Western Australia	2018	102	103	-	-
	2019	-	-	-	-
Variety New South Wales	2018	69,630	-	20,388	-
	2019	62,218	10,695	20,814	-
Variety New Zealand	2018	-	-	-	-
	2019	-	-	-	-

#### *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	
	2019	2018	2019	2018
	\$	\$	\$	\$
<b>(i) Financial assets</b>				
Cash assets	4,849,689	5,056,175	4,849,689	5,056,175
Trade and other receivables	227,909	199,180	227,909	199,180
Total financial assets	<u>5,077,598</u>	<u>5,255,355</u>	<u>5,077,598</u>	<u>5,255,355</u>
<b>(ii) Financial liabilities</b>				
Trade creditors	41,682	184,064	41,682	184,064
Other creditors and accruals	52,423	48,783	52,423	48,783
Grants payable	1,780,745	1,697,437	1,780,745	1,697,437
Total financial liabilities	<u>1,874,850</u>	<u>1,930,284</u>	<u>1,874,850</u>	<u>1,930,284</u>

### (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 2019	<1 year	>1-<2 years	>2-<3 years	>3-<4 years	>4-<5 years	>5 years	Total	Weighted average effective interest rate %
<b>Financial assets</b>								
<i>Floating rate</i>								
Cash assets	4,849,689						4,849,689	
Weighted average effective interest rate %	2.37%							2.37%
<b>Finance liabilities</b>								
<i>Floating rate</i>								
Trade creditors & accruals	94,105						94,105	
Bank loans								
Weighted average effective interest rate %	0%							0%

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 %
<b>Financial assets</b>								
<i>Floating rate</i>								
Cash assets	5,056,175						5,056,175	
Weighted average effective interest rate %	2.43%							2.43%
<b>Finance liabilities</b>								
<i>Floating rate</i>								
Trade creditors & accruals	232,847						232,847	
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 \$400,000 over the coming year.

## Members' Declaration

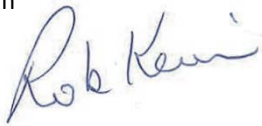
In accordance with a resolution of the Members of Variety The Children's Charity, we state that:

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 2019 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 2019

# Independent Audit Report

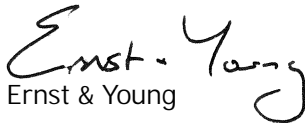


Ernst & Young  
121 King William Street  
Adelaide SA 5000 Australia  
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600  
Fax: +61 8 8417 1775  
ey.com/au

## 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 2019, 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



Mark Phelps  
Partner  
19 November 2019

## 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 2019, 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 2019 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](http://www.auasb.gov.au/auditors_files/ar3.pdf). This description forms part of our auditor's report.



Ernst & Young  
Ernst & Young



Mark Phelps

Partner

Adelaide

19 November 2019