

Variety Victoria - The Children's Charity

ABN: 80 145 257 414

Financial Statements

For the Year Ended 30 September 2015

Variety Victoria - The Children's Charity

ABN: 80 145 257 414

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For the Year Ended 30 September 2015

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Variety Victoria - The Children's Charity

ABN: 80 145 257 414

Directors' Report

30 September 2015

The directors present their report on Variety Victoria - The Children's Charity for the financial year ended 30 September 2015.

1. General information

Directors

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

Names

Richard Symon

Vito Interlandi

Craig Dent

Geoff Parker (resigned 3 December 2014)

Michael Randall

Steve Donnellon

Gary Peck (appointed 3 December 2014)

Geoff Street (appointed 3 December 2014)

Paul Manning (appointed 3 December 2014)

Martin Stone (appointed 3 December 2014)

Rod Collins

Claire Heaney

Gary Caddy (appointed 3 December 2014)

Patricia Burke

Nicholas Pullen

Michael Kelly (resigned 3 December 2014)

Paul Herbert (appointed 3 December 2014; resigned 18 March 2015)

Ken Pryor (appointed 16 September 2015)

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

Directors' Report

30 September 2015

1. General information continued

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Richard Symon: Chief Barker (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.

Vito Interland: Board Member 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. Rod is now an Emergency Services specialist consultant. As former senior officer (Superintendent) with Victoria Police, he headed up Emergency Management Coordination throughout the State. He is also a former head of the Homicide squad. Rod was awarded the Australian Police Medal for his work with police and charities. At Variety, he has had considerable influence by being Bash Chairman for the last decade – and as such, was awarded a Life Membership. He has been on the Variety Board since 1999.

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.

Geoff Parker: Treasurer (resigned 3 December 2014) 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.

Directors' Report

30 September 2015

1. General information continued

Information on directors continued

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

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

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

Steve Donnellon: Board Member

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

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

Gary Peck: Board Member

An experienced global banker and leader, now semi-retired, built his career in the financial services industry as a strategic thinker and executive who builds profitable businesses, whether it be establishing or growing them and during the engagement upholds and maintains standards of excellence in client retention and ethics.

His particular strengths lie in his ability to build teams, adapt to situations, identify opportunities, drive sales process and execute strategies. With an executive presence, he has formidable people skills, strengthened through his fourteen years of living and working abroad in several global regions. He is thorough and collaborative in his stakeholder approach.

Geoff Street: Board Member

He is a senior arts manager with over 35 years experience in all facets of the performing arts, specifically in the areas of festival and venue management, programming and production.

Since 2004 he has been working as a management and programming consultant for both IMG Artists and his own business including planning consultancies and advice for a number of venues in Australia and around the world. Over the past 20 or more years, he has held a number of senior arts positions in Australia including Programming Manager of the Victorian Arts Centre 1994 to 1999, Chair of the Theatre Board of the Australia Council 1995 to 1999, General Manager of the Brisbane Biennial International Festival of Music 1991 to 1993 and locum General Manager of the Geelong Performing Arts Centre 2005/06. He has just completed a period of 5 months as Interim Chief Executive of the Arts Centre Melbourne, overseeing the transition to a new permanent CEO.

Geoff has lectured in arts administration at tertiary institutions in Australia and Singapore and has been member of many industry and government arts bodies since 1984.

Directors' Report

30 September 2015

1. General information continued

Information on directors continued

Paul Manning: Treasurer Paul has worked in finance and banking industries for more than 25 years including a range of senior leadership positions.

As Chief Financial Officer for State Trustees Paul is responsible for financial management, investments, risk, compliance and corporate legal services. Prior to State Trustees, Paul was Chief Financial Officer at BankVic, driving a number of major transformation projects including obtaining a banking license, process reengineering for superannuation services and implementing a detailed management reporting system.

Paul has also held lead roles at JPMorgan, Members Equity Bank, Primary Superannuation, Westpac and PwC. He has travelled extensively and worked in Budapest, Bucharest, London, Wellington, Sydney and Melbourne.

As well as senior corporate roles, Paul previously spent four years as Director/Treasurer of Experimenta, a not-for-profit arts organisation based in Melbourne

Martin Stone: Board Member Melbourne businessman Martin Stone has been able to combine his passion for cars and philanthropy. Stone, head of the panel beating business, Sheen Group, is also a top fundraiser for Variety Victoria's annual major event, the Variety Bash.

During the 2013 Bash, which travelled from Echuca to Broome, he passed the \$1 million mark for Variety – the Children's Charity. Stone has been involved in Variety on many levels, providing sound advice and access to good contacts. He is also the doting grandfather to five children, aged two to five years of age. His passion for cars does not stop at Bash vehicles, he has a private collection that keeps growing.

Rod Collins APM: Board Member Rod started on the Variety Board in 1999, soon after which he was nominated as Bash Chairman and then in 2004 National Bash Chairman. Rod has held the offices of Chairman, and secretary on the board. Rod has consistently travelled on the Bash as a Bash Official and has been an active volunteer on nearly all our motoring events in the past 14 years including Outback Adventure, 4WD and the Euro Bash.

The Variety family aren't the only members of the community to benefit from Rod's dedication and generosity however. Rod also served as Detective Superintendent of Crime with Victoria Police and was Officer in Charge of the Victoria Police Homicide Squad managing the investigations into murders throughout the State. Rod also headed the State Emergency Response Co-ordination and Major Event Planning Unites for the Victoria Police whilst also heading Variety Victoria as Chairman.

Rod was Awarded Life Membership at the Heart of Variety Ball in 2009.

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.

Directors' Report

30 September 2015

1. General information continued

Information on directors continued

- Gary Caddy: Board Member Gary has been the managing partner and owner of Valley Maintenance Services since 1986. His work involves operations management, management of DHS Maintenance Contracts, construction management of rail projects and HR.
- Gary has been a long-time supporter of Variety as one of our highest fundraisers and champions of the Variety Bash.
- Patricia Burke: Secretary 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.
- 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 Kelly: Board Member (resigned 3 December 2014) 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.
- Paul Herbert: Board Member (appointed 3 December 2014; resigned 18 March 2015) Paul is a 53 year old father of 4 and lucky grandfather of 6 beautiful healthy grandchildren. Paul left school when he was 15 years old and completed an apprenticeship as a Diesel Mechanic. Paul then started working for himself and has been self employed ever since. Paul runs a successful truck sales and truck repair business with his son, Anthony, at Kalkallo, north of Melbourne. Apart from his successful business career, Paul has been associated with Variety - the Children's Charity for the past 14 years. He is a "front-line" fundraiser and volunteer, enthusiastic about helping others less fortunate than himself and his family. He is a highly motivated and passionate volunteer dedicated to support the Variety community in any capacity that may fundamentally contribute to the stability and success of the organisation.

Directors' Report

30 September 2015

1. General information continued

Information on directors continued

Ken Pryor: Board Member In 1993 Ken Pryor commenced trading his own business in Property Development, specialising in Strategic Network Planning, Property Acquisition and Construction Management .

Ken has played a major part in the planning and development of McDonald's new store expansion program, Lawrence & Hanson Group Branch network, Repco Auto Parts, Officeworks, Pizza Hut and Sizzler Family Restaurants.

As a Director and Senior Executive of the Jardine Restaurant Group Ken was involved formulating and implementing major Company objectives, setting the foundation of the group and managing the development and Franchising of a 150 plus store network turning over in excess of \$250 million dollars annually and employing some 6,000 employees. Ken joined the Variety Board in September 2015.

Ken and his family have been supporting Variety through the Bash for eight years.

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

Company secretary

The following person held the position of Company secretary at the end of the financial year:

Patricia Burke has been the company secretary since 18 December 2013. Prior to this role, Patricia Burke was a board member of the company.

Company Information

Variety Victoria - The Children's Charity is a company incorporated in Victoria under the Corporations Act 2001.

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

The company employed 11 staff at 30 September 2015 (30 September 2014: 14).

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

The Company 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.

Directors' Report

30 September 2015

1. General information continued

Strategy for achieving the objectives

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 after providing for income tax amounted to \$ 510,674 (2014: \$ 74,218).

Directors' Report

30 September 2015

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.

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.

Meetings of directors

During the financial year, 8 Board meetings were held. Attendances by each director during the year were as follows:

	Board Meetings	
	Number eligible to attend	Number attended
Richard Symon	8	8
Vito Interlandi	8	6
Craig Dent	8	5
Geoff Parker (resigned 3 December 2014)	2	2
Michael Randall	8	5
Steve Donnellon	8	6
Gary Peck (appointed 3 December 2014)	6	5
Geoff Street (appointed 3 December 2014)	6	4
Paul Manning (appointed 3 December 2014)	6	4
Martin Stone (appointed 3 December 2014)	6	5
Rod Collins	8	7
Claire Heaney	8	8
Gary Caddy (appointed 3 December 2014)	6	6
Patricia Burke	8	4
Nicholas Pullen	8	5
Michael Kelly (resigned 3 December 2014)	2	2
Paul Herbert (appointed 3 December 2014; resigned 18 March 2015)	2	1
Ken Pryor (appointed 16 September 2015)	1	1

Variety Victoria - The Children's Charity

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Directors' Report

30 September 2015

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 2015 has been received and can be found on page 10 of the financial report.

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

Director:

Richard Symon

Director:

Paul Manning

Dated this day of 2015

Variety Victoria - The Children's Charity

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Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the members Variety Victoria - The Children's Charity

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2015, there have been:

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

[Enter place of signing]

Variety Victoria - The Children's Charity

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 September 2015

	Note	2015 \$	2014 \$
INCOME			
Revenue from Events	4	2,658,871	2,476,992
Event costs	4	(1,257,252)	(1,222,947)
Net Income from Events		1,401,619	1,254,045
Revenue from Fundraising	4	882,844	543,068
Fundraising Costs	4	(299,466)	(524,414)
Net Income from Fundraising		583,378	18,654
Other income	4	6,393	25,091
		1,991,390	1,297,790
EXPENSES			
Administration Costs		(272,144)	(293,124)
Appeals Granted		(900,830)	(673,178)
Appeals Rescinded		65,238	196,958
Depreciation and amortisation expense		(51,397)	(54,020)
Employee benefits expense		(215,959)	(292,494)
Finance costs		(30,082)	(40,418)
Other expenses		(125,542)	(117,296)
Profit before income tax		460,674	24,218
Income tax expense		-	-
Profit from continuing operations		460,674	24,218
Profit for the year		460,674	24,218
Transfer from Jeffrey White Reserve	14	50,000	50,000
Other comprehensive income for the year, net of tax		50,000	50,000
Total comprehensive income for the year		510,674	74,218

The accompanying notes form part of these financial statements.

Variety Victoria - The Children's Charity

ABN: 80 145 257 414

Statement of Financial Position

30 September 2015

	Note	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	793,325	152,616
Trade and other receivables	7	227,316	126,529
Other assets	9	13,105	12,755
TOTAL CURRENT ASSETS		<u>1,033,746</u>	<u>291,900</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	914,816	961,365
TOTAL NON-CURRENT ASSETS		<u>914,816</u>	<u>961,365</u>
TOTAL ASSETS		<u>1,948,562</u>	<u>1,253,265</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	473,383	391,171
Borrowings	11	172,434	18,758
Employee benefits	13	77,293	55,412
Other liabilities	12	-	6,473
TOTAL CURRENT LIABILITIES		<u>723,110</u>	<u>471,814</u>
NON-CURRENT LIABILITIES			
Borrowings	11	17,662	37,654
Employee benefits	13	4,225	906
TOTAL NON-CURRENT LIABILITIES		<u>21,887</u>	<u>38,560</u>
TOTAL LIABILITIES		<u>744,997</u>	<u>510,374</u>
NET ASSETS		<u>1,203,565</u>	<u>742,891</u>
EQUITY			
Reserves	14	270,000	320,000
Retained earnings		933,565	422,891
TOTAL EQUITY		<u>1,203,565</u>	<u>742,891</u>

The accompanying notes form part of these financial statements.

Variety Victoria - The Children's Charity

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Statement of Changes in Equity

For the Year Ended 30 September 2015

2015

	Retained Earnings	Jeffrey White Reserve	Total
Note	\$	\$	\$
Balance at 1 October 2014	422,891	320,000	742,891
Profit or loss attributable to members of the entity	460,674	-	460,674
Transfer to and from reserves	14 50,000	(50,000)	-
Balance at 30 September 2015	933,565	270,000	1,203,565

2014

	Retained Earnings	Jeffrey White Reserve	Total
Note	\$	\$	\$
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	14 50,000	(50,000)	-
Balance at 30 September 2014	422,891	320,000	742,891

The accompanying notes form part of these financial statements.

Variety Victoria - The Children's Charity

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Statement of Cash Flows

For the Year Ended 30 September 2015

	2015	2014
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from donors, sponsors, members and functions	3,439,707	3,381,041
Payments to grantees, suppliers and employees	(2,914,147)	(3,559,212)
Interest received	1,142	1,345
Interest paid	(14,829)	(10,164)
Net cash from/(used in) operating activities	21 <u>511,873</u>	<u>(186,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	<u>(4,848)</u>	(23,167)
Net cash used in investing activities	<u>(4,848)</u>	<u>(23,167)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipt of borrowings	152,442	-
Repayment of borrowings	<u>(18,758)</u>	(17,706)
Net cash from/(used in) financing activities	<u>133,684</u>	<u>(17,706)</u>
Net increase/(decrease) in cash and cash equivalents held	640,709	(227,863)
Cash and cash equivalents at beginning of year	<u>152,616</u>	380,479
Cash and cash equivalents at end of financial year	6 <u><u>793,325</u></u>	<u>152,616</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 September 2015

The financial report covers Variety Victoria - The Children's Charity as an individual entity. Variety Victoria - The Children's Charity is a non-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

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

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Australia 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.

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.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) 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.

(b) Revenue and other income

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

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

Events revenue

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

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.

Notes to the Financial Statements

For the Year Ended 30 September 2015

2 Summary of Significant Accounting Policies continued

(b) Revenue and other income continued

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.

(c) 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.

(d) 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.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment of losses.

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 revaluation model.

Notes to the Financial Statements

For the Year Ended 30 September 2015

2 Summary of Significant Accounting Policies continued

(e) Property, Plant and Equipment continued

Plant and equipment

Plant and equipment are measured using the revaluation model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

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%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

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

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

Financial Assets

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

- 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

Notes to the Financial Statements

For the Year Ended 30 September 2015

2 Summary of Significant Accounting Policies continued

(f) Financial instruments continued

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.

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.

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 classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Company's financial liabilities include 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.

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

(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.

Notes to the Financial Statements

For the Year Ended 30 September 2015

2 Summary of Significant Accounting Policies continued

(g) Cash and cash equivalents continued

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) 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 wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

Notes to the Financial Statements

For the Year Ended 30 September 2015

2 Summary of Significant Accounting Policies continued

(m) Jeffrey White Reserve

During 2006, a bequest of \$925,000 was received from the estate of Jeffrey 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 Jeffrey White's name until the funds have been fully utilised. The grants will be paid directly from the reserve.

(n) New Accounting Standards and Interpretations

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the company, together with an assessment of the potential impact of such pronouncements on the company when adopted in future periods, are discussed below:

- AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the company on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Notes to the Financial Statements

For the Year Ended 30 September 2015

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

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 (e.g. 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.

Notes to the Financial Statements

For the Year Ended 30 September 2015

4 Fundraising information and costs

			2015	2014
	Revenue	Direct Costs	Net Proceeds	Net Proceeds
	\$	\$	\$	\$
Grand Final Lunch	379,841	(137,372)	242,469	128,543
4 x 4 Challenge	138,825	(43,937)	94,888	119,358
Brats Bash	68,161	(37,822)	30,339	35,601
Splash	6,181	(7,210)	(1,029)	(3,455)
Variety Bash	1,891,260	(451,680)	1,439,580	1,316,025
Santa Fun Run	24,563	(14,232)	10,331	42,258
Bendigo Ball	-	-	-	5,659
Financial Services Ball	91,678	(73,964)	17,714	59,854
Shabazz Tour	58,362	(82,891)	(24,529)	-
Unallocated Events Costs	-	(408,144)	(408,144)	(449,798)
Total contributions towards events	2,658,871	(1,257,252)	1,401,619	1,254,045
Contribution towards grants	882,844	-	882,844	543,068
Other income	6,393	-	6,393	25,091
Indirect fundraising costs	-	(299,466)	(299,466)	(524,414)
Administration costs	-	(695,124)	(695,124)	(797,352)
Profit before grants	3,548,108	(2,251,842)	1,296,266	500,438
Grants approved	-	(900,830)	(900,830)	(673,178)
Rescinded grants	-	65,238	65,238	196,958
Grants expense	-	(835,592)	(835,592)	(476,220)
Total	3,548,108	(3,087,434)	460,674	24,218

5 Operating Segments

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.

6 Cash and cash equivalents

	2015	2014
	\$	\$
Cash on hand	1,640	1,584
Cash at bank	791,685	151,032
	793,325	152,616

Notes to the Financial Statements

For the Year Ended 30 September 2015

7 Trade and other receivables

	2015	2014
	\$	\$
CURRENT		
Trade receivables	218,444	95,458
Deposits	300	9,922
Goods and Services Tax receivable	6,686	20,279
Other receivables	1,886	870
Total current trade and other receivables	227,316	126,529

8 Property, plant and equipment

	2015	2014
	\$	\$
Land and Buildings		
Land and buildings at cost	936,796	936,796
Accumulated depreciation	(201,255)	(182,959)
Total land and buildings	735,541	753,837
PLANT AND EQUIPMENT		
Motor vehicles		
At cost	69,772	69,772
Accumulated depreciation	(31,902)	(19,278)
Total motor vehicles	37,870	50,494
Office equipment		
At cost	79,222	77,874
Accumulated depreciation	(65,790)	(61,239)
Total office equipment	13,432	16,635
Computer equipment		
At cost	68,706	65,206
Accumulated depreciation	(55,238)	(43,734)
Total computer equipment	13,468	21,472
Improvements		
At cost	148,106	148,106
Accumulated depreciation	(33,601)	(29,179)
Total improvements	114,505	118,927
Total plant and equipment	179,275	207,528
Total property, plant and equipment	914,816	961,365

Notes to the Financial Statements

For the Year Ended 30 September 2015

8 Property, plant and equipment continued

(a) 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:

	Buildings	Motor Vehicles	Office Equipment	Computer Equipment	Property Improvements	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 October 2014	753,837	50,494	16,635	21,472	118,927	961,365
Additions	-	-	1,348	3,500	-	4,848
Depreciation expense	(18,296)	(12,624)	(4,551)	(11,504)	(4,422)	(51,397)
Balance at 30 September 2015	735,541	37,870	13,432	13,468	114,505	914,816

9 Other non-financial assets

	2015	2014
	\$	\$
CURRENT		
Prepayments	13,105	12,755

10 Trade and other payables

	2015	2014
	\$	\$
CURRENT		
Trade payables	70,153	78,812
Sundry payables and accrued expenses	88,958	42,394
Appeals payable	281,560	241,322
Other payables	32,712	28,643
	473,383	391,171

11 Borrowings

	2015	2014
	\$	\$
CURRENT		
Lease liability	15 19,992	18,758
Bank loans	152,442	-
	172,434	18,758

Notes to the Financial Statements

For the Year Ended 30 September 2015

11 Borrowings continued

		2015	2014
		\$	\$
NON-CURRENT			
Lease liability	15	<u>17,662</u>	37,654
		<u>17,662</u>	<u>37,654</u>
Total borrowings		<u>190,096</u>	<u>56,412</u>

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 2015 \$37,557 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 2015, \$465,000 of this facility was unused. Interest rates are variable.

12 Other Liabilities

		2015	2014
		\$	\$
CURRENT			
Deferred income		-	<u>6,473</u>

13 Employee Benefits

		2015	2014
		\$	\$
Current liabilities			
Provision for long service leave		29,620	20,178
Provision for annual leave		<u>47,673</u>	<u>35,234</u>
		<u>77,293</u>	<u>55,412</u>
Non-current liabilities			
Provision for long service leave		<u>4,225</u>	<u>906</u>

14 Reserves

		2015	2014
		\$	\$
The Jeffrey White Reserve			
Opening balance		320,000	370,000
Transfer from reserve		<u>(50,000)</u>	<u>(50,000)</u>
Closing balance		<u>270,000</u>	<u>320,000</u>

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

Notes to the Financial Statements

For the Year Ended 30 September 2015

14 Reserves continued

purposes as set out in the Company's constitution.

15 Capital and Leasing Commitments

(a) Finance Leases

	2015	2014
	\$	\$
Minimum lease payments:		
- not later than one year	21,727	21,727
- between one year and five years	18,106	39,833
Minimum lease payments	<u>39,833</u>	61,560
Less: finance changes	2,179	5,148
Present value of minimum lease payments	<u><u>37,654</u></u>	<u><u>56,412</u></u>

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

16 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.

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:

		2015	2014
		\$	\$
Financial Assets			
Cash and cash equivalents	6	793,325	152,616
Trade and other receivables	7	<u>227,316</u>	126,529
Total financial assets		<u><u>1,020,641</u></u>	279,145
Financial Liabilities			
Trade and other payables	10	473,383	391,171
Borrowings	11	<u>190,096</u>	56,412
Total financial liabilities		<u><u>663,479</u></u>	447,583

Notes to the Financial Statements

For the Year Ended 30 September 2015

17 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of Variety Victoria - The Children's Charity during the year are as follows:

	2015	2014
	\$	\$
Short-term employee benefits	117,356	301,219
Post-employment benefits	33,289	25,154
	<u>150,645</u>	<u>326,373</u>

18 Remuneration of Auditors

	2015	2014
	\$	\$
Remuneration of the auditor of the company, for:		
- auditing or reviewing the financial report	10,500	10,500
- other services	2,000	2,000
Total	<u>12,500</u>	<u>12,500</u>

19 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.

Notes to the Financial Statements

For the Year Ended 30 September 2015

20 Related Parties

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

	2015	2014
	\$	\$
Variety Australia		
Revenue from related parties	59,198	56,654
Payments from related parties	67,560	97,368
Amount owed by related parties	22,687	18,192
Amount owed to related parties	13,348	11,169
Variety Northern Territory		
Revenue from related parties	95	5,808
Payments to related parties	3,142	2,000
Amounts owed by related parties	-	318
Variety Queensland		
Revenue from related parties	413	3,740
Payments to related parties	3,580	-
Amounts owed to related parties	3,040	-
Variety South Australia		
Revenue from related parties	14,506	1,165
Payments to related parties	91	1,990
Variety Tasmania		
Revenue from related parties	732	2,578
Payments to related parties	162	746
Variety Western Australia		
Revenue from related parties	143	3,624
Amounts owed by related parties	-	1,633

Notes to the Financial Statements

For the Year Ended 30 September 2015

20 Related Parties continued

	2015	2014
	\$	\$
Variety New South Wales		
Revenue from related parties	89,659	111,961
Payments to related parties	982	72,568
Amounts owed by related parties	39,924	20,724

Variety New Zealand

Revenue from related parties	31	-
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Board Directors' related entities

Hayes Knight Melbourne Pty Ltd Accounting fees charged by Hayes Knight Melbourne Pty Ltd during the year	6,005	9,091
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21 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:

	2015	2014
	\$	\$
Profit for the year	510,674	74,218
Non-cash flows in profit:		
- depreciation	51,397	54,020
- 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	(100,787)	(22,146)
- (increase)/decrease in other assets	(350)	(3,420)
- increase/(decrease) in trade and other payables	82,212	(131,703)
- increase/(decrease) in other liabilities	(6,473)	(118,083)
- increase/(decrease) in employee benefits	25,200	10,124
Cashflow from operations	<u>511,873</u>	<u>(186,990)</u>

Variety Victoria - The Children's Charity

ABN: 80 145 257 414

Notes to the Financial Statements

For the Year Ended 30 September 2015

22 Events Occurring After the Reporting Date

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

23 Company Details

The registered office of and principal place of business of the company is:

Variety Victoria - The Children's Charity

H71 63-85 Turner Street

Port Melbourne VIC 3207

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 11 to 30, are in accordance with the *Australian Charities and Not-for-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 2015 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
Richard Symon

Director
Paul Manning

Dated this day of 2015

Variety Victoria - The Children's Charity

ABN: 80 145 257 414

to the members of Variety Victoria - The Children's Charity

[Enter place of signing]

Dated this.....day of.....2015