Variety Victoria - The Children's Charity

ABN: 80 145 257 414

Financial Statements

For the Year Ended 30 September 2014

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Contents

For the Year Ended 30 September 2014

Directors' Report

For the Year Ended 30 September 2014

The directors present their report on Variety Victoria - The Children's Charity for the financial year ended 30 September 2014.

1. Directors

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

Vito Interlandi
Richard Symon
Geoff Parker
Gillian Hund (resigned 18 December 2013)
Patricia Burke
Craig Dent
Claire Heaney
Michael Kelly
Nicholas Pullen
Michael Randall
Steve Donnellon
Greg Fisher (resigned 5 December 2013)

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

Information on directors

VITO INTERLANDI: Chief Barker (Chairman)	Vito has over 20 years of finance expertise and management experience which he has gained from both corporate public practice and private practice. Vito has used his experience in financial control and CFO functions in corporate and private practice to develop appropriate strategies and actions for clients, ensuring that clients' businesses perform efficiently and effectively to produce the highest quality products and services. In addition, Vito is a Board member and advisor to a number of companies across a diversity of industries.
RICHARD SYMON: Deputy Chairman	Richard is co-founder and Chair of the Financial Services Foundation Ltd, a supporter and partner of Variety in raising funds for children's charities. Established in 2003, the Foundation hosts the annual "A Monetary Affair" ball, Melbourne's charitable event for the stockbroking community. Richard has 25 years experience in stockbroking and is currently Executive Director of ASX listed MDS Financial Group. Richard was the CEO of NSX Ltd, the operator of the National Stock Exchange. Richard has served in executive roles with SDIA (now Stockbrokers Association of Australia) and Prudential-Bach Securities. He co-founded and was CEO of Sharetrade Australian Stockbroking which was sold to PBL's listed subsidiary eCorp. Richard is a Fellow of Finsia, Affiliate of SAA and was a Member of the ASX.

Directors' Report

For the Year Ended 30 September 2014

Information on directors continued

GEOFF PARKER: Treasurer	Geoff has over 35 years of experience within public accountancy, covering audit, business advisory services and financial management. He became a partner in the firm of Hayes Knight in 1988. He has gained experience from working with SME business clients, international organisations as well as engagement in audits ranging from listed companies to not for profit organisations. Geoff is a member of the ICAA and is a registered company auditor.
GILLIAN HUND: Secretary	Originally trained as a teacher working in both Australia and overseas with primary aged Special Needs Children. Gillian then turned her interests to publishing and established Copeland Publishing Pty Ltd with a business partner in 1989. ‘Sydney’s Child’ was the first parenting title launched and the company has since grown to a national newspaper business publishing six parenting titles which have a total circulation of over 450,000 papers per month, Australia wide. Gillian brings to the board not only a wealth of Marking and Public Relations knowledge, but also an insight of the lives of special needs children and their families, through her teaching experience. She has been on the Board of Management since 2007.
PATRICIA BURKE: Board Member	Pat has experience in Human Resources management, not-for-profit boards and business consulting. Over the past 25 years in the United States and Australia, she has worked in the financial sector, government, not-for-profits and medium sized enterprises. In recent years, her focus has been on philanthropy through roles in grant making, project and committee work for a Melbourne foundation, a philanthropic peak body, and an alumni organisation. She has not-for-profit board and leadership experience in Melbourne in fundraising and event planning, governance, board nominations, and policy development.
CRAIG DENT: Board Member	Craig Dent is an award-winning senior executive with experience in the financial services, transport, utility and telecommunications industries. He has successfully implemented sustainable operating models that are profitable and customer-focused across corporate, government and community sectors in a career spanning nearly 30 years. Craig is an Australian Institute of Management Fellow, holds a Masters in Business Administration from the Australian Graduate School of Entrepreneurship at Swinburne University and is a member of the Australian Institute of Company Directors and the Harvard Business Review Advisory Council.

Directors' Report

For the Year Ended 30 September 2014

Information on directors continued

CLAIRE HEANEY: Board Member	Claire Heaney is a senior Melbourne print journalist, having cut her teeth at country newspapers in Ballarat and Geelong before shifting to Melbourne in 1989. She has written for Australia's best-selling newspapers in each state and has complemented her writing and editing career with stints lecturing and mentoring in journalism. Claire, who holds a Graduate Diploma in Media Law and Communications from the University of Melbourne, also freelances on parenting and travel issues. In recent years she has branched out into public relations and communications, providing strategic planning for niche small businesses.
MICHAEL KELLY: Board Member	Michael is currently the Regional Sales Manager for Paris / Chicago based Veolia Water Solutions and Technologies for Victoria, Queensland & New Zealand. He was the incident controller for the Brisbane Floods, Christchurch Earthquake and other national responses, coordinating water underground networks and condition assessments. Michael is a former director of Children First Foundation and committee member and former President of Rotary North Melbourne. A member of Rotary International since 1995, he was Rotary New Generations (Youth) Chairman for six years, running youth programs and forums.
NICHOLAS PULLEN: Board Member	Nic is a partner of HWL Ebsworth lawyer practising in all areas of the media, entertainment and communications industries. This involves all types of commercial, strategic and litigation advice. Over the years, his work has involved the establishment and maintenance of a number of charities and organizations associated with the arts. The type of clients in such a practice are diverse ranging from major corporations and publicly listed companies, to politicians and celebrities with even the occasional iconic koala.
MICHAEL RANDALL: Board Member	Michael Randall SIA(Aff), DipAFPA, GAICD is currently an Associate Director of Macquarie Private Wealth which is a member of the Macquarie Bank Group where he has been since 2000 and has over 30 years experience in the stockbroking business. Prior to Macquarie, Michael was at UBS for 10 years. Michael specialises in building investment portfolios through tailored asset allocation for individuals, super funds and family business. Michael also has considerable experience in investment strategies with NFP's Michael is a Co-Founder of the Financial Services Foundation with Richard Symon which hosts an annual event to raise much needed funds for children's charities. Michael is also an active Board member of The Cottage By The Sea where he has been for over 15 years

Directors' Report
For the Year Ended 30 September 2014

Information on directors continued

STEVE DONNELLON: Board Member	Steve is the owner of two smash repair shops in Melbourne's Eastern Suburbs. He established his company Donnellon's Body Works in 1989 and services a diverse portfolio of Multinational and Not for Profit organisations. Prior to that he was the Manager of Carpenters Body Works. Educated at Templestowe College, he is a member of the VACC (Victorian Automotive Chamber of Commerce) and an Associate member of the ASAE (Australian Society of Automotive Engineers). In his spare time Steve is a passionate photographer and, an active Rotary Club member who teaches his photographic knowledge to students. Through the Friends Rotary Camera Club he is also working closely with The Rotary Club of Nunawading and Rotary Katmandu in Nepal to complete a school building works project.
GREG FISHER: Board Member	Greg has over 40 years experience in the insurance industry, holding senior management positions with NZI Insurance, Fortis Group, Chief General Manager of Allianz and now CEO of Club Marine. Greg is a Fellow of The Australian Insurance Institute former Chairman of Global Transport & Automotive Insurance Solutions Pty Ltd. and a director of Club Marine Ltd , KTA Recreational Vehicles Ltd and Pacific MMI Ltd. Greg holds a Bachelor of Business from Deakin University

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

Company Secretary

Gillian Hund was the secretary of the company from the commence of the year until 18 December 2013, since GIllian Hund's resignation Patricia Burke has acted as secretary of the company.

Company information

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

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

The company employed 14 staff at 30 September 2014 (30 September 2013: 12).

Principal activities

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

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

Short-term and Long-term Objectives

Directors' Report

For the Year Ended 30 September 2014

Short-term and Long-term Objectives continued

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

Strategies

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

1. To raise money to further the aims of the Company and to secure sufficient funds for the purposes of the Company;

2. To receive any funds and to distribute those funds in a manner that best attains the objectives of the Company;

3. To enter into any arrangements with any Government or authority that may seem conducive to the Company's objects and to obtain from any such Government or authority, any rights, privileges and concessions which the Company thinks it is desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions;

4. To subscribe or guarantee money for charitable or benevolent objects; and

5. To make donations for charitable purposes.

6. To ensure the ongoing financial sustainability of the Company.

Key Performance Measures

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

1. Achieve fundraising growth in line with budget and planned fundraising activities;

2. Create new third party partnerships with the entertainment industry, sporting industry and high profile associations to meet budgeted income;

3. Increase income from corporate partnerships and establish Workplace Giving programs in line with budget expectations;

4. Apply for grants from Trusts and Foundations to increase income streams;

5. Increase net event income, in particular the fundraising component thereof;

6. Ensure that all collateral that leaves the Variety office is on brand and consistent;

7. Ensure database is up to date and accurate with all donor and contact touch points;

8. Cash flow monitoring to ensure organisation has sufficient funds to meet its liabilities when they are due; and

9. Reduce the reliance on the bank overdraft facility.

2. Operating results and review of operations for the year

Operating results

The profit of the Company amounted to $ 74,218 (2013: $ 245,656).

Directors' Report

For the Year Ended 30 September 2014

2. Operating results and review of operations for the year continued

Dividends

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

3. Other items

Significant changes in state of affairs

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

Matters or circumstances arising after the end of the year

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

Future developments and results

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

Environmental matters

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

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Directors' Report
For the Year Ended 30 September 2014

Meetings of directors

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

	Number eligible to attend	Number attended
Vito Interlandi	9	8
Richard Symon	9	9
Geoff Parker	9	6
Gillian Hund (resigned 18 December 2013)	1	1
Patricia Burke	9	6
Craig Dent	9	7
Claire Heaney	9	6
Michael Kelly	9	7
Nicholas Pullen	9	6
Greg Fisher (resigned 5 December 2013)	1	1
Michael Randall	9	8
Steve Donnellon	9	7

Indemnification and insurance of officers and auditors

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

Auditor's independence declaration

The lead auditor's independence declaration in accordance with subdivision 60-40 of the *Australian Charities and Not-For-Profits Commission Act 2012*, for the year ended 30 September 2014 has been received and can be found on page 8 of the financial report.

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

Director: .... Director: ....

Vito Interlandi Geoff Parker

Dated 2 DECEMBER 2014

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australia

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AUDITOR'S INDEPENDENCE DECLARATION UNDER SUBDIVISION 60-40 OF THE *AUSTRALIAN CHARITIES AND NOT-FOR-PROFITS COMMISSION ACT 2012* TO THE DIRECTORS OF VARIETY VICTORIA – THE CHILDREN'S CHARITY

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2014, there have been no contraventions of the auditor independence requirements as set out in any applicable code of professional conduct in relation to the audit.

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

3 December 2014

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Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 September 2014

	Note	2014 $	2013 $
INCOME			
Revenue from Events	2	**2,476,992**	2,715,392
Event costs	2	**(1,222,947)**	(1,483,046)
Net Income from Events		**1,254,045**	1,232,346
Revenue from Fundraising	2	**543,068**	1,127,593
Fundraising Costs	2	**(524,414)**	(511,251)
Net Income from Fundraising		**18,654**	616,342
Other Income	2	**25,091**	96,783
		1,297,790	1,945,471
EXPENSES			
Administration Costs		**(293,124)**	(264,119)
Appeals Granted		**(673,178)**	(1,104,993)
Appeals Rescinded		**196,958**	205,815
Depreciation and amortisation expense		**(54,020)**	(186,507)
Employee Costs		**(292,494)**	(215,939)
Finance costs		**(40,418)**	(56,052)
Other Expenses		**(117,296)**	(128,020)
Profit for the year		**24,218**	195,656
Transfer from Jeffrey White reserve	12	**50,000**	50,000
Total comprehensive income for the year		**74,218**	245,656

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Statement of Financial Position

For the Year Ended 30 September 2014

	Note	2014 $	2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	**152,616**	380,479
Trade and other receivables	5	**126,529**	104,383
Other assets	6	**12,755**	9,335
TOTAL CURRENT ASSETS		**291,900**	494,197
NON-CURRENT ASSETS			
Property, plant and equipment	7	**961,365**	992,218
TOTAL NON-CURRENT ASSETS		**961,365**	992,218
TOTAL ASSETS		**1,253,265**	1,486,415
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	**391,171**	522,874
Borrowings	9	**18,758**	17,705
Employee benefits	11	**55,412**	45,477
Other financial liabilities	10	**6,473**	124,556
TOTAL CURRENT LIABILITIES		**471,814**	710,612
NON-CURRENT LIABILITIES			
Borrowings	9	**37,654**	56,413
Employee benefits	11	**906**	717
TOTAL NON-CURRENT LIABILITIES		**38,560**	57,130
TOTAL LIABILITIES		**510,374**	767,742
NET ASSETS		**742,891**	718,673
EQUITY			
Reserves	12	**320,000**	370,000
Retained earnings		**422,891**	348,673
		742,891	718,673
TOTAL EQUITY		**742,891**	718,673

The accompanying notes form part of these financial statements.

Variety Victoria - The Children's Charity
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Statement Equity
For the Year Ended 30 September 2014

	Note	Ordinary Shares $	Jeffrey White Reserve $	Total $
Balance at 1 October 2013		**348,673**	**370,000**	**718,673**
Profit or loss attributable to members of the parent entity		**24,218**	**-**	**24,218**
Transfer to and from reserves	12	**50,000**	**(50,000)**	**-**
Balance at 30 September 2014		**422,891**	**320,000**	**742,891**
Balance at 1 October 2012		103,017	420,000	523,017
Profit or loss attributable to members of the parent entity		195,656	-	195,656
Transfer to and from reserves	12	50,000	(50,000)	-
Balance at 30 September 2013		348,673	370,000	718,673

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 September 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from donors, sponsors, members and functions		**3,381,041**	4,370,307
Payments to grantees, suppliers and employees		**(3,559,212)**	(4,116,957)
Interest received		**1,345**	1,629
Interest paid		**(10,164)**	(19,979)
Net cash provided by (used in) operating activities	18	**(186,990)**	235,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		**-**	18,682
Purchase of property, plant and equipment		**(23,167)**	(76,706)
Net cash used by investing activities		**(23,167)**	(58,024)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Receipts from borrowings		**-**	110,000
Repayments of borrowings		**(17,706)**	(147,927)
Net cash used by financing activities		**(17,706)**	(37,927)
Net increase (decrease) in cash and cash equivalents held		**(227,863)**	139,049
Cash and cash equivalents at beginning of year		**380,479**	241,430
Cash and cash equivalents at end of financial year	4	**152,616**	380,479

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
For the Year Ended 30 September 2014

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

1 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Australian Charities and Not-for-profit Commission Act 2012*.

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

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

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

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

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

(c) Property, Plant and Equipment

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

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

Land and buildings

Land and buildings are measured using the cost model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

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

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

Notes to the Financial Statements
For the Year Ended 30 September 2014

1 Summary of Significant Accounting Policies continued

(c) Property, Plant and Equipment continued

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

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

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

(d) Inventories

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

(e) Financial instruments

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

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

Financial Assets

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

- loans and receivables;

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

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

Loans and receivables

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

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

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

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

1 Summary of Significant Accounting Policies continued

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

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

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

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

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

Financial liabilities

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

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

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

(f) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future

1 Summary of Significant Accounting Policies continued

(f) Employee benefits continued

cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(g) Cash and cash equivalents

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

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

(h) Revenue and other income

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

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

Events Revenue

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

Interest revenue

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

Sales of non-current assets

The proceeds of non-current assets sales are included at the date control of the asset passes to the buyer. The gain or loss on disposal of assets is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal and are recognised net within “other income”.

Donated Goods

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

(i) Appeals Payable

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

Notes to the Financial Statements
For the Year Ended 30 September 2014

1 Summary of Significant Accounting Policies continued

(j) Borrowing costs

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

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

(k) Rounding of Amounts

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

(l) Income Tax

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

(m) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

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

(n) Trade and Other Payables

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

(o) Provisions

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

(p) Jeffery White Reserve

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

Notes to the Financial Statements

For the Year Ended 30 September 2014

1 Summary of Significant Accounting Policies continued

(q) Deferred Income

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

(r) Key Judgments

Apportionment of employment costs

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

(s) Going concern basis of accounting

At balance date, the Company had a deficiency of current assets over current liabilities of approximately $179,914 (2013: $216,415). Despite this, the Board of Directors believe that the Company remains a going concern, and that the going concern basis of accounting remains appropriate. In arriving at this conclusion, the Board has given regard to:

- The overall positive net asset position of the company;

- The ability of the Company to reduce or defer grant expenditure in the event sufficient revenues are not earned; and

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

(t) Adoption of new and revised accounting standards

During the current year, the following standards became mandatory and have been adopted retrospectively by the Company:

- AASB 119 *Employee Benefits*

- AASB 2012-2 *Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities*

The accounting policies have been updated to reflect changes in the recognition and measurement of assets, liabilities, income and expenses and the impact of adoption of these standards is discussed below.

AASB 119 *Employee benefits* changes the basis for determining the income or expense relating to defined benefit plans and introduces revised definitions for short-term employee benefits and termination benefits.

The Company reviewed the annual leave liability to determine the level of annual leave which is expected to be paid more than 12 months after the end of the reporting period. Whilst this has been considered to be a long-term employee benefits for the purpose of measuring the leave under AASB 119, the effect of discounting was not considered to be material and therefore has not been performed.

Notes to the Financial Statements
For the Year Ended 30 September 2014

	2014	2013
	$	$

2 Fundraising information and costs

	Revenue	Direct Costs	Net Proceeds	Net Proceeds
	$	$	$	$
Grand Final Lunch	**259,016**	**(130,473)**	**128,543**	165,203
4 x 4 Challenge	**177,185**	**(57,827)**	**119,358**	73,763
Brats Bash	**91,809**	**(56,208)**	**35,601**	36,401
Splash	**7,498**	**(10,953)**	**(3,455)**	14,509
Variety Bash	**1,726,053**	**(421,156)**	**1,304,897**	1,367,730
Santa Fun Run	**60,694**	**(18,436)**	**42,258**	(34,772)
Outback Ball	**-**	**-**	**-**	(2,936)
Bendigo Ball	**5,950**	**(291)**	**5,659**	-
Financial Services Ball	**130,776**	**(70,922)**	**59,854**	79,672
Race Day	**18,012**	**(6,884)**	**11,128**	9,258
Ladies Who Lunch	**-**	**-**	**-**	(5,803)
Unallocated Event Costs	**-**	**(449,798)**	**(449,798)**	(470,679)
Total contribution from events	**2,476,993**	**(1,222,948)**	**1,254,045**	1,232,346
Contribution towards grants	**543,068**	**-**	**543,068**	1,127,593
Other income	**25,091**	**-**	**25,091**	96,783
Indirect fundraising costs	**-**	**(524,414)**	**(524,414)**	(511,251)
Administration costs	**-**	**(797,352)**	**(797,352)**	(850,637)
Profit before grants	**3,045,152**	**(2,544,714)**	**500,438**	1,094,834
Grants approved	**-**	**(673,178)**	**(673,178)**	(1,104,993)
Rescinded grants	**-**	**196,958**	**196,958**	205,815
Grants expense	**-**	**(476,220)**	**(476,220)**	(899,178)
Total	**3,045,152**	**(3,020,934)**	**24,218**	195,656

3 Auditors' remuneration

	2014	2013
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial report	**10,500**	11,500
- other services	**2,000**	2,000
	12,500	13,500

4 Cash and cash equivalents

	2014	2013
Cash on hand	**1,584**	2,533
Cash at bank	**151,032**	377,946
	152,616	380,479

Notes to the Financial Statements
For the Year Ended 30 September 2014

		2014	2013
		$	$
5	**Trade and other receivables**		
	CURRENT		
	Trade receivables	**95,458**	76,413
	Goods and Services Tax receivable	**30,201**	11,899
	Other receivables	**870**	16,071
	Total current trade and other receivables	**126,529**	104,383
6	**Other non-financial assets**		
	CURRENT		
	Prepayments	**12,755**	9,335
7	**Property, plant and equipment**		
	Land and buildings at cost	**936,796**	936,796
	Accumulated depreciation	**(182,959)**	(164,663)
	Total land and buildings	**753,837**	772,133
	PLANT AND EQUIPMENT		
	Motor vehicles at cost	**69,772**	69,772
	Accumulated depreciation	**(19,278)**	(2,573)
	Total motor vehicles	**50,494**	67,199
	Ofifce equiptment at cost	**77,874**	77,874
	Accumulated depreciation	**(61,239)**	(54,865)
	Total office equipment	**16,635**	23,009
	Computer equipment at cost	**65,206**	42,039
	Accumulated depreciation	**(43,734)**	(35,511)
	Total computer equipment	**21,472**	6,528
	Property improvements at cost	**148,106**	148,106
	Accumulated depreciation	**(29,179)**	(24,757)
	Total improvements	**118,927**	123,349
	Total plant and equipment	**207,528**	220,085
	Total property, plant and equipment	**961,365**	992,218

Notes to the Financial Statements

For the Year Ended 30 September 2014

		2014	2013
		$	$

7 Property, plant and equipment continued
Movements in Carrying Amounts

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

	Land and Buildings	Property Improvements	Motor Vehicles	Office Equipment	Computer Equipment	Total
	$	$	$	$	$	$
Balance at 1 October 2013	**772,133**	**123,349**	**67,199**	**23,009**	**6,528**	**992,218**
Additions	**-**	**-**	**-**	**-**	**23,167**	**23,167**
Depreciation expense	**(18,296)**	**(4,422)**	**(16,705)**	**(6,374)**	**(8,223)**	**(54,020)**
Balance at 30 September 2014	**753,837**	**118,927**	**50,494**	**16,635**	**21,472**	**961,365**

8 Trade and other payables

		2014	2013
CURRENT			
Trade payables		**78,812**	62,432
Sundry payables and accrued expenses		**42,394**	73,826
Appeals payable		**241,322**	350,578
Other payables		**28,643**	36,038
		391,171	522,874

9 Borrowings

	Note	2014	2013
CURRENT			
Bank loans secured		**-**	105
Lease liability secured	14	**18,758**	17,600
		18,758	17,705
NON-CURRENT			
Lease liability unsecured	14	**37,654**	56,413
		37,654	56,413
Total borrowings		**56,412**	74,118

Notes to the Financial Statements
For the Year Ended 30 September 2014

	2014 $	2013 $

9 Borrowings continued

The bank loan is secured by a registered first mortgage over the freehold property and a floating charge over all existing and future assets of the company. The bank debt facility is $189,999 and is due to expire on 17 April 2016. As at 30 September 2014 $189,999 remains unused.

At the reporting date the company has a bank overdraft and a business credit card facility amounting to $465,000. This may be terminated at any time at the option of the bank. At 30 September 2014, $465,000 of this facility was unused. Interest rates are variable.

10 Other Financial Liabilities

	2014 $	2013 $
CURRENT		
Deferred income	**6,473**	124,556

11 Employee Benefits

	2014 $	2013 $
CURRENT		
Employee benefits	**55,412**	45,477
NON-CURRENT		
Employee benefits	**906**	717

12 Reserves

	2014 $	2013 $
The Jeffrey White Reserve		
Opening balance	**370,000**	420,000
Transfer from reserve	**(50,000)**	(50,000)
Closing balance	**320,000**	370,000

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

13 Contingencies

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

- A painting by Jamie Cooper entitled "Variety Entertainers of the Century". This painting was purchased in 2005 for a sum of $237,419, and was subsequently written down to nil value in 2006. On the basis that it is not able to determine an appropriate fair value for this painting, the committee believes it prudent to disclose the Company's ownership of this asset as a contingent asset.

- Miscellaneous sporting memorabilia, books, toys, posters and other similar items. These items are donated to the Company from time to time, for future use in the Company's fundraising or charitable activities. On the basis that it is not practicable to determine an appropriate fair value for these items, and that in aggregate the total value of these items would be unlikely to be material to the financial report, the committee believes it prudent to disclose the Company's ownership of these assets as contingent assets..

	2014	2013
	$	$

14 Capital and Leasing Commitments

(a) Finance Leases

	2014 $	2013 $
Minimum lease payments:		
- not later than one year	**21,727**	21,727
- between one year and five years	**39,833**	61,561
Minimum lease payments	**61,560**	83,288
Less: finance changes	**(5,148)**	(9,275)
Present value of minimum lease payments	**56,412**	74,013

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

15 Key Management Personnel

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

	2014 $	2013 $
Short-term employee benefits	**301,219**	190,127
Post-employment benefits	**25,154**	15,502
	326,373	205,629

16 Related party transactions

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

	2014 $	2013 $
Variety Australia		
Revenue from related parties	**56,642**	33,742
Payments to related parties	**97,368**	137,736
Amounts owed by related parties	**18,192**	13,724
Amounts owed to related parties	**11,169**	15,785
Variety Northen Territory		
Revenue from related parties	**5,808**	1,506
Payments to related parties	**2,000**	1,260
Amounts owed by related parties	**318**	5,182
Variety Queensland		
Revenue from related parties	**3,740**	21,090
Payments to related parties	**-**	18,974
Variety South Australia		
Revenue from related parties	**1,165**	12,370

16 Related party transactions continued

Payments to related parties	**1,990**	7,858
Variety Tasmania		
Revenue from related parties	**2,578**	3,253
Payments to related parties	**746**	5,695
Amounts owed to related parties	**-**	688
Variety Western Australia		
Revenue from related parties	**3,624**	3,253
Payments to related parties	**-**	12,795
Amounts owed by related parties	**1,633**	1,991
Variety New South Wales		
Revenue from related parties	**111,961**	147,986
Payments to related parties	**72,568**	53,594
Amounts owed by related parties	**20,724**	-
Variety New Zealand		
Revenue from related parties	**-**	159

Board Directors' related entities

Hayes Knight Melbourne Pty Ltd

Accounting fees charged by Hayes Knight Melbourne Pty Ltd during the year	**9,091**	1,420

Financial Services Foundation Ltd

17 Financial Risk Management

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

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

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

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

Notes to the Financial Statements
For the Year Ended 30 September 2014

17 Financial Risk Management continued

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial assets			
Cash and cash equivalents	4	**152,616**	380,479
Trade and other receivables	5	**126,529**	104,383
Total financial assets		**279,145**	484,862
Financial liabilities			
Trade and other payables	8	**391,171**	522,874
Borrowings	9	**56,412**	74,118
Total financial liabilities		**447,583**	596,992

18 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2014 $	2013 $
Profit for the year	**74,218**	245,656
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	**54,020**	45,524
- impairment of intangible asset	**-**	139,374
- transfer from reserves	**(50,000)**	(50,000)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- (increase)/decrease in trade and other receivables	**(22,146)**	(16,646)
- (increase)/decrease in other assets	**(3,420)**	41,321
- (increase)/decrease in inventories	**-**	17,339
- increase/(decrease) in trade and other payables	**(131,703)**	(254,463)
- increase/(decrease) in other liabilities	**(118,083)**	88,135
- increase/(decrease) in employee benefits	**10,124**	(21,240)
Cashflow from operations	**(186,990)**	235,000

Notes to the Financial Statements

For the Year Ended 30 September 2014

19 Events Occurring After the Reporting Date

The financial report was authorised for issue on 2 December 2014 by the board of directors.

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

20 Segment Information

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

21 Company Details

The registered office of the company is:

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

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 9 to 26, are in accordance with the *Australian Charities and Not-fot-profit Commission Act 2012* and:

   a. comply with Accounting Standards - Reduced Disclosure Requirements; and

   b. give a true and fair view of the financial position as at 30 September 2014 and of the performance for the year ended on that date of the Company.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director	Director ....
Vito Interlandi	Geoff Parker

Dated 2 December 2014

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

Report on the Financial Report

We have audited the accompanying financial report of Variety Victoria – The Children's Charity, which comprises the statement of financial position as at 30 September 2014, the statement of profit or loss and comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Australian Charities and Not-for-profits Commission Act 2012* and for such internal control as the Board of Directors 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.

Auditor's Responsibility

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

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

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

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Basis for Qualified Audit Opinion

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

Qualified Auditor's Opinion

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

1. the financial report of Variety Victoria – The Children's Charity is prepared in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

   i. giving a true and fair view of the Company's financial position as at 30 September 2014 and of its performance and cash flows for the year ended on that date; and

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

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON

Partner
Audit & Assurance Services

Melbourne

3 December 2014