Variety Victoria – The Children's Charity
80 145 257 414

Financial Report
For the Year Ended 30 September 2012

Variety Victoria – The Children's Charity
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TABLE OF CONTENTS

Variety Victoria – The Children's Charity
80 145 257 414

DIRECTORS' REPORT

The directors of the Variety Victoria – The Children's Charity (the Company or Variety) have pleasure in submitting the following report in respect of the year ended 30 September 2012 in accordance with a resolution of the directors.

DIRECTORS

The directors in office at the date of this report are set out below.

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

Information on Directors

DOUG CHRISTIE: Chief Barker (Chairman) and International Ambassador	Doug is a specialist in Marketing, Communications and Brand strategy and execution. He has had considerable international business experience at both CEO and Board levels particularly in the Banking, Media and Telecommunications sectors. He is Managing Director of the marketing, communications and media company, Focus Communications Group. Doug is a past Chairman of Variety Victoria (2003-2006), and is a Life Member. He is also an International Ambassador for Variety and an Australia Day Council Life Ambassador. Doug is a past Deputy Chairman of Life Education Victoria. He has been on the Variety Victoria Board since 2000.
GILLIAN HUND: Deputy Chair	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.
ROD COLLINS APM: Secretary	Rod is now an Emergency Services specialist consultant. As former senior officer (Superintendant) 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.
VITO INTERLANDI: Treasurer	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.
DAVID RAYNER: Board Member	Life Member David Rayner is a Director of RSP Automotive & Industrial Pty Ltd & Rare Spares Pty Ltd and has been a long standing Variety supporter. His service to the children's charity includes 9 years as a Board Member and 14 years on the Bash Committee, including 5 years as Bash Chairman. David was awarded a Variety International Presidential Citation in 2002 in recognition of his dedication to Variety.
GRAEME GIDDINGS: Board Member (resigned 23 November 2011)	Graeme is Managing Director of Owners Corporation (Aust) Pty Ltd and has been involved with the Variety Vic Bash for 15 year. He has been on the Variety Board of Management since 2005 and is a champion of our Motoring Events, as Outback Adventure Chairman and incoming Bash Chairman. Graeme was honoured by his service to special needs children with a Variety International Presidential Citation.

DIRECTORS' REPORT (CONT.)

DAVID CORNWELL: Board Member	David is a senior corporate lawyer with over 20 years practising experience in Australia, Asia and New Zealand. David has previously been a partner of a large Australian law firm and a partner of a leading US firm based in Singapore, and was of Counsel with a prominent New York law firm. David has spent a number of years practising in Asia based from Singapore. He has extensive Australian and international experience in general corporate law, projects, financing, corporate advisory and private equity transactions.
ANNE HENSHALL: Board Member	Anne Henshall is the Marketing Manager of The Capital – Bendigo's Performing Arts Centre and has been working in both marketing and major events for the past years broken only by two years as Chief of Staff of the daily newspaper, the Bendigo Advertiser. Anne has played a key role in the delivery of events for Bendigo such as the Jayco Herald Sun Tour, the Bendigo Easter Festival and was the creator of Bendigo's Kids Character Carnival. She has held a position on the Board of the Bendigo Trust as well as having a long association with Scope in central Victoria as a member of staff, fundraiser and as a member of the Centre Association.
SUE STANLEY: Board Member	Sue is an active supporter of the children's activities and programs at Variety. She is the Director of Fitcorp and is involved in a number of charities, including the Blue Ribbon Foundation and Vicsport. She has been on the Variety Board of Management since 2005.
EVANGELINE ARULRAJAH: Board Member	Evangeline has a background in Social Work and has worked in Australia and Overseas in a broad range of settings such as Hospitals and alternative school and therapy centre in Sweden for teenagers. She is also a qualified lawyers having worked in top tier firms in the private sector in areas such as commercial litigation, construction, insurance, corporate and government. She also has in house experience and is currently working as a senior corporate laywer for the Victorian Government.
MIKE BRADY: Board Member	Mike has continued his commitment to the Vic Bash as a fundraising participant and performer at the final night concert, with his team taking the prestigious award of Overall Winners, the highest accolade on the Bash. Once again we thank Mike for his performance at the Great Grand Final Luncheon and warmly congratulate him on his appointment as a Variety Life Member. He has been on the Variety Board of Management for 3 years.
JOE BARBER: Board Member	Joe Barber is founder and CEO of Modapt as well as founder and Director of Third Screen Media; two organisations involved in the mobile web and mobile marketing industries respectively and both with operations and activities in over 9 countries. Joe is also a strategic advisor to a number of start-up technology firms and provides guidance on the journey from "inception to liquidity". Joe has been involved in technology for over 30 years, including founding and raising capital for a number of start ups and managing regional operations for some of the world's major technology players. Joe has had vast international experience with long periods in the North American market, distribution of products throughout Asia and Europe and a business in Malaysia. He travels regularly to world conferences and is a regular speaker on technology as well as a respected monthly contributor for a Marketing Magazine sharing his insights and ideas.
RICHARD SYMON: Board Member (appointed 23 November 2011)	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.

GENERAL INFORMATION

Company Secretary

Rod Collins has been the secretary of the company for the past 16 months.

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 10 staff at 30 September 2012 (30 September 2011: 9).

Principal Activities

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

Short-term and Long-term Objectives

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.

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.

DIRECTORS REPORT (CONT.)

BUSINESS REVIEW

Operating Result

The surplus of the Company for the year ended 30 September 2012 was $21,206 (2011: $42,524 loss).

Dividends

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

OTHER ITEMS

Significant Changes in State of Affairs

No significant changes in the Company's state of affairs occurred during the financial year.

After Balance Date Events

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.

Future developments

There are no significant future developments envisaged for the forthcoming year.

Environmental Issues

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

Meetings of Directors

There were 6 Board meetings held during the year. The attendance by each Board member during the year was as follows:

	Number Eligible to Attend	Number Attended
Doug Christie	6	5
Gillian Hund	6	4
Rod Collins APM	6	6
Vito Interlandi	6	6
David Rayner	6	5
Graeme Giddings	1	0
David Cornwall	6	2
Anne Henshall	6	5
Sue Stanley	6	4
Evageline Arulrajah	6	6
Mike Brady	6	4
Joe Barber	6	5
Richard Symon	5	5

Variety Victoria – The Children's Charity
80 145 257 414

DIRECTORS' REPORT (CONT.)

Indemnification and Insurance of Officers

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.

Independence Declaration

A copy of the auditor's independence declaration as required under s307C of *the Corporations Act 2001* is set out on page 33.

Signed in accordance with a resolution of the directors:

Doug Christie
Chairman

Vito Interlandi
Treasurer

28 November 2012

Variety Victoria – The Children's Charity
80 145 257 414

DIRECTORS' DECLARATION

In the opinion of the Board the financial report as set out on pages 9 to 32:

1. Presents a true and fair view of the financial position of Variety Victoria – The Children's Charity as at 30 September 2012 and its performance for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.

2. At the date of this declaration, there are reasonable grounds to believe that the Variety Victoria – The Children's Charity will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Committee and is signed for and on behalf of the Board by:

Doug Christie	**Vito Interlandi**
Chairman	**Treasurer**

28th November 2012

Variety Victoria – The Children's Charity
80 145 257 414

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012 $	2011 $
INCOME			
Revenue from Events	2	2,787,325	3,075,334
Event Costs	2	(1,538,589)	(1,662,058)
Net Income from Events		1,248,736	1,413,276
Revenue from Fundraising	2	918,435	1,297,468
Fundraising Costs	2	(455,177)	(281,663)
Net Income from Fundraising		463,258	1,015,805
Other Income	2	4,777	13,479
		1,716,771	2,982,560
EXPENSES			
Administration Costs		306,150	327,653
Appeals Granted		1,001,939	1,899,786
Appeals Rescinded		(76,044)	(126,915)
Depreciation & Amortisation		44,950	48,330
Employee Costs		259,238	197,844
Finance Costs		51,994	31,006
Other Expenses		107,338	107,380
Profit/ (Loss) for the year		21,206	(42,524)
Other Comprehensive Income		-	-
Total Comprehensive Income		21,206	(42,524)

The accompanying notes form part of these financial statements.

Variety Victoria – The Children's Charity
80 145 257 414

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2012

	Note	2012	2011
		$	$
CURRENT ASSETS			
Cash and cash equivalents	4	241,430	361,633
Trade and other receivables	5	87,737	150,597
Inventory	6	17,339	30,538
Other assets	7	50,656	46,245
TOTAL CURRENT ASSETS		397,162	589,014
NON-CURRENT ASSETS			
Property, plant and equipment	8	979,718	969,310
Intangible assets	9	139,374	109,281
TOTAL NON-CURRENT ASSETS		1,119,092	1,078,591
TOTAL ASSETS		1,516,254	1,667,605
CURRENT LIABILITIES			
Trade and other payables	10	777,337	560,582
Short-term provisions	11	49,893	68,319
Other Liabilities	12	56,724	119,033
Borrowings	13	30,589	-
TOTAL CURRENT LIABILITIES		914,543	747,933
NON-CURRENT LIABILITIES			
Trade and other payables	10	-	356,275
Long-term provisions	11	17,540	11,587
Borrowings	13	61,155	-
TOTAL NON-CURRENT LIABILITIES		78,695	367,862
TOTAL LIABILITIES		993,238	1,115,795
NET ASSETS		523,016	551,810
EQUITY			
Reserves	14	420,000	470,000
Accumulated surplus / (deficit)		103,016	81,810
TOTAL MEMBERS' FUNDS		523,016	551,810

The accompanying notes form part of these financial statements.

Variety Victoria – The Children's Charity
80 145 257 414

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	Accumulated Surplus	Jeffery White Reserve	Total
		$	$	$
Balance at 1 October 2010		**124,334**	**520,000**	**644,334**
Surplus / (deficit) for the year		(42,524)	-	(42,524)
Transfer to and from reserves	14	-	(50,000)	(50,000)
Balance at 30 September 2011		**81,810**	**470,000**	**551,810**
Surplus / (deficit) for the year		21,206	-	21,206
Transfer to and from reserves	14	-	(50,000)	(50,000)
Balance at 30 September 2012		**103,016**	**420,000**	**523,016**

The accompanying notes form part of these financial statements.

Variety Victoria – The Children's Charity
80 145 257 414

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Note	2012	2011
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from donors, sponsors, members and functions		3,768,619	4,613,820
Payments to grantees, suppliers and employees		(3,876,600)	(4,680,066)
Interest received		4,777	9,687
Interest paid		(23,292)	(2,578)
Net cash provided by (used in) operating activities	19	(126,496)	(159,137)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(30,093)	(88,331)
Purchase of property, plant and equipment		(55,358)	(38,151)
Net cash provided by (used in) investing activities		(85,451)	(126,482)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		250,000	33,815
Repayment of borrowings		(158,257)	-
Net cash provided by (used in) financing activities		91,743	33,815
Net (decrease) / increase in cash held		(120,203)	(251,804)
Cash at beginning of financial year		361,633	613,437
Cash at end of financial year	4	241,430	361,633

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and the *Corporations Act 2001*.

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.

Accounting Policies

a. Property, Plant and Equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	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.

b. Inventories

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

c. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c. **Financial instruments (cont.)**

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

(i) the amount at which the financial asset or financial liability is measured at initial recognition;

(ii) less principal repayments;

(iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and

(iv) less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c. Financial instruments (cont.)

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period, which will be classified as current assets.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual right to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

d. Impairment of Assets

At the end of each reporting period, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value-in-use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e. 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 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 not satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

f. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

g. Revenue and Other Income

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 Income

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 sued in events in 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.

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

h. 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 probably that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

i. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their indeed use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended us or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

j. 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.

k. Income taxes

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.*

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

l. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST components of investing and financing activities, which are disclosed as operating cash flows.

m. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Company has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

s. Going Concern basis of accounting

At balance date, the Company had a deficiency of current assets over current liabilities of approximately $517,000. 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. New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

– AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

  The key changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
  - requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

t. New Accounting Standards for Application in Future Periods (cont.)

- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

– AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Management believes that the Group qualifies for the reduced disclosure requirements for Tier 2 entities. However, it is yet to determine whether to adopt the reduced disclosure requirements.

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] applies to periods beginning on or after 1 January 2012).

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

– AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

t. New Accounting Standards for Application in Future Periods (cont.)

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

– AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

– AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

t. New Accounting Standards for Application in Future Periods (cont.)

– AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

- require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and
- the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:
  - (i) for an offer that may be withdrawn – when the employee accepts;
  - (ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
  - (iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012

NOTE 2: FUNDRAISING INFORMATION AND COSTS

	2012 Revenue $	2012 Direct Costs $	2012 Net Proceeds $	2011 Net Proceeds $
Grand Final Lunch	287,916	(174,437)	113,479	163,982
Radiothon	125,507	(223)	125,284	173,621
4 x 4 Challenge	93,437	(49,497)	43,940	47,126
Brats Bash	67,302	(37,630)	29,672	30,625
Splash	169,823	(90,039)	79,784	47,115
Variety Bash	1,768,860	(557,888)	1,210,972	1,296,087
Route 66	-	-	-	147,814
Santa Fun Run	63,405	(29,878)	33,527	-
Outback Ball	107,210	(66,561)	40,649	-
Op Shop Ball	74,320	(64,295)	10,025	-
Race Day	20,158	(13,636)	6,522	-
Ladies Who Lunch	9,387	(1,050)	8,337	-
Unallocated Events Costs	-	(453,455)	(453,455)	(493,094)
Total contribution from events	2,787,325	(1,538,589)	1,248,736	1,413,276
Contribution towards grants	918,435	-	918,435	1,297,468
Other income	4,777	-	4,777	13,479
Indirect fundraising costs	-	(455,177)	(455,177)	(288,031)
Administration costs	-	(769,670)	(769,670)	(712,213)
Profit before grants	3,710,537	(2,763,436)	947,101	1,730,347
Grants approved	-	(1,001,939)	(1,001,939)	(1,899,786)
Rescinded grants	-	76,044	76,044	126,915
Grants expense	-	(925,895)	(925,895)	(1,772,871)
Profit / (loss) for the year	3,710,537	(3,689,331)	21,206	(42,524)

NOTE 3: AUDITORS' REMUNERATION

	2012 $	2011 $
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial report	11,000	10,500
- other services	1,750	1,500
	12,750	12,000

NOTE 4: CASH AND CASH EQUIVALENTS

Cash on hand	3,000	3,000
Cash at bank	238,430	358,633
	241,430	361,633

NOTE 5: TRADE AND OTHER RECEIVABLES	2012	2011
	$	$
CURRENT		
Trade Receivables	61,516	112,968
Provision for impairment of receivables	-	-
Goods and Services Tax receivable	26,221	(7,856)
Accrued revenue	-	45,485
Amounts receivable from:		
- other related parties	-	-
	87,737	150,597

NOTE 6: INVENTORIES

CURRENT		
Inventory – at cost	17,339	30,538

NOTE 7: OTHER ASSETS

CURRENT		
Prepayments	50,656	46,245

NOTE 8: PROPERTY, PLANT AND EQUIPMENT

Property		
Land and Buildings at cost	936,796	936,796
Accumulated depreciation	(146,367)	(128,071)
Total Land and Buildings	790,429	808,725
Property Improvements at cost	145,824	112,007
Accumulated depreciation	(20,473)	(17,076)
Total Property Improvements	125,351	94,931
Total Property	915,780	903,656

NOTE 8: PROPERTY, PLANT & EQUIPMENT (CONT.)

	2012	2011
	$	$
Plant and Equipment		
Motor Vehicles at cost	41,441	41,441
Accumulated depreciation	(19,587)	(13,884)
Total Motor Vehicles	21,854	27,557
Office equipment at cost	75,788	56,723
Accumulated depreciation	(43,788)	(35,557)
Total Office Equipment	32,000	21,166
Computer Equipment at cost	39,473	36,997
Accumulated depreciation	(29,389)	(20,065)
Total Computer Equipment	10,084	16,931
Total Plant and Equipment	63,938	65,654
Total Property, Plant and Equipment	979,718	969,310

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 2010	827,021	91,709	64,363	18,272	11,921	1,013,286
Additions	-	5,936	-	10,132	19,220	35,288
Disposals	-	-	(26,848)	(2,016)	(2,070)	(30,934)
Depreciation expense	(18,296)	(2,714)	(9,958)	(5,222)	(12,140)	(48,330)
Balance at 30 September 2011	808,725	94,931	27,557	21,166	16,931	969,310
Additions	-	33,817	-	19,064	2,477	55,358
Disposals	-	-	-	-	-	
Depreciation expense	(18,296)	(3,397)	(5,703)	(8,230)	(9,324)	(44,950)
Balance at 30 September 2012	790,429	125,351	21,854	32,000	10,084	979,718

NOTE 9: INTANGIBLE ASSETS

	2012	2011
	$	$
Website development costs	139,374	109,281
Less: accumulated amortisation	-	-
	139,374	109,281

The increase in the website development costs represents further costs incurred during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2012**

NOTE 10: TRADE AND OTHER PAYABLES	2012 $	2011 $
CURRENT		
Unsecured liabilities:		
Trade payables	209,833	241,370
Sundry payables and accrued expenses	66,193	15,219
Appeals payable	501,311	303,993
NON-CURRENT		
Grants payable	-	356,275
	777,337	916,857

NOTE 11: PROVISIONS		
CURRENT		
Employee benefits	49,893	68,319
NON-CURRENT		
Employee benefits	17,540	11,587
	67,433	79,905

NOTE 12: OTHER LIABILITIES		
CURRENT		
Deferred income	56,725	119,033

NOTE 13: BORROWINGS		
CURRENT		
Bank loan secured	30,589	-
	30,589	-
NON-CURRENT		
Bank loan secured	61,155	-
	61,155	-
Total current and non-current secured liabilities:		
Bank loan	91,744	-
	91,744	-

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 $250,000. As at 30 September 2012 $158,256 remains unused.

At the reporting date the company has a bank overdraft and a business credit card facility amounting to $625,000. This may be terminated at any time at the option of the bank. At 30 September 2012, $Nil of this facility was used. Interest rates are variable.

Subsequent to the reporting date the overdraft facility was reduced by $160,000. The total facility now available to the company is $465,000.

NOTE 14: RESERVES

	2012	2011
	$	$
The Jeffrey White Reserve:		
Opening balance:	470,000	520,000
Transfer from reserve	(50,000)	(50,000)
Closing balance	420,000	470,000

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.

NOTE 15: CONTINGENT ASSETS

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.

NOTE 16: CAPITAL AND LEASING COMMITMENTS

	2012	2011
	$	$
a) Operating lease commitments		
Non-cancellable operating lease commitments contracted for but not capitalised in the financial statements:		
Payable – minimum lease payments:		
- Not later than 12 months	15,545	23,318
- Between 12 months and 5 years	-	15,545
- Greater than 5 years	-	-
	15,545	38,863

The operating lease commitments relate to the lease of two motor vehicles over a term of 36 months.

NOTE 16: CAPITAL AND LEASING COMMITMENTS (CONT.)	2012	2011
	$	$
b) Finance lease commitments		
Non-cancellable finance lease commitments contracted for and capitalised in the financial statements:		
Payable – minimum lease payments:		
- Not later than 12 months	13,511	13,511
- Between 12 months and 5 years	15,763	29,274
- Greater than 5 years	-	-
Minimum lease payments	29,274	42,785
Less future finance charges	(8,971)	(8,970)
	20,303	33,815

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

NOTE 17: KEY MANAGEMENT PERSONNEL

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

	2012	2011
Short-term employee benefits	145,423	210,603
Post-employment benefits	13,088	18,905
	158,511	229,508

NOTE 18: 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.

	2012	2011
	$	$
Variety International		
Revenue from related parties	-	-
Payments to related parties	-	-
Amounts owed by related parties	-	-
Amounts owed to related parties	-	-
Variety Australia		
Revenue from related parties	3,239	14,924
Payments to related parties	118,230	190,951
Amounts owed by related parties	-	-
Amounts owed to related parties	18,541	24,548

NOTE 18: RELATED PARTY TRANSACTIONS (CONT.)

	2012 $	2011 $
Variety Northern Territory		
Revenue from related parties	-	-
Payments to related parties	6,961	6,400
Amounts owed by related parties	-	-
Amounts owed to related parties	-	-
Variety Queensland		
Revenue from related parties	-	8,967
Payments to related parties	34,141	26,238
Amounts owed by related parties	-	-
Amounts owed to related parties	-	2,918
Variety South Australia		
Revenue from related parties	-	-
Payments to related parties	8,082	6,044
Amounts owed by related parties	-	-
Amounts owed to related parties	-	-
Variety Tasmania		
Revenue from related parties	113	302
Payments to related parties	3,930	-
Amounts owed by related parties	-	-
Amounts owed to related parties	-	-
Variety Western Australia		
Revenue from related parties	-	-
Payments to related parties	15,218	57,600
Amounts owed by related parties	-	-
Amounts owed to related parties	-	-
Variety New South Wales		
Revenue from related parties	45,409	32,274
Payments to related parties	55,896	13,560
Amounts owed by related parties	-	-
Amounts owed to related parties	-	-

NOTE 18: RELATED PARTY TRANSACTIONS (CONT.)	2012 $	2011 $
Variety New Zealand		
Revenue from related parties	-	-
Payments to related parties	-	12,000
Amounts owed by related parties	-	-
Amounts owed to related parties	-	-

Board Directors' related entities

Hayes Knight Melbourne Pty Ltd

		2012 $	2011 $
a)	Hayes Knight Melbourne Pty Ltd provides accounting services to the Company.		
b)	Board member Vito Interlandi is a director of Hayes Knight Melbourne Pty Ltd		
c)	Accounting fees charged by Hayes Knight Melbourne Pty Ltd during the year	1,223	1,800
d)	Fundraising income received from Hayes Knight Melbourne Pty Ltd during the year	-	2,013
e)	Fundraising income received from Hayes Knight Melbourne Pty Ltd during the year, unpaid at year end and forming part of trade and other receivables (Note 5)	-	1,000

RSP Automotive and Industrial Pty Ltd

a) Board member David Rayner is a director of RSP Automotive and Industrial Pty Ltd.

b) RSP Automotive and Industrial Pty Ltd provided a loan of $30,000 to the Company during the year. The loan was repaid in full within the year.

Financial Services Foundation Ltd

		2012 $	2011 $
a)	Board member Richard Symon is a director of Financial Services Foundation Ltd.		
b)	Fundraising income received from of Financial Services Foundation Ltd during the year.	20,000	-

NOTE 19: CASH FLOW INFORMATION

	2012 $	2011 $
Reconciliation of cash flow from operations with profit after income tax		
Net income/loss for the period	21,206	(42,524)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
— depreciation	44,950	48,330
— 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 term debtors	62,860	135,241
— (increase)/decrease in other assets	(4,411)	5,597
— (Increase)/decrease in inventories	13,200	(13,488)
— Increase/(decrease) in other liabilities	(62,308)	32,281
— increase/(decrease) in trade and other payables	(139,520)	(270,827)
— Increase/(decrease) in provisions	(12,473)	(3,747)
	(126,496)	(159,137)

NOTE 20: FINANCIAL INSTRUMENTS

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:

	Note	2012 $	2011 $
Financial assets			
Cash and cash equivalents	4	241,430	361,633
Loans and receivables	5	87,737	150,597
Total financial assets		329,167	512,230
Financial liabilities			
Financial liabilities at amortised cost:			
Trade and other payables	10	777,337	916,857
Borrowings	13	91,744	-
Total financial liabilities		869,081	916,857

Financial Risk Management

The following is a summary of the key risks arising from the Company's financial instruments, and the policies and procedures adopted by the Board to mitigate these risks.

a. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

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

b. Credit Risk Exposures

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meets its contractual obligations and arises principally from the Company's accrued revenues and receivables from customers. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

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

The Company minimises its exposure to credit risk in the following ways:

- Debtor payment terms are 14 days;
- Management review older amounts due and pursue customers for payment; and
- Provisions are raised against those receivables considered unlikely to be recovered by management (2012: $Nil, 2011: $Nil).
- In the case of accrued revenue, these amounts relate to specific grants, and the Company's share of the grant expense is also accrued. In the event the revenue is not received, the Company has the ability to rescind the grant payable, minimising the impact on the Company's cash reserves.

c. Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair values of a financial instrument will fluctuate as a result of future changes in interest rates.

The Company's exposure to interest rate risk arises as a result of its interest-bearing deposits with financial institutions.

The Company manages this risk be spreading its deposits over a number of accounts, being a mixture of fixed term deposits and 'at call' accounts, after taking into consideration the need to maintain access to sufficient cash to fund the Company's day to day operations.

Sensitivity analysis

The following table demonstrates the Company's sensitivity to changes in market interest rates, and the impact of such changes to both profit and net assets which would have occurred had interest rates fluctuated during the year. This analysis assumes all other variables remain constant.

2% Increase in interest rates		
- Impact on profit	1,811	3,474
- Impact on net assets	1,811	3,474
2% Decrease in interest rates		
- Impact on profit	(1,811)	(3,474)
- Impact on net assets	(1,811)	(3,474)

NOTE 20: FINANCIAL INSTRUMENTS (CONT.)

d. Financial Instrument Composition and Analysis

	Weighted Average Effective Interest Rate		Maturing Within 1 Year		Maturing After 1 year		Non-Interest Bearing		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	%	%	$	$	$	$	$	$	$	$
Financial Assets										
Cash and cash equivalents	1.30	1.30	241,430	361,633	-	-	-	-	241,430	361,633
Trade and other receivables	-	-	-	-	-	-	87,737	150,597	87,737	150,597
Total Financial Assets			241,430	361,633	-	-	87,737	150,597	239,167	512,230
Financial Liabilities										
Trade and other payables	-	-	-	-	-	-	276,027	256,588	276,027	256,588
Appeals payable	-	-	-	-	-	-	501,310	660,268	501,310	660,268
Borrowings	7.50	-	30,589	-	61,155	-		-	91,744	-
Total Financial Liabilities			30,589	-	61,155	-	777,337	1,187,684	869,081	1,187,684

e. Financial assets pledged as collateral

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.

f. Fair values of financials assets and financial liabilities

The nature of the Company's financial instruments is such that there is no difference between the carrying amount of any financial asset or liability, and the net fair value of the financial asset or liability.

NOTE 21: 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.

NOTE 22: COMPANY DETAILS

The registered office of the company is:
Variety Victoria – The Childrens Charity
H71 63-85 Turner Street
Port Melbourne
Victoria

nexia australia

the next solution

AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE MEMBERS OF VARIETY VICTORIA – THE CHILDREN'S CHARITY

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2012, 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.

Nexia

NEXIA MELBOURNE
ABN 16 847 721 257

ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

28 November 2012

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

Report on the Financial Report

We have audited the accompanying financial report of Variety Victoria – The Children's Charity (the company), which comprises the statement of financial position as at 30 September 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

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. Those 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 judgment, 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 control relevant to the entity's preparation and fair presentation of the financial report 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Variety Victoria – The Children's Charity, would be in the same terms if provided to the directors as at the date of this auditor's report.

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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 Club of Victoria Inc 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:

a. the financial report of Variety Victoria – The Children's Charity is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 September 2012 and of their performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Nexia

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ANDREW JOHNSON
Partner
Audit & Assurance Services

Melbourne

28 November 2012