

Variety - The Children's Charity of Victoria

ABN: 80 145 257 414

Financial Report

For the Year Ended 30 September 2021

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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 2021.

1. General Information

1.1 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	
Paul Manning	Treasurer	
Anu Briggs	Board Member	
Bryan Goudsblom	Board Member	
Gary Caddy	Board Member	
Geoff Handberg	Board Member	Appointed 18 February 2021
Jason McKenzie	Board Member	
Jon Burfurd	Board Member	
Melissa Williams	Board Member	
Michael Randall OAM	Board Member	Resigned 29 July 2021

1.2 Information on Directors

The following provides background information on each of the people who were Directors of the Company during the financial year and up to the date of this report are:

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. Anu was appointed to the Board in 2020 and serves on the Risk and Compliance Committee.
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 12 years. Bryan was appointed to the Board in 2019 and serves on the Partnerships Committee.
Gary Caddy	Gary has been the co-owner of Valley Maintenance Services for the past 35 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 18 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. Gary was appointed to the Board in XX and chairs the Motoring Events Committee.
Geoff Handberg	Geoff has practiced exclusively for over 30 years and is a Consultant with Rodgers Reidy. Prior to this, he spent ten years with a major national insolvency firm as a specialist in business evaluations, corporate recovery, and formal corporate insolvency administrations. Geoff spends much of his spare time with his wife and two daughters. When not ferrying the girls to their Little Athletics, parties and concerts, he enjoys travelling, wining and dining, and watching the resurgence of the Carlton Football Club. Geoff joined the Board in 2021 and serves on the Risk and Compliance and Motoring Events Committees.

Directors' Report

1. General Information (continued)

Jason McKenzie	Jason has been self-employed for 29 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 15 Variety Bash Events and 11 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 joined the Board in 2019 and is co-Chair of the Variety Brats Bash committee and an event official.
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. Jon joined the Board in 2017 and serves on the Partnerships Committee.
Ken Pryor - Chair	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.
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 taking on Head of Strategic Partnerships at Business Australia. Melissa joined the Variety Board in 2017 and Chairs the Kids Support Grants Committee.
Michael Randall OAM	Michael Randall SIA(Aff), DipAFPA, GAICD is an Investment Advisor at Heritage Capital Group. Michael has over 30 years' experience in the stockbroking business working for companies including Randall Daish, Macquarie Private Wealth and UBS. 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 and 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. Michael joined the Board in 2013 and served on the Investment Committee until his resignation from the Board in July.

Directors' Report

1. General Information (continued)

Paul Manning – Treasurer

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. Paul joined the Board in 2014 and serves on the Risk and Compliance as well as Investment Committee.

1.3 Company Secretary

Peter Bruce (Finance & Operations Manager) is the appointed Company Secretary of Variety - the Children's Charity of Victoria (appointed 19 August 2020).

1.4 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 and lockdowns due to COVID-19 throughout 2021 restricted Variety's ability to run activities in schools, with children as well as major fundraising events. Despite these challenges, significant effort as well as fundraising diversification and innovation delivered a solid increase in Total Revenue to over \$3.3m (2020: \$1.8m). This result improved the capacity of Variety to grant to children in need and deliver children's activities and programs registering near pre-COVID-19 investment levels of \$1.7M.

1.5 Short and long term objectives

In the wake of COVID-19 and expanded requests for support, Variety developed an ambitious 2025 Strategy during this financial year to drive the further diversification of revenue in digital markets and sponsorships. This work is designed to significantly enhance Variety's efforts to expand support for children and families facing challenges due to disadvantage, disability and illness.

1.6 Strategy for achieving the objectives

Variety's 2025 Strategy focuses on 3 key priorities; diversifying revenue, supporting kids and building sustainability. A number of initiatives will support these priorities including focus on income diversification through sponsorship and online gaming (X-Box, PlayStation, Nintendo) whilst restarting the production of high calibre fundraising events. Additionally, kids support will see a focus on building leadership skills, inclusion and support to disadvantaged and regional communities. Operationally, the focus will be on digital integration, data and human resources.

2. Operating results and review of operations for the year

Net operating result

The operating net surplus for the year ended 30 September 2021 was \$261,734 (2020 Operating Net Surplus: \$37,248).

Operating revenue

Total revenues and other income for the year ended 30 September 2021 was \$3,366,283 (30 September 2020: \$1,843,037).

Operating result before Kids Support Framework appeals and delivery

The operating result before Kids Support Framework appeals granted and delivery costs for the year ended 30 September 2021 was \$2,517,914 (30 September 2020: \$915,317).

Kids Support Framework appeals granted

Appeals granted to sick, special needs and disadvantaged children for the year ended 30 September 2021 was \$1,771,562 (30 September 2020: \$456,706).

3. Other items

3.1 Significant changes in state of affairs

There were no significant changes in the organisation's state of affairs that occurred during the financial year.

3.2 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.

3.3 Environmental issues

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

Directors' Report

3. Other items (continued)

3.4 Meeting of Directors

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

Director	Number Of Meetings Eligible	Meetings Attended	Notes
Anu Briggs	10	6	Maternity leave
Bryan Goudsblom	10	10	
Gary Caddy	10	8	
Geoff Handberg	8	4	Leave of absence
Jason McKenzie	10	10	
Jon Burfurd	10	10	
Ken Pryor	10	9	
Melissa Williams	10	9	
Michael Randall OAM	8	6	Leave of absence
Paul Manning	10	8	

3.5 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.


4.0 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.



Ken Pryor, Director



Paul Manning, Director

Melbourne, 01 December 2021

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 2021, 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, 01 December 2021



Kenneth Weldin
Partner

**Statement of Surplus or Deficit and other comprehensive income
for the year ended 30 September 2021**

	<i>Note</i>	2021 \$	2020 \$
Revenue from events	2	1,549,763	372,722
Event costs	2	(571,156)	(478,174)
Net income from events		978,607	105,452
Revenue from fundraising	2	1,556,708	1,099,131
Fundraising costs	2	(429,038)	(378,124)
Net income from fundraising		1,127,670	721,007
Other income	2	259,812	371,184
Movement in market value of investments	2	151,826	(71,422)
Net income from events, fundraising and other income		2,517,914	915,317
Appeals granted		(1,771,562)	(745,092)
Appeals rescinded		-	288,386
Employee benefits expense		(195,725)	(110,720)
Depreciation and amortisation expense		(59,172)	(78,167)
Administration costs		(76,396)	(85,880)
Other expenses		(134,533)	(135,751)
Finance costs		(18,792)	(10,845)
Surplus for the year		261,734	37,248
Other comprehensive income		-	-
Total surplus and other comprehensive income for the year		261,734	37,248

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

Statement of Financial Position as at 30 September 2021

	<i>Note</i>	2021 \$	2020 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	2,163,904	1,014,431
Financial Assets	4	-	117,315
Trade and other receivables	5	161,011	75,987
Other Assets	7	30,878	10,566
Total Current Assets		2,355,792	1,218,299
Non-current Assets			
Financial Assets	4	1,611,633	952,502
Property, plant and equipment	6	744,133	782,250
Total Non-current Assets		2,355,765	1,734,752
TOTAL ASSETS		4,711,558	2,953,051
LIABILITIES			
Current Liabilities			
Trade and other payables	8	1,348,814	264,409
Other Liabilities	9	580,727	224,128
Employee entitlements	10	126,055	66,286
Total Current Liabilities		2,055,595	554,823
Non-current Liabilities			
Employee entitlements	10	6,756	10,755
Total Non-current Liabilities		6,756	10,755
TOTAL LIABILITIES		2,062,351	565,578
NET ASSETS		2,649,207	2,387,473
EQUITY			
Reserves	11	-	20,000
Retained earnings		2,649,207	2,367,473
TOTAL EQUITY		2,649,207	2,387,473

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 2021

	Note	Retained earnings	Jeffrey White Reserve	Total
		\$	\$	\$
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	11	50,000	(50,000)	-
At 30 September 2020		2,367,473	20,000	2,387,473
At 1 October 2020		2,367,473	20,000	2,387,473
Net Surplus for the year		261,734	-	261,734
Transfers to and from reserves	11	20,000	(20,000)	-
At 30 September 2021		2,649,207	-	2,649,207

Statement of Cash Flows for the year ended 30 September 2021

	Note	2021	2020
		\$	\$
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		3,545,819	2,096,472
Payments to grantees, suppliers and employees		(2,057,028)	(2,534,516)
Interest received		150	1,635
Interest paid		-	(3,820)
Net cash flows from operating activities	17	1,488,942	440,229
Cash flows from investing activities			
Purchase of property, plant and equipment		(13,163)	(103,902)
Net movement in investments		151,826	(25,000)
Purchase of financial assets		(541,816)	-
Proceeds from sale of financial assets		-	104,147
Dividend income		63,685	-
Net cash flows used in investing activities		(339,468)	(24,755)
Cash flows from financing activities			
Net (repayments)/proceeds of borrowings		-	(29,501)
Net cash flows (used in)/from financing activities		-	(29,501)
Net increase in cash and cash equivalents		1,149,473	(494,485)
Cash and cash equivalents at the start of the year		1,014,431	1,508,916
Cash and cash equivalents at the end of the year	3	2,163,904	1,014,431

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 2021

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 2021 (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 shown 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 2021 (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 2021.

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 2021 (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>
	2021	2021	2021	2020	2020	2020
	\$	\$	\$	\$	\$	\$
Events						
Motoring Events	1,549,763	(434,269)	1,115,494	359,493	(325,454)	34,039
Corporate Events	0	(136,887)	(136,887)	13,229	(152,720)	(139,491)
Unallocated Event Income	-	-	-	-	-	-
Unallocated Event Costs	-	-	-	-	-	-
	1,549,763	-	571,156	372,722	-	105,452
Other						
Fundraising Income	1,556,708		1,556,708	1,099,131		1,099,131
Other Income	259,812	-	259,812	371,184	-	371,184
Indirect Fundraising Costs	-	(429,038)	(429,038)	-	(378,124)	(378,124)
Administration Costs	-	(484,618)	(484,618)	-	(421,363)	(421,363)
Grants Approved	-	(1,771,562)	(1,771,562)	-	(745,092)	(745,092)
Rescinded Grants	-	-	-	-	288,386	288,386
	3,366,283	(3,256,374)	109,908	1,843,037	(1,734,367)	108,670

	2021	2020
	\$	\$
3 CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	2,163,904	1,014,431
	2,163,904	1,014,431

4 FINANCIAL ASSETS

CURRENT

Foundation Bank account	-	117,315
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NON CURRENT

Financial assets at fair value through profit or loss	1,611,633	952,502
	1,611,633	1,069,817

The \$1,611,633 (2020: \$1,069,817) disclosed in Financial Assets relates to funds controlled by the Variety - The Children's Charity of Victoria in a Perpetual 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	152,263	64,195
Goods & Services Tax receivable	8,748	11,792
	161,011	75,987

Notes to the financial statements for the year ended 30 September 2021 (continued)

	2021	2020				
	\$	\$				
6 PROPERTY, PLANT AND EQUIPMENT						
Land, buildings and infrastructure						
At cost	936,796	936,796				
Accumulated depreciation	(393,014)	(369,594)				
Total land, buildings and infrastructure	543,781	567,202				
PLANT AND EQUIPMENT						
Office Equipment						
At cost	34,754	43,481				
Accumulated depreciation	(32,402)	(39,155)				
Total office equipment	2,352	4,326				
Computer Equipment						
At cost	87,381	73,682				
Accumulated depreciation	(75,629)	(69,324)				
Total Computer equipment	11,752	4,358				
Improvements						
At cost	150,378	150,378				
Accumulated depreciation	(61,314)	(56,664)				
Total Improvements	89,064	93,714				
Motor Vehicles						
At cost	157,783	149,592				
Accumulated depreciation	(60,600)	(36,942)				
Total motor vehicles	97,184	112,650				
Total property, plant and equipment	744,133	782,250				
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 Equipment	Computer Equipment	Improvements	Motor Vehicles	Total
	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	567,202	4,326	4,358	93,714	112,650	782,250
Additions	-	-	13,699	-	8,192	21,891
Disposals (at cost)	-	(8,727)	-	-	-	(8,727)
Disposals (accumulated depreciation)	-	7,703	-	-	-	7,703
Depreciation expense	(23,421)	(950)	(6,305)	(4,650)	(23,658)	(58,984)
Balance at the end of the year	543,781	2,352	11,752	89,064	97,184	744,133
7 OTHER ASSETS						
Prepayments					30,878	10,566
8 TRADE AND OTHER PAYABLES						
Trade payables					35,703	58,499
Sundry Payables and Accrued expenses					13,865	-
Appeals Payables					1,250,044	186,384
Other Payables					49,202	19,526
					1,348,814	264,409

Notes to the financial statements for the year ended 30 September 2021 (continued)

	2021	2020
	\$	\$
9 OTHER LIABILITIES		
Deferred Income	580,727	224,128
10 EMPLOYEE ENTITLEMENTS		
CURRENT LIABILITIES		
Long Service leave	19,721	8,394
Annual Leave	106,334	57,892
Total current employee benefits	126,055	66,286
NON-CURRENT LIABILITIES		
Long Service leave	6,756	10,755
11 RESERVES		
The Jeffrey White Reserve		
Opening Balance	20,000	70,000
Transfers to retained earnings	(20,000)	(50,000)
	-	20,000

Notes to the financial statements for the year ended 30 September 2021 (continued)

12 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:

	2021	2020
	\$	\$
Financial Assets		
Cash and cash equivalents	2,163,904	1,014,431
Foundation account	-	117,315
Trade and other receivables	161,011	75,987
Financial assets	1,611,633	952,502
Total financial assets	3,936,547	2,160,235
Financial Liabilities		
Trade and other payables	1,348,814	264,409
Total financial liabilities	1,348,814	264,409

13 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	171,571
Long-term benefits	15,657	15,657
	187,228	187,228

14 AUDITOR'S REMUNERATION

Remuneration of the auditor of the organisation for:

- Auditing the financial statements	3,500	3,500
	3,500	3,500

15 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 2021 (30 September 2020: 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 2021 (continued)

	2021 \$	2020 \$
16 RELATED PARTIES		
Transactions with related parties		
<i>Variety International</i>		
Revenue from related parties	-	-
Payments to related parties	(19,562)	(16,330)
Amount owed to related parties	-	-
<i>Variety Australia</i>		
Revenue from related parties	30,259	48,316
Payments to related parties	(31,711)	(48,122)
Amount owed by related parties	41,725	9,063
Amount owed to related parties	(13,815)	(9,422)
<i>Variety Queensland</i>		
Revenue from related parties	-	-
Payments to related parties	(10,448)	-
Amount owed to related parties	-	-
<i>Variety New South Wales</i>		
Revenue from related parties	205,974	133,093
Payments to related parties	(3,510)	(8,424)
Amount owed by related parties	-	50,370
Amount owed to related parties	-	-
<i>Variety South Australia</i>		
Revenue from related parties	23	-
Payments to related parties	(2,109)	(472)
Amount owed to related parties	-	-
<i>Variety Tasmania</i>		
Revenue from related parties	-	-
Payments to related parties	-	(135)
Amount owed to related parties	(2,061)	-
<i>Variety Western Australia</i>		
Revenue from related parties	2,063	-
Payments to related parties	-	-
Amount owed to related parties	(2,061)	-
<i>Variety Northern Territory</i>		
Payments to related parties	-	(1,647)

Notes to the financial statements for the year ended 30 September 2021 (continued)

	2021	2020
	\$	\$
17 CASH FLOW INFORMATION		
Reconciliation of result for the year to the cashflows from operating activities		
Surplus for the year	261,734	37,248
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in surplus		
Depreciation	59,172	78,167
Net (gain)/loss on disposal of property, plant and equipment	(15,889)	(39,231)
Realised and unrealised gains in investments	(151,826)	66,755
Dividends reinvested	(63,685)	(31,835)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(85,024)	199,528
(Increase)/decrease in prepayments	(20,312)	7,398
Increase/(decrease) in trade and other payables	1,084,405	(840,150)
Increase/(decrease) in deferred revenue	356,599	92,044
(Decrease)/Increase in employee benefits	63,768 -	10,153
	1,488,942 -	440,229

18 EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no significant events after the reporting date.

19 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 2021 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.



Ken Pryor, Director



Paul Manning, Director

Melbourne, 01 December 2021

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 2021, 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 2021 and of its financial performance for the year 2021 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, 01 December 2021



Kenneth Weldin
Partner