

Variety - The Children's Charity of Victoria

ABN: 80 145 257 414

Financial Report

For the Year Ended 30 September 2020

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Financial Report for the Year Ended 30 September 2020

Directors' Report

The directors present their report on Variety - The Children's Charity of Victoria for the financial year ended 30 September 2020.

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
Ken Pryor	Chair	Appointed Chair 11 December 2019
Paul Manning	Treasurer	Resigned as Chair and appointed Treasurer 11 December 2019
Anu Briggs	Board Member	Appointed 15 July 2020
Bryan Goudsblom	Board Member	Appointed 11 December 2019
Caroline Mulcahy	Board Member	Resigned 11 October 2019
Gary Caddy	Board Member	
Jason McKenzie	Board Member	Appointed 11 December 2019
Jon Burfurd	Board Member	
Kirsty Turner	Board Member	Resigned as Treasurer 11 December 2019
Melissa Williams	Board Member	
Meg Dalling	Secretary	Resigned 4 September 2020
Michael Randall OAM	Board Member	
Samantha Martin	Board Member	Resigned 11 December 2019

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 nearly 20 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 Managing Director of Burgam Investments.
Gary Caddy	Gary has been the co-owner of Valley Maintenance Services for the past 34 years, managing contracts for Government Housing and Rail Infrastructure projects. Gary has been a long-time supporter of Variety, participating in the Variety Vic Bash for the past 17 years and raising over \$1 million in that time. With a private collection of Australian/American muscle cars from the 50's, 60's and 70's the Variety Bash perfectly combines his passion for cars and giving children, who are sick, disadvantaged or who have special needs, a fair go in life.
Meg Dalling	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 - Treasurer Paul was appointed Treasurer at the Variety Victoria Annual General Meeting December 2019 having served as Chief Barker between 2016 and 2019. 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.

Samantha Martin Sam 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 has a deep knowledge of the Automotive marketing sector as well as the charitable landscape and has 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 - Chair Ken was appointed Chair at the Variety Victoria Annual General Meeting December 2019. Ken 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 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.

Kirsty Turner

Kirsty resigned as Treasurer at the Variety Victoria Annual General Meeting December 2019. 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 then spent 10 years in the energy industry before moving taking on Head of Strategic Partnerships at Business Australia. Melissa joined the Variety Board in October 2017.

Anu Briggs

Anu is a deeply experienced and highly accredited coaching and training professional. She has designed and delivered key internal and client facing training programs such as Service Excellence, Leading High Performing Teams, High Performance under High Pressure, Team Dynamics (using DISC), Brand and Communication, Networking, Presenting with Impact and Influence and Change. Anu is a confident communicator who takes a commercial approach to advisory work. She is a creative, flexible and motivated team player who thrives on managing people and transformational projects. Anu is admitted as a Solicitor in England and Wales and has undertaken a range of post-graduate studies including in Neuro-linguistic programming coaching, Management and Education Studies as well as Oxford's executive leadership course.

Jason McKenzie

Jason has been self-employed for 28 years as the owner of McKenzie Dental Laboratories and now has four Denture Clinics throughout Victoria. His standing in the Dental Industry has resulted in Jason being invited on a number of occasions to run lectures for his peers on industry related topics, best practices and developing dental techniques. Jason has also been involved in Martial Arts for 20 years and still teaches both children and adults of all ages. Jason's love of old cars and his scouting community service background resulted in the perfect fit for Variety. Jason has been involved with 14 Variety Bash Events and 10 Brats Bash Events to date – with lots of other events along the way. Jason has been on the Brats Bash committee for 8 years, heavily involved in the event's organisation. He is now co-chair of the Variety Brats Bash committee and an event official.

Bryan Goudsblom

Bryan is the CEO of Monjon (Australia) Pty Ltd, and a Member of the Australian Institute of Company Directors (MAICD). Bryan has established teams and organisations from start-ups to multi-million dollar enterprises. He is a focused, innovative and a dynamic leader who expects results and leads teams by example. Bryan has demonstrated expertise in strategy, systems and structure planning across various industries in Australia and New Zealand. Bryan has also been a board member of the SHINE Foundation for 11 years.

Company Secretary

Meg Dalling (Director) was replaced by Peter Bruce (Finance & Operations Manager), as Company Secretary of Variety - the Children's Charity of Victoria on 19 August 2020.

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. Government restrictions due to COVID-19 from March 2020 severely restricted the ability to run Variety's activities in schools as well as major fundraising events, leading to a significant reduction in Total Revenue by over \$2.5m. This downturn severely reduced the capacity of Variety to grant to children in need, provide Variety Sunshine

Coaches, and deliver children's activities and programs. Thankfully, the Variety Children's Christmas Party for 4,500 children and 3,000 carers proceeded.

Short and long term objectives

To inspire the community to engage and support Variety Victoria in the goal of assisting children and families facing challenges due to sickness, disadvantage or disability.

Strategy for achieving the objectives

In the 2020/2021 financial year Variety Victoria plan to increase Kids Support funding to over \$1,200,000. Variety will focus on diversification of income through sponsorship, corporate, philanthropic and government partnerships whilst restarting the production of high calibre fundraising events with excellent returns on investment. Focusing on hyperlocal support for kids, Variety aim to mobilise local communities to fundraise for local children, mitigating risk of more large-scale lockdowns across the state. Achievement of these goals will be facilitated by a collaborative approach between Board, staff and volunteers.

FY21 Key Performance measures

- Distribute \$1,200,000 to deliver Variety Kids Support to 10,000 children;
- Embed strategic impact measurement skills to identify how Variety supports kids and gaps that persist;
- Build fundraising capability and increase income from government, trusts and foundation for Variety programs;
- Grow the value of partnerships and sponsorships with current corporate organisations and secure new Variety corporate partners;
- Increase the number of participants entering the Variety Bash motoring events by 10%;
- Increase Revenue from online fundraising appeals by at least 10% per appeal;
- Build Variety brand with new media, ambassadors and events and activities;
- Digitise variety operations and create 10% time saving in operational efficiency across the business.

2. Operating results and review of operations for the year

Total surplus and other comprehensive income for the year amounted to \$37,248 (2019: \$409,901)

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.

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
Anu Briggs	3	3
Bryan Goudsblom	7	6
Gary Caddy	9	8
Jason McKenzie	7	7
Jon Burfurd	9	8
Ken Pryor	9	9
Kirsty Turner	2	2
Meg Dalling	8	6
Melissa Williams	9	9
Michael Randall OAM	9	6
Paul Manning	9	9
Samantha Martin	2	2

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, 01 December 2020

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 2020, 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, 1 December 2020



Kenneth Weldin
Partner

**Statement of Surplus or Deficit and other comprehensive income
 for the year ended 30 September 2020**

	<i>Note</i>	2020	2019
		\$	\$
Revenue from events	2	372,722	3,175,173
Event costs	2	(478,174)	(1,402,083)
Net income from events		- 105,452	1,773,090
Revenue from fundraising	2	1,099,131	1,311,778
Fundraising costs	2	(378,124)	(543,530)
Net income from fundraising		721,007	768,248
Other income	2	371,184	83,039
Movement in market value of investments	2	(71,422)	69,969
Net income from events, fundraising and other income		915,317	2,694,346
Appeals granted		(745,092)	(1,856,493)
Appeals rescinded		288,386	94,043
Employee benefits expense		(110,720)	(119,426)
Depreciation and amortisation expense		(78,167)	(75,874)
Administration costs		(85,880)	(142,752)
Other expenses		(135,751)	(170,658)
Finance costs		(10,845)	(13,285)
Surplus for the year		37,248	409,901
Other comprehensive income		-	-
Total surplus and other comprehensive income for the year		37,248	409,901

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 2020

	<i>Note</i>	2020	2019
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	3	1,014,431	1,508,916
Financial Assets	4	117,315	70,061
Trade and other receivables	5	75,987	275,515
Other Assets	7	10,566	17,964
Total Current Assets		1,218,299	1,872,456
Non-current Assets			
Financial Assets	4	952,502	1,009,676
Property, plant and equipment	6	782,250	821,431
Total Non-current Assets		1,734,752	1,831,107
TOTAL ASSETS		2,953,051	3,703,563
LIABILITIES			
Current Liabilities			
Trade and other payables	8	264,409	1,104,559
Borrowings	9	-	21,597
Other Liabilities	10	224,128	132,084
Employee entitlements	11	66,286	72,531
Total Current Liabilities		554,823	1,330,771
Non-current Liabilities			
Borrowings	9	-	7,904
Employee entitlements	11	10,755	14,663
Total Non-current Liabilities		10,755	22,567
TOTAL LIABILITIES		565,578	1,353,338
NET ASSETS		2,387,473	2,350,225
EQUITY			
Reserves	12	20,000	70,000
Retained earnings		2,367,473	2,280,225
TOTAL EQUITY		2,387,473	2,350,225

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 2020

	Note	Retained earnings	Jeffrey White Reserve	Total
		\$	\$	\$
At 1 October 2018		1,820,324	120,000	1,940,324
Net Surplus for the year		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
At 1 October 2019		2,280,225	70,000	2,350,225
Net Surplus for the year		37,248	-	37,248
Transfers to and from reserves	12	50,000	(50,000)	-
At 30 September 2020		2,367,473	20,000	2,387,473

Statement of Cash Flows for the year ended 30 September 2020

	Note	2020	2019
		\$	\$
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		2,096,472	4,683,523
Payments to grantees, suppliers and employees		(2,534,516)	(3,967,917)
Interest received		1,635	5,023
Interest paid		(3,820)	(1,574)
Net cash flows from operating activities	19	-	440,229
Cash flows from investing activities			
Purchase of property, plant and equipment		(103,902)	(57,879)
Net movement in investments		(25,000)	(278,637)
Proceeds from sale of financial assets		104,147	11,334
Net cash flows used in investing activities		(24,755)	(325,182)
Cash flows from financing activities			
Net (repayments)/proceeds of borrowings		(29,501)	(19,113)
Net cash flows (used in)/from financing activities		(29,501)	(19,113)
Net increase in cash and cash equivalents		(494,485)	374,760
Cash and cash equivalents at the start of the year		1,508,916	1,134,156
Cash and cash equivalents at the end of the year	3	1,014,431	1,508,916

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 2020

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

The Company adopted AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities with a date of initial application of 1 October 2019. The modified retrospective method has been applied which means the comparative information has not been restated and continues to be reported under AASB 118 Revenue, AASB 1004 Contributions and related interpretations. The key changes did not have a material impact on the Company's financial report for the financial year, however the updated accounting policies are described below.

Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

Amounts arising from donations are under the scope of AASB 1058 and are recognised at fair value when received.

Interest revenue

Interest income is recognised on an accrual basis using the effective interest method.

Dividend revenue

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

Events revenue

Revenue from events is recognised at the time of the sponsored event. Where payment is received in advanced, it is recognised as a liability until the performance obligation is satisfied, defined as the event taking place.

Other income

Other income is recognised on an accruals basis when the organisation is entitled to it. Other Income includes Jobkeeper and the ATO cash boost. The 2019 financial year and the comparative figures were not impacted by the pandemic.

(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 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.

Notes to the financial statements for the year ended 30 September 2020 (continued)

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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) Financial Assets

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

Financial assets at amortised cost

Financial assets at amortised cost are made up of term deposits and trade and other receivables.

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

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit. Fair value movements are recognised in profit or loss.

Impairment of financial assets

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

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

(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.

Notes to the financial statements for the year ended 30 September 2020 (continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Leases

The Company has adopted AASB 16 from 1 October 2019. All current leases fall under the low value/short term lease exemption and have been expensed through the P&L.

(k) 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.

(l) 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.

(m) Changes in accounting policy

The company has adopted all the amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board, which are relevant to and effective for the company's financial statements for the annual period beginning 1 October 2019.

The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the company.

The company has not elected to early adopt any new accounting standards available for early adoption at 30 June 2020.

The following are the newly applied Accounting Standards that have most significance to the company

AASB 15 Revenue from Contracts with Customers

The company adopted AASB 15 from 1 October 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract based revenue recognition model with a measurement approach that is based on an allocation of the transaction price.

Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 1058 Income of Not-for-Profit Entities

The company adopted AASB 1058 from 1 October 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives.

On adoption of AASB 15 and AASB 1058 there has been no material impact on how the company recognises revenue.

AASB 16 Leases

The Company has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 October 2019 and therefore the comparative information for the year ended 30 September 2019 has not been restated and has been prepared in accordance with *AASB 117 Leases* and associated Accounting Interpretations.

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight-line basis. All leases for the company are considered low value or short term.

On adoption of AASB 16 there has been no a material impact on the company.

(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 2020 (continued)

2 REVENUES AND EXPENSES

	<i>Revenue</i>	<i>Direct Costs</i>	<i>Net Proceeds</i>	<i>Revenue</i>	<i>Direct Costs</i>	<i>Net Proceeds</i>
	2020	2020	2020	2019	2019	2019
	\$	\$	\$	\$	\$	\$
Events						
Motoring Events	359,493	(325,454)	34,039	2,665,994	(633,256)	2,032,738
Corporate Events	13,229	(152,720)	(139,491)	497,444	(295,939)	201,505
Unallocated Event Income	-	-	-	11,735	-	11,735
Unallocated Event Costs	-	-	-	-	(472,888)	(472,888)
	372,722	-	105,452	3,175,173	-	1,773,090
Other						
Fundraising Income	1,099,131		1,099,131	1,311,778	-	1,311,778
Other Income	371,184	-	371,184	83,039	-	83,039
Indirect Fundraising Costs	-	(378,124)	(378,124)	-	(543,530)	(543,530)
Administration Costs	-	(421,363)	(421,363)	-	(521,995)	(521,995)
Grants Approved	-	(745,092)	(745,092)	-	(1,856,493)	(1,856,493)
Rescinded Grants	-	288,386	288,386	-	94,043	94,043
	1,843,037	(1,734,367)	108,670	4,569,990	(4,230,058)	339,932

3 CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank and in hand	1,014,431	1,508,916
	1,014,431	1,508,916

4 FINANCIAL ASSETS

	2020	2019
	\$	\$
CURRENT		
Foundation Bank account	117,315	70,061
NON CURRENT		
Financial assets at fair value through profit or loss	952,502	1,009,676
	1,069,817	1,079,737

The \$1,069,817 (2019: \$1,079,737) 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	64,195	232,026
Deposits	-	12,664
Goods & Services Tax receivable	11,792	26,079
Other receivables	-	4,746
	75,987	275,515

Notes to the financial statements for the year ended 30 September 2020 (continued)

	2020	2019				
	\$	\$				
6 PROPERTY, PLANT AND EQUIPMENT						
Land, buildings and infrastructure						
At cost	936,796	936,796				
Accumulated depreciation	(369,594)	(346,175)				
Total land, buildings and infrastructure	567,202	590,621				
PLANT AND EQUIPMENT						
Office Equipment						
At cost	43,481	43,481				
Accumulated depreciation	(39,155)	(37,328)				
Total office equipment	4,326	6,153				
Computer Equipment						
At cost	73,682	72,258				
Accumulated depreciation	(69,324)	(55,818)				
Total Computer equipment	4,358	16,440				
Improvements						
At cost	150,378	150,378				
Accumulated depreciation	(56,664)	(52,015)				
Total Improvements	93,714	98,363				
Motor Vehicles						
At cost	149,592	189,956				
Accumulated depreciation	(36,942)	(80,102)				
Total motor vehicles	112,650	109,854				
Total property, plant and equipment	782,250	821,431				
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	590,621	6,153	16,440	98,363	109,854	821,431
Additions	-	-	8,225	-	95,677	103,902
Disposals (at cost)	-	-	(6,800)	-	(136,042)	(142,842)
Disposals (accumulated depreciation)	-	-	-	-	77,925	77,925
Depreciation expense	(23,419)	(1,827)	(13,507)	(4,649)	(34,765)	(78,167)
Balance at the end of the year	567,202	4,326	4,358	93,714	112,650	782,250
7 OTHER ASSETS						
Prepayments		10,566	17,964			
8 TRADE AND OTHER PAYABLES						
Trade payables		58,499	272,204			
Sundry Payables and Accrued expenses		-	26,178			
Appeals Payables		186,384	745,809			
Other Payables		19,526	60,369			
		264,409	1,104,560			

Notes to the financial statements for the year ended 30 September 2020 (continued)

	2020 \$	2019 \$
9 BORROWINGS		
CURRENT LIABILITIES		
Lease Liability unsecured	-	21,597
NON-CURRENT LIABILITIES		
Lease Liability unsecured	-	7,904
	<u>-</u>	<u>29,501</u>
<p>At the reporting date, the organisation has a bank overdraft and a business credit card facility amounting to \$340,000. This may be terminated at any time at the option of the bank. At 30 September 2020, 100% of the bank overdraft was unused. Interest rates are variable.</p>		
10 OTHER LIABILITIES		
Deferred Income	224,128	132,084
	<u>224,128</u>	<u>132,084</u>
11 EMPLOYEE ENTITLEMENTS		
CURRENT LIABILITIES		
Long Service leave	8,394	27,607
Provisions for employee benefits	57,892	44,924
Total current employee benefits	66,286	72,531
NON-CURRENT LIABILITIES		
Long Service leave	10,755	14,663
	<u>10,755</u>	<u>14,663</u>
12 RESERVES		
The Jeffrey White Reserve		
Opening Balance	70,000	120,000
Transfers to retained earnings	(50,000)	(50,000)
	<u>20,000</u>	<u>70,000</u>
13 CAPITAL AND LEASING COMMITMENTS		
Finance Leases		
Minimum lease payments:		
- not later than one year	-	20,688
- between one year and five years	-	9,873
Minimum lease payments:	<u>-</u>	<u>30,561</u>
Less: finance changes	-	(1,060)
Present value of minimum lease payments	<u>-</u>	<u>29,500</u>

Finance leases were in place in the prior year for motor vehicles. These leases have been distinguished during the current year and have been treated as short term leases under AASB 16.

Notes to the financial statements for the year ended 30 September 2020 (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.

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:

	2020	2019
	\$	\$
Financial Assets		
Cash and cash equivalents	1,014,431	1,508,916
Foundation account	117,315	70,061
Trade and other receivables	75,987	275,515
Financial assets	952,502	1,009,676
Total financial assets	2,160,235	2,864,168
Financial Liabilities		
Trade and other payables	264,409	1,104,559
Borrowings	-	21,597
Total financial liabilities	264,409	1,126,156

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	171,571	182,217
Long-term benefits	15,657	18,594
	187,228	200,811

16 AUDITOR'S REMUNERATION

Remuneration of the auditor of the organisation for:

- Auditing the financial statements	3,500	2,500
	3,500	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 2020 (30 September 2019: 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 2020 (continued)

	2020	2019
	\$	\$
18 RELATED PARTIES		
Transactions with related parties		
<i>Variety International</i>		
Revenue from related parties	-	-
Payments to related parties	(16,330)	(14,923)
Amount owed to related parties	-	(5,358)
<i>Variety Australia</i>		
Revenue from related parties	48,316	93,568
Payments to related parties	(48,122)	(164,256)
Amount owed by related parties	9,063	9,903
Amount owed to related parties	(9,422)	(23,591)
<i>Variety Queensland</i>		
Revenue from related parties	-	1,324
Payments to related parties	-	(2,425)
Amount owed to related parties	-	-
<i>Variety New South Wales</i>		
Revenue from related parties	133,093	180,208
Payments to related parties	(8,424)	(6,695)
Amount owed by related parties	50,370	37,163
Amount owed to related parties	-	(2,931)
<i>Variety South Australia</i>		
Revenue from related parties	-	106
Payments to related parties	(472)	-
Amount owed to related parties	-	-
<i>Variety Tasmania</i>		
Revenue from related parties	-	4,571
Payments to related parties	(135)	(3,970)
Amount owed to related parties	-	4,250
<i>Variety Western Australia</i>		
Revenue from related parties	-	5,667
Payments to related parties	-	(8,682)
Amount owed to related parties	-	-
<i>Variety Northern Territory</i>		
Payments to related parties	(1,647)	(1,768)

Notes to the financial statements for the year ended 30 September 2020 (continued)

	2020	2019
	\$	\$
19 CASH FLOW INFORMATION		
Reconciliation of result for the year to the cashflows from operating activities		
Surplus for the year	37,248	409,901
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in surplus		
Depreciation	78,167	75,874
Net (gain)/loss on disposal of property, plant and equipment	(39,231)	-
Realised and unrealised gains in investments	66,755	69,568
Dividends reinvested	(31,835)	(60,778)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	199,528	(73,392)
(Increase)/decrease in prepayments	7,398	2,431
Increase/(decrease) in trade and other payables	(840,150)	220,861
Increase/(decrease) in deferred revenue	92,044	113,189
(Decrease)/Increase in employee benefits	(10,153)	38,599
	- 440,229	719,055

20 EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to the reporting date, government restrictions in Victoria continue to ease as levels of COVID-19 have dropped significantly. The State continues to reopen and return to a more Covid-normal operation. State borders (Excluding WA) are expected to open by the end of 2020 as long as new outbreaks are well contained.

As a result, there is some uncertainty as to the ability to run events during the year and its potential impact on fundraising and granting. No other matter or circumstance has arisen since 30 September 2020 that has significantly affected, or may significantly affect the Charity's operations, the results of those operations, or the Charity's state of affairs in future financial 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.

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 2020 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, 1 December 2020

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 2020, 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 2020 and of its financial performance for the year 2020 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, 1 December 2020



Kenneth Weldin
Partner