

Variety - The Children's Charity of Victoria

ABN: 80 145 257 414

Financial Report

For the Year Ended 30 September 2022

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Contents

Directors' Report	1
Auditor's independence declaration.....	5
Statement of surplus or deficit and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	18
Independent auditor's report.....	19

Directors' Report

The directors present their report on Variety - The Children's Charity of Victoria for the financial year ended 30 September 2022.

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
Pryor, Ken	Chair	
Handberg, Geoff	Treasurer	
Burfurd, Jon	Board Member	Resigned 30/06/2022
Caddy, Gary	Board Member	
Goudsblom, Bryan	Board Member	Resigned 27/11/2022
Hodge, Amelia	Board Member	Appointed 07/07/2022
McKenzie, Jason	Board Member	
Porter, Mike	Board Member	Appointed 07/07/2022
Villarosa (nee Briggs), Anu	Board Member	
Wallace, Nerdia	Board Member	Appointed 13/01/2022
Williams, Melissa	Board Member	Resigned 11/07/2022

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 Villarosa (nee 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 served on the Board and Partnerships committee between 2019 and 2022.

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 2014 and chairs the Motoring Events Committee.

Geoff Handberg

Geoff commenced his professional career as a Chartered Accountant in insolvency in 1989. He set up his own business in 1998, acting as an officer of the Supreme and Federal Courts. He played an integral role in developing his business into one with offices throughout Australia and a member of a worldwide affiliation. He retired from public practice as a Registered Liquidator in 2020. He is a keen participant in the Variety Bash which well with his love of classic cars, travelling and having fun whilst helping kids in need at the same time. Geoff was appointed Treasurer in 2021 and is a member of the Motoring Events and Risk & Compliance Committees.

Directors' Report

1. General Information (continued)

Jason McKenzie

Jason has been self-employed for 30 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 16 Variety Bash Events and 12 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 Kids Support Committee, 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.

Mike Porter

Mike has over forty years experience in advertising and media, and has worked in Australia and the UK. He has led Media Agencies across Australia/New Zealand and the Asia Pacific region, has served on global and regional boards and has worked with some of the world's largest advertisers. In 2011 he established an independent Media Agency which was acquired by a multinational group in 2020. For six years he served on the NSW regional council of Red Kite - the children's cancer charity. Currently he is an advisor to the OMA - the industry body representing the outdoor media industry in Australia. Mike joined the Variety Victoria board in July 2022 and is committed to making a difference to children and families that need support. He hopes that his experience in communications, marketing and strategy will add value to the Variety Victoria organisation and the board.

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.

Amelia Hodge

A former property lawyer, Amelia is the CEO of the Australian Property Institute and has enjoyed a senior executive career spanning some 30 years, with her depth of experience driving successful outcomes across a range of public and private sector roles, projects and industries. In addition to her executive career, Amelia has sat on a number of Boards as a Non-Executive Director and Chair, including most recently, the Council for the Order of Australia. Amelia brings the skills she has developed in all these roles, and a desire to contribute to community in a meaningful way, to Variety Victoria.

Directors' Report

1. General Information (continued)

Nerida Wallace Nerida is a Victorian legal practitioner (registered) and strategic advisor with over 40 years' experience ranging from senior management, courts, government policy, law reform, risk management and associations representation. She led a consultancy that introduced new alternative dispute systems throughout Australia. Nerida currently serves on the Code Authority of the Fundraising Institute of Australia and was previously a legal author in banking law and courts administration and CEO of the Law Institute of Victoria. She has since advised boards on crisis management, mentored CEOs and taken up charities law to assist charities. Nerida also has experience in technology as a co-founder and in-house counsel of a Melbourne technology firm providing solutions in public and private sectors.

1.3 Company Secretary

Peter Bruce (Head of Finance & Operations) was appointed Company Secretary of Variety - the Children's Charity of Victoria (appointed 19 August 2020). Peter is a qualified accountant with over 20 years of finance experience with large corporates and not for profit organisations.

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 children living with disability, illness and disadvantage. The effects of government restrictions and lock-downs due to COVID-19 eased during the financial year enabling Variety run activities in schools, with children as well as most fundraising events. Fundraising diversification and innovation delivered a solid increase in Total Revenue to over \$5.1m (2021: \$3.3M). This result improved the capacity of Variety to grant to children in need and deliver children's activities and of \$2.2M (2021: \$1.7M) or approximately 79% (2021: 75%) of net revenue

1.5 Short and long term objectives

In the wake of COVID-19 and expanded requests for support, Variety implemented its ambitious 2025 Strategy 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 capacity. A number of initiatives will support these priorities including focus on income diversification through sponsorship and online gaming (X-Box, PlayStation, Nintendo) whilst ensuring 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 2022 was \$58,703 (2021 Operating Net Surplus: \$261,734).

Operating revenue

Total revenues and other income for the year ended 30 September 2022 was \$5,105,900 (30 September 2021: \$3,366,283).

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 2022 was \$2,838,419 (30 September 2021: \$2,517,914).

Kids Support Framework appeals granted

Grants, scholarships and other support to sick, special needs and disadvantaged children for the year ended 30 September 2022 was \$2,246,880 (30 September 2021: \$1,771,562).

In the 2022 financial year cash expenditure on Kids Support Grants was \$961,146. In addition to this, the Board formally committed to further Kids Support Grants of \$1,297,500, making a total of \$2,231,010 committed to Kids Support Grants in FY22.

The total accrued liability for Kids Support Grants is \$2,519,907 as at 30/9/22. The cash to meet this liability is held.

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.

Directors' Report

3. Other items (continued)

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.

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
Jon Burfurd	7	7	Resigned 30/06/2022
Gary Caddy	8	8	
Bryan Goudsblom	8	7	Resigned 27/11/2022
Geoff Handberg	8	7	
Amelia Hodge	1	1	Appointed 07/07/2022
Jason McKenzie	8	7	
Mike Porter	2	2	Appointed 07/07/2022
Ken Pryor	8	7	
Anu Villarosa (nee Briggs)	8	5	
Nerida Wallace	5	4	Appointed 13/01/2022
Melissa Williams	7	7	Resigned 11/07/2022

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. 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

Melbourne, 30 January 2023



Geoff Handberg, Director

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 2022, 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, 30 January 2023



Kenneth Weldin
Partner

**Statement of Surplus or Deficit and other comprehensive income
for the year ended 30 September 2022**

	<i>Note</i>	2022 \$	2021 \$
Revenue from events	2	3,350,830	1,549,763
Event costs	2	(1,517,468)	(571,156)
Net income from events		1,833,362	978,607
Revenue from fundraising	2	1,531,939	1,556,708
Fundraising costs	2	(545,076)	(429,038)
Net income from fundraising		986,864	1,127,670
Other income	2	223,131	259,812
Movement in market value of investments	2	(189,790)	151,826
Net income from events, fundraising and other income		2,853,567	2,517,914
Appeals granted		(2,535,266)	(1,771,562)
Appeals rescinded		288,386	-
Employee benefits expense		(191,335)	(195,725)
Depreciation and amortisation expense		(58,101)	(59,172)
Administration costs		(96,032)	(76,396)
Other expenses		(164,197)	(134,533)
Finance costs		(38,319)	(18,792)
Surplus for the year		58,703	261,734
Other comprehensive income		-	-
Total surplus and other comprehensive income for the year		58,703	261,734

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 2022

	<i>Note</i>	2022	2021
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	3	3,500,489	2,163,904
Trade and other receivables	5	179,220	161,011
Other Assets	7	35,860	30,878
Total Current Assets		3,715,569	2,355,792
Non-current Assets			
Financial Assets	4	1,471,150	1,611,633
Property, plant and equipment	6	709,700	744,133
Total Non-current Assets		2,180,850	2,355,765
TOTAL ASSETS		5,896,419	4,711,558
LIABILITIES			
Current Liabilities			
Trade and other payables	8	2,966,224	1,348,814
Other Liabilities	9	73,578	580,727
Employee entitlements	10	143,796	126,055
Total Current Liabilities		3,183,598	2,055,595
Non-current Liabilities			
Employee entitlements	10	4,911	6,756
Total Non-current Liabilities		4,911	6,756
TOTAL LIABILITIES		3,188,509	2,062,351
NET ASSETS		2,707,910	2,649,207
EQUITY			
Retained earnings		2,707,910	2,649,207
TOTAL EQUITY		2,707,910	2,649,207

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 2022

	Note	Retained earnings	Jeffrey White Reserve	Total
		\$	\$	\$
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		20,000	(20,000)	-
At 30 September 2021		2,649,207	-	2,649,207
At 1 October 2021		2,649,207	-	2,649,207
Net Surplus for the year		58,703	-	58,703
Transfers to and from reserves		-	-	-
At 30 September 2022		2,707,910	-	2,707,910

Statement of Cash Flows for the year ended 30 September 2022

	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Receipts from donors, sponsors, members and functions		4,512,423	3,545,819
Payments to grantees, suppliers and employees		(3,166,000)	(2,057,028)
Interest received		399	150
Net cash flows from operating activities	16	1,346,822	1,488,942
Cash flows from investing activities			
Purchase of property, plant and equipment		(23,668)	(13,163)
Net movement in investments		(189,790)	151,826
Sale of financial assets		140,483	(541,816)
Dividend income		62,738	63,685
Net cash flows used in investing activities		(10,237)	(339,468)
Net increase in cash and cash equivalents		1,336,585	1,149,473
Cash and cash equivalents at the start of the year		2,163,904	1,014,431
Cash and cash equivalents at the end of the year	3	3,500,489	2,163,904

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 2022

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 2022 (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 2022 (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) 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 material impact on the company.

(m) 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 2022 (continued)

2 REVENUES AND EXPENSES

	Revenue	Direct Costs	Net Proceeds	Revenue	Direct Costs	Net Proceeds
	2022	2022	2022	2021	2021	2021
	\$	\$	\$	\$	\$	\$
Events						
Motoring Events	2,932,579	(1,116,937)	1,815,642	1,549,763	(434,269)	1,115,494
Corporate Events	418,251	(400,531)	17,720	-	(136,887)	(136,887)
Unallocated Event Income	-	-	-	-	-	-
Unallocated Event Costs	-	-	-	-	-	-
	3,350,830	-	1,833,362	1,549,763	-	571,156
						978,607
Other						
Fundraising Income	1,531,939		1,531,939	1,556,708	-	1,556,708
Other Income	223,131	-	223,131	259,812	-	259,812
Indirect Fundraising Costs	-	(545,076)	(545,076)	-	(429,038)	(429,038)
Administration Costs	-	(547,977)	(547,977)	-	(484,618)	(484,618)
Grants Approved	-	(2,535,266)	(2,535,266)	-	(1,771,562)	(1,771,562)
Rescinded Grants	-	288,386	288,386	-	-	-
	5,105,900	-	4,857,400	3,366,283	-	3,256,374
						109,909

	2022	2021
	\$	\$
3 CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	3,500,489	2,163,904
	3,500,489	2,163,904
4 FINANCIAL ASSETS		
NON CURRENT		
Financial assets at fair value through profit or loss	1,471,150	1,611,633
	1,471,150	1,611,633

The \$1,471,150 (2021: \$1,611,633) 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	138,155	152,263
Goods & Services Tax receivable	41,065	8,748
	179,220	161,011

Notes to the financial statements for the year ended 30 September 2022 (continued)

	2022	2021				
	\$	\$				
6 PROPERTY, PLANT AND EQUIPMENT						
Land, buildings and infrastructure						
At cost	936,796	936,796				
Accumulated depreciation	(416,434)	(393,014)				
Total land, buildings and infrastructure	520,362	543,782				
PLANT AND EQUIPMENT						
Office Equipment						
At cost	34,898	34,754				
Accumulated depreciation	(33,276)	(32,402)				
Total office equipment	1,622	2,352				
Computer Equipment						
At cost	94,641	87,381				
Accumulated depreciation	(85,823)	(75,629)				
Total Computer equipment	8,818	11,752				
Improvements						
At cost	166,642	150,378				
Accumulated depreciation	(66,640)	(61,314)				
Total Improvements	100,002	89,064				
Motor Vehicles						
At cost	157,783	157,783				
Accumulated depreciation	(78,887)	(60,600)				
Total motor vehicles	78,896	97,183				
Total property, plant and equipment	709,700	744,133				
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
	\$	Equipment	Equipment		\$	\$
		\$	\$	\$		
Balance at the beginning of the year	543,781	2,352	11,752	89,064	97,184	744,133
Additions	-	144	7,260	16,264	-	23,668
Disposals (at cost)	-	-	-	-	-	-
Disposals (accumulated depreciation)	-	-	-	-	-	-
Depreciation expense	(23,420)	(874)	(10,194)	(5,326)	(18,287)	(58,101)
Balance at the end of the year	520,361	1,622	8,818	100,002	78,897	709,700
7 OTHER ASSETS						
Prepayments					35,860	30,878
8 TRADE AND OTHER PAYABLES						
Trade payables					365,007	35,703
Sundry Payables and Accrued expenses					-	13,865
Appeals Payables					2,519,907	1,250,044
Other Payables					81,310	49,202
					2,966,224	1,348,814

Notes to the financial statements for the year ended 30 September 2022 (continued)

	2022	2021
	\$	\$
9 OTHER LIABILITIES		
Deferred Income	73,578	580,727
10 EMPLOYEE ENTITLEMENTS		
CURRENT LIABILITIES		
Long Service leave	23,387	19,721
Provisions for employee benefits	120,409	106,334
Total current employee benefits	143,796	126,055
NON-CURRENT LIABILITIES		
Long Service leave	4,911	6,756

11 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:

	2022	2021
	\$	\$
Financial Assets		
Cash and cash equivalents	3,500,489	2,163,904
Foundation account	-	-
Trade and other receivables	179,220	161,011
Financial assets	1,471,150	1,611,633
Total financial assets	5,150,859	3,936,548
Financial Liabilities		
Trade and other payables	2,966,224	1,348,814
Borrowings	-	-
Total financial liabilities	2,966,224	1,348,814

Notes to the financial statements for the year ended 30 September 2022 (continued)

12 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	176,845	171,571
Long-term benefits	17,688	15,657
	194,533	187,228

13 AUDITOR'S REMUNERATION

Remuneration of the auditor of the organisation for:

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

14 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 2022 (30 September 2021: 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 2022 (continued)

	2022	2021
	\$	\$
15 RELATED PARTIES		
Transactions with related parties		
<i>Variety International</i>		
Revenue from related parties		-
Payments to related parties	(67,982)	(19,562)
Amount owed to related parties	6,094	-
<i>Variety Australia</i>		
Revenue from related parties	31,843	30,259
Payments to related parties	(15,196)	(31,711)
Amount owed by related parties	-	41,725
Amount owed to related parties	(81,077)	(13,815)
<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	212,880	205,974
Payments to related parties		(3,510)
Amount owed by related parties	42,975	-
Amount owed to related parties		-
<i>Variety South Australia</i>		
Revenue from related parties		23
Payments to related parties		(2,109)
Amount owed to related parties	978	-
<i>Variety Tasmania</i>		
Revenue from related parties		-
Payments to related parties	(2,493)	-
Amount owed to related parties		(2,061)
<i>Variety Western Australia</i>		
Revenue from related parties	21,677	2,063
Payments to related parties	(227)	-
Amount owed to related parties		(2,061)
<i>Variety Northern Territory</i>		
Payments to related parties	(553)	-

Notes to the financial statements for the year ended 30 September 2022 (continued)

	2022	2021
	\$	\$
16 CASH FLOW INFORMATION		
Reconciliation of result for the year to the cashflows from operating activities		
Surplus for the year	58,703	261,734
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in surplus		
Depreciation	58,101	59,172
Net (gain)/loss on disposal of property, plant and equipment	-	(15,889)
Realised and unrealised gains in investments	189,790	(151,826)
Dividends reinvested	(62,738)	(63,685)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(18,209)	(85,024)
(Increase)/decrease in prepayments	(4,982)	(20,312)
Increase/(decrease) in trade and other payables	1,617,410	1,084,405
Increase/(decrease) in deferred revenue	(507,148)	356,599
(Decrease)/Increase in employee benefits	15,896	63,768
	1,346,822	1,488,942

17 EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no significant events after the reporting date.

18 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

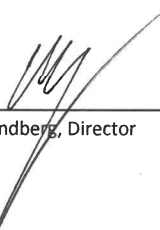
The directors declare that:

- (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 2022 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



Geoff Handberg, Director

Melbourne, 30 January 2023

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 2022, 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 2022 and of its financial performance for the year 2022 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, 30 January 2023



Kenneth Weldin
Partner