

Variety - The Children's Charity of Victoria

ABN: 80 145 257 414

Financial Report

For the Year Ended 30 September 2019

Variety - The Children's Charity of Victoria
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Financial Report for the Year Ended 30 September 2019

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Directors' Report

The directors present their report on Variety - The Children's Charity of Victoria for the financial year ended 30 September 2019.

1. General Information

Directors

The following persons were Directors of the Company during the financial year and up to the date of this report:

Names	Position	Appointed/Resigned
Paul Manning	Chairman	
Kirsty Turner	Treasurer	
Jon Burfurd	Board Member	
Gary Caddy	Board Member	
Samantha Martin	Board Member	
Caroline Mulcahy	Board Member	Resigned 4 October 2019
Ken Pryor	Board Member	
Michael Randall OAM	Board Member	
Martin Stone AM	Board Member	Resigned 26 July 2019
Melissa Williams	Board Member	
Meg Dalling	Secretary	Appointed 12 December 2018

Information on Directors

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

Jon Burfurd

Jon is a brand and marketing strategist with over 15 years of consultancy to tier 1 (domestic and international) brands and government agencies. Throughout his career, Jon has held senior management positions in leading creative media agencies, and currently serves as the General Manager for the leading independent digital marketing agency, The Township.

Gary Caddy

Gary has been a long time supporter of Variety, an annual Victoria Bash participant for the past 16 years, raising over \$800,000 as one of our highest fundraisers and champions of the Variety Bash. Gary's private collection of Australian/American muscle cars from the 50's, 60's and 70's perfectly combines his passion for cars and helping children who are sick, disadvantaged or have special needs to live, laugh and learn through the Variety programs.

Meg Dalling

Appointed 12 December 2018

Meg is the Head of Accessibility for ANZ Bank, responsible for senior leadership, governance and strategic direction around accessibility and inclusion for ANZ's customers, employees and the community. A lawyer by background, Meg has more than 15 years experience in the financial services sector, and has expertise in governance, regulatory engagement, contract law and risk management. As well as her executive roles, Meg has been an active community volunteer all her working life, believing passionately in equality of opportunity. She has a depth of experience in pro bono legal work as well as mentoring for refugees and jobseekers with a disability. Meg is a member of the Australian Institute of Company Directors.

Paul Manning - Chairman

Paul Manning was appointed Chief Barker at the Variety Victoria Annual General Meeting December 2016. Over the last 25 years, Paul has worked in the finance and banking industries in a range of senior leadership positions. His roles have included direct responsibility for finance, investments, risk, project office, strategy, audit, compliance and legal services. Paul's experience includes management of a large number of major transformation projects including obtaining a banking license, process reengineering and implementation of various management reporting systems. Paul has held lead roles at State Trustees, Baillieu Holst, JPMorgan, Members Equity Bank, Primary Superannuation, Westpac and PwC. This has included work in Hungary, Romania, UK and New Zealand.

Directors' Report

1. General Information (continued)

- Samantha Martin** Sam Martin has built a successful career in the Public Relations and Marketing sector whilst also dedicating herself to volunteer initiatives to assist community groups and charities with raising their profile and meeting marketing and financial objectives. Sam is the Creator and Executive Producer "Resto my Ride", Australia's first car restoration television show commissioned by Discovery Networks International. Being at the forefront of the industry gives Sam a true understanding of the consumer market and the "car enthusiast" sector in the current Australian landscape. Representing numerous clients in the automotive sector, Sam is known for her creative talent to raise awareness for auto brands to achieve marketing objectives. Sam brings to the board a number of skills, most importantly her deep knowledge of the Automotive marketing sector. Being involved in community and charitable initiatives brings an understanding of the charitable landscape and the ability to bring both the commercial and charity businesses together for mutual benefit.
- Caroline Mulcahy** Caroline is an energetic and results driven leader, strategist and change agent who is inquisitive and driven by mindful curiosity. She has a health background, a Masters in Research Methods and is passionate about enquiry, evidence, and people. She has led organisations through substantial change, ensuring that they leverage their most important resources, staff, knowledge, systems and processes, and transform these to benefit those they serve more effectively and efficiently. Caroline has established new models of effective governance and has been instrumental in building robust and effective business models that also facilitate compassionate and sensitive treatment of staff and consumers.
- Ken Pryor** Ken Pryor has been involved in property development, specialising in strategic network planning, property acquisition and construction management for the past 40 years. Ken has played a major part in the planning and development of a number of national and international companies to expand and remodel their Australian store networks. Ken began his involvement with Variety in 2008, driven by his desire to help make a difference to children and their families who needed support to improve their health and wellbeing. Ken joined the Variety Board in September 2015.
- Michael Randall OAM** Michael Randall SIA(Aff), DipAFPA, GAICD. Michael left Macquarie Private Wealth in early 2014 after 15 years of service and joined Randall Daish as a partner. Michael 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 has also been an active Board Member of The Cottage by The Sea for over 16 years. In 2014 Michael was awarded an OAM for his services to disadvantaged youth.
- Martin Stone AM**
Resigned 26 July 2019 Melbourne businessman Martin Stone has been able to combine his passion for cars and philanthropy. Head of the panel beating business Sheen Group, Martin is also a top fundraiser for Variety Victoria's annual major event, the Variety Bash. Martin has now exceeded the \$3 million mark in raising funds for Variety Victoria through his participation in the Variety Bash. Martin has been involved in Variety Victoria on many levels, providing sound advice and access to good contacts.

Directors' Report

1. General Information (continued)

Kirsty Turner – Treasurer

Kirsty is a Graduate of the Australian Institute of Company Directors, a Chartered Accountant, and holds a Bachelor of Commerce. Kirsty has extensive global risk management and governance experience gained from over 21 years in both consulting and large, diverse, ambitious and complex ASX 100 listed companies. Kirsty has held executive level risk and/or internal audit roles at JB Hi-Fi Limited, Wesfarmers Limited, Symbian Health Limited, and Mayne Group Limited, where she has been influential in changing the risk culture. Kirsty is now the Managing Director of Cohesive Risk Consulting, a boutique consultancy specialising in delivering innovative and strategic risk management solutions. Kirsty's experience extends from guiding executive and non-executive directors and management towards strategy optimisation, to designing and implementing governance and risk strategies, frameworks, policies and procedures. She has significant experience in establishing and restructuring high performing risk and assurance functions and teams, along with advising on appropriate functional structures throughout and post significant corporate M&A transaction activity. Kirsty has been sought out for her mentoring ability to empower both individuals and teams to achieve desired objectives throughout challenging corporate activity.

Melissa Williams

Melissa has worked in Marketing for more than 15 years. Passionate about putting herself in the 'shoes of the customer', Melissa is diverse marketer with experience across through the line strategic marketing to acquire, retain and engage customers. With an undergraduate in Behavioural Science Melissa accidentally fell into Marketing whilst finishing off her degree. Starting out in Pharmaceutical marketing at CSL, through to a stint World Vision campaigning the 40 Hour Famine followed by a year at The Age. Melissa eventually landed in the energy industry where she has spent the last 10 years between TRUenergy, Energy Australia and currently AGL.

Directors' Report

1. General Information (continued)

Principal activities and state of affairs

The principal activity of Variety - The Children's Charity of Victoria during the financial year was to assist less fortunate children in the community. No changes in the nature of the following activities occurred during the year with Variety maintaining its granting of individual and group appeals, provision of Variety Sunshine Coaches, Children's Christmas Party and Children's activities and programs.

It is noted that the large increase in fundraising in the final quarter of the 2018/19 financial year has led to a larger than expected surplus for the year. It is expected that the surplus will be utilised in 2019/20 to increase grants and programs.

Short and long term objectives

To inspire the community to engage and support Variety - The Children's Charity of Victoria in our goal of assisting children and families facing challenges due to sickness, disadvantage or disability.

Strategy for achieving the objectives

In the 2019/2020 financial year we plan to increase our total grants payable to over \$2,000,000. We will continue to reduce our cost to income ratio and focus on diversification of our income through sponsorship, major gifts and trusts and foundations, whilst continuing to produce high caliber events with excellent returns on investment. Achievement of these goals will be facilitated by a collaborative approach between Board, staff and volunteers.

Key Performance measures

- Grow the value of agreements with current corporate partners and secure new Variety corporate partners.
- Increase attendance at corporate events by 5%.
- Increase the fundraising dollars in motoring events by over 5% by providing support to entrants via designated community fundraising support.
- Upgrade IT systems to increase the efficiency of the operations of the office.
- Increase the level of sponsorship for all Variety events.
- Increase the number of participants entering the Variety Shine Program by 10%.
- Increase trust and foundation funding for all other kids support programs.
- Deliver brand focus months, aligned with National Strategy.

2. Operating results and review of operations for the year

Total surplus and other comprehensive income for the year amounted to \$409,901 (2018: \$214,538).

3. Other items

Significant changes in state of affairs

There were no significant changes in the organisation's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Events after the reporting date

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

Environmental issues

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

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Directors' Report

3. Other items (continued)

Meeting of Directors

The number of meetings of Directors (including meetings of committees of Directors) held during the year, and the number of meetings attended by each Responsible Entity, are as follows:

	Number of meetings eligible	Number of meetings attended
Paul Manning	10	10
Meg Dalling	7	5
Kirsty Turner	10	10
Jon Burfurd	10	10
Gary Caddy	10	10
Samantha Martin	10	8
Caroline Mulcahy	10	9
Ken Pryor	10	8
Michael Randall OAM	10	5
Martin Stone AM	7	4
Melissa Williams	10	10

Indemnification and insurance of officers and auditors

During or since the end of the year, the company has given indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums in order to indemnify the directors of the company.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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



Director



Director

Melbourne, 4 December 2019

Auditor's Independence Declaration to the Directors of Variety – The Children's Charity of Victoria

In accordance with the requirements of section 60-40 of the *Australian Charities and Not-for-profits Commission Act 2012*, as auditor for the audit of Variety – The Children's Charity of Victoria for the year ended 30 September 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of any applicable code of professional conduct in relation to the audit.



PKF
Melbourne, 4 December 2019



Kenneth Weldin
Partner

**Statement of Surplus or Deficit and other comprehensive income
 for the year ended 30 September 2019**

	<i>Note</i>	2019 \$	2018 \$
Revenue from events	2	3,175,173	2,919,872
Event costs	2	(1,402,083)	(1,394,724)
Net income from events		1,773,090	1,525,148
Revenue from fundraising	2	1,311,778	1,604,371
Fundraising costs	2	(543,530)	(681,285)
Net income from fundraising		768,248	923,086
Other income	2	83,039	64,085
Movement in market value of investments	2	69,969	(21,206)
Net income from events, fundraising and other income		2,694,346	2,491,113
Appeals granted		(1,856,493)	(1,789,627)
Appeals rescinded		94,043	123,159
Employee benefits expense		(119,426)	(157,500)
Depreciation and amortisation expense		(75,874)	(81,239)
Administration costs		(142,752)	(170,815)
Other expenses		(170,658)	(183,879)
Finance costs		(13,285)	(16,674)
Surplus before income tax		409,901	214,538
Income tax expense		-	-
Surplus for the year		409,901	214,538
Other comprehensive income		-	-
Total surplus and other comprehensive income for the year		409,901	214,538

The statement of surplus or deficit and other comprehensive income should be read in conjunction with the accompanying notes.

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Statement of Financial Position as at 30 September 2019

	<i>Note</i>	2019	2018
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	3	1,508,916	1,134,156
Financial Assets	4	70,061	126,678
Trade and other receivables	5	275,515	202,123
Other Assets	7	17,964	20,395
Total Current Assets		1,872,456	1,483,352
Non-current Assets			
Financial Assets	4	1,009,676	683,212
Property, plant and equipment	6	821,431	850,760
Total Non-current Assets		1,831,107	1,533,972
TOTAL ASSETS		3,703,563	3,017,324
LIABILITIES			
Current Liabilities			
Trade and other payables	8	1,104,559	883,698
Borrowings	9	21,597	20,832
Other Liabilities	10	132,084	18,895
Employee entitlements	11	72,531	109,538
Total Current Liabilities		1,330,771	1,032,963
Non-current Liabilities			
Borrowings	9	7,904	27,782
Employee entitlements	11	14,663	16,255
Total Non-current Liabilities		22,567	44,037
TOTAL LIABILITIES		1,353,338	1,077,000
NET ASSETS		2,350,225	1,940,324
EQUITY			
Reserves	12	70,000	120,000
Retained earnings		2,280,225	1,820,324
TOTAL EQUITY		2,350,225	1,940,324

The statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 September 2019

	Note	Retained earnings	Jeffrey White Reserve	Total
		\$	\$	\$
At 1 October 2017		1,555,786	170,000	1,725,786
Surplus or deficit attributable to members of the parent entity		214,538	-	214,538
Transfers to and from reserves	12	50,000	(50,000)	-
At 30 September 2018		1,820,324	120,000	1,940,324
At 1 October 2018		1,820,324	120,000	1,940,324
Surplus or deficit attributable to members of the parent entity		409,901	-	409,901
Transfers to and from reserves	12	50,000	(50,000)	-
At 30 September 2019		2,280,225	70,000	2,350,225

Statement of Cash Flows for the year ended 30 September 2019

	Note	2019	2018
		\$	\$
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		4,683,523	4,442,513
Payments to grantees, suppliers and employees		(3,967,917)	(4,087,439)
Interest received		5,023	5,475
Interest paid		(1,574)	(3,445)
Net cash flows from operating activities	19	719,055	357,104
Cash flows from investing activities			
Purchase of property, plant and equipment		(57,879)	(70,204)
Net movement in investments		(278,637)	(182,719)
Proceeds from sale of financial assets		11,334	115,224
Net cash flows used in investing activities		(325,182)	(137,699)
Cash flows from financing activities			
Net (repayments)/proceeds of borrowings		(19,113)	15,751
Net cash flows (used in)/from financing activities		(19,113)	15,751
Net increase in cash and cash equivalents		374,760	235,156
Cash and cash equivalents at the start of the year		1,134,156	899,000
Cash and cash equivalents at the end of the year	3	1,508,916	1,134,156

The statement of changes in equity and statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 September 2019

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

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

The financial report covers Variety - The Children's Charity of Victoria as an individual entity. Variety - The Children's Charity of Victoria is a not-for-profit proprietary organisation, incorporated and domiciled in Australia.

The financial report was approved by the directors as at the date of the directors' report.

The financial report has been prepared under the historical cost convention.

(b) Revenue and other income

Revenue comprises revenue from events, fundraising activities and other income. Revenue from continuing operations is shown in Note 2.

Revenue is measured by reference to the fair value of consideration received or receivable by the organisation for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the organisation's different activities have been met. Details of the activity-specific recognition criteria are described below.

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 expenses when the goods are sold, or otherwise used.

Donations

Donations and bequests are recognised as revenue when received.

Interest revenue

Interest revenue is recognised using the effective interest method.

Dividend revenue

Dividends are recognised when the organisation's right to receive payment is established.

Events revenue

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

Other income

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

(c) Income tax

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

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Plant and equipment

(i) Recognition and initial measurement

Items of property, plant and equipment are measured at fair value or cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bring the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located.

Increases in the carrying amount arising from revaluation of land and buildings are credited to a revaluation reserve in the equity of the unit trust. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to profit or loss.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of items of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item and are recognised in profit or loss.

Notes to the financial statements for the year ended 30 September 2019 (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Plant and equipment

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced asset is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Buildings and property improvements are depreciated over the useful lives of the asset on a straight-line basis. Whereas, plant & equipment, vehicles and computer equipment are depreciated over the useful lives of the asset on a diminishing value basis. The estimated useful lives used for depreciable assets equate to rates of depreciation of between 2.5% - 50%.

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

Fixed asset class	Depreciation rate
Buildings	2.50%
Plant and equipment	7.5-35%
Motor vehicles	25%
Computer equipment	20-50%
Improvements	2.50%

The assets' depreciation rate and useful life are reviewed, and adjusted if appropriate, at each reporting date.

(f) Impairment of non-financial assets

The carrying amounts of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset(s) is estimated. Any excess of carrying amount over recoverable amount is recognised in profit or loss.

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(g) Employee benefits

Provision is made for the organisation's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(h) Deferred income

The liability for deferred income is the unutilised amounts of grants received on the condition that specified services are delivered or conditions are fulfilled. The services are usually provided or the conditions usually fulfilled within 12 months of receipt of the grant. Where the amount received is in respect of services to be provided over a period that exceeds 12 months after the reporting date or the conditions will only be satisfied more than 12 months after the reporting date, the liability is discounted and presented as non-current.

(i) 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.

(j) Critical judgements and significant accounting estimates

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

No significant estimates or judgements have been made by the Directors in the preparation of this financial report.

Notes to the financial statements for the year ended 30 September 2019 (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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 in accordance with the terms of the bequest, the organisation 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.

(l) New standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

AASB 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2019. AASB 15 replaces AASB 1058, AASB 118 and AASB 1004 (and the related interpretations) and introduces the principal that revenue is recognised when control of a good or service transfers to a customer.

AASB 1058 in respect of Income of Not-for-Profit Entities. AASB 1058 replaces most of the NFP income recognition requirements in AASB 1004 and closely recognises income transactions that are not contracts with customers in accordance with their economic reality.

AASB 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019. AASB 16 will result in almost all leases being recognised in the statement of financial position, as the distinction between finance and operating leases is removed. Under this standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and low value leases.

The Organisation has not yet adopted the above standards and is still in the process of evaluating the impact on the financial statements. The future impact of such standards is unlikely to have any significant impact on the Organisation's financial reporting. Where required by the Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(m) New and Amended Accounting Policies adopted by the Organisation

Initial application of AASB 9: Financial Instruments

The Organisation has adopted AASB 9: Financial Instruments with a date of initial application of 1 October 2018. There were no financial assets/liabilities which the organisation had previously designated as at fair value through profit or loss under AASB 139: Financial Instruments: Recognition and Measurement that were subject to reclassification/elected reclassification upon the application of AASB 9.

- debt investments that are held within a business model whose goal is to collect the contractual cash flows, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost;

- debt investments that are held within a business model whose goal is both to collect contractual cash flows and to sell it, and that have contractual cash flows that are purely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income; and

- all other debt investments and equity investments are measured at fair value through profit or loss.

Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to impairment.

Impairment

As per AASB 9, an expected credit loss model is applied, not an incurred credit loss model as per the previous standard applicable (AASB 139: Financial Instruments: Recognition and Measurement). To reflect changes in credit risk, this expected credit loss model requires the association to account for expected credit losses since initial recognition.

Classification and measurement of financial liabilities

AASB 9 determines that the classification and measurement of financial liabilities relates to changes in the fair value designated as at fair value through profit or loss attributable to changes in the credit risk.

AASB 9 further states that the movement in the fair value of financial liabilities that is attributable to changes in the credit risk of that liability needs to be shown in other comprehensive income unless the effect of the recognition constitutes accounting mismatch in profit or loss. Changes in fair value in relation to the financial liability's credit risk are transferred to retained surplus when the financial liability is derecognised and not reclassified through profit or loss. AASB 139 requires the fair value amount of the change of the financial liability designated as at fair value through profit or loss to be presented in profit or loss.

The application of AASB 9 has had no impact on the classification and measurement of the Organisation's financial liabilities.

(n) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

Notes to the financial statements for the year ended 30 September 2019 (continued)

2 REVENUES AND EXPENSES

Revenue from continuing operations

	<i>Revenue</i>	<i>Direct Costs</i>	<i>Net Proceeds</i>	<i>Revenue</i>	<i>Direct Costs</i>	<i>Net Proceeds</i>
	2019	2019	2019	2018	2018	2018
	\$	\$	\$	\$	\$	\$
Motoring Events	2,665,994 -	633,256	2,032,738	2,481,693 -	573,453	1,908,240
Corporate Events	497,444	(295,939)	201,505	396,815	(292,892)	103,923
Unallocated Event Income	11,735	-	11,735	41,364	-	41,364
Unallocated Event Costs	-	(472,888)	(472,888)	-	(528,379)	(528,379)
	3,175,173	(1,402,083)	1,773,090	2,919,872	(1,394,724)	1,525,148
Fundraising Income	1,311,778	-	1,311,778	1,604,371	-	1,604,371
Other Income	83,039	-	83,039	64,085	-	64,085
Movement in market value of investments	69,969	-	69,969	(21,206)	-	(21,206)
Indirect Fundraising Costs	-	(543,530)	(543,530)	-	(681,285)	(681,285)
Administration Costs	-	(521,995)	(521,995)	-	(610,107)	(610,107)
Grants Approved	-	(1,856,493)	(1,856,493)	-	(1,789,627)	(1,789,627)
Rescinded Grants	-	94,043	94,043	-	123,159	123,159
	4,639,959	(4,230,058)	409,901	4,567,122	(4,352,584)	214,538

	2019	2018
	\$	\$

3 CASH AND CASH EQUIVALENTS

Cash at bank and in hand

	1,508,916	1,134,156
	1,508,916	1,134,156

4 FINANCIAL ASSETS

CURRENT

Foundation Bank account

	70,061	126,678
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NON CURRENT

Financial assets at fair value through profit or loss

	1,009,676	683,212
	1,079,737	809,890

The \$1,079,737 (2018: \$809,890) disclosed in Financial Assets relates to funds controlled by the Variety - The Children's Charity of Victoria in the Macquarie Bank account and financial assets held in custody. The Variety Foundation has been established to provide an annual income stream to Variety - The Children's Charity of Victoria.

5 TRADE AND OTHER RECEIVABLES

Trade receivables

	232,026	173,860
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Deposits

	12,664	500
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Goods & Services Tax receivable

	26,079	14,853
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Other receivables

	4,746	12,910
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	275,515	202,123
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Notes to the financial statements for the year ended 30 September 2019 (continued)

	2019	2018				
	\$	\$				
6 PROPERTY, PLANT AND EQUIPMENT						
Land, buildings and infrastructure						
At cost	936,796	936,796				
Accumulated depreciation	(346,175)	(322,755)				
Total land, buildings and infrastructure	<u>590,621</u>	<u>614,041</u>				
PLANT AND EQUIPMENT						
Office Equipment						
At cost	43,481	42,481				
Accumulated depreciation	(37,328)	(35,118)				
Total office equipment	<u>6,153</u>	<u>7,363</u>				
Computer Equipment						
At cost	72,258	59,502				
Accumulated depreciation	(55,818)	(39,839)				
Total Computer equipment	<u>16,440</u>	<u>19,663</u>				
Improvements						
At cost	150,378	150,378				
Accumulated depreciation	(52,015)	(47,365)				
Total Improvements	<u>98,363</u>	<u>103,013</u>				
Motor Vehicles						
At cost	189,956	158,956				
Accumulated depreciation	(80,102)	(52,276)				
Total motor vehicles	<u>109,854</u>	<u>106,680</u>				
Total property, plant and equipment	<u><u>821,431</u></u>	<u><u>850,760</u></u>				
Movement in Carrying Amounts						
Movements in carry amounts for each class of property, plant and equipment between the beginning and the end of the financial year:						
	Buildings	Office	Computer	Improvements	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	614,041	7,363	19,663	103,013	106,680	850,760
Additions	-	1,000	25,880	-	31,000	57,879
Disposals (at cost)	-	-	(11,334)	-	-	(11,334)
Disposals (accumulated depreciation)	-	-	-	-	-	-
Depreciation expense	(23,420)	(2,210)	(17,769)	(4,650)	(27,825)	(75,874)
Balance at the end of the year	<u>590,621</u>	<u>6,153</u>	<u>16,440</u>	<u>98,363</u>	<u>109,855</u>	<u>821,431</u>
7 OTHER ASSETS						
Prepayments					<u>17,964</u>	20,395
8 TRADE AND OTHER PAYABLES						
Trade payables					272,204	153,048
Sundry Payables and Accrued expenses					26,177	45,949
Appeals Payables					745,809	631,996
Other Payables					<u>60,369</u>	<u>52,705</u>
					<u>1,104,559</u>	<u>883,698</u>

Notes to the financial statements for the year ended 30 September 2019 (continued)

	2019	2018
	\$	\$
9 BORROWINGS		
CURRENT LIABILITIES		
Lease Liability unsecured	21,597	20,832
NON-CURRENT LIABILITIES		
Lease Liability unsecured	7,904	27,782
	29,501	48,614
<p>At the reporting date, the organisation 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 2019, 100% of the bank overdraft was unused. Interest rates are variable.</p>		
10 OTHER LIABILITIES		
CURRENT LIABILITIES		
Income received in advance	132,084	18,895
11 EMPLOYEE ENTITLEMENTS		
CURRENT LIABILITIES		
Long Service leave	27,607	40,177
Provisions for employee benefits	44,924	69,361
Total current employee benefits	72,531	109,538
NON-CURRENT LIABILITIES		
Long Service leave	14,663	16,255
12 RESERVES		
The Jeffrey White Reserve		
Opening Balance	120,000	170,000
Transfers to retained earnings	(50,000)	(50,000)
	70,000	120,000
13 CAPITAL AND LEASING COMMITMENTS		
Finance Leases		
Minimum lease payments:		
- not later than one year	20,688	20,688
- between one year and five years	9,873	30,561
Minimum lease payments:	30,561	51,248
Less: finance changes	(1,060)	(2,635)
Present value of minimum lease payments	29,500	48,614

Finance leases are in place for the lease of 2 motor vehicles over a term of 48 months.

Notes to the financial statements for the year ended 30 September 2019 (continued)

14 FINANCIAL RISK MANAGEMENT

The main risks Variety - The Children's Charity of Victoria is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and equity price risk.

The organisation's financial instruments consist of mainly deposits with banks, local money market instruments, short-term investments, accounts receivable and payable and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements are as follows:

	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents	1,508,916	1,134,156
Foundation account	70,061	126,678
Trade and other receivables	275,515	202,123
Listed shares	1,009,676	683,212
Total financial assets	2,864,168	2,146,169
Financial Liabilities		
Trade and other payables	1,104,559	883,698
Borrowings	21,597	20,832
Total financial liabilities	1,126,156	904,530

15 KEY MANAGEMENT PERSONNEL DISCLOSURES

TOTAL REMUNERATION PAID

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

Short-term employee benefits	182,217	127,326
Long-term benefits	18,594	18,433
	200,811	145,759

16 AUDITOR'S REMUNERATION

Remuneration of the auditor of the organisation for:

- Auditing the financial statements	2,500	2,500
	2,500	2,500

17 CONTINGENCIES

CONTINGENT LIABILITIES

In the opinion of the directors, Variety - The Children's Charity of Victoria did not have any contingent liabilities at 30 September 2019 (30 September 2018: none).

CONTINGENT ASSETS

Variety - The Children's Charity of Victoria had the following contingent assets at the end of the reporting period:

- A painting by Jamie Cooper entitled "Variety Entertainers of the Century" was purchased in 2005 for a sum of \$237,419. This painting was subsequently written down to nil value in 2006. On the basis that the fair value for the painting is unknown, it is prudent to disclose the organisation'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 organisation from time-to-time, for use in the organisation'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, it is prudent to disclose the organisation's ownership of these assets as contingent.

Notes to the financial statements for the year ended 30 September 2019 (continued)

	2019	2018
	\$	\$
18 RELATED PARTIES		
Transactions with related parties		
<i>Variety International</i>		
Revenue from related parties	-	-
Payments to related parties	(14,923)	(17,165)
Amount owed to related parties	(5,358)	-
<i>Variety Australia</i>		
Revenue from related parties	93,568	168,199
Payments to related parties	(164,256)	(293,495)
Amount owed by related parties	9,903	-
Amount owed to related parties	(23,591)	89,427
<i>Variety Queensland</i>		
Revenue from related parties	1,324	172
Payments to related parties	(2,425)	(82,850)
Amount owed to related parties	-	1,414
<i>Variety New South Wales</i>		
Revenue from related parties	180,208	171,161
Payments to related parties	(6,695)	(4,686)
Amount owed by related parties	37,163	-
Amount owed to related parties	(2,931)	686
<i>Variety South Australia</i>		
Revenue from related parties	106	1,163
Payments to related parties	-	(491)
Amount owed to related parties	-	388
<i>Variety Tasmania</i>		
Revenue from related parties	4,571	149
Payments to related parties	(3,970)	(336)
Amount owed to related parties	4,250	-
<i>Variety Western Australia</i>		
Revenue from related parties	5,667	45
Payments to related parties	(8,682)	(469)
Amount owed to related parties	-	366
<i>Variety Northern Territory</i>		
Payments to related parties	(1,768)	-

Notes to the financial statements for the year ended 30 September 2019 (continued)

	2019	2018
	\$	\$
19 CASH FLOW INFORMATION		
Reconciliation of result for the year to the cashflows from operating activities		
Surplus for the year	409,901	214,538
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in surplus		
Depreciation	75,874	81,239
Unrealised gains in investments	69,568	19,894
Dividends reinvested	(60,778)	(36,505)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(73,392)	(77,658)
(Increase)/decrease in prepayments	2,431	6,297
Increase/(decrease) in trade and other payables	220,861	129,866
Increase/(decrease) in deferred revenue	113,189	(4,970)
(Decrease)/Increase in employee benefits	(38,599)	24,403
	719,055	357,104

20 EVENTS OCCURING 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 organisation, the results of those operations, or the state of affairs of the organisation in future years.

21 COMPANY DETAILS

The registered office and principal place of business for the company is:
 Variety - The Children's Charity of Victoria
 H71, 65-85 Turner Street
 Port Melbourne, VIC, 3207.


Variety - The Children's Charity of Victoria
ABN: 80 145 257 414

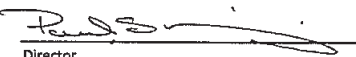
Directors' Declaration

The directors declare that:

- (a) the financial report and notes of the organisation are in accordance with the Australian Charities and Not-for-profit Commission Act 2012, including:
 - (i) giving a true and fair view of the organisation's financial position as at 30 September 2019 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards to the extent described in Note 1 to the financial statements and the *Australian Charities and Not-for-profit Commission Regulation 2013*.
- (b) there are reasonable grounds to believe that the organisation will be able to pay its debts as and when they become due and payable.

Signed In accordance with a resolution of the Board of Directors.


Director


Director

Melbourne, 4 December 2019

Independent Auditor's Report to the Directors of Variety – The Children's Charity of Victoria

Report on the Audit of the Financial Report

We have audited the accompanying general purpose financial report Variety – The Children's Charity of Victoria 'the Organisation', which comprises the statement of financial position as at 30 September 2019, the statements of surplus or deficit and other comprehensive income, statement of changes equity and cash flows for the year then ended, a summary of significant accounting policies and the directors' declaration of the Organisation.

In our opinion, the accompanying financial report of the Organisation is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act), including:

- a) giving a true and fair view of the Organisation's financial position as at 30 September 2019 and of its financial performance for the year 2019 ended; and
- b) complying with Australian Accounting Standards to the extent described in Note 1, and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis of Opinion

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

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

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Organisation's financial reporting responsibilities under the ACNC Act. As a result, the financial report may not be suitable for another purpose.

The Directors' Responsibility for the Financial Report

The Directors are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the ACNC Act and the needs of the members. The Directors' responsibility also includes such internal control as it determines is necessary to enable the preparation of a financial report that is fairly presented and is free from material misstatement, whether due to fraud or error.

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

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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organisation's preparation of the financial report that gives a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control. An audit also includes evaluating the

appropriateness of accounting policies used and the reasonableness of accounting estimates made by the director, as well as evaluating the overall presentation of the financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



PKF
Melbourne, 4 December 2019



Kenneth Weldin
Partner